



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

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

MEETING: **RESOURCES AND FINANCE COMMITTEE**
TIME: **4.30pm**
DATE: Monday 28 January 2019
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 Allen Alderson
Cllr Christine Ambrose-Smith
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 29 November 2018.

5. Chairman's Announcements

AUDIT ITEMS AND ITEMS FOR DECISION

6. External Audit – Annual Certification Report

7. External Audit - Audit Planning Report

8. 2019/20 Annual Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement & Annual Investment Strategy (AIS)

9. Revenue Budget, Capital Strategy and Council Tax 2019/20

10. Review of Constitution - Financial Regulations and Finance Procedure Rules

ITEMS FOR INFORMATION

11. Corporate Risk Management Update

12. Finance Report

13. Anglia Revenues and Benefits Partnership Joint Committee Minutes

To receive the Minutes of the Anglia Revenues and Benefits Partnership Joint Committee meeting held on 4 December 2018.

14. Forward Agenda Plan

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

Agenda Item 4

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday 29 November 2018 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor David Ambrose-Smith
Councillor Ian Bovingdon
Councillor Mike Bradley
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Mark Goldsack
Councillor Chris Morris
Councillor Alan Sharp (Vice-Chairman)

In attendance

Melanie Richardson – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Emma Grima – Director Commercial
Hetty Thornton – Performance Management Officer
Nicole Pema – HR Manager
Tracy Couper – Democratic Services Manager

40. **PUBLIC QUESTION TIME**

No questions were submitted by members of the public.

41. **DECLARATIONS OF INTEREST**

There were no declarations of Interests by Members of the Committee.

42. **MINUTES**

The Committee received the Minutes of the meeting held on 26 July 2018.

It was resolved:

That the minutes of the meeting of the Committee held on 26 July 2018 be confirmed as a correct record and signed by the Chairman.

43. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded Members that the Council's Budget Seminar would take place on Thursday 24 January 2019 at 6pm, in advance of consideration of the Budget by this Committee at its meeting on 28 January 2019. All Councillors are invited to attend the Seminar.

44. **EXTERNAL AUDIT – ANNUAL AUDIT LETTER**

Melanie Richardson, Audit Manager, for the Council's External Auditors, Ernst and Young, presented the Annual Audit Letter.

Ms Richardson highlighted the unqualified opinion on the Financial Statements. This was the first year of the earlier closedown timetable and overall it had worked well. However, issues with working papers and overall co-ordination of dealing with the audit had required additional time to complete the audit procedures, leading to an additional fee of £6,125 which had been agreed by the Council's S151 Officer and approved by the PSAA. In response to a question by Councillor Dupré, Ms Richardson explained the issues regarding the working papers and co-ordination and Ian Smith, Finance Manager and S151 Officer, advised Members that this was largely due to the number of new staff in post who were undertaking their first closedown for the Council and that he was working with External Audit to put in place measures to prevent a recurrence in future years.

It was resolved:

That the Annual Audit Letter be noted.

45. **EXTERNAL AUDIT – LOCAL GOVERNMENT SECTOR BRIEFING & FINANCE MANAGER'S RESPONSE**

The Committee received the Local Government Sector Briefing from the Council's External Auditors Ernst and Young and a report (reference T134, previously circulated) containing the response from the Finance Manager to the 9 key questions detailed in the Briefing. The Chairman and Councillor Dupré commended this helpful approach of producing a report responding to the key questions in the Briefing.

With regard to the overall responses to the questions given by the S151 Officer, Councillor Dupré queried if these were what the External Auditors would have expected. With reference to question 5 on LEP governance, Councillor Dupré asked if the External Auditors were satisfied with the governance arrangements of the Combined Authority in relation to the Business Board, which had replaced the LEP in Cambridgeshire. Ms

Richardson commented that the overall responses accorded with what the External Auditors would expect.

With regard to question 3 on IFRS 16, Councillor Sharp commented from personal experience that work on implementation was required at an early stage to prevent issues. Councillor Bradley commented that due to being a generic sector briefing, several of the questions were not relevant to this Council and others related to future events.

It was resolved:

That the External Audit Briefing and the response from the Finance Manager to the key questions contained therein be noted.

46. **PERFORMANCE MANAGEMENT – SIX MONTH UPDATE REPORTS**

The Committee considered a report (reference T135, previously circulated) containing the mid-year performance reports on the Service Delivery Plans for the Service areas within the remit of this Committee.

The Performance Management Officer, Hetty Thornton, introduced and highlighted key issues in relation to the performance report for each Service area.

Comments were made and questions raised on the individual mid-year performance reports as follows:

Performance Management - Councillor Dupré queried whether there had only been two findings as a result of the 2 project reports to identify efficiencies and waste. The Performance Management Officer stated that these were the two most significant findings for both project reports. In response to a question by Councillor Dupré as to how the ongoing issues with the new HR and Payroll IT system were being addressed, the Performance Management Officer reported that weekly conference calls were held with the provider, the Task Log was reviewed on a daily basis, and she was working with the Finance Manager and Payroll Officer to resolve and mitigate outstanding issues.

Financial Services – Councillor Dupré queried the likelihood of the payback of the £5M loan to ECTC and highlighted that no comment had been made by the Member Service Delivery Champion. The Finance Manager reported that the loan was due to be repaid by March 2021 and there was no indication that this would not be possible. Councillor Morris as the Service Delivery Champion stated that he was happy with performance and had no comments to make.

Legal Services - The Performance Management Officer advised Members of corrections to the output figures on two performance measures and stated that there were currently capacity issues within Legal Services which it was hoped could be resolved via recruitment. With regard to car parking appeals, Councillor Dupré queried why no records were available

for 1st letters sent. The Performance Management Officer agreed to provide a written response to Members. Councillor Dupré highlighted that no comment had been made by the Member Service Delivery Champion and the Performance Management Officer explained that they had been away on an extended holiday.

Democratic Services - Councillor Dupré referred to an instance when it had not been possible to publish an Agenda on the website on the day of despatch and as a result she had requested the postponement of the meeting. The Democratic Services Manager explained that the current legislation which had been in place since 1985 only required the despatch of an Agenda five working days before a meeting and not publication on the website. Councillor Dupré commented that this should be reviewed, as many people relied upon obtaining information electronically nowadays. The Chairman suggested that this could be considered as part of a review of the Council's Constitution.

The Infrastructure and Strategic Housing monitoring report was received.

Strategic Planning - Councillor Dupré queried why the performance arrow showing that the Local Plan would not be adopted by 2018 was level. Councillor Dupré also commended the Team on their work with communities on Neighbourhood Plans and the substantial and positive comments of the Member Service Delivery Champion. The Director Commercial explained that the delay in adoption of the Local Plan was due to the ongoing examination by the Inspector and therefore beyond the Council's control.

Customer Services - The Performance Management Officer explained that the service had not achieved the targets for a number of its performance measures due to staffing issues. Councillor Dupré expressed concern at the resourcing issues that had led to the fall in performance for this service, particularly since it was usually the first point of contact for the public to this Council. She was particularly concerned at the abandoned call rates. Whilst Councillor Dupré understood the reasons for this and found the explanatory comments of the Member Service Delivery Champion very useful, she proposed that a report be brought back to a future meeting of this Committee, with the Member Service Delivery Champion in attendance.

Reprographics – Councillor Bradley commended the work of this Service and the efficiencies achieved by new equipment. He referred to the £15,000 of additional income already generated and new customers secured such as the local branch of a national opticians.

Human Resources - Councillor Dupré asked how many staff received the lowest rating in the appraisal scheme and referred to the comment by the Member Service Delivery Champion that this small Team of two officers could benefit from some additional assistance. The HR Manager agreed to provide Members with details of the number of staff that

received the lowest rating in the appraisal scheme and stated that a new HR Administrator had been recruited and would commence in post on 12 December 2018.

ICT - The Performance Management Officer reported that the service had not achieved the targets for a number of its performance measures due to staffing issues. However, recruitment interviews were taking place in the current week. Councillor Bradley, as the Service Delivery Champion, stated that the new Manager had done a great deal of work to prioritise and reduce the backlog of work and he was confident that progress would be made over the forthcoming months. In response to questions by Councillor Dupré, the Performance Management Officer explained the current position regarding particular areas.

Councillor Goldsack highlighted the recurring theme of resourcing issues and the Chief Executive stated that he received regular reports on recruitment and retention.

It was resolved:

1. That the progress made against the priorities of the Council in the following services, including areas where the service has been under achieving and where outstanding performance was delivered, and the comments from Service Delivery Champions be noted:
 - Performance Management
 - Financial Services
 - Legal Services
 - Democratic Services
 - Infrastructure and Strategic Housing
 - Strategic Planning
 - Customer Services
 - Reprographics
 - Human Resources
 - ICT
2. That a report be brought to a future meeting of the Committee on resourcing issues within the Customer Services Team and the Service Delivery Champion be invited to attend the meeting.

47. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference T136, previously circulated) detailing the work of Internal Audit during the period July to October 2018 and progress against the Internal Audit Plan. Rachel Ashley-Caunt, Head of Audit, Internal Audit LGSS, highlighted progress against the Internal Audit Plan detailed in table 1 of the LGSS update report at Appendix A. Section 2.3 of the report gave details on the 6 individual audits finalised from the current Plan. With regard to the audit on IR35 Agency

Staff compliance, a great deal of progress had been made in this area and detailed policies and procedures now were in place. With regard to table 4 on high and medium priority actions overdue by more than 3 months, Ms Ashley-Caunt reported that evidence now had been received showing implementation of the 3 outstanding medium priority recommendations on Safeguarding. With reference to the audit on Information Governance, Ms Ashley-Caunt reported that a Cyber Security session had been held for Service Leads earlier in the day.

In response to a question by Councillor Dupré, it was stated that Members of the Committee would be advised in writing of where the revised Information Security Policy would be submitted to.

The Chairman and Members of the Committee commended the comprehensive nature of the report.

It was resolved:

That the work undertaken by Internal Audit from July to October 2018 as detailed in in Appendix A to the submitted report be noted.

48. **LOCAL COUNCIL TAX REDUCTION SCHEME (LCTRS) AND BUSINESS RATES DISCRETIONARY POLICIES 2019/20**

The Committee considered a report (reference T137, previously circulated), detailing options for the LCTRS and reviewing the Council's discretionary policies with regard to Business Rates for 2019/20.

Ian Smith, Finance Manager and S151 Officer, advised Members that the proposal was to retain the current maximum benefit for Council Tax of 91.5% for working age claimants, with a 8.5% contribution rate. In addition, no changes were proposed at this stage to the Council's policy regarding Business Rates Discretionary Relief powers.

Councillor Dupré commented that there appeared to be no appetite within the County for exempting Care leavers from Council Tax.

It was resolved to RECOMMEND TO COUNCIL:

- 1. That the Local Council Tax Reduction Scheme (LCTRS) for 2019-20 remains unchanged from the current scheme.**
- 2. That Council's policies with regard to discretionary Business Rate reliefs also remain unchanged.**

49. **COMMUNITY INFRASTRUCTURE LEVY (CIL) FUNDING REQUESTS**

The Committee considered a report (reference T138, previously circulated), detailing CIL funding requests in relation to 3 major projects on the Regulation 123 List.

The Director Commercial, Emma Grima, reported that the requests in respect of Burwell Parish Council Recreation Ground improvement project and Sutton GP Surgery extension were for the release of funds, whilst the request from Ely Museum Redevelopment project was for an increase in the amount of potential funding that could be made available from £100,000 to £165,000.

Councillors Bradley and Bovingdon expressed their support for all 3 projects and Councillor Bovingdon commented that, as Sutton GP Surgery was owned by an individual, the Council should 'secure' rather than 'seek' some form of security to ensure that any CIL funding was repaid in the event that the Surgery ceased to be used for this specific purpose.

It was resolved:

That approval be given for funding from the CIL allocation for major projects on the Regulation 123 List as follows:

- 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.

50. **TREASURY OPERATIONS MID YEAR REVIEW**

The Committee received a report (reference T139, previously circulated) containing an update on the Council's current 2018/19 Treasury position.

The Finance Manager and S151 Officer reported that the Council remained debt free and had £7.95M of cash investments as at 30th September 2018, with a further £4.62M loan to East Cambs Trading Company.

In response to a question by Councillor Bradley, the Finance Manager and S151 Officer explained that the proposed change in relation to the use of Money Market Funds (LVNAV) funds was a technical amendment required due to the introduction of new regulations.

It was resolved to RECOMMEND TO COUNCIL:

1. **That the mid-year review of the Council's Treasury Management for 2018/19, as set out at Appendix 1 of the submitted report, be noted.**

2. **That the use of Money Market Funds (LVNAV) funds be authorised, as detailed in paragraph 4.2 of the submitted report.**

51. **SECTION 106 AND CIL: INCOME AND EXPENDITURE UPDATE**

The Committee received a report (reference T140, previously circulated) which provided Members with an update on Section 106 and Community Infrastructure Levy (CIL) income and expenditure.

In response to a query by Councillor Bradley, the Director, Commercial confirmed that the table in paragraph 4.3 of the report should read 'Witcham' not 'Witcham Toll'.

It was resolved:

That the information set out in the report be noted.

52. **BUDGET MONITORING REPORT**

The Committee received a report (reference T141, previously circulated) containing an update on the Council's current financial position for 2018/19 for both revenue and capital expenditure. Ian Smith, Finance Manager and S151 Officer, highlighted the projected underspendings identified across the Council's services against the original Revenue and Capital Budgets.

It was resolved:

That the Committee notes that:

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

53. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP (ARP) JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 25 September 2018.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 25 September 2018 be noted.

54. **FORWARD AGENDA PLAN**

It was resolved:

That the Forward Agenda Plan be noted and an item be added on Customer Services resourcing issues as detailed in Minute 46 above.

55. **EXCLUSION OF THE PRESS AND PUBLIC**

It was resolved:

That the press and public be excluded during the consideration of the remaining items 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 1, 2 and 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended).

56. **WRITE-OFFS OF UNRECOVERABLE DEBTS**

The Committee received a report detailing the circumstances relating to the request from ARP that the Council write off the amounts outstanding on 3 Council Tax demands and 1 Housing Benefit overpayment where there was no prospect of the debts being recovered by the Council.

It was resolved:

1. That the write-off of £11,806.84 in relation to the Housing Benefit overpayment debt referred to in the submitted report be approved.
2. That the write-off under delegated powers of three further amounts relating to Council Tax demands to a combined value of £19,489.85 be noted.

57. **APPOINTMENTS, TRANSFERS AND RESIGNATIONS**

The Committee received a report detailing:

- (i) staff appointments, transfers and resignations for the period 1st June to 31st October 2018; and

- (ii) a summary of the main responses given by staff for leaving the Council's employment and feedback received during Exit Interviews.

The HR Manager, Nicole Pema, highlighted that staff turnover was the same as for the comparable period in the previous year.

Councillor Cheetham referred to the fact that only 4 out of 13 leavers had completed exit interviews and asked how this could be improved. Ms Pema stated that improvements were being made to the electronic form to encourage leavers to respond. Councillor Dupré commented that a number of the leavers had cited poor communications across the Council as one reason. The Chief Executive referred to recent Improvements in Corporate communications, including ECDC Connect, his Briefings and the Chairman's Newsletter.

Members discussed in detail issues regarding the recruitment and retention of staff, particularly in relation to particular professional/technical posts such as Planners and ICT staff. Councillor Goldsack suggested that greater emphasis should be placed on 'growing our own' staff via apprenticeships and getting the message out to young people locally that Local Government was a good career path. Ms Pema highlighted that the Council did participate in local careers fairs. The Chief Executive stated that 'growing our own' staff had been very successfully applied in the case of Service Leads and Customer Services staff. There also was a very buoyant local employment market, as Ely was categorised as one of the best places to live in national polls. Nevertheless, Councillor Goldsack stated that the Council should be proactive in promoting the Council as an employer to local schools.

It was resolved:

That the content of the information report be noted.

The meeting closed at 6.00pm.

Chairman:.....

Date: 28 January 2019

**East Cambridgeshire District
Council**

**Certification of claims and
returns annual report 2017/18**

January 2019

Resources and Finance Committee
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
Cambridgeshire
CB7 4EE

15 January 2019

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on East Cambridgeshire District Council's 2017/18 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017/18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

Summary

Section 1 of this report outlines the results of our 2017/18 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £18,192,861. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments did not have any effect on the grant due.

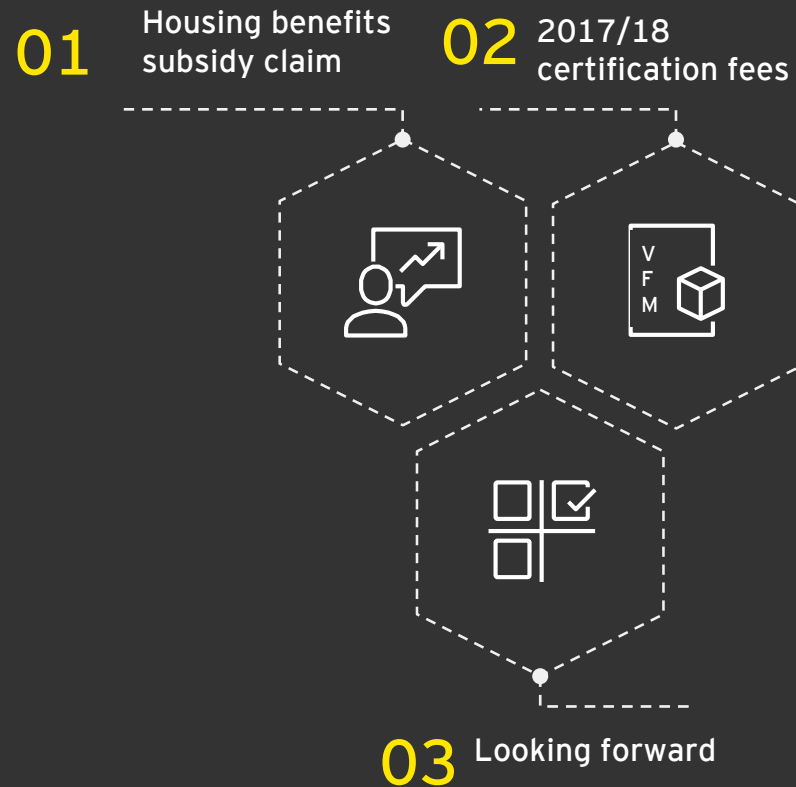
Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2017/18 were published by the Public Sector Audit Appointments Ltd (PSAA) and are available on the PSAA's website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the January Resources and Finance Committee.

Yours faithfully

Suresh Patel
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

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This report is made solely to the Resources and Finance Committee and management of East Cambridgeshire District Council. Our work has been undertaken so that we might state to the Resources and Finance Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Resources and Finance Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£18,192,861
Amended/Not amended	Amended - no impact on subsidy
Qualification letter	Yes
Fee - 2017/18	£14,038 (subject to PSAA approval)
Fee - 2016/17	£15,632

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to follow a programme of work specified by DWP. Detailed case testing is carried out on an initial sample of 20 cases per benefit type. More extensive '40+' or extended testing is undertaken if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims.

We found errors and carried out extended testing in five areas, which represents a small increase in the level of error from the previous year.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

The main issues we identified are summarised in the table on the following page.

Errors have been identified in the calculation of earnings across all seven authorities within Anglia Revenues Partnership (ARP) in 2017/18 and also in previous years. Therefore ARP have implemented additional quality control procedures for all claims with earnings since 1 April 2018 to reduce the overall level of error in this area.

Housing benefits subsidy claim

Benefit type	Nature of error identified
Rent allowance	<p>Testing of the initial sample did not identify any errors in the calculation of earnings, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified thirteen input errors on earned income resulting in six overpayments and seven underpayments of benefit.</p> <p>This issue was therefore reported in our qualification letter.</p>
Rent allowance	<p>Testing of the initial sample did not identify any errors in the calculation of State Retirement Pension, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified two errors where state retirement pension had been miscalculated. Both cases resulted in underpaid benefit.</p> <p>This issue was therefore reported in our qualification letter.</p>
Rent allowance	<p>Testing of the initial sample identified one case where carers allowance had not been included in the assessment leading to an overpayment of benefit. Additional testing of the entire sub-population of cases with carers allowance identified four further errors.</p> <p>The subsidy claim form was amended for the total overpayment of benefit identified.</p>
Rent allowance	<p>Testing of the initial sample identified one case where miscellaneous income had been incorrectly input resulting in an underpayment of benefit. Additional testing of the entire sub-population of cases with miscellaneous income identified one further error of this nature also leading to an underpayment of benefit. As underpaid benefit does not attract subsidy, no amendment was required to the subsidy claim form.</p>
Rent allowance	<p>Testing of the initial sample did not identify any errors in relation to incapacity benefit, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing did not identify any further errors. Therefore, no further action was required.</p>



02

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017/18 Actual fee £	2017/18 Indicative fee £	2016/17 Actual fee £
Housing benefits subsidy claim	14,038	12,004	15,632

The indicative fee for 2017/18 is based on the actual fee for 2015/16 when there was a low level of error identified from extended testing in four areas. For 2017/18 extended testing was undertaken in five areas, which also represents an increase from the level of testing undertaken in 2016/17, however there were fewer errors identified in 2017/18 which required reporting in our qualification letter.

Our final proposed fee remains subject to approval from PSAA.



03

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim.

We welcome the opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

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ED None

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East Cambridgeshire District Council

Audit Planning Report

Year ended 31 March 2019

December 2018



East Cambridgeshire District Council
The Grange, Nutholt Lane
Ely
Cambridgeshire
CB7 4EE

December 2018

Dear Members of the Resources and Finance Committee Members,

Outline Audit Plan for discussion

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your external auditor. Its purpose is to provide the Resources and Finance Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Resources and Finance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 28 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel

For and on behalf of Ernst & Young LLP

United Kingdom

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Resources and Finance Committee and management of East Cambridgeshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Resources and Finance Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Resources and Finance Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Resources and Finance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks			
Risk	Risk identified	Change from PY	Details
Management Override: Misstatements due to fraud or error	Fraud risk	No change in risk	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.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus, but shown separately	Linking to the management override risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment (PPE) as a separate risk, given the extent of the Council's capital programme.
Accounting for Property, Plant and Equipment (PPE)	Inherent risk	No change in risk or focus	PPE represents a significant balance of almost £34.285 million in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate PPE asset valuations held in the statement of accounts.
Pension valuations and disclosures	Inherent risk	No change in risk or focus	The pension liability (£22.366 million at 31 March 2018) continues to be an area of significant estimate and judgement.

In addition to the above risks, we will continue to work with the Finance team to strengthen arrangements for accounts closedown, working papers preparation and dealing with audit queries to help enable the Council to meet statutory reporting deadlines.

Overview of our 2018/19 audit strategy

In addition to the risks outlined above we have identified two areas of audit focus.

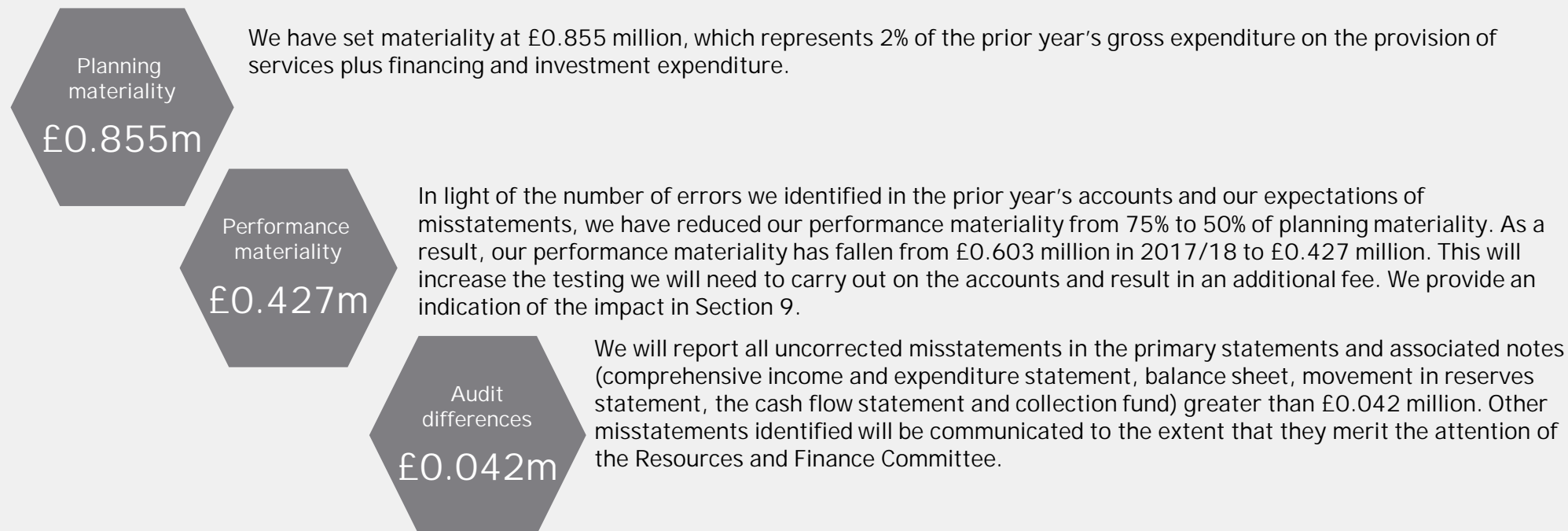
Area of focus	Change from PY	Details
Group accounts	Additional company to consolidate	<p>The Council conducts an annual review to consider its group boundary and whether its interests in private companies are material; and consequently whether they need to be consolidated into the group financial statements. For 2018/19 the Council has determined that it will consolidate East Cambridgeshire Street Scene (ECSS).</p> <p>We have identified as a component that we will seek to consider the work of its auditor in gaining assurance over the consolidated items of account. This will be an additional to the scope of our audit and require an additional audit fee which we outline in Section 9.</p>
New accounting standards	New area of focus	<p>For 2018/19 the Council needs to consider the new accounting standards relating to financial instruments (IFRS 9) and revenue from contracts (IFRS 15). The Council needs to assess and evaluate the implications of these new standards on the 2018/19 accounts.</p>
New payroll arrangements	New area of focus	<p>The Council has changed its payroll provider for 2018/19. We will seek to understand and evaluate the Council's arrangements for obtaining assurance that the new provider has the appropriate controls in place to provide materially accurate and complete payroll information.</p>

Value for money conclusion

We have identified a significant risk in respect of the financial resilience of the Council and its ability to close the budget gaps it has identified for 2020/21 and 2021/22 in its medium term financial plan. We will carry out procedures to enable us to form a conclusion on the Council's value for money arrangements.

Overview of our 2018/19 audit strategy

Materiality



The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

Overview of our 2018/19 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of East Cambridgeshire District Council give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.



02

Audit risks

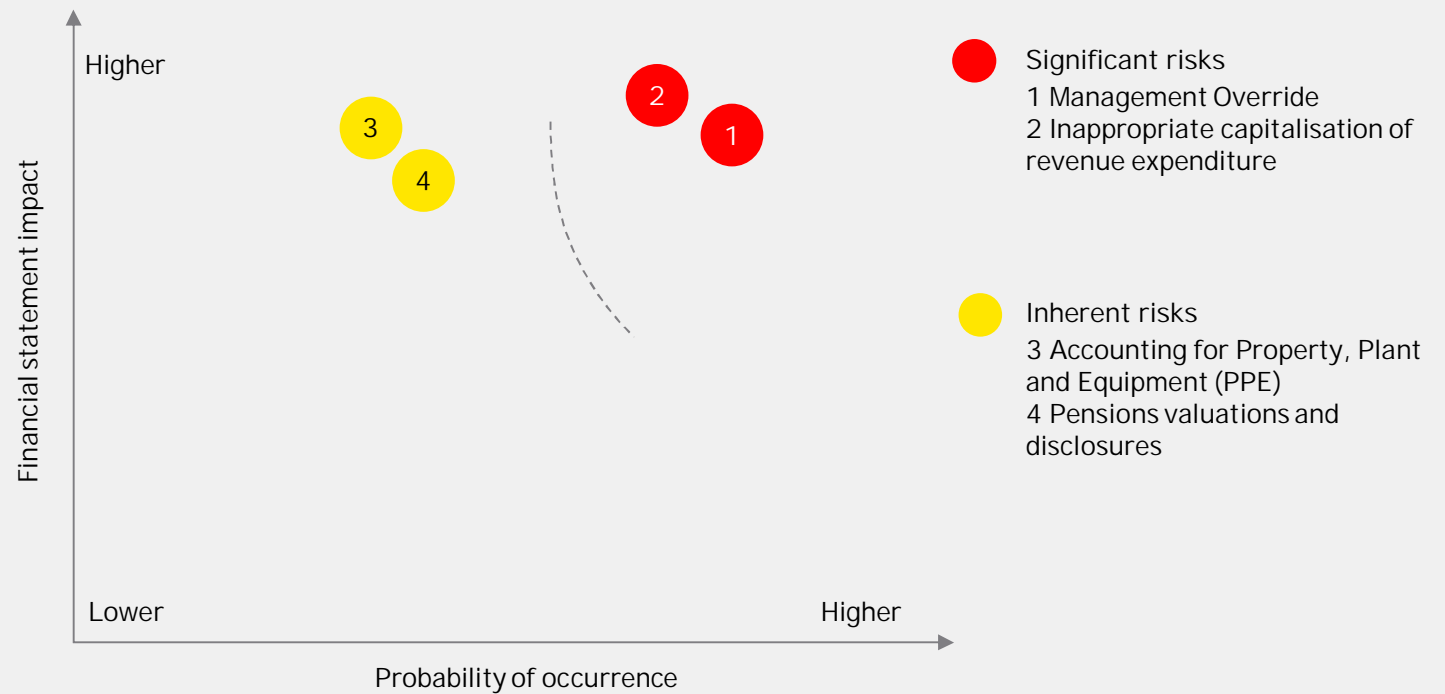


Risk assessment

Risk assessment

We have obtained an understanding of your strategy, reviewed your principal risks as identified in your 2017/18 Statement of Accounts and combined it with our understanding of the sector to identify key risks that impact our audit for 2018/19.

The following 'dashboard' summarises the significant matters that are relevant for planning our year-end audit:



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Management override: Misstatements due to fraud or error</p>	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p> <p>Linking to our risk of management override we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment (see below).</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> • Identifying fraud risks during the planning stages. • Inquiry of management about risks of fraud and the controls put in place to address those risks. • Understanding the oversight given by those charged with governance of management's processes over fraud. • Consideration of the effectiveness of management's controls designed to address the risk of fraud. • Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. • Review critical judgements made by management in applying accounting policies. • Assess management's assumptions made about the future regarding major sources of uncertainty.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Inappropriate capitalisation of revenue spend</p>	<p>What is the risk?</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively (see above).</p> <p>As the Council is more focused on its financial position over medium term, we have considered the risk of management override to be more prevalent in the inappropriate capitalisation of revenue expenditure on Property, Plant and Equipment (PPE) given the extent of the Council's capital programme.</p>	<p>What will we do?</p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> • Reviewing the appropriateness of revenue and expenditure recognition accounting policies and testing that they have been applied correctly during our detailed testing; • Performing sample testing on additions to PPE to ensure that they have been correctly classified as capital and included at the correct value to identify any revenue items that have been inappropriately capitalised; • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
<p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk of fraud in inappropriate capitalisation of revenue expenditure could affect the income and expenditure accounts. These accounts had the following balances in the 2017/18 financial statements:</p> <p>Income Account: £45.1 million</p> <p>Expenditure Account: £42.8 million</p>		

Other areas of risk

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk?

Accounting for Property, Plant and Equipment

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet for land and buildings in particular.

The Council will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated.

For 2018/19 the Council has some specific PPE valuations, including bringing into use The Hive Leisure Centre.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

What will we do?

We will:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

Audit risks

Other areas of risk

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk?

Pensions valuation and disclosures

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.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £22.366 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.

ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- Liaise with the auditors of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council;
- Assess the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is area of focus?

Preparation of the financial statements, working papers and dealing with the audit

In the prior year, the first year of earlier reporting deadlines, the Council was unable to publish its audited financial statements until early August, just after the 31 July deadline. The Council now has less time to prepare the financial statements and supporting working papers and, as your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit.

The Council needs to ensure that it has a closedown plan in place that enables it to:

- Prepare good quality draft financial statements and supporting working papers by the agreed deadline; and
- Deal effectively with the year end audit.

What will we do?

We will:

- Work with the Council to engage early to facilitate early substantive testing where appropriate.
- Invite the finance team to an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2018/19 financial year.
- Work with the Council to implement the use of EY Client Portal, this will:
 - Streamline our audit requests through a reduction of emails and improved means of communication;
 - Provide on-demand visibility into the status of audit requests and the overall audit status;
 - Reduce risk of duplicate requests; and
 - Provide better security of sensitive data.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.

Audit risks

Other areas of audit focus (continued)

What is area of focus?	What will we do?
<p><u>Group consolidation</u></p> <p>The Council has determined that for 2018/19 it will consolidate East Cambridgeshire Street Scene into its group accounts.</p> <p>There is an inherent risk in ensuring that the group accounts reflect fairly the financial position and performance of the new component.</p>	<p>We will:</p> <ul style="list-style-type: none">• Review the arrangements and controls the Council will put in place to consolidate ECSS.• Carry out procedures to gain assurance over the work of the auditor of ECSS.
<p><u>New accounting standards</u></p> <p>The Code requires the Council to comply with the requirements of two new accounting standards for 2018/19. These standards are:</p> <ul style="list-style-type: none">▶ IFRS 9 – Financial instruments▶ IFRS 15 – Revenue from contracts <p>There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.</p>	<p>We will:</p> <ul style="list-style-type: none">• We will engage early with the Council on their assessment and evaluation of the impact of each new accounting standard. We will also provide an early view on the Council's proposed accounting and disclosures.• If we need to undertake additional audit procedures on the Council's assessments we will discuss with the Finance Manager the impact on our audit fee.
<p><u>New payroll arrangements</u></p> <p>For 2018/19 the Council has changed its payroll provider and needs to ensure it has arrangements in place to gain assurance over the controls and processes adopted by the new provider.</p>	<p>We will:</p> <ul style="list-style-type: none">• Review the adequacy of the Council's assurance arrangements over the new provider, ensuring the material accuracy and completeness of payroll information in the financial statements.



03

Value for Money Risks





Value for Money

Background

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.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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.

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

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

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

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this will include consideration of the steps taken by the Council to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that local authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion. We will continue to update our assessment of risks associated with value for money throughout the audit and will update you if any additional risks are identified.

Value for Money Risks

What is the significant value for money risk?

Sustainable resource deployment:
Achievement of savings needed over the medium term

What arrangements does the risk affect?

To date the Council has responded well to the financial pressure resulting from the continuing economic downturn. However, it has identified the need for substantial savings over the period 2020 to 2022 to balance the budget:

- 2020/21 = £2.27 million
- 2021/22 = £3.29 million

The most recent financial forecast for the year ended 31 March 2019 projects an underspend of £0.325 million.

The Council is currently developing the Medium Term Financial Plan for the coming 4-year period and will have to identify savings against the budget gaps in 2020/21 and 2021/22.

It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for current and future years.

Therefore a risk remains that savings or increased income will not be identified to close the funding gaps.

What will we do?

We will:

- Assess the adequacy of the Council's budget monitoring process, comparing budget to outturn;
- Challenge the robustness of key assumptions used in medium term planning;
- Review the Council's approach to prioritising resources whilst maintaining services; and
- For a sample of initiatives test the adequacy of the Council's arrangements for delivering savings/ efficiencies.



04

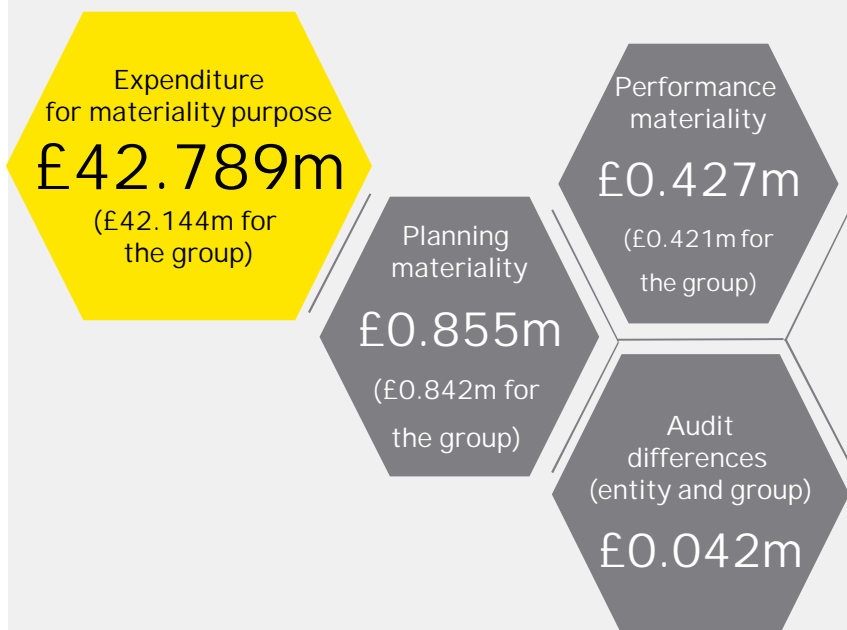
Audit materiality



Audit materiality

Materiality

For planning purposes, we have set materiality for 2018/19 at £0.855 million. This represents 2% of the Council's prior year gross expenditure on provision of services plus financing and investment expenditure. In the prior year we also applied a threshold of 2%. We will reassess the materiality throughout the audit process. We consider gross expenditure as the most appropriate basis since it reflects the cost of activities carried out by the Council. Our materiality is based on a range of either 1% or 2%. We have chosen 2% as used at the prior year audit as there are no significant changes to the Council's business environment. We have provided supplemental information about audit materiality in Appendix C.



We request that the Resources and Finance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. We have set planning materiality at £0.855 million (£0.842 million for the group).

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.427 million (£0.421 million for the group) which represents 50% of planning materiality. When determining the percentage of performance materiality, we have considered a number of factors such as the number of errors in the prior year and our expectation of misstatement based on prior knowledge of the Council. As a result, this percentage has dropped from 75% in the prior year to 50% in 2018/19 resulting in additional key items and sample testing to be undertaken. This will have an additional fee impact which is shown in section 9.

Audit difference threshold – we propose that misstatements identified below this threshold (£0.042 million) are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement and balance sheet that have an effect on income or that relate to other comprehensive income. Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Resources and Finance Committee, or are important from a qualitative perspective.

Specific materiality – We have set a lower materiality for Senior Officer's Remuneration, Members' Allowances and Exit Packages disclosures which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Resources and Finance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit (LGSS), and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



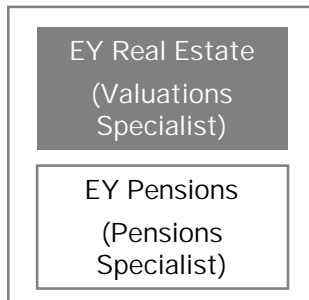
06

Audit team



Audit team

Audit team structure:



Suresh Patel
Lead Audit Partner

Melanie Richardson
Audit Manager

Vicky Chong
Assistant Manager

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2018/19 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Audit team

The engagement team is led by Suresh Patel, who has significant experience on local government audits. Suresh is supported by Melanie Richardson, Audit Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the Senior Accountant. The day-to-day audit team will be led by Vicky Chong, Assistant Manager, who has replaced Victor Matimba as the Lead Senior of the audit.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Wilks Head and Eve (the Council's property valuer)
Pensions disclosure	EY Actuaries, PwC (Consulting Actuary to PSAA) and Hymans Robertson (the Council's actuary)
Fair Value Investment Measurement	Link Assets Services (the Council's Treasury Advisor)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work;
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements; and
- Where appropriate, engage our own specialist support in any areas where we identify concerns, trigger events and/or estimations that are outside of our assessed acceptable range.

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

1. Significant components: A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. Not significant components: The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for each component within Appendix E.

1	Full scope audits
1	Specific scope audits
Nil	Review scope audits
Nil	Specified procedures
1	Other procedures

Scope definitions

Full scope: where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit.

Specific scope: where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: Where not material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations. Individually, these components do not exceed more than 0.6% of the Group's profit and 0.2% of the Group's gross expenditure.

Scoping the group audit (continued)

Coverage of Revenue/Profit before tax/Total assets

Based on the group's 2018/19 forecast, our scoping is expected to achieve the following coverage of the group's expenditure and group's revenue.

Revenue **24.9%** of the group's forecast revenue will be covered by full and specific scope audits, with the remainder covered by the single entity's audit.

Expenditure **22.7%** of the group's forecast gross expenditure will be covered by full and specific scope audits, with the remainder covered by the single entity's audit.

Based on our group scoping we do not require specific procedures to be performed on balance sheet accounts based on our assessment of materiality and risk. Our audit approach is risk based and therefore the data above on coverage is provided for your information only.

East Cambridgeshire Trading Company Ltd and East Cambs Street Scene Ltd will be audited by Price Bailey, a non-EY member firm, who will confirm their independence via our group instructions.

Key changes in scope from last year

- There have been no changes in scope from last year. East Cambridgeshire Trading Company Ltd has remained a significant component, categorised as full scope.
- East Cambs Street Scene Ltd produces its first set of statutory accounts in 2018/19. We have assessed and determined that it is a non-significant component, categorised as specific scope.

Details of specified procedures

- In order to provide us a reasonable assurance over East Cambs Street Scene Ltd, we have requested the component team to perform specified procedures in relation to Revenue, Salaries and Wages and Vehicle Maintenance Related Costs.

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below.

- We provide instruction to component team and our expectations regarding the detailed procedures;
- We will set up an initial meeting with the component team to discuss the content of the group instructions;
- We will consider the need to perform a file review of component team's work where appropriate; and
- We will attend a closing meeting with component team to discuss their audit procedures and findings.



07

Audit timeline



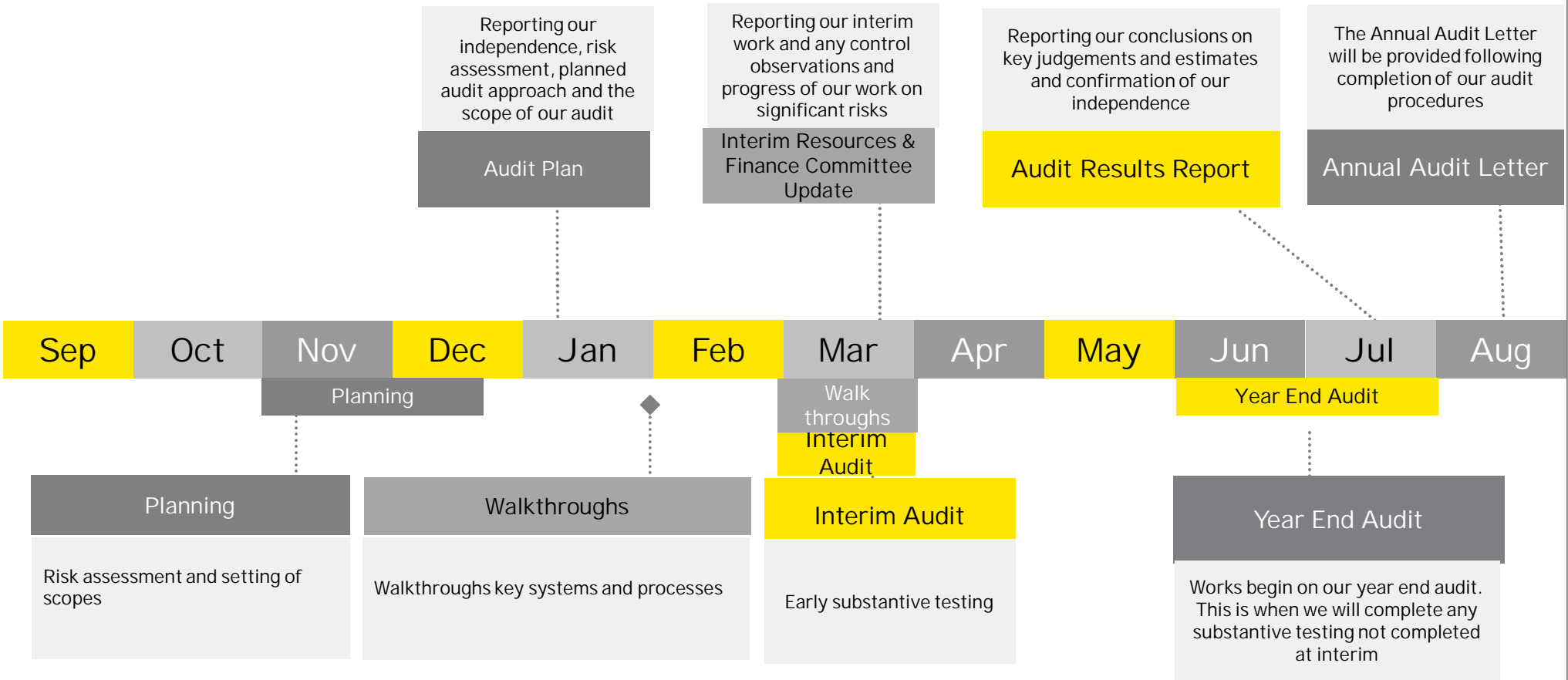


Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19. From time to time matters may arise that require immediate communication with the Resources and Finance Committee and we will discuss them with the Resources and Finance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 26%. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Description of service	Related independence threat	Period provided/duration	Safeguards adopted and reasons considered to be effective
We have been engaged to undertake the audit of the Housing Benefits Subsidy Claim 2018/19. The agreed upon procedures on the certification arrangements are due to start in April. Our current fee level is £14,960 however we will update you should this amount change.	Self review threat - figures included in the return are also included in the 2018/19 financial statements.	Relates to 2018/19 return for the period to 31 March 2019.	<p>We have assessed the related threats to independence and note that although certain figures in the return are included in the financial statements the agreed upon procedures are being performed after the signing of the financial statements for 2018/19.</p> <p>The agreed upon procedures focus on the specific requirements of the certification arrangements and no reliance is placed on this work for the purposes of the financial statements audit. No other threats to independence have been identified.</p>

Other communications

EY Transparency Report 2017

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



09

Appendices



Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The fee for 2018/19 reflects the year 1 of the new 5 year contract awarded by PSAA.

	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£	£	£
Total Fee - Code work	31,955	31,955	41,500
Audit of group accounts (note 1)	5,000 – 7,000	-	5,025
Working paper issues		-	6,125
Change to 50% materiality (Note 2)	5,000 – 7,000	-	-
Total audit	41,955 – 45,955	31,955	52,650
Other non-audit services not covered above (Housing Benefits Subsidy Claim)	14,960	14,960	12,004
Additional 40+ testing			2,034
Total other non-audit services	14,960	14,960	14,038
Total fees	56,915 – 60,915	46,915	66,688

Note 1 – East Cambs Street Scene Ltd produces its first set of statutory accounts in 2018/19. As well as our own procedures we will be requesting that the component team auditors perform specified procedures on our behalf.

Note 2: When determining the percentage of performance materiality, we have considered a number of factors such as the number of errors in the prior year and our expectation of misstatement based on prior knowledge of the Council. As a result, this percentage has dropped from 75% in the prior year to 50% in 2018/19 resulting in additional key items and sample testing to be undertaken.

The agreed fee presented is based on the following assumptions:

- ▶ The level of risk in relation to the financial statements and VFM arrangements remains the same;
- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.






If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B

Required communications with the Resources & Finance Committee

We have detailed the communications that we must provide to the Resources and Finance Committee.



		 Our Reporting to you
 Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Resources and Finance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report

Appendix B

Required communications with the Resources & Finance Committee (continued)



Our Reporting to you

Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> • Enquiries of the Resources and Finance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report





Appendix B

Required communications with the Audit Committee (continued)

		 Our Reporting to you
 Required communications	 What is reported?	  When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Resources and Finance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Resources and Finance Committee may be aware of 	Audit results report
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Audit results report

Appendix B

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Group audits	<ul style="list-style-type: none"> • An overview of the type of work to be performed on the financial information of the components • An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components • Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work • Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted • Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit planning report Audit results report	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report	
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor's report 	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit planning report Audit results report	
Certification work	Summary of certification work undertaken	Certification report	

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Resources and Finance Committee reporting appropriately addresses matters communicated by us to the Resources and Finance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

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2019/20 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Committee: Resources and Finance Committee

Date: 28th January 2019

Author: Finance Manager

[T188]

1.0 ISSUE

1.1 To consider the 2019/20 Treasury Management Strategy, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement.

2.0 RECOMMENDATIONS

2.1 That the Resources and Finance Committee recommends to Full Council to approve:

- The 2019/20 Treasury Management Strategy
- The Annual Investment Strategy
- The Minimum Revenue Provision Policy Statement
- The Prudential and Treasury Indicators.

3.0 BACKGROUND/ OPTIONS

3.1 CIPFA Requirements

The Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management and any subsequent revisions.

3.2 The Treasury Management Policy Statement

As per CIPFA's definition, the Council defines its treasury management activities as:

- The management of the Council's 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.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury

management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the financial year, a mid-year review and an annual report after financial close, in the form prescribed in its TMPs.
- The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Resources and Finance Committee, and for the execution and administration of treasury management decisions to the Finance Manager, who will act in accordance with the Council's policy statement and TMPs and as a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- The Council nominates Resources and Finance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.3 Investment Strategy

The Council continues to hold significant reserves (January 2019) and has been able, up until now, to meet the costs of the loan to East Cambs Trading Company (ECTC), the construction of the Leisure Centre and the purchase of Waste fleet from internal borrowing against the cash within these reserves; therefore without the need for external borrowing. However this situation will not be maintained, reserve levels will reduce in the remainder of this financial year and then further in 2019/20 with the consequence that external borrowing will be required.

External borrowing will of course be kept as low as possible, with external debt only being taken when cash balances require this. The consequence of this being that cash balances will reduce to minimal levels, resulting in the Council's ability to invest sizeable sums in longer-term deposits (more than 6 months) ceasing.

The continuation of low interest rates means that some smaller short term investment dealings will not return a beneficial return on investment, compared to the transaction cost of moving the cash. Small investments over a short period of time will therefore continue to be reviewed to determine if the investment is cash efficient. Where these circumstances arise, this will result in a higher balance in the Council's NatWest Account than would have historically been the case; however we will ensure that this balance remains within the counterparty limit set in the strategy.

It is the expectation that ECTC will meet its business plan objectives within the £6.5 million maximum loan approved by the Council and will repay the full amount of the loan to the Council by / during March 2021.

3.4 Borrowing Strategy

The Council continues to hold reserves so internal cash balances are used to initially fund capital commitments.

However, as a consequence of the additional capital expenditure planned for in 2019/20 and the reducing level of reserves, external borrowing will be required to fund capital commitments in that year. External borrowing will only be taken when required, but the current plan anticipates this to be in the region of £8 million by the end of March 2020.

3.5 Counterparty Limits

The Counterparty limits were reviewed in the 2016/17 Treasury Management Strategy and approved by Council. There are no amendments to report.

4.0 **APPENDICES**

4.1 Appendix 1 - Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
The Prudential Code published by CIPFA Treasury Management Practice Schedules	Room 104 The Grange Ely	Ian Smith Finance Manager (01353) 616470 E-mail: Ian.Smith@eastcambs.gov.uk
Revenue Budget, Capital Programme and Council Tax 2018/19 Report (also on this agenda)		

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

East Cambridgeshire District Council
2019/20

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1.INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering 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 that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

CIPFA defines treasury management 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.”

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately as part of the Budget Report.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term 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.

The aim of this capital strategy is to ensure that all elected members on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show where applicable:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), on-going costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

From an East Cambridgeshire perspective, it is important that the Capital Strategy is proportionate to the Council's objectives in this area. The Council has no long term capital objectives at this time, with the medium term capital programme focusing on the achievement of the Council's Corporate Plan objectives aimed at improving the service and quality of life for residents of the District. The Capital Strategy is therefore incorporated into the Revenue Budget, Capital Strategy and Council Tax paper also being considered by Members at this meeting.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Resources and Finance Committee.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training. This especially applies to members responsible for scrutiny. The current planning of the member induction programme following the May 2019 elections will include training to members on the treasury management function.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Regulatory Services	1,991	1,585	1,621	2,654	772
Community Services	3,143	1,643	2,315	29	29
Leisure Centre	11,012	794	0	0	0
Resources and Finance	86	303	6,330	0	0
Total	16,232	4,325	10,266	2,683	801

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Receipts	1,524	842	261	261	261
Capital Grants	1,741	873	6,842	511	511
CIL / Section 106	1,676	549	435	29	29
Revenue	215	99	0	0	0
Net financing need for the year	11,076	1,962	2,728	1,882	0

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge that broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The Council is asked to approve the CFR projections below:

£000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Financing Requirement					
CFR brought forward	2,448	13,524	15,386	17,487	12,204
Movement in CFR	11,076	1,863	2,101	-5,283	-874
Total CFR	13,524	15,386	17,487	12,204	11,330

Movement in CFR represented by					
Net financing need for the year (above)	11,076	1,962	2,728	1,882	0
Less MRP/VRP and other financing movements	0	-99	-627	-665	-874
Repayment of loan by ECTC	0	0	0	-6,500	0
Movement in CFR	11,076	1,863	2,101	-5,283	-874

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Fund balances / reserves	11,804	10,464	9,050	6,606	7,509
Capital Receipts	773	721	510	299	88
Section 106	2,565	1,965	1,365	765	165
Total core funds	15,142	13,150	10,925	7,670	7,762
Working capital*	2,932	2,932	2,932	2,932	2,932
Internal Borrowing	-13,524	-13,387	-9,488	-7,205	-6,331
Expected investments	4,550	2,695	4,369	3,397	4,363

*Working capital balances shown are estimated year-end and are based on those at the end of 2017/18.

2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

Asset life's used in MRP calculations are:

Waste fleet	9 years
Leisure Centre	20 years
Depot	25 years
ECTC Loan	No MRP provision is made on the loan to the Company as this will be repaid by the Company as a bullet payment in March 2021, with the cash being used by the Council to reduce the Capital Financing Requirement at this point.

This option provides for a reduction in the borrowing need over approximately the asset's life.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The treasury management portfolio as at 31 March 2018 was that the Council held £4,550,000 of cash in Money Market overnight Funds and was external debt free.

The up-dated position at 31st December 2018 was that the Council remained external debt free, with the amount invested in Money Market Funds having increased to £9,550,000. This reflects to some degree the income / expenditure flows of the Council as a collection authority. Council Tax tends to be collected in the first ten months of the year, but the money we pay out to precepting authorities is more evenly spaced, with indeed one Council Tax collection date and two precept payment dates in the final quarter of the year. However, with the delay of some capital projects the expected external debt at the end of the year is now forecast as £2,000,000, rather than the £5,000,000 reported previously.

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
External Debt					
Debt at 1 st April	0	0	2,000	8,000	5,000
Expected change in Debt	0	2,000	6,000	-3,000	0
Other long-term liabilities (OLTL)	0	0	0	0	0
Actual gross debt at 31 March	0	2,000	8,000	5,000	5,000
The Capital Financing Requirement	13,524	15,387	17,488	12,205	11,331
Under borrowing	13,524	13,387	9,488	7,205	6,331

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Finance Manager reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. For East Cambs. this is the same value as the CFR (see previous table).

Operational boundary £000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	15,387	17,488	12,205	11,331
Other long term liabilities	0	0	0	0
Total	15,387	17,488	12,205	11,331

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt, which while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £000	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt	10,000	15,000	15,000	10,000
Other long term liabilities	0	0	0	0
Total	10,000	15,000	15,000	10,000

3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after 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, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Finance Manager will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Resources and Finance Committee at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Municipal Bond Agency

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, if appropriate, would be covered in the Capital Strategy (a separate report), although this Council has none of these at this time.

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018.

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.3 under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £1 million of the total investment portfolio, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.

As a result of the change in accounting standards for 2018/19 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are changed from last year.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to

determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see appendix 5.4.

The following counterparty limits were agreed in the 2016/17 Treasury Management Strategy, the same limits will be applied in 2019/20.

- £6 million with counterparties rated 6 months to 1 year (Orange) duration limit
- £5 million with Money Market Funds
- £4 million with counterparties rated 3 months (Green) duration limit on the approved weekly list

UK banks – ring fencing

The largest UK banks, (those with more than £25 billion 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 £25 billion 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.

4.3 Country limits

Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £1 million of the total investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.4. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- c) **Other limits.** In addition:
 - no more than 40% will be placed with any non-UK country at any time;
 - limits in place above will apply to a group of companies;
 - sector limits will be monitored regularly for appropriateness.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	Now
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

- 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 dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£000	2019/20	2020/21	2021/22
Principal sums invested for longer than 365 days	2,000	2,000	2,000

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's main priority is the security of its capital, and therefore security risk continues to be its main focus, with the process for securing this detailed in Section 4.1 of this report.

This is measured / benchmarked by the use of a Historic Risk of Default calculation provided to us by Link Asset Services. The calculation is a proxy for the average percentage risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment. At the end of December 2018 our calculated Historic Risk of Default was 0.00% as all of our cash was in MMF and a liquid call account. As this situation is not expected to change in 2019-20, then the risk remains very small.

Liquidity – in respect of this area the Council seeks to maintain:

- No Bank overdraft
- Liquid short term deposits of at least £5 million available with a week's notice.

Yield – The Council will use the 7-day LIBID compounded rate as an investment benchmark to assess the investment performance of its investment portfolio during 2019/20.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

(These can be appended to the report or omitted as required)

1. Prudential and treasury indicators and MRP statement
2. Economic background
3. Treasury management practice 1 – credit and counterparty risk management (option 1)
4. Approved countries for investments
5. Treasury management scheme of delegation
6. The treasury management role of the Section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2019/20 – 2021/22 AND MRP STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

%	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Annual Charge	0.919	1.381	6.009	1.412	0.799

The estimates of financing costs include current commitments and the proposals in this budget report.

While the above table is a statutory requirement for the Strategy document, when considering the increases in the cost of capital as a proportion of the revenue budget, it should be remembered that none of these costs has a direct impact of the Council's bottom line budget.

- Borrowing in relation to the Leisure centre is being funded initially from the use of reserves, but from 2020/21 from the management fee to be paid to the Council by the operator of the centre.
- The capital cost of the waste fleet and depot improvements will be charged to East Cambs Street Scene
- The loan to East Cambs Trading Company is generating an income to the Council as interest is being charged on this loan at a commercial rate of 5.22%.

5.1.2 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2019/20		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 50 years	0%	100%

Maturity structure of variable interest rate borrowing 2019/20		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 50 years	0%	100%

5.2 ECONOMIC BACKGROUND

GLOBAL OUTLOOK. **World growth** has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the Eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50 billion per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in

GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase 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 declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, 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 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This 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 was 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.

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 reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal 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 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2 % in November, However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles, of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. 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 nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15 billion per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

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. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

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. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.2 are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.

In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

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.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, 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 in **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. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed, but only by *delaying* the planned increases in expenditure to a later year. This can have therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in

popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.

- **Other minority Eurozone governments.** Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.
- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, in 2018, also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw sharp falls in equity markets interspersed with occasional partial rallies. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **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

- **Brexit** – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- **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.

Brexit timetable and process

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 14.1.19 vote in Parliament on a 'no deal' scenario
- By 29.3.19 second vote (?) in UK parliament if first vote rejects the deal
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 UK leaves the EU, (or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament rejects the deal and no deal departure?)
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020**.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

5.3 TREASURY MANAGEMENT PRACTICE (TMP) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £1 million will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	N/A	unlimited	6 months
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	£5 million	6 months
Money Market Funds CNAV	AAA	£5 million	Liquid
Money Market Funds LNAV	AAA	£5 million	Liquid
Money Market Funds LVNAV	AAA	£5 million	Liquid
Money Market Funds VNAV	AAA	£5 million	Liquid
Local authorities	N/A	£5 million	12 months
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£6 million £6 million £6 million £4 million Nil	12 months 12 months 6 months 100 days Not for use
Term deposits with UK part nationalised banks	See above		

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To

ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: A maximum of £1 million will be held in aggregate in non-specified investment

1. Maturities of ANY period

	* Minimum Credit Criteria	Use	Maximum investment	Max. maturity period
Fixed term deposits with variable rate and variable maturities: - Structured deposits	Orange	In-house	£1 million	1 Year

2. Maturities in excess of 1 year

	* Minimum Credit Criteria	Use	Maximum investment	Max. maturity period
Term deposits – local authorities	--	In-house	£1 million	Unlimited
Term deposits – banks and building societies	Purple	In-house	£1 million	2 Years

5.4 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Resources and Finance Committee (as the responsible body)

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) The Section 151 Officer (as the person with responsibility for treasury scrutiny)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices that specifically deal with how non-treasury investments will be carried out and managed.

REVENUE BUDGET, CAPITAL STRATEGY AND COUNCIL TAX 2019/20

Committee: Resources and Finance Committee

Date: 28th January 2019

Author: Finance Manager

[T189]

1 **ISSUE**

1.1 This report sets out the Council's proposed revenue budget, capital strategy, and the required level of Council Tax in 2019/20. The report assesses the robustness of the budgets, the adequacy of reserves and up-dates the Council's Medium Term Financial Strategy (MTFS).

2 **RECOMMENDATIONS**

2.1 To recommend to Council to approve:

- The draft 2019/20 revenue budget as set out in Appendix 1, including a proposed Council Tax freeze.
- The Statement of Reserves as set out in Appendix 2.
- The 2019/20 Fees and Charges as set out in Appendix 3.
- The capital programme and financing as set out in Appendix 4.
- The awarding of discretionary Business Rate relief to certain retail business premises with a rateable value below £51,000 as set out in paragraphs 5.2 to 5.4.

2.2 To approve, that as we are still awaiting final Settlement figures and completion of the NNDR1 return, should the numbers change between Resources and Finance Committee and Full Council, that the Finance Manager adjust the use of the Surplus Savings Reserve in 2019/20 (as necessary) so that the net budget and Council Tax for that year remain unchanged.

3 **BACKGROUND / OPTIONS**

3.1 At the Full Council meeting on 22nd February 2018, members approved a net budget for 2018/19 of £8,215,274 and a frozen Council Tax. The budget had a planned draw of £1,893,096 from the Surplus Savings Reserve. The Medium Term Financial Strategy at that time showed a balanced budget in 2019/20 (using further resources from the Surplus Savings Reserve), but then a budget deficit in 2020/21 with then a significant budget deficit in 2021/22.

3.2 The outturn position for 2017/18 was initially reported to the Resources and Finance Committee on the 18th June 2018, with then a post audit up-date position provided on the 26th July 2018. This showed that due to the proactive actions taken by management to reduce the Council's cost base prior to and during 2017/18, the

Council underspent in 2017/18 by £1,192,883. This was transferred into the Surplus Savings Reserve.

- 3.3 The Council also benefitted in 2017/18 and the two previous years, from additional Business Rate income from being part of the Cambridgeshire Business Rate Deal which was in place for three years up until March 2018. This generated additional income to the Council of £1,317,939. Some of this has already been allocated for use by the Economic Development Team, but it is recommended that the balance be transferred into the Surplus Savings Reserve for use in balancing the budget in future years. The remainder of this report is based on this transfer having been made.
- 3.4 Management has continued to reduce the Council's cost base during the current financial year. This work has led to further one-off and on-going savings being made; which both contribute to the projected outturn underspend for this financial year and also provide savings throughout the term of the MTFs. The current yearend forecast underspend for 2018/19 is £433,500, this too will be transferred to the Surplus Savings Reserve at yearend and has been reflected in the figures in this report.

4 PROVISIONAL GRANT SETTLEMENT

- 4.1 The Provisional Settlement was announced on Thursday 13th December 2018.
- 4.2 The Provisional Settlement confirmed the final year of the four year funding deal previously offered by Government, this allowing local government greater certainty on the level of grants it was to receive from Government over (what was at the time) the length of the parliament. The Council resolved to be involved in the four year deal process and submitted the necessary efficiency plan in line with the requirements.
- 4.3 The provisional Revenue Support Grant figure is therefore the same as was used in preparing the MTFs this time last year. The past two years and the provisional figure for 2019/20 are detailed below and highlight the significant reduction in this funding stream over the period of this deal.

	2017/18	2018/19	2019/20
Provisional Settlement	£659,999	£353,703	£11,576

- 4.4 The allocation for 2019/20 will be confirmed in the final Settlement in February 2019.
- 4.5 Following consultation over the summer, the Provisional Settlement made no further changes to the criteria for awarding New Homes Bonus grant. However the changes made in the 2017/18 Settlement remain, which mean that the timeframe over which New Homes Bonus is payable will be four years in 2019/20 (it had been six years in 2016/17). Further the baseline for housing growth, set at 0.4% of the Council Tax base, below which no Bonus allocation is received, also remains in place. This criteria was also put in place in 2017/18 which means the grant calculation for 2018/19 has three years using this new baseline, where the 2018/19 grant only had two years.
- 4.6 Consequently the provisional allocation for this Council in 2019/20 is £572,681. This compares unfavourably with the actual in 2018/19 of £716,357. In building the MTFs,

we have further assumed that all four years of housing growth will be subject to the 0.4% baseline in 2020/21, so a further reduction is expected in that year.

- 4.7 The Provisional Settlement includes details of other specific grants, including the Rural Services Delivery grant, an allocation to the most rural authorities, which amounts to £161,606 in 2019/20 (this is the same value as in 2018/19); Housing Benefit administration grant of £171,429 (a reduction of £18,752 compared to 2018/19) and Council Tax administration grant £70,250 (an increase of £996 compared to 2018/19).
- 4.8 The Provisional Settlement further identified the local authorities who will be involved in the new 75% Business Rates Retention pilot scheme in 2019/20, unfortunately Cambridgeshire was not amongst those councils selected.
- 4.9 The Provisional Settlement makes provision for shire districts to increase Council Tax by up to 3% or £5, whichever is greater, in 2019/20 without the need for a referendum. To put a value to this, if we were to increase Council Tax by £5 in 2019/20, this would generate additional income of £148,600 in that year. The budget currently assumes, and the Council's Corporate Plan promises, that Council Tax will remain frozen for 2019/20 at £142.14.
- 4.10 The Business Rate Retention Scheme continues as previously operated in 2019/20. The baseline has been uplifted by CPI inflation. Growth in this Council's business rates remain positive, however, there is always a risk that appeals against business rates can be lodged and, if successful, can be backdated for several years. The Council does therefore include a provision for appeals in determining how much of the rates collected should be posted into the budget.
- 4.11 At the same time as the Provisional Settlement the Government launched two consultations. The first is "A review of local authorities' relative needs and resources". The Government is undertaking a major spending review in 2019, which will impact from April 2020. The funding review, comes in two parts, firstly Government will determine how much funding each of its Departments will have in 2020/21 and future years. Once this is determined, a further process will be undertaken to determine how the amount allocated to local government will be allocated across the sector.
- 4.12 As Government no longer plan to provide funding via Revenue Support Grant in 2020/21, the requirement for each local authority will be allocated via the Business Rates Retention Scheme. The consultation above provides some clues as to the potential methodology that will be used by Government to determine this. This will be done by giving a score to different measurable criteria, which when added together determine the total need of each council. Government then ensures that each authority receives this amount in the first year by applying tariffs and top-ups to the amount collected in Business Rates and allocated to the different tiers of local government.
- 4.13 The second consultation is on the Business Rate Retention Scheme. As highlighted earlier, Government are piloting 75% local retention of Business Rates in 2019/20 and this is expected to come into place for all authorities in 2020/21. The process for this, however still remains far from clear, with uncertainty about what grants will be withdrawn to make the scheme fiscally neutral. Revenue Support Grant, public health grant and Rural Services Delivery grant have already been highlighted, but it remains

possible that others may be added. A further uncertainty at this point, is the split between tiers of local government and this is one of the reasons for the current pilots to determine which percentages provide the best results.

- 4.14 While the tier split has little impact in the initial year, as the amount of money retained by each authority will match that determined by Government via the use of tariffs and top-ups, it has a significant impact in future years, when the percentages will influence the amount of growth that each authority will retain.
- 4.15 Possibly the greatest concern for this Council, is that the consultation suggests a full baseline reset in 2020/21 should be actioned. The current baseline was set in 2013, when all councils were given a share of Business Rates equal to their needs. Since then councils have been allowed to keep a share of their growth, which for us as a district council has been 40%. In broad figure our baseline is £2.4 million, where we actually budget for £3.2 million of Business Rates because of this growth. If the baseline is fully reset, we will lose all of the growth, and won't know what our revised baseline will be until the results of the other consultation as detailed in 4.11 is known. An allowance has been made in the MTFS for this probable reduction, but at this point, there is no certainty on what this is likely to be.

5 AUTUMN BUDGET 2018

- 5.1 The autumn budget announced on the 29th October 2018 also contained a number of announcements that will affect Business Rates.
- 5.2 Retail Relief – The Government have proposed the introduction of extra Business Rate relief for certain retail business premises with a rateable value below £51,000. Under the new scheme, eligible ratepayers will receive a one third discount of their daily chargeable amount. The Government have issued guidelines on the operation of this relief which they intend should have effect for 2019/20 and 2020/21. State aid rules will apply to the retail relief in the usual way.
- 5.3 Local Authorities are expected to use their discretionary relief powers (Section 47 of the Local Government Act 1988, as amended) to grant this new relief in line with the relevant eligibility criteria set out in the guidelines.
- 5.4 This new relief will be funded by Government via Section 31 grant and will not therefore reduce the NNDR available to the Council. Members are asked to approve the award of this relief.
- 5.5 Public Toilets – The Government is minded to bring forward primary legislation to allow for 100% relief on standalone public toilets from 2020/21. (As the full details of this are not yet known and as detailed, it will require primary legislation to put in place, the possible consequences of this change are not included in the figures in this report.)
- 5.6 The provisional Business Rate multiplier for 2019/20 was confirmed. The small business non-domestic multiplier will increase from 48.8 pence to 49.1 pence and the

multiplier for larger businesses (rateable values greater than £51,000) will be 50.4 pence. The multiplier is up-dated using the September CPI which was 2.4%.

6 THE 2018/19 BUDGET

6.1 Due to the proactive actions taken by management to reduce costs and generate new sources of funding in recent years, the revenue budgets for 2019/20 and 2020/21 are currently fully funded; but there are significant budget deficits remaining in subsequent years which will need to be addressed.

6.2 The draft budget for 2019/20 is set out in Appendix 1 to this report.

6.3 The following key assumptions have been made in preparing the draft budget:

- The national employers previously made a two year pay offer to staff covering both the 1st April 2018 and 1st April 2019, this offered a general 2% increase in each year with higher increases at the bottom end of the scale. The budget as presented accounts for both of these increases and indeed an expectation of 2% becoming the norm each year through the MTFs period;
- Following the Pension Fund revaluation as at 31st March 2016 the fund manager requested that the contribution rate be increased from 17% to 17.2%, this increase is reflected in all years of the MTFs, with in addition, the lump sum contribution being increased by £50,000 to £485,000 in 2019/20;
- Inflation on other expenditure has only been included where there is a contractual inflationary increase for example utilities and insurance. 2% has been added to the Waste contract with East Cambs Street Scene. Other budgets have not been increased by inflation;
- The Housing Benefit budget reflects the latest information from Anglia Revenues Partnership (ARP);
- The budgetary implications of the new Leisure Centre have been incorporated into the budget. However, as the funding strategy for the Leisure Centre was that it should be revenue cost neutral, there is no impact on the funding requirement for Council Tax purposes. (See paragraph 10.9);
- £91,000 is made available for the on-going review of the Local Plan; this reflects a reduction in budget provision from the £300,000 made available in 2018/19 when the majority of the work (including the examination in public) was undertaken.

7 COLLECTION FUND AND COUNCIL TAXBASE

7.1 The MTFs assumed that the Collection Fund for Council Tax would be in balance as at 31st March 2019. However, an increased number of houses being built in the District give a forecast surplus as at 31st March 2019, of which £82,574 will come as income to this Council.

7.2 The taxbase for 2019/20 estimated in last year's budget was an equivalent of 29,575.0 Band D properties. However, the real growth in housing between October 2017 and October 2018 and an estimation of future growth in 2019/20 means that the current forecast for 2019/20 is 29,719.4 Band D properties.

7.3 Business Rate forecasts are difficult until after the NNDR 1 return is produced at the end of January. Pixel Financial Management Limited have produced initial estimates

for us, as they have done in previous years, and these figures are used in this report at this time. It is intended to up-date these figures in advance of Full Council once the NNDR1 is complete.

- 7.4 The MTFS assumed that the Collection Fund for Business Rates would be in balance as at 31st March 2019, again a clearer position will be known with regard to this, once the NNDR1 is completed and up-dated figures will be included in the report for Full Council.

8 RESERVES

- 8.1 The Council holds reserves, at levels which remain prudent. It is important to review the level of reserves on a regular basis, in particular to ensure that potential liabilities not in the Council's base budget can be funded from earmarked reserves; and that unearmarked reserves are at a sufficient level to cover any unforeseen events.
- 8.2 As part of the process of preparing this budget, officers have reviewed each reserve to ensure its purpose and level is appropriate. A Statement of Reserves is attached at Appendix 2.
- 8.3 The sole unearmarked reserve is the General Fund. This stands at £1,010,837. There is no statutory minimum level set for a local authority's reserves; it is a matter for each local authority's own judgement after taking into consideration the strategic, operational and financial risks it faces. It has been this authority's policy for some time that the level of the unearmarked reserve be set at around 10% of their net operating budget, this is a reasonably prudent approach and a higher percentage than many other authorities locally. The proposed net operating budget for 2019/20 is £10,399,713. Using the 10% figure, this would therefore require an unearmarked reserve of £1,039,972. It is therefore recommended that an additional £29,135 be put into the General Fund, this being a transfer from the Change Management Reserve, rather than a draw from Council Tax.

9 FEES AND CHARGES

- 9.1 Officers have reviewed the fees and charges, and details of the proposals are shown at Appendix 3. The proposed budgets include increases as a result of both volume and price.
- 9.2 There have been no new fees or charges approved for 2019/20 at the point of drafting this report. Regulatory Services Committee will, at their meeting on the 21st January 2019, be considering introducing new fees for housing offences, including civil penalties for rogue landlords for some specific offences. If approved, these will be subject to a further consultation period of six weeks before implementation. These will be added to the Fees and Charges schedule at this point.
- 9.3 As external funding from Government grants continues to reduce, the Council's approach to fees and charges will need to become more prevalent.

10 CAPITAL STRATEGY

- 10.1 The CIPFA revised 2017 Prudential and Treasury Management Codes requires for 2019/20 all local authorities to prepare a capital strategy report, which provides:

- a high level long term 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
- 10.2 This Council has no long term capital objectives at this time. The medium term capital programme has been reviewed, and is attached at Appendix 4. The programme is largely a continuation of the previous programme, with a number of additional projects in line with the Council's Corporate Plan objectives aimed at improving service provision and the quality of life for residents of the district. The total value of the programme in 2019/20 is £10,266,369.
- 10.3 With the Council's Waste Service now being provided by East Cambs Street Scenes (ECSS), the Council is purchasing waste fleet and hiring this to the Company. The hire charge reflecting the Council's capital costs of doing this, both the minimum revenue provision (MRP) and interest costs. Only a small amount of fleet will be purchased in 2019/20, but members attention is drawn to the proposed spend in 2020/21 when the vehicles previously purchased by the use of the Weekly Collection Grant from Government, reach the end of their useful life and require replacing. While these additional costs will be reflected in the charge to ECSS, the Council will need to increase the contract value it pays the Company for providing the service as detailed in paragraph 13.4 to ensure that it can meet these additional costs.
- 10.4 Expenditure in relation Soham Eastern Gateway, which will be funded from Housing Infrastructure Grant, has been delayed and is now anticipated in 2019/20. This is not a District Council scheme, but instead a County scheme. The grant allocation process required the lower tier authority to appear on the grant application and as such, it needs to go through our books. We will only pay onto the County Council funding that we have already received from Government, so there is very little risk to this Council in this.
- 10.5 Similarly, the project to refurbish the depot has also been deferred into 2019/20, while further feasibility work takes place and costings of the project reviewed. At this time the budget originally put in for 2018/19 remains in place, but potentially this will need to be adjusted as new information comes to hand.
- 10.6 At the Full Council meeting on the 18th December 2018, Council agreed the extension of the loan facility to East Cambs Trading Company, specifically for the purchase of Ministry of Defence houses in Ely in conjunction with the Combined Authority. These houses have been unoccupied for some time and it is anticipated that the Council's input, through ECTC, will bring these back into use by December 2020, including the provision of additional affordable housing. Sale proceeds from this project will allow this additional loan of £1,500,000 to be repaid to the Council in March 2021, at the same time as the original loan, and as such the Council will not need to make MRP for it.
- 10.7 Additional capital provision, £400,000 is also built into the budget for purchasing further land to increase the capacity of the commuter car park in Angle Drove in Ely. This purchase will be funded from CIL contributions.

- 10.8 The Council previously held cash balances which were invested in short and fixed term deposits, however as agreed in the 2017/18 budget, these are now being deployed to fund the expenditure on the Leisure Centre and the loan to the Company. The current expectation is that external borrowing will be required in 2018/19, however, borrowing will only be undertaken when necessary. More details of the borrowing requirement are detailed in the Treasury Management Strategy (also on the agenda for this meeting).
- 10.9 The MRP costs associated with the Leisure Centre project are being met from a combination of New Homes Bonus (currently held in reserve) in the early years and the management fee to be paid to the Council by the operator in future years. The Leisure Centre is therefore cash neutral to the Council, with any additional management fee received over that needed to cover debt costs being put into a “repair fund” to ensure that money is available for future maintenance of the Centre.
- 10.10 The original loan arrangement with ECTC is that the loan must be repaid within five years (March 2021). It has been agreed with our External Auditors that the Council does not need to make any annual revenue provision to repay this loan in the short-term, but simply use the Company’s repayment to repay the Council’s loan. Officers will continue to monitor this, to ensure that the Company’s accounts remain robust and the expectation remains that funding will be available in March 2021 to repay the loan. As long as this remains the case, the Council will not be required to set aside annual revenue provisions, however if at any point it was felt that the loan repayment could be on doubt, the Council would be expected to make provision for any expected shortfall in the year that this became known.
- 10.11 The other area of capital spend in the capital programme is the on-going provision of Disabled Facilities, both mandatory and discretionary. The Council receives Government funding (from the Better Care Fund), via the County Council to assist with the funding of this work. The total budget in 2019/20 is £772,299, with £511,299 being funded by grant, with the remainder (£261,000) being funded by the Council by the use of previously obtained capital receipts.
- 10.12 In summary therefore, the Council has limited exposure to the on-going costs of capital expenditure at this time. The costs of the Leisure Centre are being met by the operator; the loan to ECTC will be repaid in full in March 2021 and in the intervening period a commercial interest rate is being charged, and the costs of the Waste fleet and depot enhancements will be passed onto ECSS, although the Council’s revenue budget has been increased to reflect the replacement of the vehicles reaching the end of their useful life in 2020/21.

11 COUNCIL TAX

- 11.1 It is proposed that the Council freezes its Council Tax for a Band D property at the current level of £142.14, based on the Council Tax Requirement of £4,224,316 divided by the taxbase of 29,719.4 properties.
- 11.2 The County Council, Fire and Police budgets and precepts will be considered following the date of this Resources and Finance Committee meeting. It is envisaged that notification of their precept requirements will be in time for inclusion in the report which goes to Full Council on the 21st February 2019.

11.3 The parish precepts which have been notified to the Council to-date are attached at Appendix 5. These will be reflected, along with the precepts set out in paragraphs 10.1 and 10.2, in the resolution which goes before Full Council on the 21st February 2019.

12 RISK AND SENSITIVITY ANALYSIS

12.1 The Local Government Act 2003 places two specific requirements on an authority's Section 151 officer in determining the Council's budget and Council Tax. Under section 25, the Section 151 officer must advise on the robustness of the estimates included in the budget. The advice given to the Council on these issues is that the estimates have been produced on a prudent basis, with a strong emphasis on ensuring all cost pressures are included. Budget estimates have been developed with senior officers, with regular updates and discussions at Management Team.

12.2 The key risks are around funding of the Council. The Provisional Settlement provides clarity around grant funding for 2019/20, but there is very limited information to put forward a MTFs based on confident assumptions on future Government funding looking further ahead. The risks from 2020/21 are significant; there is limited information on likely sources of funding and indeed the value of any funding to be received.

12.3 The Government has announced that it intends for local authorities to retain 75% of all business rates generated in 2020/21- but there will continue to be the need to share resources across the country - and there will also be additional new burdens placed on local authorities - which are unclear at this time.

12.4 To mitigate the above risk, the Finance Manager will continue to report on a frequent basis to Management Team and members.

12.5 The Section 151 officer is also required to report on the adequacy of reserves. The projected levels of reserves, specifically the General Fund Reserve and Surplus Savings Reserve, and their use in 2019/20 are **prudent** and show how these will sustain the functions of the Council in that year.

12.6 However, the budget for 2020/21 assumes the vast majority of the remaining balance on the Surplus Savings Reserve is utilised, which will reduce the overall levels of reserves significantly. Reserves can only be utilised once and while the purpose of the Surplus Savings Reserve is to provide one-off funding to balance the budget in future years, the Council needs to be considering all options to reduce the speed that these are utilised so that they remain available further into the future. The Council has a track record of delivering additional savings and generating extra income in advance of the budget requirement, so work done during 2019/20 will hopefully lead to a reduced draw from the Surplus Savings Reserve in that and later years through the MTFs period.

12.7 To further emphasise this, the recent Audit Planning report from EY states in its value for money conclusion "We have identified a significant risk in respect of the financial resilience of the Council and its ability to close the budget gaps it has identified for 2020/21 and 2021/22 in its medium term financial plan." While this budget now shows that the 2020/21 budget gap has now been addressed (in part as a result of the one-off benefit of the Cambridge Business Rates Deal which has now finished), the gaps

in future years are significantly higher than in last year's budget (as detailed in paragraph 13.6), so attention is needed to address this as a matter of some urgency.

- 12.8 The key risk around reserves is the risk exposure the Council has with its loan funding of ECTC. Should ECTC encounter any financial difficulties and be unable to repay the £6,500,000 loan made available to it, then the Council will need to account for this within its financial statements. In such an event, the Council would need to draw on its reserves to meet such a liability.

13 MEDIUM TERM FINANCIAL STRATEGY

- 13.1 The Council's Medium Term Financial Strategy is to set a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:

- Looks to the longer term to help plan sustainable services within an uncertain external economic and funding environment;
- Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves;
- Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.

- 13.2 As detailed earlier in this report, the Government is currently undertaking a considerable piece of work to develop a new Business Rate retention scheme to come into effect from 2020/21. This creates considerable uncertainty for local authority funding; and is an issue which will require monitoring; this so that the Council can adjust its MTFS as new information becomes available.

- 13.3 The MTFS covers the period 2019/20 to 2022/23. 2019/20 is the final year of the current government core grant scheme and so the figures for this year are robust. However, as highlighted, it remains extremely difficult to develop a robust MTFS to cover the period 2020/21 and beyond while the uncertainties around future funding levels remain. This report has attempted to do this using the limited information available. Further up-dates will be provided to Council as further information becomes available.

- 13.4 The assumptions used in the MTFS include:

- Government funding through Revenue Support Grant ends in 2019/20, as per the Provisional Settlement;
- New Homes Bonus reduces to levels projected in the Provisional Settlement, but remains part of the overall funding package from Government (this is not certain, but there is nothing in any of the recent consultations to suggest that we should differ from this view);
- The Council's Business Rate growth continues;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2021/22 when new recycling vehicles will be purchased. The vehicles purchased by the Council using the weekly collection grant from Government will reach the end of their useable life in 2020/21 so will need to be replaced, adding this additional cost. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);

- The loan to ECTC is planned to be repaid in March 2021, the interest received by the Council on this loan will therefore stop at this point. The loan repayment will be used to reduce Council external borrowing, therefore reducing costs, albeit not to the magnitude that income will be lost;
- The Council has a track record of delivering cost reductions; it is anticipated therefore that a contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within this report.
- Further, while ECTC is anticipated to start making profits in the period of the MTFS, it remains unclear how much of this will need to be retained by the business as working capital, so at this point, no account of this income being paid back to the Council as a dividend is assumed in the budget.

13.5 The impact of the above assumptions is attached at Appendix 1. This shows the budgets for 2019/20 and 2020/21 are fully funded based on those assumptions. However, there are significant budget shortfalls projected in the subsequent years. Clearly many things will change between now and then, so members should not focus on the precise numbers. What is far more important is that members appreciate the direction of funding facing this and many local authorities, and the likely scale. It will be necessary to develop a plan to meet these shortfalls, although the Council does have time (although limited) to put the necessary plans in place. The Council also has access to a reasonable level of reserves, as described in section 8 of this report.

13.6 While noting the uncertainty that is highlighted in this report about the 2020/21 financial year, it is considered unlikely that the quantum of funding from Government will increase and as such, this Council will need to identify measures to bridge the budget gap. A comparison between this year's MTFS and last year's does highlight an increasing need to identify savings in the medium term, to ensure that the Council's budget can be balanced in future years.

2018/19 Budget	
2018/19 – budget year	Balanced
2019/20 – MTFS year 1	Balanced
2020/21 – MTFS year 2	Savings to find £2,584,904
2021/22 – MTFS year 3	Savings to find £3,323,910
2019/20 Budget	
2019/20 – budget year	Balanced
2020/21 – MTFS year 1	Balanced
2021/22 – MTFS year 2	Savings to find £3,663,352
2022/23 – MTFS year 3	Savings to find £4,023,031

13.7 Options to resolve the budget shortfalls in future years come from:

- Efficiencies in the cost of service delivery
- Reductions in service levels
- Increased Council Tax
- Increased income from fees and charges
- Increased commercialisation via its trading companies

13.8 While noting the Council's favourable position of having a balanced budget for the first two years of the MTFS period, it is strongly recommended that early consideration is made of how savings in future years will be achieved. All the bullets above need to be considered, with a quickening of the pace of commercialisation and the review of all income generating opportunities, as these are potentially the areas that could generate the highest returns. However, within the MTFS period, all options will need to be considered and potentially implemented.

13.9 Any savings achieved in 2018/19, 2019/20 or 2020/21 resulting in potential underspends in those years, will provide further funding in the Surplus Savings Reserve to assist in the balancing of future years.

14 ARGUMENTS/CONCLUSIONS

14.1 The proactive actions already taken have led to a balanced budget for 2019/20 and 2020/21 (based on known information). The budget for 2019/20 therefore has minimal risks attached to it, although the Medium Term Financial Strategy and the new funding regime post 2020/21 do contain significant uncertainty and therefore risk. While there is little this Council can do to remove this uncertainty at this point, it does need to look for opportunities within its control now, which will bridge some part of the funding gap currently forecast.

15 FINANCIAL IMPLICATIONS

15.1 The proposed net operating budget of £10,399,713 will be financed by Revenue Support Grant, retained Business Rates, Council Tax and the Surplus Savings Reserve.

16 APPENDICES

Appendix 1 - Draft Budget 2019/20
Appendix 2 - Statement of Reserves
Appendix 3 - Schedule of Fees and Charges
Appendix 4 - Capital Programme
Appendix 5 – Parish Precepts

Background Documents

Location

Room 104
The Grange
Ely

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DRAFT BUDGET 2019/20

	Estimate 2018-2019 £	Estimate 2019-2020 £	Estimate 2020-2021 £	Estimate 2021-2022 £	Estimate 2022-2023 £
Committees:					
Regulatory Services	3,536,687	3,729,508	3,873,894	4,254,625	4,338,766
Community Services	1,623,211	888,586	710,116	728,087	746,345
Resources & Finance	5,345,901	6,108,126	6,170,044	6,354,602	6,452,318
Net District Spending	10,505,799	10,726,220	10,754,054	11,337,314	11,537,429
New Homes Bonus Grant	-716,357	-572,681	-362,515	-361,365	-359,636
Rural Services Grant	-161,606	-161,606	0	0	0
Internal Drainage Board Levies	482,259	492,140	501,983	512,023	522,263
Contributions to / from Corporate Reserves	-1,725	-84,360	70,568	76,728	73,088
Net Operating Expenditure	10,108,370	10,399,713	10,964,090	11,564,700	11,773,144
Contribution from Surplus Savings Reserve	-1,893,096	-1,982,093	-3,441,461	-256,856	0
Savings to be identified	0	0	0	-3,663,352	-4,023,031
ECDC Budget Requirement	8,215,274	8,417,621	7,522,628	7,644,491	7,750,113
Parish Council Precepts	2,113,445	2,146,591	2,179,737	2,212,883	2,246,029
DISTRICT BUDGET REQUIREMENT	10,328,719	10,564,212	9,702,365	9,857,374	9,996,142
<u>Financed by:</u>					
Council's share of Collection Funds Surplus	-224,365	-82,574	0	0	0
Revenue Support Grant	-353,703	-11,576	0	0	0
Locally retained Non-Domestic Rates	-3,146,182	-3,258,616	-2,646,990	-2,703,625	-2,744,019
Plus: NNDR from Renewable Energy	-331,937	-840,539	-586,094	-586,094	-586,094
COUNCIL TAX REQUIREMENT	6,272,532	6,370,907	6,469,281	6,567,655	6,666,029

	Estimate 2018-2019 £	Estimate 2019-2020 £	Estimate 2020-2021 £	Estimate 2021-2022 £	Estimate 2021-2022 £
Unallocated Surplus Savings Reserve					
In hand at 1st April	5,952,785	5,680,410	3,698,318	256,856	0
Movement in year	-272,375	-1,982,093	-3,441,461	-256,856	0
In hand at 31st March	5,680,410	3,698,318	256,856	0	0

IMPLIED BAND 'D' COUNCIL TAX (District only i.e. excluding parish levies)					
Demand on Collection Fund as above	6,272,532	6,370,907	6,469,281	6,567,655	6,666,029
Less Parish Precepts as above	2,113,445	2,146,591	2,179,737	2,212,883	2,246,029
	4,159,087	4,224,316	4,289,544	4,354,772	4,420,000
Council Tax Base	29,260.5	29,719.4	30,178.3	30,637.2	31,096.1
District Council Tax - Band D	142.14	142.14	142.14	142.14	142.14

Description	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23
Regulatory Services					
Building Regulations	17,568	18,280	17,970	17,654	17,332
Civic Amenities	10,481	9,935	10,077	10,222	10,370
Cons. Area & Listed Buildings	58,754	59,701	60,645	61,608	62,590
Dog Warden Scheme	39,408	40,317	40,781	41,254	41,737
Environmental	112,301	91,821	93,251	94,710	96,199
Environmental Health	339,346	367,010	373,687	380,498	387,444
Health & Safety (Work)	28,713	14,000	14,280	14,566	14,857
Homelessness	383,641	345,757	404,701	415,393	426,300
Land Charges Admin	-44,212	-97,602	-76,971	-76,327	-75,670
Licencing - Env Services	-10,902	-11,373	-19,847	-28,522	-38,446
Nuisances	58,001	60,197	61,325	62,475	63,648
Pest Control	9,098	14,310	14,587	14,870	15,158
Planning	-114,002	-80,821	-74,835	-68,634	-62,212
Recycling	774,335	840,750	857,565	1,177,940	1,201,498
Refuse Collection	1,174,270	1,345,726	1,370,641	1,396,054	1,421,975
Renovation Grants	31,227	20,464	20,847	21,238	21,637
Street Cleansing	586,158	609,548	621,739	634,174	646,857
Street Naming & Numbering	3,371	3,062	3,282	3,506	3,735
Travellers Sites	-20,000	-20,000	-20,000	-20,000	-20,000
Tree Preservation / Landscaping	99,131	98,426	100,169	101,946	103,757
	3,536,687	3,729,508	3,873,894	4,254,625	4,338,766

Community Services

Award Ditches	8,656	8,829	8,917	9,006	9,096
Closed Churchyards	28,516	29,086	29,377	29,671	29,968
Community Projects & Grants	224,093	221,424	222,559	223,717	-246,572
Community Safety	48,197	46,346	46,954	47,574	48,206
Community Transport	15,000	15,000	15,000	15,000	15,000
Emergency Planning	47,522	27,808	28,088	28,374	28,665
General Gang	70,440	111,987	113,921	115,894	117,907
Leisure Centre	43,165	-312,062	-471,470	-471,470	0
Local Plans	330,000	91,000	95,000	95,000	95,000
Markets	0	0	0	0	0
Marketing & Grants	155,793	66,119	66,217	66,317	66,419
Oliver Cromwell House	0	0	0	0	0
Paradise Pool	27,977	750	0	0	0
Parish Forums	2,000	2,000	2,000	2,000	2,000
Parking of Vehicles	-70,150	-36,610	-72,927	-69,170	-65,336
Parks and Open Spaces	451,487	384,896	390,877	396,909	402,991
Public Conveniences	146,837	145,367	147,863	150,408	153,006
Sport & Recreation Admin	93,678	86,646	87,740	88,857	89,995
The Old Gaol House	0	0	0	0	0
	1,623,211	888,586	710,116	728,087	746,345

Resources & Finance

Asset Management	205,000	191,918	141,918	141,918	141,918
Civic Relations	13,184	13,292	21,142	21,409	21,682
Corp. Man. Policy Research / Review	135,687	166,962	167,735	168,523	170,573
Council Tax Collection Costs	374,750	402,508	416,465	431,268	441,512
Customer Services	376,631	360,942	368,394	375,996	383,749
Data Management	87,240	95,352	96,565	97,802	99,064
Economic Development	55,781	23,006	27,496	31,638	35,861
Finance	315,550	329,265	329,112	335,075	341,159
Housing Benefits	324,394	338,516	378,157	398,906	408,264
Housing Strategy	189,573	236,191	241,802	247,526	253,365
Human Resources (including training)	178,797	186,195	187,937	189,714	191,526
Information Technology	862,142	833,281	813,756	824,413	835,255
Interest & Financial Transactions	-176,082	-225,916	-206,499	60,018	60,268

Description	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23
Internal Audit	69,821	71,710	73,100	74,518	75,964
Legal Services	176,523	241,452	218,436	222,708	227,066
Local Elections	22,500	22,500	22,500	22,500	22,500
Management Team	412,736	453,160	461,976	470,969	480,142
Member & Committee Support	487,614	482,890	470,041	478,948	488,033
Misc. Financial Services	561,081	1,165,878	1,231,722	1,037,765	1,037,765
Miscellaneous Properties	-44,605	-19,634	-44,663	-44,692	-44,722
NNDR Collection Costs	24,633	37,189	40,991	45,024	47,815
Out Of Hours Service	20,000	20,000	20,400	20,808	21,224
Payroll	46,600	53,833	54,783	55,752	56,741
Performance Management	57,513	56,486	57,455	58,444	59,452
Public Relations	73,705	74,435	75,172	75,917	76,669
Registration of Electors	56,657	58,431	58,431	58,431	58,431
Reprographics	110,383	106,121	107,397	108,699	110,027
Office Accommodation	328,093	332,163	338,323	344,605	351,015
	<u>5,345,901</u>	<u>6,108,126</u>	<u>6,170,044</u>	<u>6,354,602</u>	<u>6,452,318</u>
Total	<u>10,505,799</u>	<u>10,726,220</u>	<u>10,754,054</u>	<u>11,337,314</u>	<u>11,537,429</u>

Reserve Accounts

Description	2018/19				2019/20			
	Opening Balance 1 April	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31 March	Opening Balance 1 April	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31 March
	£	£	£	£	£	£	£	£
District Elections	71,645	22,500		94,145	94,145	22,500	(107,617)	9,028
Historic Buildings Grants	6,190			6,190	6,190			6,190
Housing Conditions Survey	30,000	5,000		35,000	35,000	5,000		40,000
Building Control	23,155			23,155	23,155			23,155
Change Management	294,852		(110,837)	184,015	184,015		(29,135)	154,880
Crematorium Feasibility Study	0	100,000	(100,000)	0	0			0
Asset Management	26,690		(26,690)	0	0			0
Leisure	70,190		(70,190)	0	0			0
Surplus Savings Reserve	5,952,785	1,620,721	(1,893,096)	5,680,410	5,680,410		(1,982,093)	3,698,317
Vehicle Replacements	60,187	29,000		89,187	89,187			89,187
Leisure Centre - operating costs	577,682		(37,730)	539,952	539,952		(159,408)	380,544
Insurance	16,343			16,343	16,343			16,343
IT	0			0	0	40,000		40,000
CIL	1,362,918	2,500,000	(1,800,000)	2,062,918	2,062,918	1,400,000	(700,000)	2,762,918
CIL Admin	163,689	125,000	(108,000)	180,689	180,689	70,000	(68,000)	182,689
Care and Repair	45,000			45,000	45,000			45,000
Wheeled Bins Reserve	0	10,000	(10,000)	0	0			0
Community Fund Reserves	14,884			14,884	14,884			14,884
Housing	115,841			115,841	115,841			115,841
Affordable Housing	252,630	41,440		294,070	294,070	52,080		346,150
General Fund Balance	1,000,000	10,837		1,010,837	1,010,837	29,135		1,039,972
MTFS Reserve	618		(618)	0	0			0
Commercial Invest to Save	20,000			20,000	20,000			20,000
External Elections	88,065			88,065	88,065			88,065
CLT Grant Applications	19,000			19,000	19,000			19,000
Weekly Waste Collection Grant	225,278		(225,278)	0	0			0
Travellers' Sites	0			0	0	23,283		23,283
Enterprise Zone NNDR	42,036	22,968	(12,611)	52,393	52,393	22,968		75,361
Business Rates Retention Pilot	1,324,376		(1,324,376)	0	0			0
Other								
Section 106 Agreements	2,564,934		(600,000)	1,964,934	1,964,934		(600,000)	1,364,934
Internal Borrowing	(13,523,635)	2,099,113	(1,961,770)	(13,386,292)	(13,386,292)	6,627,470	(2,728,400)	(9,487,222)
Total Reserves	845,354	6,586,579	(8,281,196)	(849,263)	(849,263)	8,292,436	(6,374,653)	1,068,520

Reserve Accounts

Description	2020/21				2021/22			
	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31
	April £	£	£	March £	April £	£	£	March £
District Elections	9,028	22,500		31,528	31,528	22,500		54,028
Historic Buildings Grants	6,190			6,190	6,190			6,190
Housing Conditions Survey	40,000	5,000		45,000	45,000	5,000		50,000
Building Control	23,155			23,155	23,155			23,155
Change Management	154,880		(56,437)	98,443	98,443		(60,061)	38,382
Crematorium Feasibility Study	0			0	0			0
Asset Management	0			0	0			0
Leisure	0			0	0			0
Surplus Savings Reserve	3,698,317		(3,441,461)	256,856	256,856		(256,856)	(0)
Vehicle Replacements	89,187			89,187	89,187			89,187
Leisure Centre - operating costs	380,544		101,552	482,096	482,096		158,926	641,022
Insurance	16,343			16,343	16,343			16,343
IT	40,000	40,000		80,000	80,000	40,000		120,000
CIL	2,762,918	1,400,000	(700,000)	3,462,918	3,462,918	1,400,000	(700,000)	4,162,918
CIL Admin	182,689	70,000	(68,000)	184,689	184,689	70,000	(68,000)	186,689
Care and Repair	45,000			45,000	45,000			45,000
Wheeled Bins Reserve	0			0	0			0
Community Fund Reserves	14,884			14,884	14,884			14,884
Housing	115,841			115,841	115,841			115,841
Affordable Housing	346,150	47,600		393,750	393,750	53,760		447,510
General Fund Balance	1,039,972	56,437		1,096,409	1,096,409	60,061		1,156,470
MTFS Reserve	0			0	0			0
Commercial Invest to Save	20,000			20,000	20,000			20,000
External Elections	88,065			88,065	88,065			88,065
CLT Grant Applications	19,000			19,000	19,000			19,000
Weekly Waste Collection Grant	0			0	0			0
Travellers' Sites	23,283	29,727		53,010	53,010	36,740		89,750
Enterprise Zone NNDR	75,361	22,968		98,329	98,329	22,968		121,297
Business Rates Retention Pilot	0			0	0			0
Other								
Section 106 Agreements	1,364,934		(600,000)	764,934	764,934		(600,000)	164,934
Internal Borrowing	(9,487,222)	7,165,136	(4,882,077)	(7,204,163)	(7,204,163)	874,167		(6,329,996)
Total Reserves	1,068,520	8,859,368	(9,646,423)	281,465	281,465	2,585,196	(1,525,991)	1,340,670

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

FEES AND CHARGES SCHEDULE 2019-20

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
<u>COMMUNITY SERVICES</u>				
BUSINESS PARKING PERMIT SCHEME				
First permit	SR	Discretionary	£50.00	£50.00
Second permit	SR	Discretionary	£55.00	£55.00
Third permit	SR	Discretionary	£60.00	£60.00
Fourth permit	SR	Discretionary	£70.00	£70.00
Market Traders	SR	Discretionary	£20.00	£20.00
CAR PARKING – ANGEL DROVE, ELY				
Cost per day (except Saturdays & Bank Holidays)	SR	Discretionary	£3.00	£3.00
Season Ticket – Weekly (6 days)	SR	Discretionary	£12.00	£12.00
Season Ticket – Quarterly	SR	Discretionary	£145.00	£145.00
Season Ticket – Annual	SR	Discretionary	£506.00	£506.00
CAR PARKING – THE DOCK, ELY				
Cost per day (except Saturdays & Bank Holidays)	SR	Discretionary	£3.00	£3.00
Season Ticket – Weekly (6 days)	SR	Discretionary	£12.00	£12.00
Season Ticket – Quarterly	SR	Discretionary	£145.00	£145.00
Season Ticket – Annual	SR	Discretionary	£506.00	£506.00
CAR PARKING – LITTLEPORT STATION				
<u>On-peak</u>				
Daily	SR	Discretionary	£1.80	£1.80
Weekly	SR	Discretionary	£5.70	£5.70
Quarterly	SR	Discretionary	£57.00	£57.00
Annual	SR	Discretionary	£205.00	£205.00
<u>Off-peak</u>				
Daily	SR	Discretionary	£0.50	£0.50
FIXED PENALTY PARKING FINES				
Excess Charge if paid within 14 days	OS	Discretionary	£50.00	£50.00
Excess Charge if paid after 14 days	OS	Discretionary	£60.00	£60.00
ELY RIVERSIDE				
Mooring Overstay Charge Notice - First 48 hours are free, with a charge applying after this period	SR	Discretionary	£100.00 (reduced to £70 if paid within 14 days)	£100.00 (reduced to £70 if paid within 14 days)
<u>DEVELOPMENT SERVICES</u>				
PLANNING PRE APPLICATION ADVICE				
Householder Schemes – Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Written advice only	SR	Discretionary	£40.00	£40.00
Householder Schemes – Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Meeting Only	SR	Discretionary	£40.00	£40.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Householder Schemes - Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Meeting and written advice	SR	Discretionary	£80.00	£80.00
Householder Schemes – Building Control Advice - Written advice only	SR	Discretionary	£22.00	£22.00
Householder Schemes – Building Control Advice - Meeting and written advice	SR	Discretionary	£43.00	£43.00
Householder Schemes – Heritage Advice – Written advice only	SR	Discretionary	£10.00	£10.00
Householder Schemes – Heritage Advice– Meeting only	SR	Discretionary	£10.00	£10.00
Householder Schemes – Heritage Advice– Meeting and written advice	SR	Discretionary	£20.00	£20.00
Householder Schemes – Follow Up Plan Checking	SR	Discretionary	FREE	FREE
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Written Advice	SR	Discretionary	£144.00	£144.00
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Meeting only	SR	Discretionary	£240.00	£240.00
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Meeting and Written Advice	SR	Discretionary	£384.00	£384.00
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Written Advice	SR	Discretionary	£72.00	£72.00
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Meeting only	SR	Discretionary	£120.00	£120.00
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Meeting and Written Advice	SR	Discretionary	£192.00	£192.00
Small Scale Minor Development – Building Control Advice. Written Advice	SR	Discretionary	£55.00	£55.00
Small Scale Minor Development – Building Control Advice. Meeting and Written Advice	SR	Discretionary	£115.00	£115.00
Small Scale Minor Development – Heritage Advice. Written Advice	SR	Discretionary	£30.00	£30.00
Small Scale Minor Development – Heritage Advice. Meeting only	SR	Discretionary	£30.00	£30.00
Small Scale Minor Development – Heritage Advice. Meeting and Written Advice	SR	Discretionary	£60.00	£60.00
Minor Residential Schemes 3-9 dwellings – Written Advice only	SR	Discretionary	£240.00	£240.00
Minor Residential Schemes 3-9 dwellings – Meeting only	SR	Discretionary	£336.00	£336.00
Minor Residential Schemes 3-9 dwellings – Meeting and Written Advice	SR	Discretionary	£576.00	£576.00
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Written Advice only	SR	Discretionary	£120.00	£120.00
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Meeting only	SR	Discretionary	£168.00	£168.00
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Meeting and Written Advice	SR	Discretionary	£288.00	£288.00
Minor Residential Schemes 3-9 dwellings – Building Control Advice - Written Advice only	SR	Discretionary	£100.00	£100.00
Minor Residential Schemes 3-9 dwellings – Building Control Advice - Meeting and Written Advice	SR	Discretionary	£170.00	£170.00
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Written Advice only	SR	Discretionary	£60.00	£60.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Meeting only	SR	Discretionary	£60.00	£60.00
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Meeting and Written Advice	SR	Discretionary	£120.00	£120.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Written advice only	SR	Discretionary	£384.00	£384.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Meeting only	SR	Discretionary	£432.00	£432.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm plus floor-space. Unaccompanied site visit – Meeting and Written Advice	SR	Discretionary	£816.00	£816.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit –Advice on Amended Schemes - Written advice only	SR	Discretionary	£192.00	£192.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm plus floor-space. Unaccompanied site visit – Advice on Amended Schemes -Meeting only	SR	Discretionary	£216.00	£216.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Advice on Amended Schemes - Meeting and Written advice	SR	Discretionary	£408.00	£408.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Building Control Advice - Written advice only	SR	Discretionary	£170.00	£170.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Building Control Advice - Meeting and Written advice	SR	Discretionary	£280.00	£280.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Heritage Advice - Written advice only	SR	Discretionary	£75.00	£75.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Heritage Advice -Meeting only	SR	Discretionary	£75.00	£75.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Heritage Advice - Meeting and Written advice	SR	Discretionary	£150.00	£150.00
Large Scale Major Development – 41-99 Dwellings - Site are over 0.5ha. 5000sqm plus floor spaces - Meeting Only.	SR	Discretionary	£528.00	£528.00
Large Scale Major Development – 41-99 Dwellings - Site are over 0.5ha. 5000sqm plus floor spaces - Meeting and Written Advice	SR	Discretionary	£1,104.00	£1,104.00
Large Scale Major Residential Development – 41-99 Dwellings Site are over 0.5ha. 5000sqm plus floor spaces - Advice on Amended Schemes - Meeting Only	SR	Discretionary	£264.00	£264.00
Large Scale Major Residential Development – 41-99 Dwellings Site are over 0.5ha. 5000sqm plus floor spaces - Advice on Amended Schemes - Meeting and Written Advice	SR	Discretionary	£552.00	£552.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Large Scale Major Residential Development – 41-99 Dwellings - Building Control Advice - Written Advice	SR	Discretionary	£280.00	£280.00
Large Scale Major Residential Development – 41-99 Dwellings - Building Control Advice - Meeting and Written Advice	SR	Discretionary	£395.00	£395.00
Large Scale Major Residential Development – 41-99 Dwellings - Heritage Advice - Meeting Only	SR	Discretionary	£150.00	£150.00
Large Scale Major Residential Development – 41-99 Dwellings - Heritage Advice - Meeting and Written Advice	SR	Discretionary	£150.00	£150.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Accompanied site visit.	SR	Discretionary	£1,728.00	£1,728.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Advice on Amended Schemes	SR	Discretionary	£864.00	£864.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Building Control Advice - Meeting and Written Advice	SR	Discretionary	£344.00	£344.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Heritage Advice - Meeting and Written Advice	SR	Discretionary	£150.00	£150.00
High Hedge Complaint	SR	Discretionary	£450.00	£450.00
Admin Charge if we return application because information requested for validation is not provided within timescale - Householder	SR	Discretionary	£25.00	£25.00
Admin Charge if we return application because information requested for validation is not provided within timescale - Minor & Other Applications	SR	Discretionary	£50.00	£50.00
Admin Charge if we return application because information requested for validation is not provided within timescale - Major Applications	SR	Discretionary	£150.00	£150.00
Listed Building Advice for alteration or extension to a listed building or development within the curtilage if a listed building - On site Meeting (1 hour) plus written advice	SR	Discretionary	£150.00	£150.00
Listed Building Advice for alteration or extension to a listed building or development within the curtilage if a listed building - Site visit (No written advice)	SR	Discretionary	£96.00	£96.00
Registration and annual fee to be included on the register under the Self Build and Custom Housing Building Act 2015	OS	Discretionary	£20.00	£20.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
PLANNING APPLICATIONS				
See separate document for scale of fee for planning applications, determinations, certificates of lawful use or development and advertising consents				
BUILDING REGULATION CHARGES				
See separate documents for Building Regulations Non-Domestic/Domestic Guidance Notes				
www.eastcambbs.gov.uk/sites/default/files/BC%20Fees%20Aug%202018%20Final%206th%20August.pdf				
STREET NAMING & NUMBERING				
Property name additions/amendments/removals	OS	Discretionary	£50.00	£50.00
Naming of new streets	OS	Discretionary	£150.00	£150.00
Numbering of new properties				
1 property	OS	Discretionary	£50.00	£50.00
2 – 5 properties	OS	Discretionary	£75.00	£75.00
6 – 10 properties	OS	Discretionary	£100.00	£100.00
11 – 25 properties	OS	Discretionary	£150.00	£150.00
26 – 50 properties	OS	Discretionary	£250.00	£250.00
51 – 100 properties	OS	Discretionary	£400.00	£400.00
101 + properties	OS	Discretionary	£500.00	£500.00
			Plus £10 per property over 101	Plus £10 per property over 101
Division of properties – same as numbering of new properties (and based on number of properties created including the original)	OS	Discretionary	See numbering of new properties	See numbering of new properties
Confirmation of address to solicitors / conveyancers / occupiers or owners	OS	Discretionary	£25.00	£25.00
Renumbering of scheme following development replan (after notification of numbering scheme issued)	OS	Discretionary	£100.00 + £10 per property	£100.00 + £10 per property
Address issued/confirmed when replacement property built (as the original address will have been removed following the demolition as address may be different to original property) reactivation of address	OS	Discretionary	£50.00 per property	£50.00 per property
1 st set of nameplates erected for each new street if one nameplate required	OS	Discretionary	£225.00	£225.00
1 st set of nameplates erected for each new street if two nameplates required	OS	Discretionary	£325.00	£325.00
For each additional nameplate that is required to be erected at other junctions and entrances onto the new street	OS	Discretionary	£100.00	£100.00
Challenges/requests/revisions to existing street naming and numbering schemes	OS	Discretionary	Price on Application	Price on Application
E-SPACE BUSINESS CENTRES				
Ely – Annual rental charge per square foot (effective for new leases and on renewals)	SR	Discretionary	£29.30	£29.30
Littleport – Annual rental charge per square foot (effective on new leases and on renewals)	SR	Discretionary	£19.20	£19.20

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
PHOTOCOPYING CHARGES				
Up to 10 A4 pages	SR	Discretionary	No charge	No charge
11 A4 pages and over	SR	Discretionary	£1.00 plus 10p per copy	£1.00 plus 10p per copy
A3 copies (2xA4)	SR	Discretionary	As above plus 20p per copy	As above plus 20p per copy
A2 copies (4xA4)	SR	Discretionary	As above plus 40p per copy	As above plus 40p per copy
A1 copies (8xA4)	SR	Discretionary	As above plus 80p per copy	As above plus 80p per copy
Copy of Building Control Completion Certificate			£10.00	£10.00
ENVIRONMENTAL SERVICES				
Safer Food Better Business Mentoring Scheme	SR	Discretionary	£50.00 per hour	£50.00 per hour
Re-rating inspection fee for food business	OS	Discretionary	£130.00	£130.00
ANIMAL BOARDING ESTABLISHMENT LICENCE (up until 30th September 2018)				
New establishment (excl. VET fees)	OS	Discretionary	£389.00	£0.00
Renewal applications	OS	Discretionary	£389.00	£0.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£0.00
Change of name on licence	OS	Discretionary	£10.50	£0.00
Change of licence details	OS	Discretionary	£10.50	£0.00
ANIMAL HOME BOARDING LICENCE (up until 30th September 2018)				
New establishment (excl. VET fees)	OS	Discretionary	£273.00	£0.00
Renewal applications	OS	Discretionary	£273.00	£0.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£0.00
Change of name on licence	OS	Discretionary	£10.50	£0.00
Change of licence details	OS	Discretionary	£10.50	£0.00
DOG BREEDING (up until 30th September 2018)				
New establishment (excl. VET fees)	OS	Discretionary	£259.00	£0.00
Renewal applications	OS	Discretionary	£259.00	£0.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£0.00
Change of name on licence	OS	Discretionary	£10.50	£0.00
Change of licence details	OS	Discretionary	£10.50	£0.00
HYPNOTISM				
Daily permit to stage a show	OS	Discretionary	£93.00	£93.00
DANGEROUS WILD ANIMALS (2 YR LICENCE)				
New establishment (excl. VET fees)	OS	Discretionary	£588.00	£648.00
Renewal applications (excl. VET fees)	OS	Discretionary	£588.00	£648.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£10.50
Change of name on licence	OS	Discretionary	£10.50	£10.50
Change of licence details	OS	Discretionary	£10.50	£10.50

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
GAMBLING ACT 2005				
Casino Premises Licence - Regional				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£8,000.00	£8,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£15,000.00	£15,000.00
Annual fee	OS	Statutory	£15,000.00	£15,000.00
Fee for application to vary licence	OS	Statutory	£7,500.00	£7,500.00
Fee for application to transfer licence	OS	Statutory	£6,500.00	£6,500.00
Fee for application for reinstatement of a licence	OS	Statutory	£6,500.00	£6,500.00
Fee for application for provisional statement	OS	Statutory	£15,000.00	£15,000.00
Casino Premises Licence - Large				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£5,000.00	£5,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£10,000.00	£10,000.00
Annual fee	OS	Statutory	£10,000.00	£10,000.00
Fee for application to vary licence	OS	Statutory	£5,000.00	£5,000.00
Fee for application to transfer licence	OS	Statutory	£2,150.00	£2,150.00
Fee for application for reinstatement of a licence	OS	Statutory	£2,150.00	£2,150.00
Fee for application for provisional statement	OS	Statutory	£10,000.00	£10,000.00
Casino Premises Licence - Small				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£3,000.00	£3,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£8,000.00	£8,000.00
Annual fee	OS	Statutory	£5,000.00	£5,000.00
Fee for application to vary licence	OS	Statutory	£4,000.00	£4,000.00
Fee for application to transfer licence	OS	Statutory	£1,800.00	£1,800.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,800.00	£1,800.00
Fee for application for provisional statement	OS	Statutory	£8,000.00	£8,000.00
Casino Premises Licence - Converted				
Maximum conversion application fee for non fast track application	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£3,000.00	£3,000.00
Fee for application to vary licence	OS	Statutory	£2,000.00	£2,000.00
Fee for application to transfer licence	OS	Statutory	£1,350.00	£1,350.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,350.00	£1,350.00
Bingo Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,750.00	£1,750.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£3,500.00	£3,500.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,750.00	£1,750.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£3,500.00	£3,500.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Adult Gaming Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,000.00	£1,000.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,000.00	£1,000.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£2,000.00	£2,000.00
Betting Premises (Track) Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,250.00	£1,250.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£950.00	£950.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,500.00	£2,500.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,250.00	£1,250.00
Fee for application to transfer licence	OS	Statutory	£950.00	£950.00
Fee for application for reinstatement of a licence	OS	Statutory	£950.00	£950.00
Fee for application for provisional statement	OS	Statutory	£2,500.00	£2,500.00
Family Entertainment Centre Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,000.00	£1,000.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£950.00	£950.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£750.00	£750.00
Fee for application to vary licence	OS	Statutory	£1,000.00	£1,000.00
Fee for application to transfer licence	OS	Statutory	£950.00	£950.00
Fee for application for reinstatement of a licence	OS	Statutory	£950.00	£950.00
Fee for application for provisional statement	OS	Statutory	£2,000.00	£2,000.00
Betting Premises (Other) Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,500.00	£1,500.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£3,000.00	£3,000.00
Annual fee	OS	Statutory	£600.00	£600.00
Fee for application to vary licence	OS	Statutory	£1,500.00	£1,500.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£3,000.00	£3,000.00
Temporary Use Notices				
Temporary Use Notice fee	OS	Statutory	£500.00	£500.00
Replacement of an endorsed copy	OS	Statutory	£25.00	£25.00
All premises licences				

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Change of circumstances fee	OS	Statutory	£50.00	£50.00
Fee for a copy licence	OS	Statutory	£25.00	£25.00
GAMBLING ACT 2005 PERMITS				
Family Entertainment Centre Gaming Machine Permit				
Application fee	OS	Statutory	£300.00	£300.00
Renewal	OS	Statutory	£300.00	£300.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Club Gaming Permits				
Application fee - holder of club premises certificate or holder of existing Pt 2 or 3 registration under Gaming Act 1968	OS	Statutory	£100.00	£100.00
Application fee – non club premises certificate holder	OS	Statutory	£200.00	£200.00
Renewal after 10 years	OS	Statutory	£200.00	£200.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Club Machine Permits				
Application fee - holder of club premises certificate or holder of existing Pt 2 or 3 registration under Gaming Act 1968	OS	Statutory	£100.00	£100.00
Application fee – non club premises certificate holder	OS	Statutory	£200.00	£200.00
Renewal after 10 years	OS	Statutory	£200.00	£200.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Alcohol Licensed Premises – 2 or less machines				
Notification fee	OS	Statutory	£50.00	£50.00
Alcohol Licensed Premises – more than 2 machines				
Application fee	OS	Statutory	£150.00	£150.00
Annual fee	OS	Statutory	£50.00	£50.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Transfer	OS	Statutory	£25.00	£25.00
Prize Gaming Permits (pubs)				
Application fee	OS	Statutory	£300.00	£300.00
Renewal	OS	Statutory	£300.00	£300.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Registration Of Small Society Lotteries				
Lottery registration	OS	Statutory	£40.00	£40.00
Lottery renewals	OS	Statutory	£20.00	£20.00
HACKNEY CARRIAGE AND PRIVATE HIRE FEES				
New Driver Licence Application for 12 months				
Joint Hackney Carriage <u>and</u> Private Hire (incl. 1st knowledge test)	OS	Discretionary	£192.00	£217.00
Knowledge Test Re-sit	OS	Discretionary	£20.00	£20.00
Renewal of Driver Licence Application for 12 months				
Joint Hackney Carriage <u>and</u> Private Hire	OS	Discretionary	£150.00	£175.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
New Driver Licence Application for 36 months Joint Hackney Carriage <u>and</u> Private Hire (incl. 1st knowledge test)	OS	Discretionary	£537.00	£612.00
Renewal of Driver Licence Application for 36 months Joint Hackney Carriage <u>and</u> Private Hire	OS	Discretionary	£495.00	£570.00
General driver fees Three yearly Criminal Records Bureau disclosure		Discretionary	£49.00	£49.00
DVLA check		Discretionary	£5.00	£5.00
New Vehicle (Plate) Licence Application Private Hire Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Hackney Carriage Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Renewal Vehicle (Plate) Licence Application Private Hire Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Hackney Carriage Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Transfer of Vehicle Plate/licence Private Hire	OS	Discretionary	£35.00	£35.00
Hackney Carriage	OS	Discretionary	£25.00	£25.00
Variation of Vehicle Plate/licence Private Hire	OS	Discretionary	£35.00	£35.00
Hackney Carriage	OS	Discretionary	£35.00	£25.00
Private Hire Operator's Licence				
Private Hire Operator's Licence New & Renewal - 1 year - Single vehicle	OS	Discretionary	£126.00	£126.00
New & Renewal - 1 year - 2 to 5 vehicles	OS	Discretionary	£156.00	£156.00
New & Renewal - 1 year - 6 to 10 vehicles	OS	Discretionary	£186.00	£186.00
New & Renewal - 1 year - 11 + vehicles	OS	Discretionary	£216.00	£216.00
New & Renewal - 5 year - Single vehicle	OS	Discretionary	£627.00	£627.00
New & Renewal - 5 year - 2 to 5 vehicles	OS	Discretionary	£737.00	£737.00
New & Renewal - 5 year - 6 to 10 vehicles	OS	Discretionary	£847.00	£847.00
New & Renewal - 5 year - 11 + vehicles	OS	Discretionary	£957.00	£957.00
Replacement Items (charge applicable per licence) Joint P/H & H/C Licence	OS	Discretionary	£10.50	£10.50
P/H or H/C Vehicle Licence	OS	Discretionary	£10.50	£10.50
Private Hire Operator Licence	OS	Discretionary	£10.50	£10.50
Joint P/H and H/C Driver Badge/ID	OS	Discretionary	£10.50	£10.50
P/H or H/C Vehicle Plate	OS	Discretionary	£20.00	£20.00
Joint P/H and H/C Driver change of address	OS	Discretionary	£10.50	£10.50
P/H and H/C Vehicle change of address	OS	Discretionary	£10.50	£10.50
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£10.50
Replacement door sticker	OS	Discretionary	£6.00	£6.00
DBS update service check	OS	Discretionary	£5.00	£5.00
Knowledge test re-sit fee	OS	Discretionary	£20.00	£20.00
DBS enhanced check (where no DBS update service option available)	OS	Discretionary	£49.00	£49.00
DVLA licence check	OS	Discretionary	£5.00	£5.00
PARK HOMES / CARAVAN SITES / MOBILE HOMES Costs of New Applications 1-5 pitches	OS	Discretionary	£208.00	£208.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
6-10 pitches	OS	Discretionary	£227.00	£227.00
11-20 pitches	OS	Discretionary	£227.00	£227.00
21-50 pitches	OS	Discretionary	£246.00	£246.00
51-100 pitches	OS	Discretionary	£265.00	£265.00
Greater than 100 pitches	OS	Discretionary	£265.00	£265.00
Annual Inspection Fees				
1-5 pitches	OS	Discretionary	nil	nil
6-10 pitches	OS	Discretionary	£225.00	£225.00
11-20 pitches	OS	Discretionary	£225.00	£225.00
21-50 pitches	OS	Discretionary	£225.00	£225.00
51-100 pitches	OS	Discretionary	£263.00	£263.00
Greater than 100 pitches	OS	Discretionary	£263.00	£263.00
Cost of Laying Site Rules	OS	Discretionary	£27.00	£27.00
Cost of Variation / Transfer	OS	Discretionary	£100.00	£100.00
PET SHOP LICENCE (up until 30th September 2018)				
New establishments (excl. VET fees)	OS	Discretionary	£288.00	£0.00
Renewal applications	OS	Discretionary	£288.00	£0.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£0.00
Change of name on licence	OS	Discretionary	£10.50	£0.00
Change of licence details	OS	Discretionary	£10.50	£0.00
RIDING ESTABLISHMENT LICENCE (up until 30th September 2018)				
New establishment (excl. VET fees)	OS	Discretionary	£299.00	£0.00
Renewal applications (excl. VET fees)	OS	Discretionary	£299.00	£0.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£0.00
Change of name on licence	OS	Discretionary	£10.50	£0.00
Change of licence details	OS	Discretionary	£10.50	£0.00
ZOO LICENCE				
New establishment (excl. VET fees)	OS	Discretionary	£2,415.00	£2,415.00
Renewal (excl. VET fees)	OS	Discretionary	£2,070.00	£2,070.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£10.50
Change of name on licence	OS	Discretionary	£10.50	£10.50
Change of licence details	OS	Discretionary	£10.50	£10.50
ANIMAL WELFARE LICENCE (from 1st October 2018)				
Animal Welfare Licence - New and renewal applications	OS	Discretionary	£290.00 - £2,490	£290.00 - £2,490
Re-rating inspection fee	OS	Discretionary	£72.00 - £168.00	£72.00 - £168.00
Variation requiring inspection	OS	Discretionary	£72.00 - £168.00	£72.00 - £168.00
Copy licence, change of details not requiring inspection	OS	Discretionary	£10.50	£10.50
STRAY DOGS				
Stray Dog Collection - per dog	OS	Statutory	£25.00	£25.00
Kennelling Charge per night/or few hours	OS	Discretionary	£16.20	£16.20
Stray dog collection (anytime)	OS	Discretionary	£50.00	£50.00
Transfer to Woodgreen	OS	Discretionary	£40.00	£40.00
Admin Fee	OS	Discretionary	£10.00	£10.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
PRIVATE WATER SUPPLY SAMPLING				
Risk Assessment (each assessment) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £500.00	Max £500.00
Sampling (each visit) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Investigation (each investigation) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Granting an authorisation (each authorisation) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Analysing a sample				
Taken under Regulation 10 - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £25.00	Max £25.00
Taken during check monitoring - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Taken during audit monitoring - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £500.00	Max £500.00
IMMIGRATION HOUSING INSPECTIONS				
Production of housing condition reports	OS	Discretionary	£100.00	£100.00
LICENSING OF HOUSES IN MULTIPLE OCCUPATION				
Mandatory licence for 5 years	OS	Discretionary	£300.00	£300.00
SKIN PIERCING (ACUPUNCTURE, TATTOOING, PERMANENT AND SEMI PERMANENT SKIN COLOURING)				
Premises	OS	Discretionary	£182.00	£182.00
Per Individual	OS	Discretionary	£182.00	£182.00
Amendment of Export health or skin piercing certificate				£10.50
SEX ESTABLISHMENTS				
Application	OS	Discretionary	£3,761.00	£3,761.00
Renewal	OS	Discretionary	£1,880.50	£1,880.50
Variation	OS	Discretionary	£1,880.50	£1,880.50
Transfer	OS	Discretionary	£1,880.50	£1,880.50
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£10.50
TRAVELLER SITE RENTS				
Burwell – Site Rent per week	EX	Discretionary	N/A	N/A
Burwell – Water & Waste Charge per week	EX	Discretionary	N/A	N/A
Earith Bridge – Site Rent per week	EX	Discretionary	£85.00	£85.00
Earith Bridge – Water & Waste Charge per week	EX	Discretionary	£10.00	£10.00
Wentworth – Site Rent per week	EX	Discretionary	£85.00	£85.00
Wentworth – Water & Waste Charge per week	EX	Discretionary	£10.00	£10.00
STREET TRADING				
Street Trading - Consent - Annual	OS	Discretionary	£520.00 - £1040.00	£520.00 - £1040.00
Street Trading – Consent - Daily Permit	OS	Discretionary	£15.00 - £30.00	£15.00 - £30.00
Street Trading - Consent - Transfer	OS	Discretionary	£48.00	£48.00
Street Trading Consent - Event	OS	Discretionary	£20.00 - £500.00	£20.00 - £500.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
THE POLLUTION PREVENTION & CONTROL ACT 1990				
ENVIRONMENTAL PERMITTING REGULATIONS 2010				
See link for nationally set figures http://www.defra.gov.uk/industrial-emissions/files/List-		Statutory		
LICENSING ACT 2003				
Personal Licence				
Application for a grant of a personal licence	OS	Statutory	£37.00	£37.00
Theft, loss etc. of a personal licence	OS	Statutory	£10.50	£10.50
Temporary Event Notices				
Temporary & Late Temporary Event Notices	OS	Statutory	£21.00	£21.00
Theft, loss etc. of Temporary Event Notice	OS	Statutory	£10.50	£10.50
Premises Licence				
Application for transfer of a premises licence	OS	Statutory	£23.00	£23.00
Theft, loss etc. of premises licence	OS	Statutory	£10.50	£10.50
Loss of premises summary	OS	Statutory	£10.50	£10.50
Application to vary licence to specify individual as designated premises supervisor (DPS)	OS	Statutory	£23.00	£23.00
Application to dis-apply designated premises supervisor (DPS) on community premises	OS	Statutory	£23.00	£23.00
Club Premises				
Change of relevant registered address of club	OS	Statutory	£10.50	£10.50
Notification of change of name or alteration of club rules	OS	Statutory	£10.50	£10.50
Theft, loss etc. of club certificate	OS	Statutory	£10.50	£10.50
General				
Minor variation to a premises licence or club premises certificate	OS	Statutory	£89.00	£89.00
Notification of change of name or address	OS	Statutory	£10.50	£10.50
Duty to notify change of name or address	OS	Statutory	£10.50	£10.50
Application fee for a provisional statement where premises being built	OS	Statutory	£315.00	£315.00
Interim authority notice following death etc. of licence holder	OS	Statutory	£23.00	£23.00
Right of freeholder etc. to be notified of licensing matters	OS	Statutory	£21.00	£21.00
New Premises Licence Applications And Variations For Premises And Club Premises Licences				
Band A	OS	Statutory	£100.00	£100.00
Band B	OS	Statutory	£190.00	£190.00
Band C	OS	Statutory	£315.00	£315.00
Band D	OS	Statutory	£450.00	£450.00
Band D when primary business Alcohol Sales x 2	OS	Statutory	£900.00	£900.00
Band E	OS	Statutory	£635.00	£635.00
Band E when primary business Alcohol Sales x 3	OS	Statutory	£1,905.00	£1,905.00

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Premises Annual Renewal				
Band A	OS	Statutory	£70.00	£70.00
Band B	OS	Statutory	£180.00	£180.00
Band C	OS	Statutory	£295.00	£295.00
Band D	OS	Statutory	£320.00	£320.00
Band D when primary business Alcohol Sales x 2	OS	Statutory	£640.00	£640.00
Band E	OS	Statutory	£350.00	£350.00
Band E when primary business Alcohol Sales x 3	OS	Statutory	£1,050.00	£1,050.00
Additional Fees For Large Venues And Events				
Number in attendance at any one time				
5,000 – 9,999	OS	Statutory	£1,000.00	£1,000.00
10,000 – 14,999	OS	Statutory	£2,000.00	£2,000.00
15,000 – 19,999	OS	Statutory	£4,000.00	£4,000.00
20,000 – 29,999	OS	Statutory	£8,000.00	£8,000.00
30,000 – 39,999	OS	Statutory	£16,000.00	£16,000.00
40,000 – 49,999	OS	Statutory	£24,000.00	£24,000.00
50,000 – 59,999	OS	Statutory	£32,000.00	£32,000.00
60,000 – 69,999	OS	Statutory	£40,000.00	£40,000.00
70,000 – 79,999	OS	Statutory	£48,000.00	£48,000.00
80,000 – 89,999	OS	Statutory	£56,000.00	£56,000.00
90,000 and over	OS	Statutory	£64,000.00	£64,000.00
SCRAP METAL DEALER LICENCE				
Initial Site Licence Fee	OS	Discretionary	£492.00	£662.00
Site Licence Renewal	OS	Discretionary	£280.00	£450.00
Initial Collectors Licence Fee	OS	Discretionary	£320.00	£490.00
Collectors Licence renewal.	OS	Discretionary	£224.00	£394.00
Variation for both licences.	OS	Discretionary	£80.00	£120.00
Theft, loss etc. of a licence	OS	Discretionary	£10.50	£10.50
BULKY WASTE				
Up to three household items	OS	Discretionary	£25.00	£25.00
Fridge or freezer	OS	Discretionary	£25.00	£25.00
Initial cost of bins for new residential properties (this is for each bin provided)	OS	Discretionary	£25.00	£25.00
Annual Garden Waste Wheeled Bin Licence - this is for an additional bin	OS	Discretionary	£48.00	£48.00
Delivery and Administration Charge for additional blue bin (one off charge)	OS	Discretionary	£25.00	£25.00
ENVIRONMENTAL PROTECTION ACT PERMIT	OS	Statutory	Variable	Variable
EXPORT CERTIFICATE OF HEALTH	OS	Discretionary	£95.00	£95.00
<u>FACILITIES MANAGEMENT</u>				
GARAGE RENTS – ST JOHNS ROAD, ELY				
Monthly charge	SR	Discretionary	£28.27 (including VAT)	£28.27 + April 2019 RPI

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
LEGAL SERVICES				
LLC1 ONLY	OS	Discretionary	£21.48	£21.48
CON29(R) ONLY	SR	Discretionary	£127.98	£127.98
STANDARD SEARCH - LLC1 AND CON29(R)	SR/OS	Discretionary	£149.46	£149.46
CON29 OPTIONAL ENQUIRIES				
Q4. Road proposal by private bodies	SR	Discretionary	£10.32	£10.32
Q5. Advertisements	SR	Discretionary	£10.32	£10.32
Q6. Completion Notices	SR	Discretionary	£13.44	£13.44
Q7. Parks and Countryside	SR	Discretionary	£10.32	£10.32
Q8. Pipelines	SR	Discretionary	£3.24	£3.24
Q9. Houses in Multiple Occupation	SR	Discretionary	£3.24	£3.24
Q10. Noise Abatement	SR	Discretionary	£2.88	£2.88
Q11. Urban Development Areas	SR	Discretionary	£10.20	£10.20
Q12. Enterprise Zones, Local Development Orders and BIDS	SR	Discretionary	£3.24	£3.24
Q13. Inner Urban Improvement Areas	SR	Discretionary	£3.24	£3.24
Q14. Simplified Planning Zones	SR	Discretionary	£10.32	£10.32
Q15. Land Maintenance Notices	SR	Discretionary	£10.32	£10.32
Q16. Mineral Consultation and Safeguarding Areas	SR	Discretionary	£4.80	£4.80
Q17. Hazardous Substance Consents	SR	Discretionary	£10.32	£10.32
Q18. Environmental and Pollution Notices	SR	Discretionary	£3.24	£3.24
Q19. Food Safety Notices	SR	Discretionary	£7.68	£7.68
Q20. Hedgerow Notices	SR	Discretionary	£3.24	£3.24
Q21. Flood Defence and Land Drainage Consents	SR	Discretionary	£4.98	£4.98
Q22. Common Land and Town or Village Green	SR	Discretionary	£9.96	£9.96
CON29 ENQUIRIES				
1.1a-i Planning and Building Decisions and Pending			Total £9.50	Total £9.50
1.1 j-l Planning and Building Decisions and Pending			Total £3.85	Total £3.85
1.2 Planning designations and proposals			Total £0.84	Total £0.84
2.1 to 2.5 Roadways and footpaths			HIGHWAYS	HIGHWAYS
3.1 Other Matters - Is the property included in land required for public purposes	SR	Discretionary	Total £3.60	Total £3.60
3.2 Other Matters - Is the property included in land required for road works	SR	Discretionary	HIGHWAYS	HIGHWAYS
3.3 Drainage Matters			Total £2.70	Total £2.70
3.4 Nearby Road Schemes			HIGHWAYS	HIGHWAYS
3.5 Nearby Railway Schemes			HIGHWAYS	HIGHWAYS
3.6 Traffic Schemes			HIGHWAYS	HIGHWAYS
3.7 Outstanding Notices (a) (b) (c) (d) & (f) only			Total £6.14	Total £6.14
3.8 Contravention of Building Regulations			Total £2.52	Total £2.52
3.9 Notices, Orders, Direction and Proceedings under			Total £4.58	Total £4.58
			Total £7.56	Total £7.56
3.10 Community Infrastructure Levy (CIL)				
3.11 Conservation Area			Total £3.96	Total £3.96
3.12 Compulsory Purchase			Total £3.96	Total £3.96
3.13 Contaminated Land			Total £0.86	Total £0.86
3.14 Radon Gas			Total £1.68	Total £1.68
3.15 Assets of Community Value			Total £5.04	Total £5.04

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
REGISTER OF ELECTORS				
Sale of Copies of Register of Electors				
Data Form per 1000 electors or part of	OS	Statutory	£20.00, plus £1.50	£20.00, plus £1.50
Printed Form per 1000 electors or part of	OS	Statutory	£10.00, plus £5.00	£10.00, plus £5.00
List of Overseas Electors				
Data Form per 1000 electors or part of	OS	Statutory	£20.00 plus £1.50	£20.00 plus £1.50
Printed Form per 1000 electors or part of	OS	Statutory	£10.00 plus £5.00	£10.00 plus £5.00
Other Fees				
Residents Confirmation Letter:	OS	Discretionary		
1 Year			£20.00	£0.00
2 Years			£25.00	£0.00
LEGAL WORK				
Section 106 Agreements & Variations				
Hourly rates ***				
Legal Services Manager	OS	Discretionary	£150.00	£150.00
Trainee Solicitor year 1	OS	Discretionary	£120.00	£120.00
Trainee Solicitor year 2	OS	Discretionary	£130.00	£130.00
Landcharges & Legal Assistant	OS	Discretionary	£50.00	£50.00
Legal Support Officer	OS	Discretionary	£55.00	£55.00
Simple S106 - Standard Charge	OS	Discretionary	£737.50	£1,050.00
Easements (e.g. Car parking verges etc.)				
Simple	OS	Discretionary	£590.00	£675.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Conveyancing (e.g. POS, small parcels of land, small leases & Licences, etc.)				
Simple	OS	Discretionary	£590.00	£675.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Release of restrictive covenant				
Simple	OS	Discretionary	£590.00	£675.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Miscellaneous Deeds				
Simple	OS	Discretionary	£590.00	£675.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Prosecutions				
Car Parking	OS	Discretionary	£90 plus Legal Officer presentation time at court and disbursements – i.e. if have to travel to Court	£100 plus Legal Officer presentation time at court and disbursements – i.e. if have to travel to Court
Licence - Garage at St John's Road	OS	Discretionary	£110.50	£110.50
All prosecutions			See hourly rates above***	See hourly rates above***
Miscellaneous removal of charge from property	OS	Discretionary	£110.50	£110.50

Description	VAT code	Discretionary or Statutory	Charge for 2018-19	Proposed Charge for 2019-20
Mortgages Redemptions	OS	Discretionary	£220.00	£220.00
Civil Cases	OS	Discretionary	See hourly rates above***	See hourly rates above***
HOUSING				
Bed and Breakfast Charges	OS	Discretionary	See hourly rates above***	See hourly rates above***
Removals and Storage Charges	SR	Discretionary	See hourly rates above***	See hourly rates above***
WASTE				
Fly Tipping Fee	OS	Discretionary	£400.00	£400.00
Extra Blue Bin	SR	Discretionary	£25.00	£25.00

Capital Programme 2018/19 to 2022/23

CAPITAL BUDGET	Total Capital Scheme	Projected Spend 2018/19	Proposed Budget 2019/20	Proposed Budget 2020/21	Proposed Budget 2021/22	Proposed Budget 2022/23
	£	£	£	£	£	£
Regulatory Services						
Recycling and Organics Collection		10,000				
Refuse Vehicles		153,981	52,450	1,882,077		
Cleansing Vehicles		340,000				
Depot		50,000	795,950			
Conservation Area Schemes - 2nd round		27,506				
Mandatory Disabled Facilities Grants (DFG)		891,582	697,299	697,299	697,299	697,299
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.		111,780	75,000	75,000	75,000	75,000
Regulatory Services Total		1,584,849	1,620,699	2,654,376	772,299	772,299
Community Services						
Ely Country Park	100,000	46,665	6,670			
Vehicle Etc Replacements		89,187	29,000	29,000	29,000	29,000
Commuter Car Park - Ely		13,931				
Commuter Car Park - Ely (additional)			400,000			
Commuter Car Park - Littleport		8,606				
East Cambs Trading Company	6,500,000	1,485,000	1,880,000			
Community Services Total		1,643,389	2,315,670	29,000	29,000	29,000
Leisure Centre						
Leisure Centre - Construction and Preliminaries	12,346,807	656,109				
Leisure Centre - Project Costs	890,500					
Leisure Centre - Associated Costs and Contingency	831,500					
Leisure Centre - Equipment Fit Out	497,745	137,779				
Leisure Centre Total	14,566,552	793,888	0	0	0	0
Resources and Finance						
Intranet / HR / Payroll System Improvements		5,918				
IT Provision at the Depot		7,026				
Asset Management		289,500				
Soham Eastern Gateway			6,330,000			
		302,444	6,330,000	0	0	0
Capital Programme Total		4,324,570	10,266,369	2,683,376	801,299	801,299

Recycling & Organics Collection Service

With the Council collecting recycling and organic waste in wheeled bins, new bins are required as new houses and businesses are built and homeowners chose to have a second bin. This budget is to buy new wheeled bins for these properties.

Refuse Vehicles

The Council purchases and then hires to East Cambs Street Scene refuse vehicles to be used to undertake the refuse contract for the Council. A large number of vehicles will need to be purchased in 2020/21 when the vehicles purchased with the Weekly Collection Grant reach the end of their economic life.

Cleansing Vehicles

The Council will be replacing much of the street cleansing equipment transferred from Veolia to ensure that service standards are maintained and improved. This equipment will be used by the Council's Trading Company to undertake the street cleansing contract for the Council.

Depot

The depot, including the drainage on the site, will be improved to provide staff with a safe environment.

Conservation Area Schemes

This scheme is for the Steeple Row enhancement, led by Ely Perspective for public realm improvements in the Steeple Row area. The remaining balance is required to provide partnership funding towards a larger Heritage Lottery Scheme currently being worked on by Ely Cathedral for enhancements to the entire cathedral precinct.

Mandatory Disabled Facilities Grants

These grants are provided to enable disabled people, including children, to remain in their own home. Due to an ageing population, the demand for this type of grant is likely to increase and capital funding will need to continue to enable the Council to meet this statutory function. Part grant funded from the Better Care Fund. The projected spend in 2018-19 includes the underspend from 2017-18 where work was committed, but not undertaken in year.

Empty Properties, Discretionary DFGs, Minor Works & Home Repair Asst.

Grant provided to owner occupiers on an income related benefit to carry out essential repairs and energy efficiency work to their homes, to ensure that they meet the decent homes standard. This grant takes two forms, one, a small non-repayable grant and the other, where more extensive works are needed, a repayable loan.

Ely Country Park

This scheme is for work at Ely Country Park which includes improvements to the play area, new picnic table, cycle park and rain shelter. This work is funded from S106 / CIL.

Vehicle Replacements

Vehicle replacement mostly for the Parks and Gardens Team. The majority of this is funded from CIL contributions.

Commuter Car Park - Ely - 2 schemes

Extension of Angel Drove commuter car park. Mostly funded from CIL funding.

Commuter Car Park - Littleport

Extension of Littleport Station commuter car park. Mostly funded from CIL funding.

East Cambs Trading Company

Load funding to East Cambs Trading Company(ECTC). ECTC is wholly owned by the Council, and operates as a commercial enterprise, providing more opportunities to compete for contracts. Profits generated will be either returned to the Council, the sole shareholder as dividends, or ploughed back into the company to improve services. The Company is expected to repay this loan in full in (or before) March 2021.

Leisure Centre - Construction and Preliminaries

This budget originally covered costs prior to the commencement of the building of the Leisure Centre e.g. design of culvert, pool structures, car park, entrance. However, it now also reflects payments to the main contractor building the Centre covering the structure, external and internal, plant, all external works, up until the handover to the operator. Payments will be in accordance with the agreed contract.

Leisure Centre - Project Costs

This is the costs of funding Project managers - MACE - through to completion. This was agreed as a separate contract by Full Council.

Leisure Centre - Associated Costs and Contingency

This was held and managed by the Council - for issues which present outside of the main build costs; an example being the cost of the archaeological dig that was required prior to construction.

Leisure Centre - Equipment Fit Out

This was for fitting out of the new Leisure Centre e.g. fitness equipment, CCTV, entrance turnstiles and will be recovered from the Centre's operator via the management charge.

Intranet / HR / Payroll System Improvements

Procurement and up-grade of a new HR and Finance systems and refreshing the intranet.

IT Provision at the Depot

This was to provide the necessary IT infrastructure at the depot, prior to the Council's Trading Company taking over the Waste contract from the 1st April 2018

Asset Management

Purchase of Riverside Moorings from the Environment Agency

Soham Eastern Gateway

Housing Infrastructure Fund funding is only available to lower tier authorities and so East Cambridgeshire has needed to be the accountable body, although this will simply be passported to the County Council who are managing the scheme.

SOURCES OF FINANCING	Total Capital Funding £	Expected 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
Regulatory & Support Services						
Revenue Contribution		10,000				
Grants (Disability Facilities Grant)		511,299	511,299	511,299	511,299	511,299
Capital Reserves		519,569	261,000	261,000	261,000	261,000
Borrowing Waste / Parks and Gardens		543,981	848,400	1,882,077		
Regulatory Services Total		1,584,849	1,620,699	2,654,376	772,299	772,299
Commercial Services						
Revenue Contribution		89,187				
Section 106 / CIL		49,072	435,670	29,000	29,000	29,000
Capital Reserves		20,130				
Borrowing Company	5,000,000	1,485,000	1,880,000			
Community Services Total		1,643,389	2,315,670	29,000	29,000	29,000
Leisure Centre						
Capital Reserves	0					
CIL & Section 106	0	500,000				
Sport England	0	361,099				
Borrowing Leisure	0	(67,211)				
Leisure Centre Total	0	793,888	0	0	0	0
Resources and Finance						
Capital Reserves		302,444				
Grants (Housing Infrastructure Fund)			6,330,000			
		302,444	6,330,000	0	0	0
Capital Funding Total		4,324,570	10,266,369	2,683,376	801,299	801,299

Capital Reserves Forecast	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Balance Brought Forward	772,930	720,787	509,787	298,787	87,787
Add receipts from Sales of Assets	790,000	50,000	50,000	50,000	50,000
Less Capital Receipts Applied	(842,143)	(261,000)	(261,000)	(261,000)	(261,000)
Capital Reserves Carried Forward	720,787	509,787	298,787	87,787	(123,213)

Borrowing Forecast	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Balance Brought Forward	13,523,635	15,386,292	17,487,222	12,204,163	11,329,907
Add Borrowing in Year	1,961,770	2,728,400	1,882,077	0	0
Repayment from ECTC	0	0	(6,500,000)	0	0
Less Minimum Revenue Provision (MRP)	(99,113)	(627,470)	(665,136)	(874,256)	(874,256)
Total Borrowing Carried Forward	15,386,292	17,487,222	12,204,163	11,329,907	10,455,651
Internal Borrowing	13,386,292	9,487,222	7,204,163	6,329,907	5,455,651
External Borrowing	2,000,000	8,000,000	5,000,000	5,000,000	5,000,000

<u>PARISH PRECEPTS</u>	<u>COUNCIL TAX BASE Band D Eq</u>	<u>2019-20 PRECEPT</u>	<u>Band D Rate</u>
	<u>Revised Band D for C/Tax discount scheme</u>	<u>£</u>	<u>£</u>
Ashley	222.30	18,250.00	82.17
Bottisham	861.30	47,500.00	55.17
Brinkley	153.20	8,804.00	57.51
Burrough Green	150.90	9,393.00	62.28
Burwell	2,355.30	145,295.00	61.74
Cheveley	907.10	80,000.00	88.20
Chippenham	215.40		0.00
Coveney	155.20		0.00
Dullingham	321.10	18,768.96	58.50
Ely, City of	6,940.40	575,000.00	82.89
Fordham	947.30		0.00
Haddenham	1,226.40	98,768.00	80.55
Isleham	790.70	101,939.00	128.97
Kennett	134.90	9,095.00	67.50
Kirtling and Upend	160.20	6,987.50	43.65
Little Downham	893.70	81,102.00	90.81
Little Thetford	248.10		0.00
Littleport	2,769.50	162,466.12	58.68
Lode	358.30	15,150.00	42.30
Mepal	345.50		0.00
Reach	136.60		0.00
Snailwell	78.10		0.00
Soham	3,656.40	322,500.00	88.29
Stetchworth	274.30	15,000.00	54.72
Stretham	658.10	65,000.00	98.82
Sutton	1,355.80	136,054.00	100.35
Swaffham Bulbeck	333.40		0.00
Swaffham Prior	363.00	14,500.00	39.96
Wentworth	74.10	6,000.00	81.00
Westley Waterless	64.30		0.00
Wicken	327.30	23,000.00	70.29
Wilburton	472.20		0.00
Witcham	163.10	14,400.00	88.29
Witchford	830.60	58,081.00	69.93
Wooditton	775.30	17,250.00	22.32
Whole Area/Average Tax Charge	29,719.40	2,050,303.58	68.99

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURE RULES

Committee: Resources and Finance Committee

Date: 28th January 2019

Author: Finance Manager

[T190]

1. **ISSUE**

In the Council's Constitution it states within Finance Procedure Rules (page 4(25)) that that detailed Finance Procedures will follow. These until now have not been available.

2. **RECOMMENDATION (S)**

2.1 Members are asked to recommend to Full Council the adoption of the new Financial Regulations and Financial Procedure Rules.

3. **BACKGROUND/OPTIONS**

3.1 As part of the Constitution, Finance Procedure Rules need to be approved for adoption by Full Council. However, it is felt appropriate to bring these to this Committee first to ensure that a full review takes place of the new content before being presented to Council.

3.2 In drafting the new detailed Financial Procedure Rules, it is important that these work in partnership with the Financial Procedure Rules currently in the Constitution, so I have amended these at the same time.

4. **ARGUMENTS/CONCLUSIONS**

4.1 The current Financial Procedure Rules have been renamed Financial Regulations to remove any confusion between the two documents.

4.2 The new Financial Procedure Rules, are not changing any of the practices operated by the Council, but simply documenting these for future reference and a guide to assess future practice against.

4.3 Internal Audit have reviewed the documents and are comfortable that they both mirror current processes and provide a best practice approach to financial management moving forward.

4.4 Management Team have also reviewed the documents and are comfortable with the responsibilities that these documents place on them and their teams.

5 APPENDICIES

5.1 Draft Financial Regulations

5.2 Draft Financial Procedure Rules

<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

3. BUDGET AND POLICY FRAMEWORK PROCEDURES

3.1 The framework for decision making

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Policy Committees to implement it.

3.2 Process for developing the framework

- (a) The Council will produce annually a programme for establishing the budget and policy framework for the following year.
- (b) The policy and budget framework presented to Council will be available for public consultation. As part of this public consultation, the Council will consult with local businesses.
- (c) In approving the policy and budgetary framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework, which may be undertaken by Policy Committees, in accordance with its Financial Regulations. Any other changes to the policy and budgetary framework are reserved to the Council.

4. FINANCIAL REGULATIONS

1.0 INTRODUCTION

- 1.1 The purpose of the Council's Financial Regulations is to provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf.
- 1.2 Every officer has a responsibility to read and be familiar with these Regulations. Non-compliance may be considered to be a disciplinary offence and will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.
- 1.3 It is the responsibility of the Chief Executive or Directors (to ensure that all staff under their control are aware of the Council's Financial Regulations and other internal regulatory documents and that they comply with them. They shall also ensure that an adequate number of copies are available for reference within their departments.
- 1.4 The Financial Regulations identify the financial responsibilities of the Council, the Resources & Finance Committee, the Chief Executive as Head of Paid Service, the Monitoring Officer, the Chief Finance Officer, Directors and Service Leads. The Council shall maintain a written record where decision-making has been delegated to members of staff, including seconded staff.
- 1.5 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.6 The Chief Finance Officer shall maintain a continuous review of the Financial Regulations and submit any additions or changes necessary to the Council for approval. The Chief Finance Officer shall also report, where appropriate, breaches of the Financial Regulations to the Council.
- 1.7 Detailed Financial Procedure Rules setting out how the Financial Regulations will be implemented/applied are contained as an appendix to these Regulations.
- 1.8 The Chief Finance Officer will also issue advice, guidance and procedures to underpin the Financial Regulations that Members, officers and others acting on behalf of the Council are required to follow.

2.0 FINANCIAL MANAGEMENT

2.1 Introduction

- 2.2 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

3.0 THE COUNCIL

- 3.1 The Council is responsible for adopting and approving the budget within which the Council operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control.

4.0 THE STATUTORY OFFICERS

4.1 Head of Paid Service

The Council's Head of Paid Service for the purposes of Section 4 of the Local Government and Housing Act 1989 is the Chief Executive.

4.2 Monitoring Officer

The Monitoring Officer, together with the Chief Finance Officer is also responsible for advising the Council whether a decision is likely to be considered contrary to or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- (i) initiating a new policy
- (ii) committing expenditure above the budget level
- (iii) incurring interdepartmental transfers above virement limits
- (iv) causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

4.3 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This is a statutory responsibility and cannot be overridden. The statutory duties arise from:

- (i) Section 151 of the Local Government Act 1972
- (ii) The Local Government Finance Act 1988
- (iii) The Local Government and Housing Act 1989
- (iv) The Accounts and Audit Regulations 2003 (SI 2003/533)

4.4 The Chief Finance Officer is responsible for:

- (i) the proper administration of the authority's financial affairs
- (ii) setting and monitoring compliance with financial management standards
- (iii) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- (iv) providing financial information
- (v) preparing the revenue budget and capital programme
- (vi) treasury management.

4.5 In accordance with Section 114 of the Local Government Finance Act 1988 the Chief Finance Officer shall report to the Council and the external auditor if the Authority or one of its officers:

- (i) has made, or is about to make, a decision which involves incurring unlawful expenditure
- (ii) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- (iii) is about to make an unlawful entry in the authority's accounts.

- 4.6 The Chief Finance Officer shall in accordance with Section 114 of the 1988 Act nominate a properly qualified member of staff (if available) to deputise should he or she be unable to perform the duties under Section 114 personally.
- 4.7 The Chief Finance Officer shall report to Council where insufficient staff, accommodation or other resources, including legal advice where necessary, are provided for him to properly carry out his duties under Section 114.
- 4.8 The Chief Executive and the Services Lead shall ensure that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer
- 4.9 These officers shall consult with the Chief Finance Officer and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

5.0 OTHER FINANCIAL ACCOUNTABILITIES

- 5.1 The Council may agree procedures for virement of expenditure between budget headings.
- 5.2 There is to be a presumption against additions to the budget being made other than through the annual budget round as described below at 6.1. In the normal course of events, the only such supplementary estimates that would be approved would be to meet the costs arising from unforeseen and/or unavoidable eventualities that cannot be accommodated by the normal virement process. The approval by Resources & Finance Committee of such supplementary estimates would be conditional on the formulation of an appropriate recovery plan to protect the overall financial position of the Council.
- 5.3 Without the prior approval of Resources & Finance Committee:
- (a) In the normal course of events it is recognised that spending commitments may be entered into that cause a budget to become overspent due to a necessary response to emergencies, statutory requirements, statutory entitlements, or other imperatives of the service. Such variances, however, must be reported to the Chairman and Group Spokespersons of the relevant Policy Committee and Resources & Finance Committee at the earliest opportunity and brought to the next relevant Policy Committee meeting and subsequent Resources & Finance Committee meeting for confirmation of the corrective action proposed.
 - (b) Any savings arising from the late or delayed start of new projects or initiatives are to be returned to the central contingency fund.
 - (c) Unforeseen savings against budget (through unexpected reductions in cost or non-volume driven increases in income) are to be returned to the central contingency fund.
- 5.4 With Resources & Finance Committee's prior approval, 50% of planned, or engineered, savings against budget can be used to support non-recurring budgets elsewhere within a Policy Committee's remit; the balance shall be returned to the central contingency fund.

5.5 Service development proposals exceeding £25,000, including improvement and change options arising from service plans, must be accompanied by a detailed financial appraisal setting out any external funding streams and the long-term financial implications for the Council.

5.6 Policy Committees shall receive quarterly budget monitoring reports with a requirement to consider outturn projections including virements approved under the mechanisms set out above.

5.7 Resources & Finance Committee shall be responsible for the management of the liabilities and duties arising under Section 106 agreements. Regular reports will be submitted to the Committee detailing those commitments and the relevant available funds.

5.8 Accounting Policies

The Chief Finance Officer shall select appropriate accounting policies and ensure that they are applied consistently.

5.9 Accounting Records and Returns

The Chief Finance Officer shall determine the accounting procedures and records for the authority.

5.10 The Annual Statement of Accounts

The Chief Finance Officer shall ensure that the annual Statement of Accounts is prepared in accordance with relevant legislation and the Codes of Practice. The Resources & Finance Committee shall approve the annual Statement of Accounts.

6.0 FINANCIAL PLANNING

6.1 Preparation of the Revenue Budget

The Resources & Finance Committee will set the parameters for each Committee's budget including:

- (a) provision for increases in cost for inflation
- (b) provision to cover specific volume changes in services caused directly by population changes
- (c) efficiency cost reduction targets
- (d) variations in budget to be delivered through service adjustments
- (e) funding of service development proposals arising from the Service Plan process.

The December meeting of the Resources and Finance Committee will consider any changes required to policies on the collection of Council Tax or Business Rates, such as rules on discounts and reductions.

The January meeting of Committee will consider the overall budget, with the budget report detailing:

- Government Funding,
- Budget Assumptions

- provision for increases in cost for inflation and volume changes
 - variations in budget to be delivered through service adjustments, including the funding of service development proposals,
 - Collection of Council Tax and Business Rate, including the Council Tax base,
 - Council Reserves,
 - Fees and charges,
 - Capital Programme,
 - Risk and Sensitivity,
 - Medium Term Financial Strategy,
- And then in a separate, but linked report, the Council's Treasury Management Strategy.

6.2 Guidelines

Guidelines on budget preparation shall be issued to Members and officers by the Chief Finance Officer following agreement with the Resources & Finance Committee.

The guidelines shall take account, as appropriate, of:

- (i) available resources
- (ii) legal requirements
- (iii) medium-term financial planning prospects
- (iv) the corporate plan
- (v) spending pressures
- (vi) best value and other relevant government guidelines
- (vii) other internal policy documents
- (viii) cross-cutting issues.

6.3 Preparation of the Capital Programme

The Chief Finance Officer shall ensure that a capital programme is prepared on an annual basis for consideration by Resources & Finance Committee at its January meeting before submission to the Council.

6.4 Budget Monitoring and Control

It is the responsibility of the Chief Executive, Directors and Service Leads to control income and expenditure within their area and monitor performance, taking account of financial information provided by the Chief Finance Officer. They shall report on material variances within their own areas. They shall also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems.

The Chief Finance Officer shall provide appropriate financial information to enable both revenue and capital budgets to be monitored effectively. The Chief Finance Officer shall also monitor and control expenditure against budget allocations and report to Resources & Finance Committee on the overall position on a quarterly basis.

6.5 Maintenance of Reserves

The Chief Finance Officer shall advise the Resources & Finance Committee and the Council on prudent levels of reserves for the Council.

7.0 RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

- 7.1 The Council will develop and maintain robust, integrated systems for identifying and evaluating all significant operational risks to the Council. This will include the proactive participation of all those associated with planning and delivering services.

Risk Management

- 7.2 The Resources & Finance Committee is responsible for approving the Council's Risk Management Policy and for reviewing the effectiveness of risk management. The Chief Finance Officer shall ensure that the Council has proper arrangements for insurance.
- 7.3 The Chief Executive shall prepare the Council's Risk Management Policy and promote it throughout the organisation.

Internal Control

- 7.4 The Chief Finance Officer shall advise on effective systems of internal control. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 7.5 The Chief Executive, Directors and Service Leads shall establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

- 7.6 The Accounts and Audit Regulations 2015 issued by the Secretary of State for the Environment require every local authority to maintain an adequate and effective internal audit. The Council has designated responsibility for this function to the Chief Finance Officer.
- 7.7 The Head of Internal Audit, in consultation with the Chief Finance Officer shall maintain a two year Strategic Plan from which an Annual Audit Plan will be prepared detailing the areas of audit coverage for the following year.
- 7.8 The Council is responsible for appointing its external auditors. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- 7.9 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

Preventing Fraud and Corruption

- 7.10 The Chief Finance Officer, in consultation with Head of Internal Audit, shall develop and maintain an anti-fraud and anti-corruption strategy.

Assets

- 7.11 The Chief Executive or Directors or Service Lead shall ensure that records and assets are properly maintained and securely held. They shall also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

Treasury Management

- 7.12 The Council shall adopt the key recommendations contained in CIPFA's Treasury Management in Public Services: Code of Practice 2001.
- 7.13 To ensure effective treasury management the Council shall maintain:
- (i) a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities
 - (ii) treasury management practices, setting out the manner in which the Council will seek to achieve the policies and objectives and how it will control activities
- 7.14 Full Council shall receive reports on the Council's Treasury Management and Annual Investment Strategy policies, practices and activities including, as a minimum, an annual strategy plan, in advance of the year, a mid-year position statement and an annual report after its close in the form prescribed in the Treasury Management Practices.
- 7.15 The Chief Finance Officer shall have delegated responsibility for the execution and administration of treasury management decisions in accordance with the Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

8.0 SYSTEMS AND PROCEDURES**Introduction**

- 8.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

- 8.2 The Chief Finance Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. No changes may be made by the Chief Executive or Directors or Service Leads to existing financial systems or new systems established without the approval of the Chief Finance Officer. The Chief Executive or Directors or Service Lead are responsible for the proper operation of financial processes within their areas of responsibility.
- 8.3 The Chief Executive or Directors or Service Leads shall ensure that their staff receive relevant financial training as may be approved from time to time by the Chief Finance Officer.

Income and Expenditure

- 8.4 The Chief Executive or Directors or Service Lead shall ensure that a proper scheme of delegation has been established within their areas of responsibility and that it is operating effectively. The internal schemes of delegation shall identify members of staff authorised to act on behalf of the Chief Executive or Directors or Service Leads, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority. The Resources & Finance Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

Payments to Employees and Members

- 8.5 The Chief Executive or Directors or Service Leads shall approve all payments relating to salaries, wages, travelling expenses etc. of their staff in accordance with the approved list of authorised signatories.
- 8.6 The Chief Finance Officer is responsible for all payments of salaries, wages, travelling expenses etc. to staff, and payments of allowances to members, this via the outsourced contract with Midlands HR.

Taxation

- 8.7 The Chief Finance Officer shall advise the Chief Executive or Directors or Service Lead in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues which may affect the Council.
- 8.8 The Chief Finance Officer shall maintain the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Trading Accounts

- 8.9 The Chief Finance Officer shall give advice on the operation of existing trading accounts. No changes may be made to existing trading accounts without the approval of the Chief Finance Officer.
- 8.10 No new trading accounts may be established by the Chief Executive or Directors or Service Lead without the approval of the Chief Finance Officer.

9.0 EXTERNAL ARRANGEMENTS

Partnerships

- 9.1 The Chief Executive or Directors or Service Lead shall not enter into any partnerships or joint ventures without first consulting the Chief Finance Officer.
- 9.2 The Chief Finance Officer shall ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. The Chief Finance Officer shall also consider the overall corporate arrangements and legal issues when arranging contracts with external bodies, and shall ensure that the risks have been fully appraised before agreements are entered into with external bodies.

- 9.3 The Chief Executive or Directors or Service Leads shall ensure that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External Funding

- 9.4 The Chief Finance Officer shall ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

10.0 FINANCIAL PROCEDURE RULES

- 10.1 Financial Procedures Rules set out in detail the requirements of the Council's financial processes and are intended to support these Financial Regulations.
- 10.2 The Financial Procedure Rules are working documents and therefore they will develop/change as good practice determines. The Chief Finance Officer shall periodically issue an updated copy of the procedures.
- 10.3 The Chief Executive or Directors or Service Lead are required to ensure that all staff adhere to the Financial Regulations and finance procedure rules, and are responsible for ensuring that staff are adequately trained in their application. A current version shall also be placed on the Council's intranet site.
- 10.4 The Financial Procedure Rules cover guidance in the following areas:

General guidance
Statutory requirements

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FINANCIAL SYSTEMS

Accounting Systems
All Financial Systems

REVENUE BUDGETS

Setting a Budget
Incurring Expenditure and Virements
Controlling Expenditure and Income
Reserves
Monitoring Expenditure
Reporting the Outturn

CAPITAL BUDGET

Setting a Budget
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Incurring Expenditure
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Capital Monitoring
Carry Forward of Resources
Capital receipts

GRANTS AND OTHER EXTERNAL FUNDING

ACCOUNTS

FINANCIAL ADMINISTRATION – EXPENDITURE AND INCOME

Authorised Officers

Orders for Works, Supplies and Services

Payments for Works, Supplies and Services

Salaries and other payments to employees and Members

Income

Credit Income

Cash and cheques

Recovery of Debt

Write-off of Debts

VAT

Banking Arrangements

Bank Reconciliations

Council Purchase Cards

Stock

Cash Advances, Petty Cash Floats and Imprest Accounts

ASSET REGISTER

Buildings, Land and Other Assets

RISK MANAGEMENT AND INSURANCE

TREASURY MANAGEMENT

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1. INTRODUCTION AND STATUTORY REQUIREMENTS

General guidance

- 1.1 Financial Procedure Rules (FPRs) exist to regulate the way in which the Council manages its financial affairs. This is a necessary discipline in any organisation and particularly in the public sector where there are expectations for the proper use and management of public money and where there is legislation which determines the purposes for which the Council can incur expenditure.
- 1.2 Under Section 151 of the 1972 Local Government Act, the Council has a specific statutory responsibility, through the Chief Finance Officer (CFO), for the “.....proper administration of its financial affairs”. At East Cambs, the Finance Manager is the designated CFO, or Chief Finance Officer.
- 1.3 Essentially these rules set out the framework of responsibilities and requirements across the whole range of the Council’s financial affairs and in doing so their content inevitably covers a range of Council employees.
- 1.4 All employees, at whatever level in the Council, should be aware of these FPRs, and Directors and Service Leads in particular should have a good knowledge of the detail.
- 1.5 The rules cover a number of areas and these are listed in the contents. In the event that circumstances are not covered in these rules, the Chief Finance Officer and Monitoring Officer will advise as to the appropriate course of action.
- 1.6 These Financial Procedure Rules must be adhered to at all times. All Directors are accountable to the Chief Finance Officer for compliance with these Rules. The Chief Finance Officer is, in turn, accountable to the Council. All Officers with delegated responsibility for undertaking financial duties are accountable to their Director for compliance with these Rules.
- 1.7 Should a material unauthorised breach of these Rules come to light then it must be reported immediately to the Chief Finance Officer.
- 1.8 These Rules assign responsibilities to Directors and to the Chief Finance Officer, and generally do not assign responsibilities to individual nominated post holders (except, occasionally, where it is helpful to do so). The Chief Finance Officer and Directors may delegate responsibilities assigned to them under these Rules. In particular, the Chief Finance Officer may delegate responsibilities to other Finance staff.

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Statutory requirements

Section 114 Local Government Finance Act 1988

- 1.9 Section 114 of the Local Government Finance Act 1988 imposes certain duties on the Chief Finance Officer. The Chief Finance Officer shall make a report under this Section if the Council, Members or officers or a Joint Committee on which the Council is represented:
- a) has made or is about to make a decision which involves or which would involve the Council incurring expenditure which is unlawful;
 - b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council; or
 - c) is about to enter an item of account, the entry of which is unlawful.
- 1.10 The Chief Finance Officer shall make a report under this Section if it appears that the expenditure the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 1.11 In making a report under this Section, the Chief Finance Officer shall consult, as far as is practicable, with the Head of Paid Service and the Monitoring Officer.
- 1.12 Where the Chief Finance Officer makes a report under Section 114 it shall be sent to:
- a) the external auditor;
 - b) each member of the Council.
- 1.13 The Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the subject of the report prior to that meeting taking place. The external auditor shall be informed of the date of the meeting and of any decisions made at the meeting.

Section 27 Accounts and Audit Regulations 2011

- 1.14 The Resources and Finance Committee shall receive and consider the external auditor's annual audit letter on the completion of the Council's accounts. It shall be the responsibility of the Resources and Finance Committee to ensure that any audit recommendations in the report are followed up and that the annual audit letter is published.

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2. FINANCIAL MANAGEMENT

- 2.1 The Council is responsible for setting the overall financial framework and approving the Financial Procedure Rules which govern how the Council operates and appointing an appropriately qualified Chief Finance Officer to oversee the Council's financial administration.
- 2.2 The Resources and Finance Committee is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources. The Committee's duties include recommending to Council policies on the overall control, monitoring, planning and allocation of its financial resources.
- 2.3 The Finance Manager as the Council's financial adviser shall:
- a) report to Resources and Finance Committee and Council on resource availability, generation and allocation, financial policies and keep Committee informed with respect to the Council's finances and financial performance;
 - b) advise Resources and Finance Committee and Council on maintaining adequate levels of reserves;
 - c) advise Resources and Finance Committee on the financial implications of proposals submitted to them;
 - d) approve all accounting procedures, records and systems of the Council and its officers; and
 - e) report the facts immediately to the Resources and Finance Committee where it appears likely during the year that a material variation in a service's expenditure or income is likely to occur.
- 2.4 Directors are responsible for:
- a) the financial administration of their Services, in compliance with these Financial Procedure Rules and ensuring that records and systems are properly maintained;
 - b) the monitoring and control of expenditure and income against their capital and revenue budgets;
 - c) taking necessary action to avoid exceeding their budget allocation and promptly notifying the Finance Manager of any significant forecast variations.

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2.5 Directors shall:

- a) provide all information required by the Finance Manager and allow the Finance Manager access to all information, records and documents that he requires, before submitting them for approval to Members;
- b) allow the Finance Manager adequate opportunity to provide written comments for inclusion in any report which has financial implications;
- c) inform the Finance Manager when officers intend to meet representatives of Government Departments or outside bodies on matters which may involve current or future financial or economic proposals and be given the opportunity of being represented or advised of the outcome of the proposals as the Finance Manager considers necessary;
- d) consult the Finance Manager on any matter which is likely to affect the finances or financial systems of the Council before any commitment is incurred or before a report is submitted to Council or to a policy committee;
- e) inform the Finance Manager of service developments or amendments to existing services which involve additional expenditure or loss of income and prepare a report for Resources and Finance Committee for approval if applicable. This report to include a statement of the financial implications prepared in conjunction with and approved by the Finance Manager;
- f) be responsible for accountability and the efficient use of all resources within their Services.

2.6 Budget Holders shall be responsible for:

- a) monitoring and control of expenditure and income against their capital and revenue budgets and complying with corporate monitoring and reporting timetables;
- b) taking necessary action to avoid exceeding their budget allocation;
- c) authorising/certifying financial transactions relevant to their level of responsibility;
- d) promptly notifying the relevant Director and the Finance Manager of any significant forecast variations.

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3. FINANCIAL SYSTEMS

Accounting Systems

- 3.1 The Finance Manager is responsible for the provision of a corporate financial system, where the Council's accounts are maintained, including the details of the Council's budget, and the monitoring of expenditure and income against this. The Council's current Financial System is Agresso.
- 3.2 Directors and Service Leads are responsible for ensuring Agresso accurately records the financial transactions of their functions, and for complying with any guidance issued by the Finance Manager.
- 3.3 Directors and Service Leads shall ensure that transactions are recorded in a manner which complies with proper accounting practices, enables returns to be made to taxation authorities, and complies with other legal requirements. The Finance Manager shall give whatever guidance is necessary to ensure that this obligation can be fulfilled.
- 3.4 All officers shall use Agresso as the prime means of monitoring expenditure and income in their services and for comparing spending against budget. Officers may keep such subsidiary information and records as they feel necessary to effectively monitor expenditure, income and commitments, and to support returns made to the taxation authorities, but these must be regularly reconciled to the main Agresso system.
- 3.5 The following principles shall be observed in the allocation of accounting duties:
 - a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
 - b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
 - c) the Finance Manager shall make such recommendations to the Resources and Finance Committee regarding the accounting system and financial operation of any Directorate as deemed necessary.

All Financial Systems

- 3.5 Officers may not make changes to financial systems without the agreement of the Finance Manager.
- 3.6 Proposals for changes in staffing and organisational arrangements relating to the operation of financial systems (e.g. introduction of a new payment

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mechanism for supplies) shall also be agreed with the Finance Manager prior to implementation. The Finance Manager may waive these requirements for consultation in circumstances where he or she is satisfied that change will not prejudice the proper administration of the Council's financial affairs.

- 3.7 Each Director shall be responsible for the effective operation of financial systems to the extent that they are operated or controlled within their services and shall ensure proper security and confidentiality including adherence to the requirements of Data Protection and other information legislation.
- 3.8 Each Director shall monitor the effectiveness of financial systems in his or her services and shall in particular ensure that financial systems discharge the Finance Manager's duty to ensure that there is proper administration of the Council's financial affairs. Where Directors believe that systems are ineffective, they shall report the matter to the Finance Manager who will report the findings to Resources and Finance Committee (as the Council's Audit Committee) at the earliest opportunity.

4. REVENUE BUDGETS

Setting a Budget

- 4.1 The Council shall set the Council Tax level and approve a budget each year by the end of February. The Resources and Finance Committee will recommend a budget to Council. The recommended budget from Committee to Council shall, as a minimum, contain:
- a) the proposed Council Tax requirement;
 - b) the proposed use of reserves and appropriate level for the General Fund reserve;
 - c) the proposed band D Council Tax;
 - d) spending plans for directorates;
 - e) a view of the medium term financial position;
 - f) an analysis of financial risks that might impact on the budget; and
 - g) the results of consultation.

For the purposes of these rules, the budget includes spending plans for each Directorate, corporate financing costs and the resources available by means of General Fund and earmarked reserves.

- 4.2 Budget proposals shall be submitted to Members, accompanied by a report from the Finance Manager. This report shall:
- a) identify proposed developments and any savings;
 - b) report to Resources and Finance Committee on resource availability, generation and allocation, financial policies and keep the Committee

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informed with respect to the Council's finances and financial performance;

- c) advise Resources and Finance Committee and Council on maintaining adequate levels of reserves.

- 4.3 The Finance Manager shall present, for consideration not later than 31st January in each year, to the Resources and Finance Committee a draft budget for the following financial year. The Chief Finance Officer shall then further reflect the views of Resources and Finance Committee when presenting the final budget report for approval by the Council not later than 28th February in each year.
- 4.4 The Chief Finance Officer shall ensure that a detailed budget is correctly recorded on Agresso, as soon as practicable after the budget is approved by the Council.

Incurring Expenditure and Virements

- 4.5 Officers are responsible for working within their service budget set by Council. Directors are authorised to incur expenditure on services for which there is approved budget provision i.e. there is capacity within their functional budget ceiling. Financial and Contract Procedure Rules must be complied with when expenditure is incurred.
- 4.6 Directors are authorised to vire sums of money within functional budgets without limit, providing such virement does not give rise to a change of Council policy. This means for example that a stationery budget may be converted to a travel budget within the same function.
- 4.7 Directors are authorised to vire money between any two functional budgets within their directorate budgets to a maximum limit of £25,000, provided such virement does not give rise to a change of Council policy or the overall Directorate budget is not overspent as a whole.
- 4.8 The Chief Executive and Chief Finance officer are authorised, at the request of Directors, to vire up to £50,000 between any two functional budgets (e.g. leisure services to housing services) within a directorate or across directorates provided that the virement does not give rise to a change in Council policy and the overall Directorate budget (or both if it is a transfer) is not overspent as a whole. In approving such transfers, officers will have regard to the overall budget position of the Council. Virements may not be approved if the achievement of under spends in some functions is integral to meeting overspends in other areas.
- 4.9 Virements between functional budgets undertaken by Directors or approved by the Chief Executive / Chief Finance Officer must be reported to Resources and Finance Committee with the next quarterly monitoring report.

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- 4.10 Where the Council receives ring-fenced grant income, other than that identified in the approved budget, an additional budget will be created and Directors be allowed to incur expenditure in line with the conditions of the grant. Resources and Finance Committee or Council approval is not required as the Council has no discretion how funds are used.
- 4.11 Where Directors wish to increase a functional budget by over £50,000 they must seek approval in advance from Resources and Finance Committee for the virement to cover any increase. The request must include:
- a) the reason for the request
 - b) the amount requested
 - c) the implications of the request being refused
 - d) the particular source of funding being requested if applicable
 - e) a description of attempts made to identify savings to offset the request for extra funds
- 4.12 Resources and Finance Committee can approve virements in any functional budget of up to £150,000 in any one year. Changes above £150,000 must be approved by Council on a recommendation from Resources and Finance Committee. In approving requests, Resources and Finance Committee or Council may agree the use of earmarked reserves or make virements between directorates.
- 4.13 Resources and Finance Committee or Council will decide whether functional budgets can be increased. Requests may be:
- a) agreed unconditionally
 - b) agreed with conditions – for example that the overall Directorate must remain underspent or savings must be found elsewhere;
 - c) refused – outright or subject to further work
- 4.14 At the end of any quarter or earlier if appropriate, Officers may identify (given the Council's statutory requirements to deliver certain services and to respond at short notice to demand increases) that their Directorate budget is forecast to be overspent OR a particular functional budget is forecast to be overspent by £50,000. In either case, the budget monitoring report to Resources and Finance Committee and the relevant policy committee where relevant (or Council if the overspend is in excess of £500,000) must include full details including:
- a) the reason for the overspend in each function where budgets are £50k over OR the reason for the Directorate overspend where no functional budget is £50,000 overspent
 - b) steps being taken to address the overspend and restore the Directorate expenditure plans to be within budget
 - c) the particular source of additional funding being requested if applicable

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- d) a description of attempts made to identify savings to offset the request for extra funds
- 4.15 Where Officers have reported on issues in one quarter, e.g. a Directorate or functional budget is overspent, then an update should be provided in subsequent quarters.
- 4.16 Officers are responsible, in consultation with their Director and if necessary the Chief Executive, for determining whether a proposed virement would give rise to a change of Council policy. If this is deemed to be the case then the Monitoring Officer will advise as to whether Resources and Finance Committee or Council approval is required.
- 4.17 Movement of money between functional budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services. E.g. transfer of services from one directorate to another.
- 4.18 The Chief Finance Officer may also vire money between functional budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
- 4.19 Where budgeted expenditure is to be met by grant income, Officers are responsible for complying with the conditions of grant. This includes making arrangements for the appropriate retention of documents, including clear working papers, for audit purposes

Controlling Expenditure and Income

- 4.20 Each Director is responsible for:
 - a) managing the cost of each of the services within their Directorate budget within its cash limit;
 - b) ensuring, as far as possible, that their Directorate budget is not overspent in total;
 - c) taking action to control expenditure.
- 4.21 Each Director is responsible for ensuring that there is a nominated budget manager responsible for controlling each cost centre budget and each functional budget within their departmental budget.
- 4.22 When nominating budget managers, Directors shall align budgetary accountability with managerial responsibility for use of resources as closely as possible.
- 4.23 Budget managers are responsible for ensuring that the budget for which they are responsible is not overspent (or under-recovered) and are accountable to their Director (through normal line management arrangements) in this regard.

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Reserves

- 4.24 The Council's budget management framework allows for the creation of earmarked reserves to meet specific purposes.
- 4.25 Earmarked reserves may be created or dissolved by Council. In creating a reserve, the purpose of the reserve must be clear and a maximum limit for the reserve must be set.
- 4.26 The Chief Finance Officer is authorised to approve transfers from earmarked reserves without limits on the basis that use of the reserve is consistent with its original purpose.
- 4.27 The Chief Finance Officer can determine whether any additions/reductions should be made to earmarked reserves as long as the maximum limit in any one reserve is not exceeded.

Monitoring Expenditure

- 4.28 The Council shall have a budget carry forward reserve, known as the Surplus Savings Reserve, where any under spent resources shall be transferred to be carried forward to assist in the funding of services in future years. Details of this reserve (both the balance and planned use) will be provided to Resources and Finance Committee and Full Council when approving the budget each year.
- 4.29 Each Officer shall report progress on the implementation of his/her budget to the Chief Finance Officer, in such manner and to such timescales specified for the purposes of financial monitoring.
- 4.30 The Chief Finance Officer shall report quarterly on progress of the achievement of the budget to policy committees and the Resources and Finance Committee.
- 4.31 Resources and Finance Committee will review the Council's financial performance at quarterly intervals, or more frequently if required, and will give clear direction on actions to be taken in relation to any forecast variations from the approved budget. Resources and Finance Committee and policy committees shall hold Directors to account for their management and use of resources and may seek explanatory information from Directors as required.

Reporting the Outturn

- 4.32 The Chief Finance Officer shall report the revenue outturn to the Resources and Finance Committee by the end of June following the end of the financial year.

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- 4.33 Each Director shall supply such information and explanations to the Chief Finance Officer as is requested for the purpose of this report.
- 4.34 The Resources and Finance Committee shall hold Directors to account for their management and use of resources during the course of the year and may seek further information from directors as it sees fit.

5. CAPITAL BUDGET

Setting a budget

- 5.1 The Chief Finance Officer is responsible for recommending a capital programme to the Resources and Finance Committee each year.
- 5.2 Each scheme within the capital programme shall be appraised by the Chief Finance Officer and approval sought from Resources and Finance Committee as part of the overall capital programme or through separate reports submitted in year.
- 5.3 Details of each scheme within the approved capital programme shall be appraised by Directors or any other group set up for this purpose prior to being submitted to Resources and Finance Committee for approval before any expenditure is incurred. The appraisal and report to Resources and Finance Committee shall include:
- a) the purpose and objective of the project;
 - b) alternative methods of achieving the outcome, if possible;
 - c) whether approval is sought for design, and/or land acquisition or construction;
 - d) the estimated capital cost (including fees) at outturn prices and projected phasing of expenditure;
 - e) scheme specific project officers;
 - f) initial and on-going revenue implications;
 - g) key dates;
 - h) external finance e.g. capital grant, developer's contribution, borrowing; and
 - i) potential for the generation of capital resources through receipts etc.
- 5.4 The capital programme may consist of:
- a) appraised schemes for which specific sums of money are provided based on cost estimates;
 - b) provisional funding for schemes yet to be developed or approved by the Resources and Finance Committee; or
 - c) a combination of the two.

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- 5.5 The Resources and Finance Committee shall recommend a capital programme to Council prior to the beginning of each year. The programme will cover the budget year and three subsequent years. The Council shall approve the capital programme.
- 5.6 When submitting a capital programme to the Resources and Finance Committee, the Chief Finance Officer (or Directors as the case may be) shall identify the following:
- a) details of approved projects and their basis of funding;
 - b) details of funding available for unapproved projects;
 - c) the revenue consequences of any borrowing;
 - d) the revenue consequences of any schemes apart from the cost of borrowing;
 - e) the extent to which borrowing is affordable, sustainable and prudent with reference to such indicators as the Chief Finance Officer believes appropriate;
 - f) the extent of any pre-commitment of capital resources in years beyond the plan;

Additions and Amendments to Capital Programme

- 5.7 Any proposal to amend the capital programme by including a new project, increasing the project budget or deleting an approved project shall require the formal approval of the Resources and Finance Committee.

Incurring expenditure

- 5.8 The approved capital programme shall specify the authority given to Officers to commit expenditure.
- 5.9 No expenditure may be incurred on a scheme funded by grant or third party contributions without confirmation of these resources.

Controlling expenditure

- 5.10 Once officers have been authorised to incur expenditure, they are responsible for ensuring that each scheme is completed on time, in accordance with its objectives and within the approved capital programme provision.
- 5.11 Where the original estimate appears, at any stage of the project, likely to be exceeded by 5% where the project cost is greater than £500,000, or by 10% in other cases (but subject to a de minimis level of £30,000), or where any avoidable variations or discretionary charges are to be incurred, the Chief Finance Officer shall report the facts immediately to the Resources and Finance Committee.

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Capital Monitoring

- 5.12 Officers are responsible for ensuring that there are proper arrangements within their service areas for monitoring physical and financial progress of capital schemes.
- 5.13 The Chief Finance Officer shall report quarterly progress on the capital programme and the outturn position to the Resources and Finance Committee. Officers shall supply such information as may be required for the preparation of this report.
- 5.14 Upon completion of all major capital schemes, the Chief Finance Officer shall report to Resources and Finance Committee on the outcome of the scheme in the quarterly financial monitoring reports unless Resources and Finance Committee request a specific report. Such a report could include:
- a) whether the purpose and objective of the project were achieved;
 - b) whether the scheme was completed in accordance with the original timetable;
 - c) the final capital cost (including fees) compared to the original estimate;
 - d) the funding of the project compared to the original estimate;
 - e) the on-going revenue implications.

Carry forward of resources

- 5.15 Any resources unspent at the end of the financial year on approved capital schemes will be carried forward to future years unless the Resources and Finance Committee determines otherwise, after consideration of the outturn position.

Capital receipts

- 5.16 The Chief Finance Officer shall report the capital receipts received and forecast in the year to the Resources and Finance Committee as part of the quarterly monitoring reports and the yearend report.
- 5.17 The Chief Finance Officer is responsible for the allocation of these resources, to ensure that the Council's capital programme is funded in the best interests of the Council.

6. GRANTS AND OTHER EXTERNAL FUNDING

- 6.1 The Council may be asked to bid for external funding or be informed that funding is being made available to it subject to conditions. This section

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governs the approval process in each case recognising the expediency with which decisions have to be made.

- 6.2 Any expression of interest for funding (which does not commit the Council to formally bid for funding) can be made by any Director in consultation with the relevant Committee Chair.
- 6.3 Any applications for grant funding or other external funding above £50,000 must be approved by the Chief Finance Officer and then Resources and Finance Committee unless the timetable for bidding will not allow. In these cases the Chair of Resources and Finance Committee and Chief Finance Officer must approve any bids. The report to Resources and Finance Committee shall set out:
- a) the purpose and objective of the project;
 - b) how the project fits in with the Council's objectives;
 - c) details of funding / grant being sought;
 - d) any financial contribution required from the Council either in terms of match funding or other costs;
 - e) any ongoing revenue or capital implications;
 - f) any known conditions of funding;
 - g) key dates and milestones.
- 6.4 All applications for grant income / external funding below £50,000 must be signed by a Director / Officer and the Chief Finance Officer.
- 6.5 The certification of expenditure in support of a grant claim may only be authorised by the Chief Finance Officer or his/her nominee. Officers should maintain adequate records to demonstrate use of the grant/funding and to be able to demonstrate adherence to any grant conditions.
- 6.6 If the Council receives grant funding from Government or other sources, then acceptance of the terms of conditions is the responsibility of respective policy committee unless, in the cases of emergency/short notice, the Council would be at risk of losing funding. In these cases, the Committee chair, Director and Chief Finance Officer may agree to the acceptance of terms and conditions but must report back to Committee at the next available opportunity.

7. ACCOUNTS

- 7.1 The Chief Finance Officer shall be responsible for the accounts of the Council and all accounting records and systems shall be subject to his or her approval and control. All changes to financial and accounting systems must be approved by the Chief Finance Officer.

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- 7.2 Accounting procedures will reflect recommended professional practices and follow accounting principles as determined by the Chief Finance Officer. Accounting procedures shall be reviewed as necessary by the Chief Finance Officer in consultation with the relevant Director to ensure they provide the information required by both without duplication of records.
- 7.3 The Chief Finance Officer shall annually prepare and publish in an appropriate format, in accordance with CIPFA guidance and relevant legislation, a draft Statement of Accounts (SoA) by 31st May following the end of the financial year and make these available to the public.
- 7.4 The Resources and Finance Committee shall approve the SoA by 31st July each year.
- 7.5 Financial records shall not be disposed of other than in accordance with arrangements approved by the Chief Finance Officer.
- 7.6 Directors shall provide all relevant information deemed necessary to compile the Council's final accounts in accordance with guidance issued by the Chief Finance Officer.

8. FINANCIAL ADMINISTRATION – EXPENDITURE AND INCOME

In the following section, references are made to the use of Agresso. Where Agresso is not used, alternative arrangements must be approved by the Chief Finance Officer.

Authorised Officers

- 8.1 Directors shall authorise appropriate officers to undertake the following duties;
- a) raise purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, for works, supplies or services to the extent that contractual arrangements already exist, as described below;
 - b) approve purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, or other orders, both those for work procured by approved procuring officers, where the person authorising will need to ensure that the order complies with Contract Procedure Rules, and those that relate to existing contractual arrangements;
 - c) approve personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates; and
 - d) certification for cheques, BACs authorisation, CHAPs authorisation and grant claims.

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- 8.2 Only officers authorised to procure under arrangements contained within Contract Procedure Rules are entitled to test the market or purchase from select lists. No other officer is entitled to obtain quotations or run a tendering exercise.
- 8.3 Directors shall ensure that approved officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Authorised officers are accountable to their Directors for the exercise of these functions. Authorised limits for different officers are set out below. The authorisation levels apply only to cost centres for which Authorised Officers have been given access.

Amount	Authorised officer
< £10,000	Budget Manager
£10,000.01p - £50,000	Service Lead
£50,000.01p - unlimited	Director

- 8.4 Finance will hold a regularly up-dated list of officers and their signatures, to aid the identification of them when processing payment vouchers or petty cash.
- 8.5 Directors shall ensure that arrangements are made for effective separation of duties when designating approved officers as enforced through Agresso, in order to provide adequate internal check over all transactions, and comply with any guidance given by the Chief Finance Officer.
- 8.6 Directors shall ensure that the arrangements for approved officers are consistent with the budgetary control framework for their area and that in particular budget managers' ability to manage their budgets is safeguarded.
- 8.7 Directors shall ensure in conjunction with the Chief Finance Officer that the list of authorised officers and approval levels on Agresso remains accurate.
- 8.8 References to **Authorised Officers** in the rest of this section of Financial Procedure Rules shall be read in the context of the above.

Orders for Works, Supplies and Services

- 8.9 The Chief Finance Officer is responsible for providing a corporate system for raising purchase requisitions and creating official orders (Agresso).
- 8.10 This system shall be used for all official orders, except in emergencies, or in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.

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- 8.11 Official orders shall be issued for all purchases, excluding the following items:
- a) purchases through petty cash and imprest accounts;
 - b) recurring charges such as gas, electricity and telephone charges and other charges for which a payments register or other method of recording/monitoring payments is more appropriate than an order.
- 8.12 Purchase requisitions shall only be raised and approved by authorised officers. This approval process shall be used to create an official order. Budget provision must exist for all requisitions and orders.
- 8.13 In order to ensure segregation of duties, wherever practicable, requisitions should be raised by an officer and then approved by their line manager (either their Service Lead or Director). In exceptional circumstances it may be necessary for a Service Lead to both raise a requisition and then to approve this, but this should be kept to an absolute minimum.
- 8.14 In those exceptional circumstances in which the corporate system is not used, Directors shall only obtain official order forms in accordance with arrangements approved by the Chief Finance Officer and shall be responsible for their control and use.
- 8.15 Where urgent orders are given orally, they shall be confirmed immediately by an official order.
- 8.16 Official orders should be specific, e.g. they should state quantity, weight, size, grade, quality, and where practicable, price. Where supplies are ordered under contract, it is particularly important that the order and contract have the same specification of supplies required.
- 8.17 Orders shall be raised with approved suppliers only. Officers shall notify the Finance Team of new suppliers using a form specified by the Chief Finance Officer. The Finance Team will maintain supplier accounts including processing changes of supplier details on receipt of authorised information received from suppliers. The Finance Team will undertake checks on supplier information as specified by the Chief Finance Officer.

Payments for Works, Supplies and Services

- 8.18 Payment for works, supplies and services may only be made:
- a) on receipt of an invoice or contract certificate which satisfies VAT regulations;
 - b) where liability for payment by the Council is clearly established; and
 - c) to approved suppliers.

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- 8.19 No payment for works, supplies or services shall be made unless the works, supplies or services have been certified as received by an authorised officer. This certification will be done using Agresso.
- 8.20 The Chief Finance Officer is responsible for providing a corporate system for the payment of accounts (Agresso). Officers shall use this system for all payments except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.
- 8.21 Authorised officers shall ensure that payments for works, supplies or services are not made unless:
- a) works, supplies or services have been supplied in accordance with an official order, and the amount invoiced is correctly payable. The official order number should be quoted on the invoice.
 - b) payment is in respect of a service regularly supplied (e.g. gas, electricity and rates), and the amount invoiced is properly payable; or
 - c) payment is made for works, supplies or services under contract, and the amount is properly payable under the terms of that contract.

BACS Payments

- 8.21 The Chief Finance Officer through his Finance Team is responsible for matching invoices received to correctly authorised and goods receipted orders.
- 8.22 The Finance Team can also, in exceptional circumstances, input invoice details direct onto the Agresso system, but these must be approved by the appropriate budget manager / Service Lead before they are progressed to payment.
- 8.23 The Finance Team will prepare a weekly BACS run, paying all correctly processed invoices received during the previous week. While noting the limitations in the size of the Finance Team, every effort will be made to ensure that there is segregation of duties within the Team in the approval of this cumulative BACS payment.

Salaries and other payments to employees and Members

- 8.24 The Chief Finance Officer is responsible for approving a corporate payroll system for recording payroll data and for generating payments to employees. The Chief Finance Officer is also responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and that deductions due are made and properly accounted for.

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- 8.25 Directors shall use the corporate payroll system for all payments to employees.
- 8.26 Where payments are made for services in which the relevant taxation authorities deem that a contractor is “employed” by the Council, Officers are responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and deductions due are made and properly accounted for.
- 8.27 Except where employees are responsible for providing data directly themselves, Directors are responsible for ensuring that all information affecting an employee’s entitlement to pay, or rate of pay, and all other information required for the smooth operation of the corporate payroll, shall be notified to Human Resources (HR) and/or Payroll.
- 8.28 This shall be done by means of direct input to the corporate payroll system or by means of a form, in either case following procedures approved by the Chief Finance Officer. In either case, Directors shall make arrangements for data supplied to be verified and authorised by an authorised officer. In particular the following shall be notified:
- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b) changes to standing data held on the payroll system;
 - c) absences from duty for sickness or other reason, apart from approved leave;
 - d) changes in remuneration, other than normal increments, pay awards and any agreements generally reached, and notified separately to the Chief Finance Officer; and
 - e) information necessary to maintain records of service for superannuation, Income Tax, National Insurance and related purposes.
- 8.29 All time-records or other paper documents affecting entitlement to salaries and wages on any specific occasion shall be in a form approved by the Chief Finance Officer and shall be processed in accordance with procedures specified by the Chief Finance Officer.
- 8.30 These documents shall be signed by the employee and certified as correct by an authorised officer.
- 8.31 All claims for payment of travelling and subsistence allowances, removal expenses and the like shall be submitted directly onto i-trent for payment and be certified as correct by the employee’s line manager / authorised officer.
- 8.32 All claims for the payment of Councillors’ allowances and expenses shall be submitted directly onto i-trent or in a form specified by the Chief Finance

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Officer which complies with statutory requirements, and certified as correct by an authorised officer within Member Services.

- 8.33 Where expenses include a VAT element or for mileage claims, a valid (time relevant) VAT invoice must be attached to the claim on the i-trent system. This should be actioned by the officer / Member submitting the claim and reviewed by the line manager when authorising. Failure to attach such a receipt will prevent the Council recovering this money.
- 8.34 Any other benefits provided to employees, in particular benefits in kind rather than in cash, but also including such things as payments received by staff for elections, may/will also be taxable and/or liable to National Insurance contributions, and may also be subject to a deduction from pay. The responsibility for identifying any liabilities in this respect is with each Director who should seek advice from the Chief Finance Officer where appropriate.
- 8.35 Whilst it is the Council's responsibility to ensure that salaries are correctly paid and that any deductions are appropriate, staff members have a responsibility to check that the salary they receive is correct and to report back any errors or queries. If it is identified that any under or over payments have been made, the Council will seek to make good any under payments or recover overpayments irrespective of whether these have been authorised. In the event that overpayments have been made, staff members may be subject to disciplinary action if it is identified that overpayments should have been identified.

Income

- 8.36 The Chief Finance Officer is responsible for the general control, supervision and collection of all money due to the Council and shall maintain adequate arrangements for the proper recording and accounting of all sums due to the Council. In this section income means all cash, cheques, or other forms of payment including credit/debit cards.
- 8.37 The method of collection and form of records relating to income maintained by each Directorate shall be agreed in advance with the Chief Finance Officer.
- 8.38 The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively. Wherever possible, officers should try to obtain payment in advance or at the time that goods or service are received by the customer as this helps to minimise the uncertainty of payment and the need for officer time to be spent recovering overdue payments.
- 8.39 Where it is not possible for payments to be made in advance of the goods or services being provided, invoices will be raised. **Sundry debtor invoices should only be raised where payment in advance for a service is inappropriate.** When a service is provided, goods delivered or other debts

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to the Council identified, an invoice will be produced via the Council's financial management system.

- 8.40 The Council then has a duty to actively pursue the recovery of debt that has not been paid. The effective management and collection of such debts is essential and to assist in this the Council requires an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive manner. The following paragraphs set out the general principles.
- 8.41 The Council will not raise invoices for values of less than £10. In these cases the Council will require payment in advance except in the case of peppercorn rents, legal charges for access rights or where there is an obligation to make a token payment.
- 8.42 Scales of charges for services, except where fixed by statute, must be reviewed annually, or more frequently if required, by the relevant Director and agreed with the Chief Finance Officer before being submitted to Resources and Finance Committee and Council for approval as part of the annual budget. Directors must ensure that the review of fees charges is undertaken with regard to any legislation and that the basis of any charge, e.g. cost recovery, is set out in any report.

Credit Income

- 8.43 The Chief Finance Officer is responsible for approving a corporate invoicing system (Agresso). Directors shall use this system for all credit income except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, meet with the requirements of the appropriate taxation authorities.
- 8.44 The Council will treat all debtors in a consistent manner which is fair, sympathetic, firm and cost-effective whilst ensuring that it distinguishes between those who cannot pay and those who will not pay. At all times the action taken to recover debts will take account of, and comply with, other relevant Council policies.
- 8.45 This section excludes the following types of debt which are subject to their own arrangements:-
- Council Tax
 - Business Rates
 - Overpayment of Council Tax Reduction/Discount
 - Housing Benefit overpayment recovery
 - Homelessness Rent Deposit Scheme
 - Care and repair

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- 8.46 The Council will ensure that it issues accurate and timely invoices, has in place recovery procedures that are efficient and cost effective and that irrecoverable debts are written off in accordance with financial procedure rules.
- 8.47 The Chief Finance Officer is responsible for collecting all income invoiced via the corporate finance system.
- 8.48 Where an invoice is for the provision of a “one-off” service, departments will raise an Invoice Request form. The Finance Department will issue an invoice within 5 working days of receiving the request.
- 8.49 Where an invoice needs to be raised on a regular basis and requires no changes to the narrative or amount, these will be set up as a periodic income record. When the invoice is due it will be automatically issued when the periodic process is run.
- 8.50 It is the Council’s intention to send out customer invoices by the most cost-effective means, using e-mail wherever possible, unless contrary to regulation or other statutory or legal requirements.
- 8.51 If customers disagree with the invoice or have difficulty in making payment on time then they should contact the originating council department. Full contact details are included on all invoices.
- 8.52 Where an invoice has been raised in error, a credit note will be raised so that the cost is charged back to the service. Credit notes will only be used when an invoice is raised either incorrectly or the service is cancelled and must not be used to write off a sundry debt as there are other procedures in place where write off is necessary. Request for credit notes must be authorised by the appropriate Director or Service Lead.
- 8.53 Directors shall advise the Chief Finance Officer of any new sources of income which are exempt from VAT, and of material change to existing sources of income which are exempt from VAT.

Cash and cheques

- 8.54 Officers responsible for the collection of income shall ensure that money collected is recorded and banked without undue delay.
- 8.55 Subject to the following rules, all receipt forms, tickets and other types of controlled stationery by which income is acknowledged shall be ordered and supplied by the Chief Finance Officer; and Directors shall be responsible for the safe custody of such documents.

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- 8.56 Receipts and other forms of controlled stationery which are specific to a particular function may be ordered and controlled by the appropriate officer, in accordance with arrangements approved by the Chief Finance Officer.
- 8.57 All cash received must be acknowledged at once by the issue of an official receipt or ticket. No officer or agent of the Council shall give a receipt for cash received on behalf of the Council in any form other than an official receipt. No acknowledgement need be given for payment by cheque, however, unless requested by the debtor.
- 8.58 All money received must be accounted for and paid into the Council's approved bank account, either directly, or via Finance on the day of the receipt, or as soon as practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (i.e. ensuring insurance value limits are not exceeded).
- 8.59 An officer may on no account borrow any money temporarily for their own use, nor should they, except in the case of expenses they incur whilst travelling on Council business, make payments on behalf of the Council from their own pocket.
- 8.60 An officer is responsible for the safe custody of any money she or he has received until it has been balanced and banked or handed over to another officer for banking. If the money is handed over to another officer, a receipt should be obtained from the officer receiving it. If the money is in a sealed container, the officer should obtain a receipt for the container.
- 8.61 Whilst money is in their custody, officers should, at no time, leave it unattended unless it is locked in a safe place, to which the officer alone has access, and which fulfils insurance requirements.
- 8.62 All officers who pay money into any of the Council's bank accounts shall list the amount of every cheque on the paying-in slip and the counterfoil or duplicate, together with some reference, such as an account number, which will connect the payment with the debt; or failing this, the name and address of the debtor.
- 8.63 Cash received by officers on behalf of the Council shall not be used to cash postal orders, personal or other cheques.
- 8.64 The Chief Finance Officer is responsible for approving all systems for the processing of payments by debit, credit and top up payment cards.

Recovery of Debt

- 8.65 The Council will endeavour to recover all debts owed by customers. The reminder process is run weekly and produces final notices for all unpaid invoices that are over 33 days old. These are sent to the customer.

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- 8.66 A second reminder is produced 21 days after the first reminder, which is sent to the officer / Service Lead who raised the original invoice. Officers are then expected to make contact with the customer and provide Finance with an update on the position of the debt. 14 days after the second reminder, Agresso produces a memo to Legal Services for invoices that are still unpaid for further recovery action.
- 8.67 Recovery action through Legal Services will be commensurate with the amount of the debt and/or the particular circumstances of each case. There are a range of options open to the Council once an outstanding debts has been referred to Legal Services. Where the Council incurs additional costs as a result of non-payments, for example court costs, these will be added to the outstanding debt and recovered where allowed under statute.
- 8.68 Special, alternative debt recovery arrangements have been put in place for Markets, E-space and Homelessness.
- For Markets, market officers are contacted prior to the first reminder being sent on the 21st day, so that they can contact the customer prior to any formal action being taken.
 - For E-space, a further 20 days is given between the second reminder and the case being put in the hands of Legal, this to allow the E-space manager to discuss the situation with the tenant.
 - For Homelessness, where most debts are subject to payment plans, reminders are sent out after two weeks, if a client gets behind with payment, a second reminder is sent two weeks later, with a third letter warning that debt recovery action will be taken in seven days, a further two weeks after that. Debts are handed over to ARP debt recovery at the end of the seven days.

Write-Off of Debts

- 8.69 No debt properly due to the Council shall be discharged otherwise than by payment in full, credit note (in the case of error or where a service order has not been fulfilled) or write-off.
- 8.70 The Council will make every effort to pursue outstanding debts however it is recognised that in some circumstances debts may not be recoverable. Where it is found that a debt is irrecoverable it will be considered for write off in accordance with the limits set out below.
- 8.71 Subject to conditions set out below, all debts which a Director or the Chief Finance Officer has been unable to recover at reasonable effort and expense and for which normal recovery processes have been exhausted, shall be referred to Legal Services.

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8.72 Debts may be written off as follows:

- a) By the Chief Finance Officer, in conjunction with the Legal Services Manager, for debts up to £1,000; and
- b) By the Resources and Finance Committee for debts above £1,000.

However, if either the individual amount or the total of (several) amounts for the same debtor is greater than £1,000, Resources and Finance Committee's approval for write off is required. Resources and Finance Committee shall be advised at the earliest available opportunity when such a debt level is reached. Debts shall not be written off at different times in order to circumvent Resources and Finance Committee's approval.

8.73 In the event that there is reason to believe that the cause of any debt being irrecoverable is attributable to fraud, theft, irregularity or the negligence of an employee, the Chief Finance Officer shall refer the matter to the Head of Internal Audit (HoIA).

8.74 The debt shall not be written off until any necessary investigative or other action has been agreed by the Chief Finance Officer and the HoIA.

VAT

8.75 All officers are responsible for the correct allocation of VAT on invoices, both those being raised by the Council and those received by the Council.

8.76 VAT advice, especially in relation to its treatment on invoices being raised by the Council can be obtained from the Senior Accountancy Assistant in the Finance Team.

8.77 The Chief Finance Officer is responsible for the monitoring of VAT and the completion of statutory returns to HMRC.

Banking Arrangements

8.78 In this section, the Council's **main bank accounts** are all bank accounts maintained by the Council other than those operated solely for specific establishments or purposes.

8.79 The Chief Finance Officer is responsible for operating the Council's main bank accounts but may delegate day-to-day operation to other officers within the Finance Team.

8.80 No bank accounts other than those classed as the Council's main bank accounts and operated by the Finance Team will be held by the Council.

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- 8.81 All cheques (except imprest account cheques) for the Council's main bank accounts shall be produced directly from Agresso in a format approved by the Chief Finance Officer, who shall make proper arrangements for the preparation and despatch of the cheques, and for the custody of blank cheques.
- 8.82 Imprest cheques shall be ordered and controlled by the Chief Finance Officer who shall make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of the cheques.
- 8.83 All cheques drawn on the Council's main bank accounts or imprest cheques, will be signed by the Chief Finance Officer or a signatory authorised by him or her.
- 8.84 The Chief Finance Officer is responsible for ensuring that all payments made from the main bank accounts by way of Clearing House Automated Payments (CHAPs) and Bankers Automated Credits (BACs) transactions are properly controlled and suitably authorised.

Bank Reconciliation

- 8.85 The Chief Finance Officer is responsible for ensuring that monthly reconciliations are carried out on the Council's consolidated bank account. This ensures that all transactions detailed on all of the Council's bank accounts and "swept" into the Council's consolidated account are correctly recorded on the Council's ledger (Agresso).

Council Purchase Cards

- 8.86 The Chief Finance Officer is responsible for sanctioning the issue of Corporate Purchase Cards to staff and for reconciling expenditure incurred to the main bank account. Directors are responsible for ensuring that staff use the cards in accordance with procedures issued, including the provision of valid receipts to support the expenditure incurred. Where Corporate Purchase Cards are not used in accordance with stipulated procedures then the Chief Finance Officer may withdraw the arrangement.

Stock

- 8.87 Officers may hold stocks of consumable items; materials; and equipment for use in the maintenance of assets under their control and the provision of services. They are responsible for the receipt, custody and issue of stock items for their functions and for maintaining suitable records.
- 8.88 Officers shall ensure that stock items are effectively safeguarded from loss, theft or damage.

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- 8.89 Officers shall arrange for regular stock-takes to be undertaken for any stock held in excess of £1,000, independently of the employees responsible for the custody of those stocks, such that the existence and value of all items are checked at least once a year.
- 8.90 The value of stocks held at 31st March each year shall be certified by an authorised officer and supplied to the Chief Finance Officer in such form and at such time as may be decided by the Chief Finance Officer. This for inclusion in the Statement of Accounts.
- 8.91 Surplus and obsolete stocks must be disposed of by officers on the best terms possible.
- 8.92 Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).
- 8.93 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.
- 8.94 Any disposals shall be recorded by officers concerned and records maintained.

Petty Cash Floats and Imprest Accounts

- 8.95 The Chief Finance Officer may provide petty cash floats / imprest accounts of such amounts as are considered necessary by officers for the purpose of meeting minor expenses.
- 8.96 Officers are responsible for making arrangements for the safe keeping and proper use of all petty cash / imprest accounts.
- 8.97 Each petty cash float / imprest account must be in the sole charge of a single petty cash float / imprest account holder, who is responsible for the proper use and safety of the sums held. Directors shall ensure that petty cash float / imprest account holders sign a document to confirm receipt when first acquiring a petty cash float / imprest account. The maximum amount that can be retained is £200.
- 8.98 The petty cash float / imprest account holder may use the account to make payments in respect of expenditure legitimately incurred for Council purposes, and must record payments made in the appropriate digital form provided by Finance. The petty cash float / imprest account holder shall obtain cash vouchers for all payments made, and such cash vouchers shall adequately

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record any VAT incurred and have VAT receipts attached. The person receiving the cash sum shall sign the voucher.

- 8.99 When a petty cash float /imprest account needs replenishing, the petty cash float /imprest account holder shall summarise payments detailed on the digital form. The record must be certified as correct by an authorised officer, who must check the petty/imprest digital form, the cash vouchers and any cash held. The completed record, and such other documentation as the Chief Finance Officer shall require, shall be presented to the Chief Finance Officer for reimbursement.
- 8.100 Each petty cash float /imprest account must be kept in a lockable box. The box shall be kept securely, for example in a lockable cupboard or safe, in accordance with arrangements specified by the Chief Finance Officer (Specific requirements for Insurance cover must be met).
- 8.101 On ceasing to hold a petty cash float /imprest account, the petty cash /imprest account holder must produce the petty/imprest digital form, vouchers and any unspent balance to an authorised officer for checking and retention. The advance will then be handed over to a successor nominated by the Director, or returned to the Chief Finance Officer.
- 8.102 Petty cash float /imprest account should only be used for small transactions where it is quicker and more efficient to buy the goods locally rather than by official order.
- 8.103 Travelling, subsistence and post-entry training expenses should be claimed on i-trent and paid with the employees' salary, and not from petty cash float /imprest account. Travel warrants are also available to employees who require travelling costs to be met by the Council in advance and these should be requested from the Finance Team.
- 8.104 No income should be paid into a petty cash float/imprest account.
- 8.105 For the purposes of closure of the Council's accounts each financial year end, the Chief Finance Officer will require a certificate from each petty cash float /imprest account holder, which should be countersigned by an authorised officer, providing such details as the Chief Finance Officer shall specify.
- 8.106 Officers shall keep up-to-date records of petty cash float /imprest account holders.
- 8.107 At the end of the financial year, the holder of each petty cash float/imprest will confirm, when requested by Finance, the amount of the cash float held.

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9. ASSET REGISTER

- 9.1 The Chief Finance Officer shall have access to all inventories and other records maintained by officers across the Council for the purpose of compiling and maintaining an asset register in accordance with the relevant accounting regulations.
- 9.2 Officers will maintain inventories and other records to support the asset register in a format agreed by the Chief Finance Officer. Any individual items of plant, machinery, equipment and other assets that are capitalised will be included in the asset register.
- 9.3 The Chief Finance Officer will also specify what other inventories and records need to be maintained by officers in order to help safeguard the items recorded in it from loss, theft or damage. Officers shall be responsible for carrying out an annual check of all items on all inventories and other records of equipment maintained. Based on original cost, the write-off of deficiencies may be authorised as follows:
- a) By the relevant Director for amounts not exceeding £2,000.
 - b) By the Chief Finance Officer for amounts exceeding £2,000.
- 9.4 Any significant variations should be investigated and reported to the Chief Finance Officer for insurance purposes, with consideration given to reporting the matter to the Chief Finance Officer as a suspected irregularity.
- 9.5 With the exception of portable IT and communication devices issued to individual officers to assist them in undertaking their duties, assets in the custody of the Council shall not be removed from Council premises, other than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes, except where specifically authorised by the appropriate Director.
- 9.6 Surplus or obsolete items should initially be offered for use elsewhere in the Council, and where not required, disposed of by officers on the best possible terms. Where items are to be disposed of for a sum which is less than current value, by an amount which exceeds £2,000, then this shall be authorised by the Chief Finance Officer. Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. not less than 2 weeks).
- 9.7 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.

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- 9.8 Any disposals shall be recorded by the officer concerned and records maintained.
- 9.9 Officers shall advise the Chief Finance Officer of the disposal of items for which an adjustment is required to an asset register.

Buildings, Land and Other assets

- 9.10 Any acquisition, disposal, appropriation or exchange of property or other fixed assets shall be in accordance with the capital programme approved by the Council or through a separate approval.
- 9.11 For any acquisition, disposal, appropriation or exchange of property or other fixed assets in excess of £10,000 a report shall be made by the relevant Director, in consultation with the Chief Finance Officer, to the Resources and Finance Committee for approval.
- 9.12 Any disposal, appropriation or exchange of property or other fixed assets shall ensure that the Council obtains value for money from the transaction. Terms of disposal should not be finalised without the benefit of a current valuation undertaken a suitable firm of valuers appointed under arrangements approved by that Director. The terms of disposal must also take account of the taxation implications to the Council of the disposal.

10. RISK MANAGEMENT AND INSURANCE

- 10.1 The Chief Finance Officer is responsible for ensuring that the Council's risks are adequately assessed, and for arranging external insurance cover or making alternative arrangements to provide for potential future liabilities and losses.
- 10.2 Directors shall advise the Chief Finance Officer of all risks, and changes to risks, in accordance with procedures specified by the Chief Finance Officer. Directors are not authorised to arrange insurance cover except via the Chief Finance Officer.
- 10.3 Formal identification of key risks which could threaten identified service or Council objectives must be carried out using a risk management process approved by the Chief Finance Officer.
- 10.4 Identified risks and any remediable actions are to be agreed as part of the process which will include costs and timescales for action.
- 10.5 Service Leads shall maintain risk registers and ensure that they are kept up to date and monitored on a quarterly basis. The information from these will be

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consolidated with significant risk / projects reported to the Resources and Finance Committee twice a year.

- 10.6 Any damage, loss or other event which may lead to an insurance claim shall be notified immediately to the Chief Finance Officer and insurance officer by email at insurance@eastcambs.gov.uk. No action should be undertaken by any officer which would prejudice the Council's position in making an insurance claim.
- 10.7 Failure to inform the Chief Finance Officer of any changed circumstances could affect the validity of the insurance cover.
- 10.8 Directors are responsible for ensuring compliance with the terms of any relevant insurance policy and for implementing any other advice given by the Chief Finance Officer on the management of insured and uninsured risks.

11. TREASURY MANAGEMENT

- 11.1 This section sets out the Authority's policy concerning all of its funding or borrowing from external sources and the lending or investment of surplus balances.
- 11.2 It further sets out how compliance with the Local Government Act 2003 (which requires certain fundamental items of financial policy to be determined by the Authority annually) will be achieved and the scheme adopted by the Authority for the delegation of its powers in relation to treasury management.
- 11.3 It meets the recommendations set out in the Code for Treasury Management in Local Authorities issued by The Chartered Institute of Public Finance and Accountancy. The Code and this Policy Statement have been adopted by the Authority as part of its Financial Regulations.

Approved Activities

- 11.4 This Council defines its Treasury Management activities as:
- 11.5 The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 11.6 The Authority may be both a borrower and a lender, for example if it has a temporary cash surplus but is a net borrower over the medium or long term.
- 11.7 All treasury management activities involve risk and potential reward. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management

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activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

- 11.8 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance management techniques, within the context of effective risk management.
- 11.9 The policy of the Authority in the case of lending is to achieve a satisfactory return while minimising risk; the overriding principle is to avoid risk rather than to maximise return. In the case of borrowing, the objective is to minimise cost consistent with ensuring the stability of the Authority's financial position by sound debt management techniques.
- 11.10 The Authority and, subject to the delegated authorities set out below, its committees and officers are authorised subject to the provisions of this Policy Statement to deposit the surplus funds of the Authority with and purchase Certificates of Deposit issued with institutions in accordance with the Annual Treasury Management Strategy and Annual Investment Strategy adopted by the Council each year, and to borrow monies within the limits established annually by the Authority for its borrowing.
- 11.11 The Authority will not undertake currency risk and accordingly will not borrow or deposit funds denominated in foreign currencies.

Formulation of Strategy

- 11.12 The Authority's strategy for the application of its treasury policy as set out in this statement is the Annual Treasury Management Strategy and Annual Investment Strategy prepared by the Chief Finance Officer and approved by Full Council.
- 11.13 The Chief Finance Officer prepares for the approval of Full Council, annual forecasts of surplus funds and borrowings for the ensuing financial year. He also prepares for the approval of the Resources & Finance Committee a strategy for funding the Authority's borrowing requirements or lending surplus cash for the period covered by the forecast. In preparing the strategy he has regard to the maintenance of the stable financial position of the Authority, ensuring that the Authority has sufficient and appropriate facilities available to it to meet both its long-term borrowing requirements and its planned short-term borrowing requirements, and funding needs arising from uncertainties inherent in the planning process in the timing and amount of cash flows. The Chief Finance Officer also has regard to the current levels of short term and long term interest rates and to forecasts of future changes in interest rates and prepares a recommendation for consideration by the Resources & Finance Committee and approved by Full Council of the total and short term borrowing

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limits and the maximum proportion of interest on borrowing which is subject to variable rates of interest. More detailed guidance on the matters to be included in the Annual Treasury Management Strategy and Annual Investment Strategy include:

- a) Treasury limits in force which will limit the treasury risk and activities of the Council;
- b) Prudential Indicators;
- c) The current treasury position;
- d) The borrowing requirement;
- e) Prospects for interest rates;
- f) The borrowing strategy;
- g) Debt rescheduling;
- h) The investment strategy; and
- i) Any extraordinary treasury issue.

11.14 Matters to be considered in determining the strategy for interest rate exposure are considered further below.

11.15 In preparing the Annual Treasury Management Strategy and Annual Investment Strategy the Chief Finance Officer will consider in the aggregate all of the funds, borrowings and accounts operated by the Authority.

11.16 The Chief Finance Officer has delegated powers to carry out the Authority's strategy for borrowing, depositing surplus funds and managing the cash flow of the Authority. In exercising these powers he has regard to the perceived credit risk associated with the approved institutions with which funds may be deposited or invested; to the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the Authority's obligations.

Approved Methods of Raising Capital Finance

11.17 The Chief Finance Officer undertakes on its behalf the borrowing activities of the Authority. He is authorised by the Authority to undertake borrowings of the following types:

- a) by overdraft or short term from authorised banks;
- b) from the Public Works Loan Board;
- c) by means of loan instruments;
- d) by other means as approved by the Secretary of State for the Department of Housing, Communities and Local Government (DHCLG) or departments replacing the same.

11.18 No borrowing may be undertaken of a type which is not included in the above list.

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Investing and Depositing of Surplus Funds

11.19 The overriding principle guiding the investing of surplus cash balances is the preservation of the capital value of the Authority's resources. The Chief Finance Officer has delegated authority to invest the surplus funds of the Authority in accordance with the Annual Treasury Management Strategy and Annual Investment Strategy and in accordance with the terms of this Statement. He is authorised to deposit or invest funds only with the institutions and subject to the limits set out in the agreed Annual Treasury Management Strategy and Annual Investment Strategy approved annually by full Council. The Chief Finance Officer is responsible for monitoring the creditworthiness of approved deposit takers using appropriate external sources of information including credit agency reports and then limiting exposure to equal to or below the approved limits for each institution.

Interest Rate Exposure

11.20 The Chief Finance Officer is responsible for monitoring the Authority's interest rate exposure and for determining the interest rate exposure strategy within the limits set by this statement and by the Annual Treasury Management Strategy and Annual Investment Strategy.

11.21 The principal factor governing the exposure of surplus funds to interest rate movements is the Authority's liquidity forecast. Where surplus funds are required to meet possible cash outflows in the near future they will necessarily be deposited short term for periods which will ensure that funds are available when required. Where surplus funds are expected to be available for investment for longer periods the Annual Treasury Management Strategy and Annual Investment Strategy will give guidance on interest rate exposure policy. Where surplus funds are to be used to repay borrowings on maturity the maturity for which the funds are deposited should match as closely as possible the maturity of the related borrowings.

11.22 Matters to be considered in establishing interest rate movement exposure policy include:

- a) The current level and structure of interest rates
- b) Current interest rates compared with the historical trend
- c) Estimates of future movements in the level and structure of interest rates
- d) The extent to which estimated movements in interest rates would affect the revenue account and the effect of estimated future movements in interest rates on the revenue account if all borrowings were to be converted to variable rates.

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- e) The sensitivity of the revenue account to fluctuations in future interest rates compared with estimate.

Legal Issues

- 11.23 Prior to entering into any borrowing or investment transaction it is the responsibility of the Chief Finance Officer to satisfy himself by reference to the Monitoring Officer, the Authority's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Authority's Financial Regulations.

Delegation

- 11.24 The Authority has drawn up and approved a Scheme of Delegation for Treasury Policy delegated power, in summary this details the following delegations:

Approval and amendment of Annual Treasury Management Strategy and Annual Investment Strategy	Full Council
Amendment of list of approved institutions	Chief Finance Officer
Approval of Treasury Management Policy Statement & Practices	Chief Finance Officer
Application of approved strategy	Chief Finance Officer
Treasury dealing with counterparties	Senior Accountant
Authorisation of cash transfers	Chief Finance Officer
Borrowing and lending documentation & provision of guarantees to external bodies	Chief Finance Officer
Bank and dealing mandates	Chief Finance Officer under authority of Full Council
Recommend & approving selection of	Chief Finance Officer under

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external service Providers & agreeing terms of appointment	authority of Full Council
Approval of segregation of responsibilities	Chief Finance Officer
Reviewing external audit reports and making recommendations to Resources and Finance Committee	Chief Finance Officer

Review and Reporting

11.25 The Chief Finance Officer reports half-yearly to the Resources & Finance Committee and Full Council on treasury activities. An indication of matters to be included in the reports include:

Annual Report to the Council):

Treasury operations for the year

In relation to the previous financial year:

- a) strategy
- b) economy
- c) borrowing and investment rates
- d) compliance with treasury limits and Prudential Indicators
- e) investment outturn and
- f) up-date on current year.

11.26 Matters for determination for next financial year under Local Government Act 2003, including, amongst other things

- a) Prudential indicators
- b) Proposed amendments to the Treasury Policy Statement

11.27 Management Information Reports from the Chief Finance Officer

- a) Analysis of currently outstanding borrowings, deposits and investments by instrument, counterparty, and maturity date
- b) Cash flow and revenue outturn compared with budget and commentary on variances
- c) Revisions to rolling 12 month cash flow forecast and to estimates of future interest rates; effect on revenue budget
- d) Proposed amendments to list of approved counterparties and to limits

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- e) Proposed amendments to Treasury Management Policy Statement and Treasury Management Practices.
- f) Matters in respect of which the Treasury Policy Statement, the Annual Treasury Management Strategy and Annual Investment Strategy or the Treasury Management Policy Statement & Practices have not been complied with.
- g) Other matters are drawn to the attention of the Council or the Resources & Finance Committee as appropriate.

Systems and Procedures

- 11.28 The Chief Finance Officer maintains the Treasury Management Practices Schedules which sets out the detailed systems and procedures which are in place to ensure delivery of the approved policy.

12. INTERNAL AUDIT

General

- 12.1 The primary role of the Internal Audit Service is to objectively examine, evaluate and report on the adequacy of the Council's internal control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk. Internal Audit also advises on, carries out and directly supports investigations into suspicions of fraud or financial irregularity.
- 12.2 In accordance with Section 6 of the Accounts and Audit Regulations 2011, the Chief Finance Officer and the Chief Executive shall be responsible for maintaining an adequate and effective internal audit of the Council's accounting records, control systems and financial transactions including any operations affecting the financial arrangements or the finances of the Council. The Internal Audit Section shall comply with the current Public Sector Internal Audit Standards, in undertaking its functions.

Audit Planning and Reporting

- 12.3 The Head of Internal Audit shall prepare and agree with the Chief Finance Officer an Annual Audit Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved and directed, by the Resources and Finance Committee. Irrespective of its means of delivery, every process, service and activity falling within the Council's responsibility shall be subject to the Council's system of internal audit.

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- 12.4 The views of Directors shall be sought about which activities are to be included in the plan as being in need of audit.
- 12.5 Work outside of the plan may also be specially commissioned at the request of the Chief Finance Officer who shall report such requests to the Resources and Finance Committee for approval. Any such reviews shall be risk-assessed by Internal Audit and only undertaken if the risks involved justify the audit work necessary and subject to the agreement of any additional cost with the Chief Finance Officer.
- 12.6 Internal Audit shall at all times conduct its work in accordance with relevant Internal Audit standards and any other protocols agreed with the Chief Finance Officer.
- 12.7 For the purposes of carrying out an audit or investigation, Internal Auditors and the Chief Finance Officer are authorised to:
- a) have access at all times to any Council premises and property;
 - b) have access to all data, records, documents and correspondence relating to any financial or any other activity of the Council;
 - c) have access to any assets of the Council;
 - d) require from any member, employee, agent, partner, contractor or other person engaged in Council business any necessary information and explanation.
- 12.8 These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint and pooled arrangements.
- 12.9 This right of access shall be incorporated within all relevant contract or service agreement documents involving Council services provided other than internally. It applies to all internal auditors legitimately engaged on Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.
- 12.10 Internal Audit shall remain at all times free from undue influence or other pressure affecting its actions and reporting.
- 12.11 Internal Audit shall report in its own name to the Chief Finance Officer. The Council's Head of Internal Audit shall have direct access and the right of report to the Chief Executive, Directors, the Monitoring Officer, the External Auditor and the Resources and Finance Committee, where appropriate if, in his/her opinion, there are matters of concern that could place the Council in a position where the risks it faces are unacceptable.

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- 12.12 The Head of Internal Audit shall report to the Resources and Finance Committee quarterly on progress made in delivering the Internal Audit Annual Plan.
- 12.13 Implementation of the recommendations made in internal and external audit reports shall be monitored by the Resources and Finance Committee. Directors are accountable to the Resources and Finance Committee for ensuring that appropriate action is taken in accordance with those recommendations.
- 12.14 The Chief Finance Officer shall report annually to the Resources and Finance Committee on the review of the effectiveness of the Council's system of internal audit.

Directors' and employees responsibilities in respect of financial control and irregularities

- 12.15 All officers shall maintain proper financial controls in financial systems operated within their area of responsibility (see section 2 of these rules) and shall be responsible for the prevention, detection and resolution of fraud and irregularities.
- 12.16 All employees are under a duty to report to their senior officer any instance where financial irregularity is suspected. (Guidelines to staff on this matter are contained in the Council's whistle-blowing procedures).
- 12.17 Officers shall cooperate fully at all times with Internal Audit and ensure that Internal Audit can properly fulfil its role. Any disputes or non-cooperation may be referred to the Chief Finance Officer and ultimately the Resources and Finance Committee for resolution.
- 12.18 Immediately any actual or potential financial irregularity affecting the Council is known or suspected, the appropriate Director shall inform the Head of Internal Audit and Chief Finance Officer to make proposals in respect of any further investigation that may be required (and the extent of any support required from Internal Audit) and make proposals in respect of other action to be taken.
- 12.19 If the proposals are acceptable to the Chief Finance Officer, Directors shall carry out the proposed actions. Otherwise, alternative proposals shall be made.
- 12.20 Directors are responsible for taking appropriate action on receipt of recommendations from Internal Audit, either as a consequence of a planned or specially commissioned review or an investigation into a suspected fraud or financial irregularity.

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Investigations

- 12.21 The Chief Finance Officer shall ensure that every case where there are grounds for suspicion of fraud or financial irregularity is considered, and that proposals for action (where appropriate) are made by Directors. The Chief Finance Officer reserves the right to investigate any suspected fraud or irregularity via the Internal Audit Service.
- 12.22 All action taken shall comply with the Council's Anti-Fraud and Corruption Policy Statement as adopted and approved by the Resources and Finance Committee.
- 12.23 In respect of investigations into suspected Housing and Council Tax benefits fraud, the Chief Finance Officer, or another person authorised by the Chief Finance Officer for this purpose (ARP), shall have full discretion to determine the appropriate course of action, including referral to Legal Services or the Police for consideration of prosecution.
- 12.24 In all other cases, referral to the Police shall only be made after full consultation with the appropriate Director and the Monitoring Officer

13. EXTERNAL AUDIT

- 13.1 Public Sector Audit Appointments appoint the Council's External Auditors for the audit of the main accounts. The Council is required to make its own arrangements for the procurement of Audit services for the audit of the Housing Benefit Grant Claim. Once appointed the auditors carry out their statutory and other responsibilities and exercise their professional judgement independently of any external sources.
- 13.2 The statutory responsibilities of appointed auditors are set out in the Audit Commission Act 1998 and the Local Government Act 2000, but their principal duties are:
- a) the audit of the Council's annual statement of accounts;
 - b) the audit of the Council's use of resources; and
 - c) the audit of grant claims.
- 13.3 In discharging these specific responsibilities and powers, auditors are required to carry out their work in accordance with the Audit Code of Audit Practice.

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GLOSSARY

Financial System	Any system (computerised or otherwise) and associated procedures for making or recording any financial transaction of the Council.
Council Tax requirement	The amount required by the Council from council taxpayers in any given year to meet its budgeted expenditure.
Directorate budget	The sum of all individual service budgets for which a single director is responsible.
Functional budget	The functional budget allocated by Council to a particular function or area. The budget represents the maximum spending allowed.
Virement	A virement is a reallocation of funds and their purpose from one budget heading / service to another.
Earmarked reserve	A reserve created for a specific purpose.
Surplus Savings reserve	A reserve created for the purpose of holding underspends created by making savings ahead of need, that will be used to assist with balancing the budget in future years.
Additional budget	A new or additional budget to that approved by Council in February, this would mostly relate to a new capital scheme.
Capital Programme	Is the Council's planned level of spending on all capital schemes, including the funding for each scheme from capital resources or borrowing.
Purchase Requisition	A priced and itemised request, created on Agresso by an authorised officer, for an official order to be raised.
Official Order	An order for works, supplies or services, created on Agresso following the approval of a purchase requisition by an authorised officer.
Petty Cash Float / Imprest account	An amount of money provided for the purpose of funding small cash payments incurred on behalf of the Council.
Petty Cash / Imprest digital form	A record of cash payments made from a petty cash/imprest account.

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Cash Voucher	A receipt or other document evidencing the making of a payment from petty cash float/imprest account, supplied by the vendor.
Asset Register	A register of all significant assets owned by the Council, which is maintained by the Chief Finance Officer for statutory accounting purposes.
Inventory	A record of all plant, machinery, vehicles, equipment and other assets under the custody of Directors and officers, including assets the Council does not own outright. It should aid effective control of such assets and can support the management of risk of loss or damage.

CORPORATE RISK MANAGEMENT

To: Resources & Finance Committee

Date: 28th January 2019

From: Head of Internal Audit, LGSS

[T191]

1. **ISSUE**

- 1.1. To update members on the key risks facing the Council, and the associated mitigating actions.

2. **RECOMMENDATION**

- 2.1. To endorse the proposed amendments to the Corporate Risk Register.

3. **BACKGROUND/OPTIONS**

- 3.1. The Resources and Finance Committee is responsible for overseeing the Council's Corporate Risk Register and recommending revisions to the Council's Risk Management Strategy.
- 3.2. The Resources and Finance Committee approved the Risk Management Policy, and the initial Corporate Risk Register, on 20th July 2017. Updates on the Corporate Risk Register are now provided on a six monthly basis, with the last update being provided in July 2018.
- 3.3. The Corporate Risk Register has been updated to reflect the latest risks and opportunities for the Council.

4. **ARGUMENTS/CONCLUSIONS**

- 4.1. The attached report informs members on the development of the risk management arrangements, and updates to the Corporate Risk Register.
- 4.2. Reviewing risk management helps the committee to oversee the Council's Corporate Governance arrangements.

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 – Corporate Risk Management Report - January 2019
- Appendix 2 – Corporate Risk Register
- Appendix 3 – Corporate Risk Register Heat Map

<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

Appendix 1 – Corporate Risk Management Report – January 2019

Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance. The Council has experience in Risk Management and has prepared Risk Registers which have been reviewed and approved by the senior management, the former Corporate Governance & Finance Committee, and full Council.
2. The Resources and Finance Committee oversee the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.
3. The format of the Corporate Risk Register and revised approach to Risk Management was approved by the Resources and Finance Committee on 20th July 2017. At this meeting the committee also recommended to Council that the proposed amendments to the Corporate Risk Register and Risk Management Policy were adopted. Full Council approved the amendments on 5th October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee.

Corporate Risk Management updates

4. The Code of Governance is published on the Council's website. A key element of the Code, which is based on a prescribed best practice format, is to establish and maintain a systematic strategy, framework and process for managing risk.
5. The Council has a Risk Management Framework which sets out the procedures for risk management, and a Risk Management Policy which sets out the strategic direction for risk management at the Council.
6. In addition the Council has a Risk Management Group, with a mix of professional expertise from across the Council. The group works together to:
 - Provide support for the delivery of the Risk Management Policy across the Council.
 - Promote and advise upon risk management practices and procedures
 - Identify topical and emerging risks, based on their areas of expertise, and consider appropriate controls and actions.
7. This collaborative approach provides more assurance that all risks are being identified, and resources are being spent managing the important risks.
8. Furthermore, training delivered to Service Leads during 2017/18 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.
9. The group has been developing good risk management practice across the Council. Recent developments include:

- a) an intranet page on risk management, to promote good practice and signpost to key documents
- b) incorporating risk management into the service planning framework, to help identify operational risks which may need to be included in the Corporate Risk Register.

Corporate risk register updates

10. The Corporate Risk Register has been updated, and is attached at **appendix 2**.
11. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
12. Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.
13. The Policy establishes the Council’s appetite to risk. As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.
14. The risk appetite communicates the level of risk the Council is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite at the earliest opportunity.
15. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact. The Risk Management Policy states that “In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council”.
16. The risk appetite is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
17. The Corporate Risk Register will be reported to the Committee at least twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
A4 Homelessness	This has been recognised and recorded as a separate risk from A3 (Housing Strategy), as agreed at the July 2018 Finance and Resources Committee.

Risk	Description
B3 Failure to plan for and accommodate the impact of Brexit.	This has been recognised as a risk on the Corporate Risk Register and will remain under review as to any additional actions required to manage the associated risks.
C1 Emergency Planning and Business Continuity	The Council has now completed the review of the Business Continuity Plan and has rolled out officer training sessions to embed awareness of roles and responsibilities.
D1 Workforce Development	It has been acknowledged that following some targeted investment in training and development, this now moves to business as usual. The risk has been removed from the Risk Register but has been reflected in risk D8 in relation to ongoing staff retention and investment.
D8 Difficulties with staff recruitment and retention – leading to lack of resources	This entry has been extended to include risk around staff absence and reviewing mitigating controls in relation to absence management.

Corporate residual risk heat map

18. An updated risk heat map is included at **appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless it is exceptional circumstances.

Conclusion

19. Risk Management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting Framework.
20. The Risk Management Group has been established to embed good practice in the Council.
21. The Council has a Corporate Risk Register and each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.

22. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

Corporate Risk Register

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
CUSTOMER PERSPECTIVE															
A2	Development of the East Cambridgeshire Trading Company and East Cambridgeshire Street Scene Ltd.	The East Cambs Trading Company and East Cambridgeshire Street Scene Ltd do not deliver their business plans. Concerns over governance arrangements and segregation of duty.	Failing to achieve corporate priorities and Medium Term Financial Strategy. Reputational risk.	D-CS	3	5	15 (A)	ECTC Business Plans, Articles of Association and Shareholder Agreement. Established Shareholder Committee arrangements. Regular reporting to Shareholder Committee and full Council. Independent Chairperson. Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required.	2	4	8 (A)				
A3	Housing strategy, and the need for affordable housing.	Challenges to future supply due to housing market and Government policy.	Failure to deliver the Council's commitment to 'genuine affordable' housing.	D-O D-CS	3	4	12 (A)	Council Support Programme to Community Land Trusts. Community Led Development SPD.	2	3	6 (A)				
A4	Homelessness	Increase in homelessness driven by external factors such as Universal Credit and the Homelessness Reduction Act.	Impact on the Council finance and resources.	D-O	4	5	20 (R)	Frontline resources focussed on preventing homelessness. Council retained hostels.	2	2	4 (G)				
FINANCE AND RESOURCES															
B1	Public sector funding	Uncertainty and changes in funding such as the withdrawal of Revenue Support Grant and 75% retention of business rates. Lack of opportunity to make further savings. Not maximising the opportunities from the Combined Authority deal and other income opportunities.	Failure to achieve budgets savings leading up to 2020/21 and undermining the revised Medium Term Financial Strategy.	FM	3	5	15 (A)	Agreed Medium Term Financial Strategy (MTFS) to become self-sufficient. The draft MTFS was reported to the Resources and Finance Committee on 29 th January 2018, showing a balanced budget for 2018-19 and 2019-20. Budget Monitoring through Management Team and relevant Committees. Partnership working (principally with the Combined Authority) and ongoing consideration of potential opportunities linked to the key ambitions. Strong leadership from members and officers.	3	4	12 (A)	Work progressing to meet the budget deficit projected for 2020/21. This will be reported to the Resources and Finance Committee.	FM	January 2019	G

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
B2	Development and planning income.	The viability and delivery of residential and commercial development. Changes in legislation such as the review of Community Infrastructure Levy (CIL).	Council failing to deliver its growth trajectory and not generating projected CIL income.	D-CS	3	4	12 (A)	New Local Plan Ongoing Service Plan reviews CIL Implementation CLT support programme Business Plan (Property)	3	4	12 (A)	Monitor and respond to the outcomes of the Government review on CIL.	ISM	Ongoing	G
B3	Failure to plan for and accommodate the impact of Brexit.	The UK leaving the EU with impacts on regulations and the economy.	The Council suffers from consequences of leaving the EU with impacts on procurement and employment through changes in EU/UK regulation, income and public services.	CEX	4	3	12 (A)	Engagement in local forums and networks, including the local resilience partnership. Participation in workshops with other public sector partners.	4	2	8 (A)				
PROCESSES AND SYSTEMS															
C1	Emergency planning and business continuity. The Council delivers a range of complex services which may be effected by an emergency.	Major civil emergency potentially due to: <ul style="list-style-type: none"> Loss of access to premises Severe weather events Fuel shortages Communications failure Pandemics Loss of power Terrorist events Supply chain failure 	Inability to access key staff or resources resulting in reduced ability to deliver services. Increased requests for Council resources and services Health and safety impact on staff and vulnerable residents Damage to Council property and impact on residents Reputation damage	CEX	3	5	15 (A)	Business Continuity Plan (BCP) updated. Business Continuity Training and exercises. Member's handbook. Emergency Management Plan with supporting plans for specific activities e.g. rest centres. Rest Centre plans reviewed by National Resilience Forum. Registration process and template forms aligned to other Councils so they can mutually assist each other as responders.	3	2	6 (A)				

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C2	Managing information security, resilience, plus having an IT Strategy for continuous improvement.	ICT systems abuse, intrusion or failure. Under investment in IT infrastructure and lack resource to implement change. Employees not having the right tools for the job to work efficiently.	Business interruption resulting in reduced ability to deliver services. Not prepared for disaster recovery. Non-compliance with legislation, resulting in financial penalties up to £0.5m and reputational risk. Inefficient working.	D-O	3	4	12 (A)	ICT Service redesign and restructure. ICT Disaster Recovery Plan. System and Penetration testing regime. ICT Security Policy. Government Connect and Public Sector Network compliance.	2	4	8 (A)	Development of ICT Disaster Recovery Plan to be considered as part of ICT project plan Participation in National Stocktake and bid for funding to facilitate increased cyber resilience.	D-O D-O	April 2019 April 2019	G G
C3	Non-compliance with legislative and regulatory requirements.	Changes in legislation from Central Government, Europe, or Professional bodies can impact many areas, e.g: <ul style="list-style-type: none"> • health and safety, • equalities, • safeguarding, • environmental legislation, • employment law. 	Financial penalties for non-compliance. Reputational risk.	MT	4	3	12 (A)	Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts. Procedural changes and training is delivered as required. Safeguarding policy in place and refreshed in 2017/18. Safeguarding leads nominated and all staff have received safeguarding training.	2	3	6 (A)				
C4	Managing compliance with the General Data Protection Regulations (GDPR) and Data Protection Act.	New legislation from Central Government and Europe.	ICO warnings, bans on processing data, fines. Compensation claims and reputational damage.	LSM	3	5	15 (A)	Information Officer post created and filled. All Council staff briefed. Key (public facing) stages completed for GDPR introduction in May 2018, continued compliance in place via action plan. Staff e-learning and Member briefing.	2	5	10 (A)	Continue working towards full compliance via action plan	LS M	March 2019	G
C5	Payroll and HR system not meeting the needs of the whole organisation	Midland HR do not meet our service requirements.	Salaries are not paid correctly to employees Pensions and subsequent pension reports are not completed properly for HMRC and LGSS	PM O	3	5	15 (A)	Regular communication with Midland HR Effective communication between HR and payroll Service Level Agreement to be adhered to	2	5	10 (A)	Actions to be progressed based on outcome from health check against blue print	HT	Feb 2019	G

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description and Theme	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C6	Failure of corporate governance and counter fraud and corruption controls	Attempts at fraud and corruption from internal or external sources are successful due to inadequate corporate governance and counter fraud controls.	Financial losses and reputational damage. Impact on service delivery.	MT	3	3	9 (A)	Counter fraud training for officers as part of induction process. Gifts and hospitality registers. Counter fraud and ethical governance policies and procedures. Internal control framework including segregation of duties and authorisations. Reviewed annually for Annual Governance Statement. Participation in National Fraud Initiative.	2	3	6 (A)				
LEARNING AND GROWTH															
D2	Strategic development	Following a recent public inquiry, the Planning Inspectorate has determined the Council is unable to demonstrate a five-year supply of housing land.	Planning applications can only be refused if the adverse impacts significantly and demonstrably outweigh the benefits of the proposal, in accordance with the presumption in favour of the sustainable development.	D-CS	5	5	25 (R)	The Council has developed a new Local Plan which was delivered to the Council in October 2017. The Local Plan is at currently at examination stage. Adoption is likely in Spring 2019. Partnership Agreement with Peterborough City Council.	2	4	12 (A)				
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources	Lack of staff resources in terms of numbers due to high turnover or failed recruitment exercises. Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention.	A shortage of staff in roles across the Council and Trading Companies and a loss of knowledge and skills, could lead to service failure, which could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.	MT	4	3	12	Job description questionnaire (JDQ) exercise. Investment in training and up-skilling existing staff. Absence Management policy. Effective implementation of Service Delivery Plans and performance management Management Development training has been delivered to all Service Leads and is currently being rolled out to the next tier of managers.	4	2	8				

Corporate Priorities:

- 1 Delivering a Financially Sound and Well Managed Council
- 2 Genuinely Affordable Housing
- 3 A Fantastic Place to Live
- 4 Improving Local Transport
- 5 Improving Infrastructure
- 6 New Jobs and Funding

Key to risk owners (above):

- CEX Chief Executive
- D-O Director, Operations
- D-CS Director, Commercial Services
- FM Finance Manager and S151 Officer
- LSM Legal Services Manager and Monitoring Officer
- ISM Infrastructure and Strategy Manager
- HSM Health & Safety Manager
- HRM Human Resources Manager
- PMO Performance Management Officer
- MT Management Team

Appendix 3 - Corporate Risk Register Heat Map

Summary of Residual Scores for Corporate Risks

Impact	Very High	5		C5, C4			
	High	4		A2, C2, D2	B1, B2		
	Medium	3		A3, C3, C6			
	Low	2		A4	C1	D8, B3	
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Red scores – in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council.

Amber scores – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring

Green scores (risk score 1 to 4) – low risk, monitor as necessary

Code	Title
A2	Trading company
A3	Affordable Housing
A4	Homelessness
B1	Public sector funding
B2	Development
B3	Brexit impact
C1	Emergency Planning
C2	Information security
C3	Non-compliance with legislative and regulatory requirements.
C4	General Data Protection Regulations
C5	Payroll system
C6	Corporate governance and counter fraud and corruption controls
D2	Strategic development
D8	Staff recruitment and retention

FINANCE REPORT

Committee: Resources and Finance Committee

Date: 28 January 2019

Author: Finance Manager

[T192]

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 £280,000 compared to its approved budget of £5,334,176.
- That overall the Council has a projected yearend revenue underspend of £433,500 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 £4,324,570, which is an under spend of £7,038,982.

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 third report for the 2018-19 financial year and details actual expenditure incurred as at 31st December 2018 and projections as to the yearend position at this time.

3.3 Appendix 1 details the 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 21st January, with a similar report for Community Services being presented to that Committee on the 15th January.
- 3.5 In summary however, the Regulatory Services Committee is currently predicted to have a yearend underspend of £140,000. This is a combination of underspends on a number of service lines; Land Charges and Building Regulations have each secured greater income in the first nine months of the year than budgeted, while there are underspends on expenditure in Homelessness, Health & Safety and Environmental Health.
- 3.6 Community Services is forecast to have a net underspend of £13,500, this in relation to an underspend on Emergency Planning, but then a small overspend on Oliver Cromwell House, where some 2017-18 costs have needed to be charged against this year's budget.
- 3.7 With regard to Resources and Finance Committee, the one significant variance of actual spend compared to profiled budgeted spend at the end of December 2018 is detailed below:

Service	Explanation
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	(30,000)	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 nine months of the year and so will make a saving on the budgeted 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.
Customer Service	(25,000)	Savings due to staff vacancies as a consequence of staff either leaving or being seconded to other sections of the Council.
Housing Benefits	24,000	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	(25,000)	A forecast overspend was reported in the previous monitoring report, however we no longer need to replace the scanners this year so the hardware budget will no longer be overspent. Further, as a consequence of staff vacancies during and after the IT restructure, a £25,000 underspend is now reported on staff costs.
Strategic Housing Services	(43,500)	Staff saving in the first nine months of this year as a consequence of a vacancy. We are currently looking at a SLA for the final quarter of the year.
Legal	(28,000)	Recruitment of staff has been delayed in the Legal team until late January. Interviews will take place and staff will hopefully be in place soon after this.
Reprographics	(4,500)	Saving on staff costs.
Total	(280,000)	

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 for the year of £11,363,552.
- 3.10 It is currently expected that the Council will underspend this revised budget by £7,038,982. This relates to an overspend on the Community Services budget, specifically relating to the Leisure Centre and underspends on depot costs (Regulatory Services), the loan to ECTC (Community Services) and Soham Eastern Gateway (this Committee).

- 3.11 This Committee's 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, forecast to be £120,161, will be recovered from the operator as part of the management fee, so again, will not impact on the Council's budget position.
- 3.14 Both the reported underspends in relation to the depot and the loan to ECTC relate to slippage on these schemes. It remains the expectation that the full funding will be used, but will not now be required in 2018-19.

4 ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £12,666,278 in 2018-19. This is an underspend of £433,500 compared to the Council's approved budget.
- 4.2 The projected Capital Outturn for the Council stands at £4,324,570. This reflects an underspend of £7,038,982 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a forecast revenue underspend of £433,500 compared to the Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend and has been accounted for in the Budget report also included on the agenda for this meeting
- 5.2 Equality Impact Assessment (INRA) not required

6 APPENDICES

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

Background Documents

Council Budget as approved by
Council 22nd February 2018

Location

Room 104
The Grange
Ely

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RESOURCES & FINANCE COMMITTEE BUDGET MONITORING REPORT - DECEMBER 2018

Revenue	Total Budget 2018-19	Profiled Budget to 31st December 2018	Actual to 31st December 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)	(173,994)	(161,859)	12,135	(271,409)	(30,000)	(20,000)
Miscellaneous Finance	626,640	463,040	303,081	(159,959)	606,640	(20,000)	(20,000)
Miscellaneous Properties	(44,605)	(35,649)	(35,701)	(52)	(44,605)	--	--
Out of Hours call out service	20,000	--	--	--	20,000	--	--
Data Management	87,240	65,736	67,015	1,279	87,240	--	--
Office Accommodation	328,093	300,471	311,767	11,296	328,093	--	--
Asset Management	205,000	--	1,625	1,625	165,000	(40,000)	(40,000)
Economic Development	55,781	32,439	3,950	(28,489)	55,781	--	--
Local Democracy:-					--	--	--
Civic Relations	13,184	9,891	3,118	(6,773)	13,184	--	--
Member & Committee Support	482,730	408,729	366,859	(41,870)	482,730	--	--
Public Relations	73,705	55,455	53,261	(2,194)	73,705	--	--
Corporate Management	548,423	379,342	440,891	61,549	460,423	(88,000)	(88,000)
Performance Management	57,513	43,135	46,547	3,412	57,513	--	--
Electoral Registration	56,657	42,555	20,617	(21,938)	56,657	--	--
Cost of District Council Elections	22,500	22,500	16,686	(5,814)	22,500	--	--
Cost of Other Elections	--	--	(26,303)	(26,303)	--	--	--
Financial Services	315,318	251,376	215,964	(35,412)	315,318	--	--
Internal Audit	69,821	1,000	(2,200)	(3,200)	69,821	--	--
Payroll	46,600	34,990	40,447	5,457	46,600	--	--
Housing Benefits	324,394	160,229	146,664	(13,565)	348,394	24,000	14,000
Business Rates (NNDR)	24,633	(3,497)	(9,273)	(5,776)	24,633	--	--
Council Tax Accounting	374,750	263,751	270,032	6,281	374,750	--	--
Strategic Housing Services	189,573	220,997	105,490	(115,507)	146,073	(43,500)	(29,000)
Member Training	4,884	3,948	812	(3,136)	4,884	--	--
Human Resources	118,650	102,309	92,044	(10,265)	118,650	--	--
IT	864,892	646,794	620,470	(26,324)	839,892	(25,000)	30,000
Legal	176,523	132,693	107,395	(25,298)	148,523	(28,000)	(18,000)
Customer Services	363,881	293,587	249,166	(44,421)	338,881	(25,000)	--
Reprographics	110,383	83,440	66,971	(16,469)	105,883	(4,500)	(4,500)
CIL	--	--	(1,447,709)	(1,447,709)	--	--	--
Post Entry Training	60,147	45,110	33,784	(11,326)	60,147	--	--
Resources & Finance Total	5,334,176	3,850,377	1,904,396	(1,945,981)	5,054,176	(280,000)	(175,500)
Other Committee Totals							
Regulatory Services	3,546,687	2,611,723	2,287,086	(324,637)	3,406,687	(140,000)	(135,000)
Community Services	1,623,211	1,205,152	1,324,052	118,900	1,609,711	(13,500)	(15,000)
Other Spend							
Parish Precepts	2,113,445	2,113,445	2,113,444	(1)	2,113,445	--	--
Internal Drainage Boards	482,259	482,259	480,136	(2,123)	482,259	--	--
Revenue Budget Total	13,099,778	10,262,956	8,109,114	(2,153,842)	12,666,278	(433,500)	(325,500)
Funding							
Council Tax	(6,364,932)	(6,272,532)	(6,254,285)	18,247	(6,364,932)	--	--
Revenue Support Grant	(353,703)	(265,277)	(268,814)	(3,537)	(353,703)	--	--
NNDR	(3,610,084)	(3,478,119)	(8,314,549)	(4,836,430)	(3,610,084)	--	--
Other Government Grants (NHB / RS)	(877,963)	(837,562)	(676,868)	160,694	(877,963)	--	--
Planned draw from Surplus Savings f	(1,893,096)	(1,893,096)	(1,893,096)	--	(1,893,096)	--	--
	(13,099,778)	(12,746,586)	(17,407,612)	(4,661,026)	(13,099,778)	--	--
Revenue Total	--	(2,483,630)	(9,298,498)	(6,814,868)	(433,500)	(433,500)	(325,500)

REGULATORY SERVICES COMMITTEE BUDGET MONITORING REPORT - DECEMBER 2018

	Total Budget 2018-19	Profiled Budget to 31st December 2018	Actual to 31st December 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£	£	£	£	£	£	£
Building Regulations Non Fee Earning	100,809	75,607	66,219	(9,388)	100,809	--	--
Building Regulations	(83,241)	(62,430)	(68,474)	(6,044)	(98,241)	(15,000)	(15,000)
Civic Amenities Act	10,481	7,861	5,380	(2,481)	10,481	--	--
Con. Areas & Listed Buildings	58,754	44,066	52,345	8,279	58,754	--	--
Dog Warden Scheme	39,408	29,794	16,352	(13,442)	39,408	--	--
Environmental Health - Admin. & Misc.	339,346	256,271	223,576	(32,695)	319,346	(20,000)	--
Environmental Issues	74,368	44,933	109,773	64,840	74,368	--	--
Land Charges Admin.	(44,212)	(31,764)	(73,723)	(41,959)	(84,212)	(40,000)	(20,000)
Licensing	(10,902)	(17,086)	(23,848)	(6,762)	(10,902)	--	--
Nuisance Investigation	58,001	43,513	48,204	4,691	58,001	--	--
Pest Control	9,098	6,823	9,597	2,774	9,098	--	--
Planning	(114,002)	(84,974)	(63,022)	21,952	(114,002)	--	(50,000)
Refuse Recycling	774,335	548,066	544,866	(3,200)	774,335	--	--
Refuse Collection	1,184,270	837,596	833,598	(3,998)	1,184,270	--	--
Street Cleansing	586,158	420,131	412,680	(7,451)	586,158	--	--
Street Naming & Numbering	3,371	2,528	(6,036)	(8,564)	3,371	--	--
Tree Preservation	99,131	73,464	64,133	(9,331)	99,131	--	--
Travellers Sites	(20,000)	11,641	21,124	9,483	(20,000)	--	--
Health & Safety (Work)	28,713	21,535	22	(21,513)	13,713	(15,000)	(15,000)
Homelessness	401,574	255,205	(161,211)	(416,416)	351,574	(50,000)	(35,000)
National Practitioners Support Programme	--	90,523	253,068	162,545	--	--	--
Community Land Trusts	20,000	15,000	--	(15,000)	20,000	--	--
Renovation Grants	31,227	23,420	22,463	(957)	31,227	--	--
Revenue Total	3,546,687	2,611,723	2,287,086	(324,637)	3,406,687	(140,000)	(135,000)

COMMUNITY SERVICES COMMITTEE BUDGET MONITORING REPORT - DECEMBER 2018

	Total Budget 2018-19	Profiled Budget to 30 Dec 2018	Actual to 30 Dec 2018	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£	£	£	£	£	£	£
Award Ditches	8,656	6,492	81	(6,411)	8,656	--	--
Community Safety	48,197	32,148	24,433	(7,715)	48,197	--	--
Closed Churchyards	28,516	21,387	6,795	(14,592)	28,516	--	--
Depot Services	--	--	--	--	--	--	--
General Gang	70,440	53,502	63,037	9,535	70,440	--	--
Community Projects & Grants	267,258	228,592	305,463	76,871	267,258	--	--
Local Plans	330,000	165,000	152,756	(12,244)	330,000	--	--
Marketing & Grants	155,793	116,845	89,588	(27,257)	155,793	--	--
Museum - Old Gaol House	--	--	1,240	1,240	--	--	--
Oliver Cromwell House	--	--	1,545	1,545	1,500	1,500	--
Parks & Gardens Team	451,487	334,044	470,205	136,161	451,487	--	--
Paradise Pool	27,977	31,170	36,922	5,752	27,977	--	--
Parking of Vehicles	(70,150)	(15,398)	(26,217)	(10,819)	(70,150)	--	--
Sport & Recreation	93,678	78,002	72,396	(5,606)	93,678	--	--
Public Conveniences	146,837	114,674	122,376	7,702	146,837	--	--
Emergency Planning	47,522	37,194	16,545	(20,649)	32,522	(15,000)	(15,000)
Community Transport	15,000	--	(13,500)	(13,500)	15,000	--	--
Parish Conferences	2,000	1,500	387	(1,113)	2,000	--	--
Revenue Total	1,623,211	1,205,152	1,324,052	118,900	1,609,711	(13,500)	(15,000)

CAPITAL BUDGET MONITORING 2018/19

Capital	Published Budget 2018-19 £	Slippage from 2017-18 £	Approved Additions £	Revised Budget 2018-19 £	Actual at 31st December 2018 £	Forecast Outturn £	Variance between Revised Budget & Forecast Outturn £
REGULATORY SERVICES							
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	340,000	153,981		493,981	174,853	493,981	0
Depot	845,950			845,950		50,000	-795,950
Mandatory Disabled Facilities Grants	847,299	44,283		891,582	462,686	891,582	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000	36,780		111,780	21,804	111,780	0
COMMERCIAL SERVICES							
East Cambs Trading Company		1,865,000		1,865,000	1,485,000	1,485,000	-380,000
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
Leisure Centre							
Construction and Preliminaries	1,148,325	-839,023		309,302	481,334	656,109	346,807
Equipment Fit Out		17,618		17,618	137,779	137,779	120,161
RESOURCES AND FINANCE							
Intranet / HR / Payroll System		5,918		5,918	-69,849	5,918	0
Depot IT		7,026		7,026	9,202	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	2,725,346	4,324,570	-7,038,982

SOURCES OF FINANCING	Published Budget 2018-19 £	Slippage from 2017-18 £	Approved Additions £	Revised Budget 2018-19 £	Variations £	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	-795,950	543,981
Regulatory & Support Services Total	2,118,249	262,550	0	2,380,799	-795,950	1,584,849
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	-380,000	1,485,000
Commercial Services Total	75,665	1,947,724	0	2,023,389	-380,000	1,643,389
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	-269,875	-67,211
Leisure Centre Total	1,148,325	-821,405	0	326,920	466,968	793,888
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	-7,038,982	4,324,570

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, 4 December 2018 at 10.30 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 D Bowman (Substitute Member)	Mr B. Provan (Chairman)
Mrs A. Hay	

In Attendance

Jo Andrews	- Strategic Manager (Revenues)
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Emma Grima	- Director of Commercial Services (East Cams District Council)
Nick Khan	- Strategic Director (Suffolk Coastal & Waveney)
Jill Korwin	- Director (Forest Heath & St Edmundsbury)
Adrian Mills	- Strategic Manager (Benefits) ARP
Stuart Philpot	- Strategic Manager (Support Services) ARP
Mark Saunders	- Chief Accountant (FDC)
Julie Britton	- Democratic Services Officer

37/18 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 25 September were confirmed as a correct record subject to:

- 1) all references to Councillor Buckton throughout the Minutes being removed and replaced with Councillor Punt;
- 2) the spelling of Nick Kahn's surname being amended to Nick Khan; and
- 3) Nick Khan's title throughout the Minutes being amended from Strategic Manager to Strategic Director.

38/18 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Councillor Stephen Edwards and Paul Corney, Head of ARP.

Action By

39/18 URGENT BUSINESS (AGENDA ITEM 3)

None.

40/18 DECLARATIONS (AGENDA ITEM 4)

None.

41/18 PERFORMANCE REPORT (STANDING ITEM) (AGENDA ITEM 5)

(a) Highlight Report and Balance Scorecard

Stuart Philpot, the Strategic Manager (Support Services) ARP presented the report and provided Members with a brief overview on the following matters:

Benefits and Performance

Profiled targets for benefits performance were being met and was on course for achieve year end targets. This continued to place the partnership in a strong position as the DWP completed the implementation of the full Universal Credit service throughout December 2018.

Fraud and Compliance Performance

The team were on track to exceed targets for the year (see table on page 8 of the agenda pack).

From April 2018, ARP funding from Cambridgeshire County Council to support Single Person Discounts had stopped. However, at the request of the Joint Committee at its meeting in June 2018, East Cambridge and Fenland had been provided with a briefing note to continue discussions with Cambridgeshire County Council. In the interim, ARP had met with Norfolk and Suffolk County Councils and Norfolk County Council had committed to provide further funding until March 2021 and Suffolk County Council until March 2020. A further review would follow.

Additionally, through the ARP Management arrangement with Norwich City Council, an additional resource had been employed from 1 April 2018, fully funded by Norwich City Council and Norfolk County Council, to undertake similar work for Norwich City Council.

Revenues – Collection

Performance targets continued to be met in all areas with the exception of Non Domestic Rates collection for Fenland and Waveney District Councils, shown amber on the balance scorecards.

Enforcement

The Enforcement Team had collected in the region of £2.8m in this financial year and continued to perform well. Norwich City Council had now formally agreed to pass their enforcement cases to the Team from July 2019. Two further staff members would be recruited to take on this extra work.

Action By

Council Tax

Local authorities received a payment each year based on the number of domestic properties brought back into use. During the summer, on an annual basis, a review of all empty properties takes place in order to maximise the New Homes Bonus. The findings from this review had been highlighted in the table on page 9 of the agenda pack.

Website

The website had been enhanced and designed for Housing Benefit on-line; this enhancement has made it a great deal easier and straight forward for the customer. This approach had also been used for Council Tax and Business Rates and had been a great success with a quarter of a million hits already.

GDPR

Since the new regulations came into effect in May 2018, a bi-monthly meeting takes place with the Data Controllers. It is a requirement for each partner Council to have a named Data Controller and all names are published on the ARP website. The next meeting was being held at Forest Heath DC. To date, there had not been any serious breaches between the seven authorities.

Councillor Hay asked what would be the course of action if there was a breach. Members were informed that this would depend on the circumstances. The consequences of a breach in relation to customers were limited; however, if such a breach occurred a full report would be requested from the external mailer following which both parties would be contacted if a Council Tax letter, for example, happened to be posted to the incorrect person.

The serious consequences to the provider if data protection was breached were noted.

Balance Scorecard

All partners were showing green against their targets except for two as mentioned above under Revenues Collection.

Councillor Ann Hay felt that it would be easier to include an explanatory note at the bottom of the page so Members are aware of why any particular Council was behind target. Members were directed to page 26 of the agenda pack where an explanatory note had been included. In response, Councillor Hay felt that there more detail should be included.

In response to another question about Universal Credit, Members were informed that ARP had no influence in relation to Universal Credit as this was purely the responsibility of DWP. ARP's responsibility was to provide housing benefit and council tax support and as such Universal Credit had been removed from all forms.

Councillor Hay understood that from 2019, Universal Credit was going to become the responsibility of the Citizen's Advice Bureau and if this was the case, would ARP have to relinquish any staff. The Strategic Manager

Action By

(Benefits) ARP said that this was correct, Citizen's Advice would be responsible for Universal Credit and as far as staff were concerned, this would be at the discretion of each partner authority.

(b) ARP Financial Performance

The Chief Accountant (BDC) presented the report. The report had been based on information as at 31 October 2018 and all costs had been included and shared based on the Partnership Agreement.

The latest forecast showed an under-spend of £27k for the full year. Details had been highlighted in Appendix A of the report along with details of the variances.

The ARP held £221K in reserve to cover any shortfall in efficiencies in any one year; however, this funding was no longer required as the efficiency had been achieved. Consequently, at the Operational Improvement Board (OIB) meeting held in October 2018, it was agreed to re-allocate this reserve by topping up the transformation funding to £100k for future initiatives (yet to be identified) with the remaining funds being set aside to start an ICT reserve. This reserve had been agreed due to previously having to ask each partner authority for a contribution for such matters.

Councillor Ambrose-Smith said that he would have preferred to have been asked what this money could be used for. The Chief Accountant explained that these changes had been included in the budget report as discussed and recommended by the OIB subject to Joint Committee approvals. The budget report had been included on the agenda for discussion and agreement at agenda item 8.

The report and appendices were otherwise noted.

42/18 DISCUSSION ON FUTURE PERFORMANCE PRESENTATION (AGENDA ITEM 6)

Stuart Philpot, Strategic Manager (Support Services) ARP circulated a report that included a draft re-design of the current Balance Scorecard. This re-design aimed to present clear, relevant and understandable performance data from the ARP to Members, reporting figures on a quarterly basis and the latest month to date. The report highlighted three separate sections. Each section was explained in great detail, including:

- All partner Councils' combined: totals of financial collections of Council Tax and Business Rates, the number of electronic forms received and the total fraud identified by the ARP quarterly and to date;
- Performance information: for each individual Council, reporting quarterly collection of Council Tax, Business Rates and days to process new Council Tax Reduction claims and Housing benefit Claims. Along with the values of collection and performance, each page had a narrative pertinent to each indicator.
- Service updates: this included information currently being reported in the Joint Committee Highlight report; however, a second option could be to replace section 3 with a separate "Matters Arising" report.

Councillor Hay said that she would prefer to see two figures, one showing the

Action By

amount collected and another for payments made. Members were informed that this could be added.

It was noted that the finished article, which would include information from the **five** partner Councils (including the two merged districts – West Suffolk and East Suffolk) from April 2019, would be brought to the next ARP meeting in March 2019.

Councillor Ambrose-Smith asked that the ‘pence’ be removed from the figures and an action log be included so that Members were aware that any actions had been completed. Members were informed that the latter would form part of the narrative.

43/18 ANGLIA REVENUES PARTNERSHIP SERVICE DELIVERY PLAN
(AGENDA ITEM 7)

In the absence of Paul Corney, the Head of ARP, Jo Andrews, the Strategic Manager (Revenues) ARP presented the report.

The Service Delivery Plan sought to deliver efficiencies to the Partner Councils of £531K in 2017/18. The Strategic Manager was pleased to announce that this amount had been achieved.

The Service Delivery Plan (at Appendix A of the report) detailed the high level actions that the service must implement to ensure that the varied demands on the service were being met. The Plan had three areas:

- Service Plan – business as usual and innovative activities
- Projects
- Risk Matrix.

The strategic priorities were:

- To continue to promote specialist services
- To develop its existing offer; and
- Not to lose focus on its core business.

Members were then provided with the notable significant successes that ARP had achieved (see paragraph 1.2.1 of the report). Further to this, it was also noted that ARP would continue to monitor Universal Credit.

Councillor Claussen asked if Enforcement Agency staff would be expanded. Members were informed that ARP employs further resource as and when required particularly when taking on any new partners; the same would apply in the Fraud Team.

Councillor Hay queried the ‘ambers’ on the risk report as both had reached target score. Adrian Mills, Strategic Manager (Benefits) ARP explained that the Housing Benefit subsidy shortfall and the Universal Credit implementation risks had always been left as ‘amber’ as the risks were unknown; however, this could be changed. Councillor Hay felt that the scores should be changed to green but with a residual risk included. Members were informed that this would be changed accordingly.

RESOLVED that:

Action By

1. the progress in respect of the December 2017 Service Delivery Plan be noted; and
2. the revised Service Delivery Plan and Risk Register at Appendix A be approved; subject to the addition of the aforementioned changes.

44/18 ARP JOINT COMMITTEE PARTNERSHIP BUDGET (AGENDA ITEM 8)

Alison Chubbock, the Chief Accountant (BDC) presented the Partnership's annual budget report.

The budget had been reviewed by the S151 Officer for each partner authority followed by a further review by the Operational Improvement Board (OIB). The budget report was then brought to the Joint Committee for formal approval before being incorporated into the 7 partners' individual budgets.

Whilst the majority of budgets had been set in the same way as previous years, there had been a number of key changes to highlight for the 2019-20 budget. These changes had been discussed at the October OIB meeting and had been recommended for inclusion in the budget subject to the Joint Committee's approval.

An additional budget of £60k per year had been added for an ICT replacement fund to the existing £12.5K already budgeted. This £72.5K would be set aside each year in a reserve to be used to cover the cost of any IT replacement equipment for all ARP staff in future. If this amount was not agreed to be set aside, each partner authority would need to find one-off funding at the time of equipment replacement.

One of the major changes, highlighted at section 1.6 of the report, was in relation to the 16 temporary fixed term contract roles employed by the Partnership funded by either long term grants or income. These temporary roles had been in the budget for many years and were extended on an annual basis. Also staff employed on a temporary basis were always looking for permanent roles and thus having a high level of staff turnover. To overcome this situation and in order to ease these pressures of basic training and support, and to retain well trained staff, this budget proposed that these roles become permanent. There would not be an overall cost to the ARP as these would still be funded by either long term grants or income and would be made permanent as soon as possible subject to approval by each employing authority. There was a risk; however, that this grant funding or income would cease in the future but there was sufficient staff turnover within the ARP to manage this risk and the roles could be re-assigned.

In setting the budget the following key assumptions had been made:

- A pay award of 2% each year
- A vacancy factor of 2.5% in all years
- No inflation on general non contracted supplies and services; and
- No efficiency target as this had already been achieved during 2018/19.

The recommendations were highlighted and the early decision for the third recommendation was explained.

Action By

Councillor Ambrose-Smith asked if the 16 temporary staff were on a similar pay scale to the permanent staff. Members were informed that they were.

Councillor Claussen asked how much it cost the Partnership in recruitment. Members were informed that the cost of recruitment, training, staff time to date had all been taken into account; the hidden costs being in the region of £117K for 2018.

Councillor Houlder felt that the vacancy factor at 2.5% was quite low and therefore ARP was retaining staff rather than losing them. Members were informed that the difficulty was attracting suitable applicants for temporary work as most were always looking for permanent roles.

In response to a question about the additional budget for an ICT replacement fund, the Chief Accountant explained that there had never been any monies available for IT in the past and this additional funding would assist from the start.

RESOLVED that:

1. the Partnership budget at Appendix A of the report for 2019-20 be approved;
2. appropriate approvals be sought from each employing authority prior to increasing the establishment; and
3. any final full year balance for the Partners be shared between the partner Authorities in the approved shares.

45/18 ANGLIA REVENUE PARTNERSHIP CONSTITUTION (AGENDA ITEM 9)

Jill Korwin, a Director for West Suffolk Councils and Chair of the Operational Board presented the review of the Constitution report.

The purpose of the report was to agree to a review of the Constitution of the Partnership following the change in ARP membership as a result of the abolishment of four member authorities and the creation of two new member authorities in their place on 1 April 2019. Members were also asked to consider and address other issues in the Partnership Agreement.

Section 4 of the report set out the process of the agreement that the Partnership had to follow. In accordance with this process, Ian Gallin, the Chief Executive of Forest Heath District Council and St Edmundsbury Borough Council, served a review notice to the other Partner Authorities on 18 October 2018. All Chief Executives agreed to the review, tasking their members of the Operational Improvement Board to make recommendations as to the Terms of Reference. The Terms of Reference had been included at Appendix 1.

The recommendations were highlighted. Members were informed that this report would be presented to the individual authorities for agreement then it would be brought back to a future Joint ARP Committee meeting.

Councillor Ambrose-Smith conveyed his thanks for the work that had been done.

The Joint Committee **RESOLVED** that:

1. a full review of the Partnership Agreement be completed within six months of the abolishment of the four Councils;
2. the Terms of Reference for the review as set out in Appendix 1 of the report be agreed; and
3. during this period the successor Councils shall have the same number of representatives as the other member Councils.

46/18 WELFARE REFORM UPDATE (STANDING ITEM) (AGENDA ITEM 10)

Adrian Mills, the ARP Strategic Manager (Benefits) presented an update on welfare reform.

Apart from Universal Credit there were no new matters arising. Members were informed that of the announcement in October 2018 by DWP that Universal Support funding to assist new Universal Credit customer to make claims and help to budget monthly payments (see section 2.1.2 of the report) would be granted to the Citizen's Advice Bureau (CAB) and not to local authorities from April 2019. This unexpected announcement had been poorly received by Councils and the Local Government Association (LGA) had already written to the DWP and further response was expected from the Waveney MP who had lobbied Government against this migration.

ARP was in regular contact with the CAB at a local level and the position was being monitored. It was noted that the CAB had a one year contract in relation to delivering Universal Credit support.

Councillor Kerry had grave concerns about this migration and asked what would happen if the CAB found itself in a position where it could not help. Members were informed that this question had already been raised and had been directed to Government.

Councillor Houlder asked if the CAB had been provided with additional funding. The Strategic Manager (Benefits) advised that DWP are providing direct funding to CAB to deliver the change and that most Council's already passed this year's funding to CAB. Additionally, some Council's provided separate, general grant funding to CAB; however, it would be for local authorities to determine if this funding continued.

Councillor Ambrose-Smith wanted assurance that everyone had or was being told that ARP was not at all happy about this migration. Members were assured that ARP was lobbying government nationally but this would be the ideal opportunity, as Elected Members, to replicate what the Waveney MP had already done; the Strategic Manager (Benefits) said he would be happy to share this information.

Councillor Claussen also had concerns as it seemed to him that this was already a given decision but asked if there was anything that could be done corporately. Members were informed that ARP would keep a watching brief as this could have an impact on local authorities.

Jill Korwin, as the Chair of the OIB assured Members that an OIB meeting would directly follow this meeting to discuss the way forward and come up with a structured plan.

Action By

Members were encouraged to take a look at the Parliamentary debate which could be found by clicking on the following link:

<https://hansard.parliament.uk/commons/2018-10-17/debates/CD3131AC-C7F0-4DB6-A4EF-05191F92642F/UniversalCredit>

The report was otherwise noted.

47/18 FORTHCOMING ISSUES (STANDING ITEM) (AGENDA ITEM 11)

Nothing to report.

48/18 NEXT MEETING (AGENDA ITEM 12)

Members agreed that the date of the next meeting scheduled for Tuesday, 26 March 2019 at 10.30am should remain and not be changed due to the BDC purdah period.

The meeting closed at 11.35 am

CHAIRMAN

RESOURCES & FINANCE COMMITTEE

ANNUAL AGENDA PLAN

LEAD OFFICER(S): John Hill, Chief Executive

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting on: Monday 28 January 2019 4.30pm		Meeting on: Thursday 28 March 2019 4.30pm			Meeting on:	
Agenda Planning meeting:		Agenda Planning meeting:			Agenda Planning meeting:	
Pre-meeting briefing:		Pre-meeting briefing:			Pre-meeting briefing:	
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	Deadline for reports/dispatch:
<ul style="list-style-type: none"> Chairman's Announcements External Audit – Annual Certification Report External Audit Annual Audit and Inspection Plan Medium Term Financial Strategy, Revenue Budget and Capital Programme 2019/20 Annual Treasury Management Strategy/MRP/AIS Corporate Risk Register Update Finance Report Review of Constitution - Financial Regulations and Finance Procedure Rules <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 Mnger & S151 Officer Fin Mnger & S151 Officer Internal Audit Fin Mnger & S151 Officer Fin Mnger & S151 Officer Dir Commercial DSM DSM	<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>Customer Services Resourcing Issues???</i> <i>ARP Joint Committee Minutes</i> <i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i> Forward Agenda Plan <i>Appointments, Transfers, Resignations [EXEMPT]</i> 	Chair External Audit External Audit /Fin Manager Perf Mnge Officer Internal Audit Internal Audit Customer Services Manager Dir Commercial DSM DSM HR Manager	<ul style="list-style-type: none"> 		

[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: 16/01/19]

RESOURCES & FINANCE COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): John Hill, Chief Executive

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Meeting on: Monday 28 January 2019 4.30pm [continued]		Meeting on: Thursday 28 March 2019 4.30pm [continued]			Meeting on:	
Agenda Planning meeting:		Agenda Planning meeting:			Agenda Planning meeting:	
Pre-meeting briefing:		Pre-meeting briefing:			Pre-meeting briefing:	
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	Deadline for reports/dispatch:
•		•			•	

**[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: 16/01/19]**



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM NO 4

RESOURCES AND FINANCE COMMITTEE

Minutes of a Meeting of the Resources and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 28 January 2019 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor Christine Ambrose-Smith (substitute for Councillor Bradley)
Councillor David Ambrose-Smith
Councillor Ian Bovingdon
Councillor Steve Cheetham
Councillor Lorna Dupré
Councillor Mark Goldsack
Councillor Chris Morris
Councillor Alan Sharp (Vice-Chairman)

APOLOGIES

Councillor Mike Bradley

In attendance

Melanie Richardson – Audit Manager, External Audit, Ernst and Young
Rachel Ashley-Caunt – Head of Audit, LGSS

John Hill – Chief Executive
Ian Smith – Finance Manager & S151 Officer
Tracy Couper – Democratic Services Manager

58. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

59. **DECLARATIONS OF INTEREST**

There were no declarations of Interests by Members of the Committee.

60. **MINUTES**

The Minutes of the meeting of the Committee held on 29 November 2018 were received.

Councillor Dupré referred to a number of items of information that were to be provided arising from these Minutes that still were to be received. The Chief Executive agreed to ensure that responses were circulated to Members of the Committee as soon as possible.

It was resolved:

That the Minutes of the meeting of the Committee held on 29 November 2018 be confirmed as a correct record and signed by the Chairman.

61. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman did not make any announcements.

62. **EXTERNAL AUDIT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18**

The Committee received the External Audit report on the certification of Claims and Returns for 2017/18. Melanie Richardson, Audit Manager for the Council's External Auditors, summarised the content of the report and explained that errors were found and extended testing carried out in 5 areas, representing a small increase on the preceding year, but these had no impact on subsidy. In response to a question by Councillor Sharp, it was confirmed that the errors were largely due to the complexity of the Housing Benefit Regulations and the level was comparable with those of other Councils locally.

Councillor Dupré commented that the errors impacted on the level of fees charged by the External Auditors and subjected claimants to repayment processes in the event of overpayment of Benefit.

It was resolved:

That the External Audit Certification of Claims and Returns Annual Report 2017/18 be noted.

63. **EXTERNAL AUDIT - AUDIT PLANNING REPORT**

The Committee received the External Audit Plan for 2019. Melanie Richardson, Audit Manager for the Council's External Auditors, Ernst and Young, explained the content of the Plan. She highlighted the reduction in the materiality threshold for this Council, from 75% to 50% as a consequence of the increased issues identified with the 2017/18 Statements, but noted that these were likely to be the consequence of new staff in the Finance Team, so it was hoped that the Council could revert to the higher threshold in future years. With reference to page 6 of the Plan, the Finance Manager highlighted that the Council now had a balanced Budget for 2020/21.

With regard to the consolidation of the Council's new Trading Company, East Cambs Street Scene (ECSS), Councillor Sharp queried whether the company accountants Price Bailey, would be able to achieve the closedown deadlines for this year. Ms Richardson stated that the External Auditors were liaising with Price Bailey on this issue and the Finance Manager reported that he had a meeting with Price Bailey in the current week and would discuss this with them at the meeting.

It was resolved:

That the External Audit Plan be noted.

65. **2019/20 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY (AIS)**

The Committee considered a report (reference T188, previously circulated) containing the 2019/20 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS). The Finance Manager and Section 151 Officer, Ian Smith, explained the background and rationale to the strategies.

Mr Smith confirmed that external borrowing probably would be required in the current year and definitely in the forthcoming year and also highlighted receipt of an updated Brexit timetable from Link Asset Services, asking Committee's approval to include the most up to date version in the paper to go onto full Council.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve:

- **The 2019/20 Treasury Management Strategy;**
- **The Annual Investment Strategy;**
- **The Minimum Revenue Provision Policy Statement;**
- **The Prudential and Treasury Indicators;**

set out in Appendix 1 to the submitted report, as amended to include an updated Brexit Timetable and Process.

66. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2019/20**

The Committee considered a report (reference T189, previously circulated) containing the proposed Revenue and Capital Budgets and the required level of Council Tax for 2019/20, an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy (MTFS). The Finance Manager and Section 151 Officer, Ian Smith, highlighted that the Council had a balanced Budget in 2019/20 and 2020/21, but the significant Budget deficit in 2021/22 would need to be addressed through income generation or savings in the delivery

of services. Mr Smith explained the key principles underlying the draft budget.

In response to questions by Councillor Bovingdon regarding the likelihood of repayment of the loan to ECTC in 2021, Mr Smith stated that whilst there may be an element of uncertainty due to the investment required for the Kennett project, he had no reason to believe at present that the loan would not be repaid by the deadline and any request for an extension would result in the charging of additional interest by the Council.

Councillor Morris entered the meeting at 4.50pm.

Councillor Goldsack raised questions on the projected increase in Land Charges income in 2019/20 shown in the draft budget at Appendix 1. Similarly Councillor Bovingdon queried the variation in the income from the Parking of Vehicles between years. It was reported that responses to these questions would be provided via E-mail in advance of the full Council meeting.

The Chairman commented that the proposal for additional Capital Provision for the purchase of land to increase the capacity of the Commuter Car Parks at Angel Drove, Ely, referred to in paragraph 10.7 of the report, appeared justified from his experience in the previous week, where all the spaces were fully utilised by 10am.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve (as amended for Council):

- 1. The 2019/20 revenue budget as set out in the revised Appendix 1 to the submitted report, including a proposed Council Tax freeze.**
- 2. The Statement of Reserves as set out in Appendix 2 to the submitted report.**
- 3. The Fees and Charges for 2019/20, as set out in Appendix 3 to the submitted report.**
- 4. The Capital Programme and financing as set out at Appendix 4 to the submitted report.**
- 5. The awarding of discretionary Business Rate relief to certain retail business premises with a rateable value below £51,000 as set out in paragraphs 5.2 to 5.4 of the submitted report.**

It was also resolved:

That, as the Council are still awaiting final Settlement figures and completion of the NNDR1 Return, should the numbers change between Resources and Finance Committee and full Council, the

Finance Manager be authorised to adjust the use of the Surplus Savings Reserve in 2019/20 (as necessary) so that the net budget and Council Tax for that year remain unchanged.

67. **FINANCIAL REGULATIONS AND FINANCIAL PROCEDURE RULES**

The Committee considered a report (reference T190, previously circulated) containing draft Financial Regulations and Financial Procedure Rules for inclusion in the Council's Constitution. The Finance Manager and Section 151 Officer reported that there was reference in the Constitution to detailed Financial Procedures being produced and these documents were to meet that requirement and codified current corporate practice. The draft Financial Regulations and Financial Procedure Rules had been endorsed by Corporate Management Team and Internal Audit.

In response to a question by Councillor Dupré, the Finance Manager confirmed that there were no other outstanding documents for inclusion in the Constitution.

The Chairman suggested that the Financial Regulations and Financial Procedure Rules should refer to the 'relevant Committee', in view of the number of changes to the name of this Committee in recent years.

It was resolved to RECOMMEND TO COUNCIL:

That Council approve the adoption of the new Financial Regulations and Financial Procedure Rules attached to the submitted report for inclusion within the Constitution, subject to amendment throughout of reference to 'the relevant Committee' to avoid the requirement to change the Constitution each time the name of that Committee changes.

68. **CORPORATE RISK MANAGEMENT**

The Committee considered a report (reference T191, previously circulated) containing an update on the key risks facing the Council, and the associated mitigating actions.

Rachel Ashley-Caunt, Head of Audit, Internal Audit, LGSS, highlighted the inclusion of Homelessness as a separate risk from the Housing Strategy risk to reflect comments when the Register was reviewed at the meeting of this Committee in July 2018. A risk relating to the impact of Brexit also had been included in the Register. The Workforce Development risk had been removed from the register and included in the general Recruitment/Retention risk, to reflect the large amount of work done by the Council in this area, meaning it now could be regarded as 'business as usual'.

Councillor Dupré referred to the variable nature of the descriptions of risk for individual items in the Register. Some were a useful summary of the risk but others were merely a title rather than a description of the risk.

Councillor Dupré also queried the risk scoring, what action the Council was taking to prepare for the impact of Brexit and whether there was a designated officer responsible for this area, as the description of the risk indicated a reactive rather than a proactive approach. The Chief Executive acknowledged that consistency was required in the descriptions of risk in the Register and agreed that these should be reviewed. He also agreed to review the scoring and to consider the actions to be taken by the Council in relation to the Brexit risk.

Councillor Goldsack queried the impact of the roll-out of Universal Credit in East Cambridgeshire on Homelessness, as referred to in that risk. The Chief Executive stated that a report on this recently had been submitted to the Regulatory Services Committee and Members of this Committee could be provided with an update.

It was resolved:

That the proposed amendments to the Corporate Risk Register set out in Appendix 2 to the submitted report be endorsed.

69. **FINANCE REPORT**

The Committee received a report (reference T192, previously circulated) containing an update on the Council's current financial position for 2017/18 financial year for both revenue and capital expenditure. The Finance Manager and Section 151 Officer highlighted the correct Appendix 4 to the report tabled at the meeting.

In response to questions by Councillor Sharp, the Finance Manager explained the figures relating to Homelessness.

It was resolved:

1. That the projected year end underspend of £280,000 compared to the approved revenue budget of £5,334,176 for this Committee be noted.
2. That the overall projected year end underspend of £443,500 compared to the approved revenue budget of £13,099,778 for the Council be noted.
3. That the projected year end Capital spend of £302,444 compared to the revised budget of £6,632,444 for this Committee be noted.
4. That the overall position for the Council on Capital of a projected capital outturn of £4,324,570, which is an underspend of £7,038,982, be noted.

70. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP (ARP) JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018.

Councillor Dupré asked if there was an update on the issue regarding Welfare Reform in Minute 46/18, whereby representations were being made on the transfer of funding for support and assistance to claimants for Universal Credit claims to Citizen Advice Bureaux (CAB) rather than local authorities from April 2019. Councillor David Ambrose-Smith, as the Council's representative on ARP, stated that a response from the Work and Pensions Minister, Amber Rudd MP, was awaited.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018 be noted.

71. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee for the current year.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5.15pm.

Chairman:.....

Date: 28 March 2019

Date of Publication of Decision List: Thursday 31 January 2019



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

RESOURCES & FINANCE COMMITTEE – 28 JANUARY 2019
DECISION LIST

AGENDA ITEM NO.	REPORT REF.	ITEM	ISSUE	DECISION	ACTION BY
1.	-	Public Question Time		No questions were submitted by the members of the public.	
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.	There were no declarations of Interests by Members of the Committee.	
5.	-	Chairman's Announcements		The Chairman did not make any announcements.	
6.	-	External Audit – Certification of Claims and Returns Annual Report 2017/18	To consider the External Audit report on the certification of claims and returns for 2017/18.	It was resolved: That the External Audit Certification of Claims and Returns Annual Report 2017/18 be noted.	Ian Smith
7.	-	External Audit - Audit Planning Report	To consider the External Audit Plan.	It was resolved: That the External Audit Plan be noted.	Ian Smith

8.	T188	2019/20 Annual Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement & Annual Investment Strategy (AIS)	To consider the 2019/20 Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy (AIS).	<p>It was resolved to RECOMMEND TO COUNCIL:</p> <p>That Council approve:</p> <ul style="list-style-type: none"> • The 2019/20 Treasury Management Strategy; • The Annual Investment Strategy; • The Minimum Revenue Provision Policy Statement; • The Prudential and Treasury Indicators; <p>set out in Appendix 1 to the submitted report, as amended to include an updated Brexit Timetable and Process.</p>	Ian Smith
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9.	T189	Revenue Budget, Capital Programme and Council Tax 2019/20	To consider the proposed Revenue and Capital Budgets and the required level of Council Tax for 2019/20, and to receive an assessment of the robustness of the Budgets, the adequacy of Reserves and an update of the Council's Medium Term Financial Strategy.	<p>It was resolved to RECOMMEND TO COUNCIL:</p> <p>That Council approve (as amended for Council):</p> <ol style="list-style-type: none"> 1. The 2019/20 revenue budget as set out in the revised Appendix 1 to the submitted report, including a proposed Council Tax freeze. 2. The Statement of Reserves as set out in Appendix 2 to the submitted report. 3. The Fees and Charges for 2019/20, as set out in Appendix 3 to the submitted report. 4. The Capital Programme and financing as set out at Appendix 4 to the submitted report. 5. The awarding of discretionary Business Rate relief to certain retail business premises with a rateable value below £51,000 as set out in paragraphs 5.2 to 5.4 of the submitted report. <p>It was also resolved:</p> <p>That, as the Council are still awaiting final Settlement figures and completion of the NNDR1 Return, should the numbers change between Resources and Finance Committee and full Council, the Finance Manager be authorised to adjust the use of the Surplus Savings Reserve in 2019/20 (as necessary) so that the net budget and Council Tax for that year remain unchanged.</p>	Ian Smith
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10.	T190	Financial Regulations and Financial Procedure Rules	To consider draft Financial Regulations and Financial Procedure Rules for inclusion in the Council's Constitution.	<p>It was resolved to RECOMMEND TO COUNCIL:</p> <p>That Council approve the adoption of the new Financial Regulations and Financial Procedure Rules attached to the submitted report for inclusion within the Constitution, subject to amendment throughout of reference to 'the relevant Committee' to avoid the requirement to change the Constitution each time the name of that Committee changes.</p>	Ian Smith
11.	T191	Corporate Risk Management	To update Members on the key risks facing the council, and the associated mitigating actions.	<p>It was resolved:</p> <p>That the proposed amendments to the Corporate Risk Register set out in Appendix 2 to the submitted report be endorsed.</p>	Ian Smith/ Internal Audit
12.	T192	Finance Report	To receive budget monitoring information for services under the responsibility of Resources and Finance Committee and then, as part of its corporate remit, for the Council as a whole.	<p>It was resolved:</p> <ol style="list-style-type: none"> 1. That the projected year end underspend of £280,000 compared to the approved revenue budget of £5,334,176 for this Committee be noted. 2. That the overall projected year end underspend of £443,500 compared to the approved revenue budget of £13,099,778 for the Council be noted. 3. That the projected year end Capital spend of £302,444 compared to the revised budget of £6,632,444 for this Committee be noted. 4. That the overall position for the Council on Capital of a projected capital outturn of £4,324,570, which is an underspend of £7,038,982, be noted. 	Ian Smith

13.	-	Anglia Revenues and Benefits Partnership (ARP) Joint Committee Minutes	To receive the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018.	It was resolved: That the Minutes of the meeting of the ARP Joint Committee held on 4 December 2018 be noted.	Emma Grima
14.	-	Forward Agenda Plan	To receive the Forward Agenda Plan for the Committee.	It was resolved: That the Forward Agenda Plan be noted.	Tracy Couper

Please Note: These decisions will come into effect on Monday 11 February 2019 unless any 3 Members object and call-in the decision. The call-in must be in writing to the Chief Executive and be received by Monday 4 February 2019. Recommendations of the Policy Committees to other bodies (or to Council) cannot be called-in, nor can any decisions categorised as urgent in accordance with the call-in procedure.