

# Finance and Audit Scrutiny Committee

Tuesday 28 November 2017

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A meeting of the Finance and Audit Scrutiny Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 28 November 2017 at 6.00pm.

Membership:

|                      |                            |
|----------------------|----------------------------|
|                      | Councillor Barrott (Chair) |
| Councillor Cain      | Councillor Illingworth     |
| Councillor Davies    | Councillor Margrave        |
| Councillor Gallagher | Councillor Noone           |
| Councillor Gifford   | Councillor Quinney         |
| Councillor Howe      | Councillor Wright          |

## Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

## Agenda

### Part A – General Items

#### 1. Apologies and Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

#### 2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

To confirm the minutes of the meeting held on 31 October 2017

**(Pages 1 to 5)**

4. **Minutes of Joint Scrutiny Committee**

To confirm the minutes of the meeting held on 13 November 2017

**(Pages 1 to 2)**

**Part B Audit Items**

5. **Treasury Management Activity Report for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017**

To receive a report from Finance

**(Pages 1 to 21)**

6. **Internal Audit Quarter 2 2017/18 Progress Report**

To consider a report from Finance

**(Pages 1 to 21)**

7. **Annual Governance Statement 2016/17 Action Plan: Review of Progress**

To consider a report from Finance

**(Pages 1 to 13)**

**Part C – Scrutiny Items**

8. **Fraud Investigation Performance Report**

To consider a report from Finance

**(Pages 1 to 6)**

9. **Comments from the Executive**

To consider a report from Democratic Services

**(Pages 1 to 5)**

10. **Review of the Work Programme and Forward Plan**

To consider a report from Democratic Services **(Pages 1 to 6 + Appendix 2)**

11. **Executive Agenda (Non Confidential Items and Reports) – Wednesday 29 November 2017**

To consider the non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.  
(Circulated separately)**

12. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

13. **Executive Agenda (Confidential Items and Reports) – Wednesday 29 November 2017**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.  
(Circulated separately)**

14. **Confidential Minutes**

To confirm the minutes of the meeting held on 31 October 2017

**(Pages 1 to 2)  
(Not for Publication)**

Agenda published Monday 20 November 2017

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You can e-mail the members of the Committee at [f&a@warwickdc.gov.uk](mailto:f&a@warwickdc.gov.uk)

Details of all the Council's committees, Councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://www.warwickdc.gov.uk/committees)

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

**The agenda is also available in large print, on request, prior to the meeting by calling 01926 456114.**

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 31 October 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillor Barrott (Chair), Councillors Cain, Gallagher, Gifford, Howe, Illingworth, Margrave, Noone and Quinney.

**Also present:** Councillors Grainger, Mobbs, Rhead, Thompson & Whiting.

## 70. **Apologies and Substitutes**

- (a) Apologies for absence were received from Councillor Davies; and
- (b) There were no substitutes.

## 71. **Declarations of Interest**

Minute 78 – Executive Agenda (Non-Confidential Items & Reports – Wednesday 1 November 2017) – Item 11 – Europa Way - Update

Councillor Gifford declared a prejudicial interest because he was a Warwickshire County Councillor and left the room whilst the item was discussed.

## 72. **Minutes**

The minutes of the meeting held on 26 September 2017 were taken as read and signed by the Chair as a correct record.

## 73. **Minutes of Joint Scrutiny Committee**

The minutes of the meeting held on 18 September 2017 were taken as read and signed by the Chair as a correct record.

## 74. **National Fraud Initiative Update**

The Committee received a report from Finance which detailed the progress to date on the Council's investigations into the data matches from the 2016-17 National Fraud Initiative (NFI) programme.

The National Fraud Initiative (NFI) was a national inter-organisational data matching service developed by the Audit Commission but now managed by the Cabinet Office.

While the NFI had traditionally focused on housing benefit fraud as its main target area, recent years had seen pensions and council tax discount overtake housing benefits in terms of monetary value attributed to fraud and irregularities detected through its activities. Of the other areas targeted by NFI, those relevant to Warwick District Council were:

- Council Tax reduction (under local scheme)
- employment

- social housing tenancies
- right to buy
- social housing waiting lists
- trade creditors
- licensing (taxi and alcohol)
- insurance claims.

To meet its obligations under the NFI, the Council was required to; extract and supply data to the managing body (now the Cabinet Office); and review and, where appropriate, investigate output referred back from the data matching processes and report the outcomes to the managing body.

The table at 9.1 of the report summarised the results to date for the 2016-17 round of the NFI alongside the final outcomes of the 2014-15 round for comparison.

The Audit & Risk Manager introduced the interim report and advised that the results would be sent to the Cabinet Office. The table on page 5 of the report, showed the results to date and highlighted the number of cases of fraud or error that had been identified in 2014-15 and 2016-17.

In response to a question regarding paragraph 9.10, Members were advised that recovery of an overpayment to a creditor was still being pursued, however, the creditor was refusing to admit to receiving this. Officers agreed to continue to investigate the situation.

Following a question from Councillor Margrave, the Audit and Risk Manager advised that the Council did a number of benchmarking exercises with other authorities but not on NFI. However, Oxford City Council would be visiting the Council soon and officers were happy to discuss this with them then.

Members thanked the officers for the report, and

**Resolved** that the outcomes to date and relevant explanations from the 2016-17 round of the NFI be noted.

(Councillor Noone arrived during deliberation of this item)

**75. Executive Agenda (Non-Confidential Items & Reports – Wednesday 1 November 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 1 November 2017.

Item 7 – Tach Brook Country Park

The Committee supported the recommendations in the report.

Item 11 – Europa Way – Update

The Committee supported the recommendations with the addition of the words 'with Leamington Football Club' to recommendation 2.4.

**76. Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

**77. Executive Agenda (Confidential Items & Reports – Wednesday 1 November 2017)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 1 November 2017.

Item 16 – Royal Naval Association Club

The Committee fully supported recommendation 2.1. However, in relation to recommendation 2.2, Members made a formal proposal which would be detailed in full in the confidential minutes of the meeting.

**78. Review of Health & Community Protection Services Risk Register**

The Committee received a report from Health & Community Protection which set out the process for the review of the Health & Community Protection Services Risk Register.

The latest version of the register was attached as Appendix 1A to the report, which officers advised was regularly reviewed and updated. Health & Community Protection also maintained a summary table as a supplement to the Risk Register to manage their key risks more closely. This was set out as Appendix 1B to the report.

The Health & Community Protection Risk Register was owned and managed by the Portfolio Holder & the Health & Community Protection Management Team. The register was reviewed on a monthly basis by the Management Team and discussed on a regular basis by Head of Health & Community Protection and Portfolio Holder at their one-to-one meetings.

The report advised that the three main risks within the service area were considered to be: GR 1 – staff resources and loss of key staff; GR 2 – Health and Safety risks to staff – evening/night time enforcement, Lone working, staff safety, Injuries and abuse; and GD8 - Unable to meet levels of service expected.

The Head of Health & Community Protection introduced the report and highlighted the three main risks detailed above.

In response to questions from the Committee, the Head of Health and Community Protection confirmed that:

- The risk relating to staff resources was linked to a recent restructure which took place in May 2017 – existing staff had been matched into nine of the 12 jobs, however, some staff had left and the service area was carrying five vacancies;
- Officers were confident of filling the vacancies;
- In relation to risk GD6 – Not applying Equality and Diversity principles, there had not been an incident report in the past ten years;
- In relation to risk GI1 – Loss of IT and records - new data protection regulations would be introduced in May 2018 and as a result, the department's pages on the Council website would be reviewed;
- In relation to SS11 – Failure to improve air pollution (NO2) levels - the Council did monitor particulate levels in the air and some areas were improving, however, the locations to be measured were set by DEFRA and not by the Council themselves.

The Head of Health and Community Protection and the Portfolio Holder were thanked for attending, and the Committee

**Resolved** that the report be noted.

**79. Executive Agenda (Non-Confidential Items & Reports – Wednesday 1 November 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 1 November 2017.

Item 14(A) – Significant Business Risk Register

The Committee supported the recommendations in the report.

Item 13 – 100% Business Rate Retention Pooling Pilot

The Committee supported the recommendations in the report.

Item 6 – Arrangements for Civic Transport & Support

The Committee supported the recommendations but had reservations about various aspects of the proposal. It was suggested that a local car company could be used to source a new vehicle.

**80. Comments from the Executive**

The Committee considered a report from Democratic Services which summarised the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 26 September 2017.

Councillor Illingworth queried the new report format and requested that officers investigate the possibility of removing the table in section 4 of the template. The Senior Committee Services Officer advised that work had already begun on condensing some of the reporting structures to avoid printing unnecessary pages.

**Resolved** that the report be noted.

81. **Review of the Work Programme & Forward Plan**

The Committee considered its Work Programme for 2017/2018 and the Forward Plan.

Officers advised that a number of items had been moved to coincide with the timetable that the Audit team were working to. In addition, the Senior Committee Services Officer reminded all Members that training session on Procurement was due to be delivered on Monday the following week.

**Resolved** that the report be noted.

82. **Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

83. **Minutes**

The confidential minutes of the meeting held on 30 August 2017 were taken as read and signed by the Chairman as a correct record.

(The meeting ended at 8.16 pm)



# Joint meeting of the Finance & Audit and Overview & Scrutiny Committees

Minutes of a joint meeting of the Finance & Audit and Overview & Scrutiny Committees held on Monday 13 November 2017, at the Town Hall, Royal Leamington Spa at 5.30pm.

**Present:** Councillors Barrott, Bromley, Davies, Davison, Mrs Falp, Gallagher, Gifford, Miss Grainger, Howe, Illingworth, Mrs Knight, Margrave, Naimo, Noone, Parkins, Quinney, Mrs Redford and Shilton.

**Also Present:** Councillors Ashford, Day, Gill, Mobbs, Rhead and Wright.

## 1. Appointment of Chairman

It was proposed and duly seconded that Councillor Barrott be appointed as Chairman for the meeting.

**Resolved** that Councillor Barrott be appointed as Chairman for the meeting.

## 2. Apologies and Substitutes

There were no apologies or substitutes.

## 3. Declarations of Interest

Minute Number 4 - Executive Agenda (Non-Confidential Items & Reports – Wednesday 15 November 2017) – Item 4 and Council Agenda (Non-Confidential Items & Reports – Wednesday 15 November 2017) – Item 12 – Community Infrastructure Levy Adoption

Councillors Illingworth and Shilton declared an interest because they were Members of Kenilworth Town Council.

## 4. Council Agenda – Wednesday 15 November 2017

The Committees considered the following non-confidential item which would be discussed at meetings of the Executive and of Council on Wednesday November 2017.

Item 4 and Council Agenda (Non-Confidential Items & Reports – Wednesday 15 November 2017) – Item 12 – Community Infrastructure Levy Adoption


The Committees considered a report from the Policy & Projects Manager which sought agreement from the Council to formally adopt the Community Infrastructure Levy (CIL) Charging Schedule following on from the approval of the Draft Charging Schedule by the Independent Examiner appointed by the Planning Inspectorate.

Once adopted, it was intended that the CIL charging process would commence between 20 November and 18 December 2017.

The Committees supported the recommendations in the report.

(Councillors Ashford, Davison, Day, Gifford, Mobbs and Noone all arrived at the meeting during discussions of this item.)

(The meeting ended at 6.12 pm)

|   |   |                                    |
|---|---|------------------------------------|
|  <b>Finance and Audit Scrutiny Committee.</b><br><b>28th November 2017.</b>  |   | <b>Agenda Item No.</b><br><b>5</b> |
| <b>Title</b>  | Treasury Management Activity Report for the period 1st April 2017 to 30th September 2017.   |                                    |
| <b>For further information about this report please contact</b>   | Karen Allison, Assistant Accountant<br>01926 456334<br><a href="mailto:Karen.allison@warwickdc.gov.uk">Karen.allison@warwickdc.gov.uk</a> |                                    |
| <b>Wards of the District directly affected</b>  |   |                                    |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |                                    |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | N/a   |                                    |
| <b>Background Papers</b>  | Treasury Management File L2/9<br>Treasury Management Information via External Advisers, Brokers, External Investment Agents etc.          |                                    |

|  |                  |
|--|------------------|
| <b>Contrary to the policy framework:</b>                                   | No               |
| <b>Contrary to the budgetary framework:</b>                                | No               |
| <b>Key Decision?</b>   | No               |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No               |
| <b>Equality Impact Assessment Undertaken</b>                               | No-not relevant. |
|  |                  |

| Officer/Councillor Approval                                       |          |                 |
|---|----------|-----------------|
| Officer Approval  | Date     | Name            |
| Chief Executive/Deputy Chief Executive                            | 12.11.17 | Andrew Jones    |
| Head of Service   | N/A      |                 |
| CMT   | N/A      |                 |
| Section 151 Officer   | 08.11.17 | Mike Snow       |
| Monitoring Officer  | N/A      |                 |
| Finance   | 08.11.17 | Vicki Forrester |
| Portfolio Holder(s)   | 13.11.17 | Peter Whiting   |
| Consultation & Community Engagement                               |          |                 |
| None.   |          |                 |
| Final Decision?   |          | Yes             |
| Suggested next steps (if not final decision please set out below) |          |                 |

## 1. **Summary**

- 1.1 This report details the Council's Treasury Management performance for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017.

## 2. **Recommendation**

- 2.1 That Finance and Audit Scrutiny Committee notes the contents of this report.

## 3. **Reasons for the Recommendation**

- 3.1 The Council's 2017/18 Treasury Management Strategy and Treasury Management Practices (TMP's) require the performance of the Treasury Management Function to be reported to Members on a half yearly basis.

## 4. **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

| <b>FFF Strands</b>  |  |   |
|---|--|---|
| <b>People</b>   | <b>Services</b>  | <b>Money</b>  |
| <b>External</b>   |  |   |
| <b>Health, Homes, Communities</b>   | <b>Green, Clean, Safe</b>  | <b>Infrastructure, Enterprise, Employment</b>   |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/ productivity of local economy<br>Increased employment and income levels |
| <b>Impacts of Proposal</b>  |  |   |

|   |   |   |
|---|---|---|
| The Treasury Management function enables the Council to meet its vision.  | The Treasury Management function enables the Council to meet its vision.  | The Treasury Management function enables the Council to meet its vision.  |
| <b>Internal</b>   |   |   |
| <b>Effective Staff</b>  | <b>Maintain or Improve Services</b>   | <b>Firm Financial Footing over the Longer Term</b>  |
| <u>Intended outcomes:</u><br>All staff are properly trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>Seek best value for money |
| <b>Impacts of Proposal</b>  |   |   |
| The Treasury Management function enables the Council to meet its vision.  | The Treasury Management function enables the Council to meet its vision.  | The Treasury Management function enables the Council to meet its vision.  |

On 03 July 2017, the Financial Conduct Authority (FCA) released details regarding the implementation of the Markets in Financial Instruments Directive (MIFID II), which comes into effect on 3<sup>rd</sup> January 2018. MIFID is the EU legislation that regulates firms who provide services to clients linked to "financial instruments" and it is now being revised to strengthen consumer protection and improve the functioning of markets in light of the 2008 financial crisis. Warwick District Council's Treasury management team are currently working on confirming our intention to be reclassified from 'retail' to 'elective professional' which will allow the continuation of the treasury function in all financial instruments.

## 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies. The Treasury Management function is consistent with the relevant supporting strategies.

## 4.3 **Changes to Existing Policies**

The Treasury Management function is in accordance with existing policies.

## 4.4 **Impact Assessments** – No impacts of new or significant policy changes proposed in respect of Equalities.

## 5. **Budgetary Framework**

### 5.1 Treasury Management has a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimize borrowing interest payable whilst ensuring the security of the capital. The Council is reliant upon interest received to help fund the services it

provides. The current estimate for investment interest in 2017/18 is shown in the following table:

|                              | <b>Latest 2017/18<br/>Budget (Oct 17)<br/>£</b> | <b>Original 2017/18<br/>Budget (Jan 17)<br/>£</b> |
|------------------------------|---|---|
| Gross Investment Interest    | 480,500   | 413,300   |
| Less HRA allocation          | (211,300)                                       | (177,800)   |
| Net interest to General Fund | <b>269,200</b>                                  | <b>235,500</b>                                    |

The original estimate of external investment interest for 2017/18 was £413,300. This was revised in October to £480,500. The increase of £67,200 is due to the performance of the two Corporate Equity Funds which have exceeded the initial budgeted return.

## **6. Risks**

- 6.1 Investing the Council's funds inevitably creates risk and the Treasury Management function effectively manages this risk through the application of the SLY principle. Security(S) ranks uppermost followed by Liquidity (L) and finally Yield(Y). It's accepted that longer duration investments increase the security risk within the portfolio, however this is inevitable in order to achieve the best possible return and still comply with the SLY principle which is a cornerstone of treasury management within local authorities.
- 6.2 In addition to credit ratings themselves, the Council will also have regard to any ratings watch notices issued by the 3 agencies as well as articles in the Financial press, market data and intelligence from Capita benchmarking groups. It will also use Credit Default Swap (CDS) data as supplied by Capita Asset Services – Treasury Solutions to determine the suitability of investing with counterparties.
- 6.3 Corporate Bonds and Floating Rate Notes (FRN's) introduce counterparty credit risk into the portfolio by virtue of the fact that it is possible that the institution invested in could become bankrupt leading to the loss of all or part of the Council's investment. This is mitigated by only investing in Corporate Bonds or FRN's with a strong Fitch credit rating, in this case A and issued as Senior Unsecured debt which ranks above all other debt in the case of a bankruptcy.
- 6.4 Covered Bonds also reduces risk as the bond is "backed" by high quality assets such as prime residential mortgages thus ensuring that if the bond issuer defaults there are sufficient assets that can be realised in order to repay the bond in full.
- 6.5 While Corporate Equity Funds can help to ensure capital security in real (as opposed to nominal) terms, they consequently introduce the risk of capital loss due to market price fluctuations. This is mitigated by ensuring the investments are held for a sufficiently long period. In addition, mitigation is achieved by having a spread of funds with differing risk appetites. "Stop loss" limits (whereby if the value in the fund(s) goes below a defined limit, the holdings in that fund will be sold) reduce risk by limiting losses. Finally, a volatility reserve is proposed to be created - a proportion of the annual return on the funds will

be credited to this reserve and then when required can be released to revenue either to cover or at least mitigate the impact of any deficits.

## **7. Alternative Option(s) considered**

- 7.1 This report retrospectively looks at what has happened during the last 6 months. It is a statement of fact.

## **8. Background**

- 8.1 A detailed commentary by our Treasury Consultants, Capita Asset Services, of the economic background surrounding this report appears as Appendix C.

## **9. Interest Rate Environment**

- 9.1 The major influence on the Council's investments is the Bank Rate. The Bank Rate remained at 0.25% for the 6 month period. The Council's Treasury Management Advisors, Capita Asset Services, provided the following forecast as at November 2017 for future Bank Rates:-

| Qtr<br>End-<br>ing   | Now-<br>Sept<br>2017 | Dec<br>2017 | Mar<br>2018 | June<br>2018 | Sept<br>2018 | Dec<br>2018 | Mar<br>2019 | Jun<br>2019 | Sept<br>2019 | Dec<br>2019 | Mar<br>2020 |
|--|----------------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>Current Forecast, as at November 2017:</b>                          |                      |             |             |              |              |             |             |             |              |             |             |
| Bank<br>Rate<br>%  | 0.50                 | 0.50        | 0.50        | 0.50         | 0.50         | 0.75        | 0.75        | 0.75        | 0.75         | 1.00        | 1.00        |
| <b>Forecast, as at January 2017, (when Original Budgets were set):</b> |                      |             |             |              |              |             |             |             |              |             |             |
| Bank<br>Rate<br>%  | 0.25                 | 0.25        | 0.25        | 0.25         | 0.25         | 0.25        | 0.25        | 0.5         | 0.5          | 0.75        | 0.75        |

The forecast as at January 2017 is shown for comparison purposes as this forecast was used in calculating the original budgets.

- 9.2 The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. The Annual Investment Strategy 2017/18 was approved by Council on 22<sup>nd</sup> Feb 2017. This approved the current lending criteria which reflect the level of risk appetite of the Council. However, the Council continues to review its Standard Lending List as a result of frequent changes to Banking Institutions credit ratings, to ensure that it does not lend to those institutions identified as being at risk. A copy of the current lending list is shown as Appendix D.

## **10 INVESTMENT PERFORMANCE**

### **Core Investments**

- 10.1. During 2017/18, the in house function has invested core cash funds in fixed term deposits in the Money Markets. Table 1 in Appendix A illustrates the performance of the in house function during this first half year for each category normally invested in.

- 10.2 All the LIBID rates in the table and referred to below include a margin of 0.0625%.
- 10.3 During April to September six core investments matured. In the period '3 to 6 months' the Council's out-performance was achieved by purchasing a corporate bond.
- 10.4 The slight out-performance in the 'over 6 months to 364 days' period was mainly due to fixed deposits with Lloyds Bank and Close Brothers. Lastly in the "1 year and over" category, the Council purchased a Close Brothers fixed deposit @0.82% for 1 year which also produced an out-performance.
- 10.5 Given that the current Bank Rate is only 0.25% and counterparty security is of the utmost importance over return of yield, the level of performance achieved in this first half year continues to be satisfactory.

### **Cash Flow Derived Funds & Accounts**

- 10.6 The in house function utilises Money Market Funds and Call Accounts to assist in managing its short term liquidity needs. Performance in this period is shown in table 2 of Appendix A.
- 10.7 During the half year, the Council's cash flow investments were mainly into the Money Market Funds.
- 10.8 As with the Money Market investments in paragraph 10.1, the LIBID benchmark which in this case is the 7 day rate, has been increased by a margin of 0.0625% and it can be seen from table 2 in Appendix A that the total interest out performance of the benchmark remains satisfactory.
- 10.9 The Council continued to concentrate its investments in the highest performing funds Federated (variable and constant net asset value funds), Standard Life, Invesco and Royal London along with the Svenska Handelsbanken call account.
- 10.10 During the first half of 2017/18 the Council earned £48,600 interest on its Money Market Fund investments at an average rate of 0.26% and the average balance in the funds during the period was £18,381,200.

### **Call Accounts**

- 10.11 As with the Money Market investments in paragraph 10.1, the LIBID benchmark, which in this case is the 7 day rate for HSBC and 1 month for Svenska Handelsbanken, has been increased by a margin of 0.0625%.
- 10.12 The Council earned £8,000 interest on its call accounts in the first half year at an average rate of 0.35% and the average balance in the funds during the period was £2,297,000.
- 10.13 The following table brings together the investments made in the various investment vehicles during the first half year to give an overall picture of the investment return:-

| Vehicle | Return<br>(Annualised) | Benchmark<br>(Annualised) | Performance |
|---------|------------------------|---------------------------|-------------|
|---------|------------------------|---------------------------|-------------|



|  | £              | £              | £             |
|--|----------------|----------------|---------------|
| <b>Money Markets £</b>                       | 72,500         | 65,500         | 7,000         |
| <b>Money Market Funds &amp; Call A/c's £</b> | 56,600         | 36,200         | 20,400        |
| <b>Total £</b>                               | <b>129,100</b> | <b>101,700</b> | <b>27,400</b> |

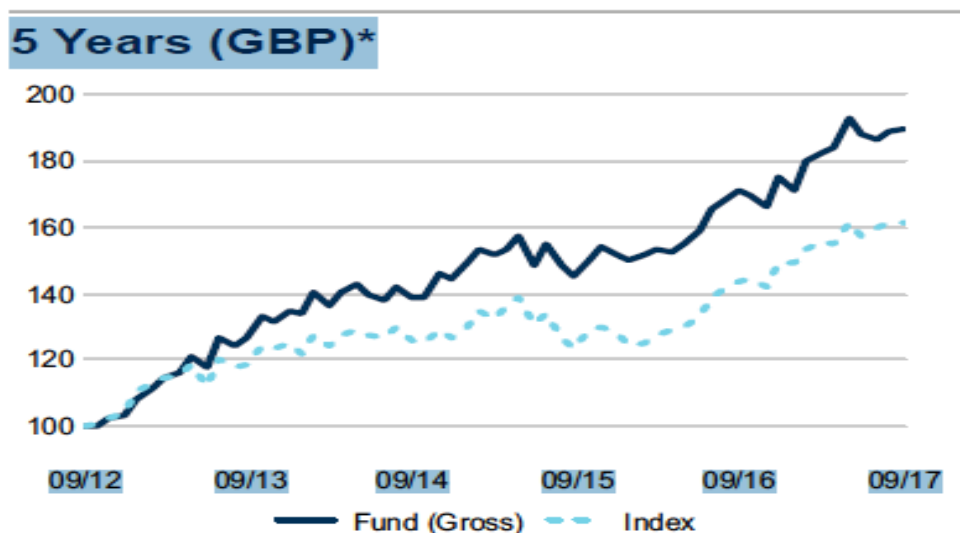
It should be noted that the total investment return of £129,017 shown in the table above will not all be received in 2017/18 as it is an annualised figure and will include interest relating to 2016/17 and 2018/19.

- 10.14 An analysis of the overall in house investments held by the Council at the end of September 2017 is shown in the following table:  
(The balance at 31<sup>st</sup> March 2017 is shown for comparison)

| Type of Investment                            | Closing Balance @ 30th September 2017 | Closing Balance @ 31st March 2017 |
|---|---------------------------------------|-----------------------------------|
|   | £                                     | £                                 |
| Money Markets incl. CD's & Bonds              | 32,604,000                            | 35,362,000                        |
| Money Market Funds                            | 34,670,000                            | 31,125,000                        |
| Business Reserve Accounts incl. Call Accounts | 4,500,000                             | 4,047,000                         |
| <b>Total In House Investments</b>             | <b>71,774,000</b>                     | <b>70,534,000</b>                 |
| Corporate Equity Funds                        | 6,000,000                             | 0                                 |
| <b>Total Investments</b>                      | <b>77,774,000</b>                     | <b>70,534,000</b>                 |

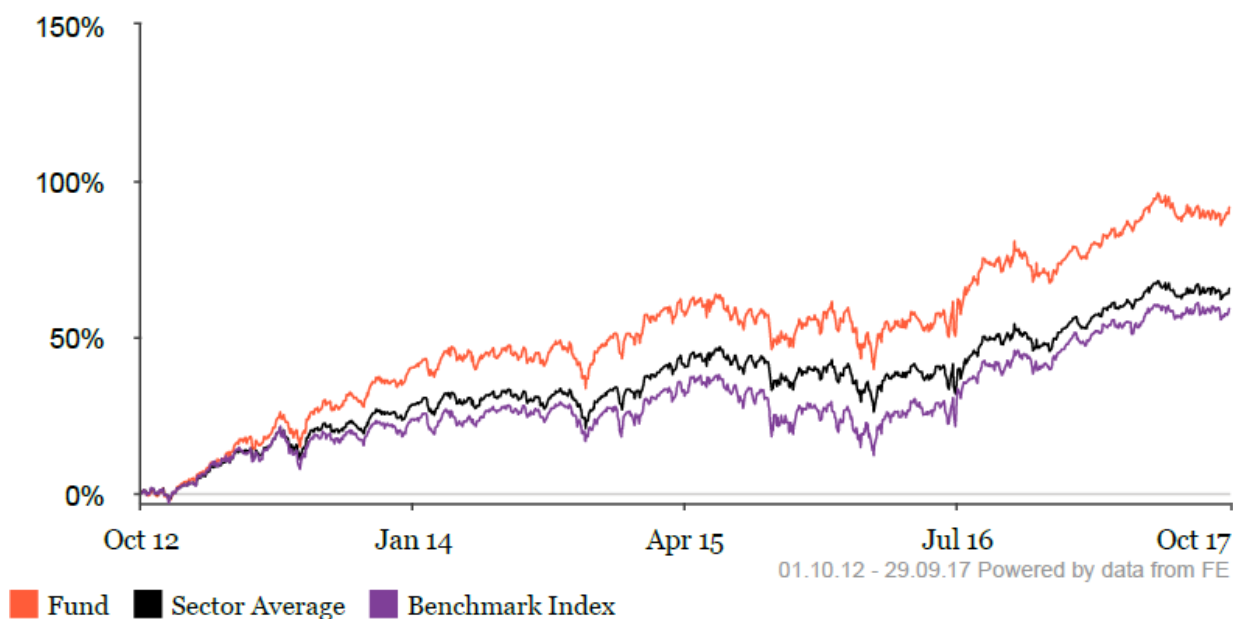
## 11. CORPORATE EQUITY FUNDS

- 11.1 In March 2017, with guidance from Capita Asset Services, the Council selected two corporate equity fund managers- Columbia Threadneedle Investments and Royal London Asset Management.
- 11.2 The funds were opened in April 2017 with £3 million each.
- 11.3 Columbia Threadneedle UK Equity Income Fund has an investment objective to provide income with the potential to grow the amount that's invested. The Fund invests at least two-thirds of its assets in shares of UK companies. Its performance in this first half year, net of fees, was 3.44% which is benchmarked against the FTSE All Share of 2.8%. As at 30<sup>th</sup> September 2017 the fund was worth £3,043,800 which includes a distribution income on 7<sup>th</sup> August of £39,600. The table below shows the fund's performance against the FTSE All Share Index over the past 5 years:-



- 11.4 Royal London UK Equity Income Fund seeks to achieve a combination of income and some capital growth. It invests solely in high yielding UK stocks with a particular emphasis on companies generating significant free cashflow to fund sustainable dividend payments. The fund's performance, net of fees, in this first half year was 4.24% which is benchmarked against the FTSE All Share of 2.9%. As at 30<sup>th</sup> September 2017 the fund was worth £3,119,200 which includes a distribution income on 31<sup>st</sup> July 2017 of £32,700. The graph below shows the last five years performance of the fund compared to the Sector average and the benchmark of the FTSE All Share:-

### Performance Chart



## 12. COUNTERPARTY CREDIT RATINGS

- 12.1 The investments made in the first half year and the long and short term credit ratings applicable to the counterparty at the point at which the investment was made is shown in Appendix B.
- 12.2 All investments made within the first half year were in accordance with the Council's credit rating criteria.

- 12.3 Also attached for the Committee's information as Appendix B is the Council's current 2017/18 Counterparty lending list.

### **13. BENCHMARKING**

- 13.1 With regard to the Capita Asset Services Treasury Management Benchmarking Club, the Council is part of a local group comprising both District and County Councils and the results are published quarterly. Analysis of the results for the first quarter show that the Councils weighted average rate of return (WARoR) on its investments at 0.53% was above Capita's model portfolio of 0.46%.
- 13.2 The result for the September quarter was 0.52% WARoR which again was above Capita's model portfolio band range.
- 13.3 A comparison between Warwick District Council and the benchmarking group reveals that during both quarters the Council's WARoR was one of the highest in the group and its weighted average risk was in the lower band.

### **14. BORROWING**

- 14.1 During the half year, there was no long term borrowing activity other than to pay the first half year interest instalment on the £136.157m PWLB borrowing for the HRA Self Financing settlement which amounted to £2.383m.
- 14.2 During the half year it was not necessary to undertake any Money Market borrowing to fund cash flow deficits, with any deficits being managed within the Council's £50,000 overdraft facility. The interest rate on this facility is 2% above Bank Rate and is charged on the cleared balance at the end of each day when that balance is in debit i.e. overdrawn. In the half year there was a minimal amount of overdraft interest.
- 14.3 In the near term we expect to undertake borrowing of £10.2 million in order to fund the leisure centre refurbishment programme. It has not been undertaken to date as the need has been negated by high levels of cash held by the Council and has instead effectively been funded by 'internal borrowing'. We continue to monitor the treasury position and the external environment and expect to borrow within 6 to 12 months when conditions are deemed to be most favourable.

### **15 PRUDENTIAL INDICATORS**

- 15.1 The 2017/18 Treasury Management Strategy included a number of Prudential Indicators within which the Council must operate. The two major ones are the Authorised Limit and Operational Boundary for borrowing purposes. It is confirmed that during the half year neither indicator has been exceeded.

### **16. 2018/19 Treasury Management Strategy.**

- 16.1 Work is currently underway in preparing the 2018/19 Treasury Management and Investment Strategies. Whilst security of the funds will be paramount, it is intended that the Council will continue to achieve the best returns possible. Details will be included within the forthcoming Treasury Management report in February.

**Investment Performance Analysis****Table 1**

TABLE 1

| Period                           | Investment Return<br>(Annualised) | LIBID Benchmark<br>(Annualised) | Out/(Under)<br>Performance |
|----------------------------------|-----------------------------------|---------------------------------|----------------------------|
| Up to 7 days                     |                                   |                                 |                            |
| April to September 2017          | No investments were made          |                                 |                            |
| Over 7 days & Up to 3 months     |                                   |                                 |                            |
| April to September 2017          | No investments were made          |                                 |                            |
| Over 3 months & Up to 6 months   |                                   |                                 |                            |
| April to September 2017          | 0.51%                             | 0.38%                           | 0.13%                      |
| Interest earned 1st half year £  | 893                               | 665                             | 228                        |
| Over 6 months to 365 days        |                                   |                                 |                            |
| April to September 2017          | 0.61%                             | 0.59%                           | 0.02%                      |
| Interest earned 1st half year £  | 55,172                            | 53,031                          | 2,141                      |
| 1 year and over                  |                                   |                                 |                            |
| April to September 2017          | 0.82%                             | 0.59%                           | 0.23%                      |
| Interest earned 1st half year £  | 16,400                            | 11,758                          | 4,642                      |
| TOTAL INTEREST FIRST HALF YEAR £ | 72,465                            | 65,454                          | 7,011                      |

**Table 2**

| Fund   | Investment Return<br>(Annualised) | LIBID Benchmark<br>(Annualised) | Out/(Under)<br>Performance |
|--|-----------------------------------|---------------------------------|----------------------------|
| <b>Deutsche</b>                                  |                                   |                                 |                            |
| April to September 2017                          | 0.16%                             | 0.17%                           | -0.01%                     |
| Interest earned 1st half year £                  | 1,907                             | 2,114                           | -207                       |
| <b>Goldman Sachs</b>                             |                                   |                                 |                            |
| April to September 2017                          | 0.17%                             | 0.17%                           | 0.00%                      |
| Interest earned 1st half year £                  | 1,408                             | 1,451                           | -43                        |
| <b>Invesco</b>                                   |                                   |                                 |                            |
| April to September 2017                          | 0.23%                             | 0.17%                           | 0.06%                      |
| Interest earned 1st half year £                  | 10,143                            | 7,833                           | 2,310                      |
| <b>Standard Life</b>                             |                                   |                                 |                            |
| April to September 2017                          | 0.24%                             | 0.17%                           | 0.07%                      |
| Interest earned 1st half year £                  | 10,458                            | 7,692                           | 2,766                      |
| <b>Federated Constant Net Asset Value (CNAV)</b> |                                   |                                 |                            |
| April to September 2017                          | 0.28%                             | 0.17%                           | 0.11%                      |
| Interest earned 1st half year £                  | 6,913                             | 4,386                           | 2,527                      |
| <b>Federated Variable Net Asset Value (VNAV)</b> |                                   |                                 |                            |
| April to September 2017                          | 0.37%                             | 0.17%                           | 0.20%                      |
| Interest earned 1st half year £                  | 10,152                            | 4,845                           | 5,307                      |
| <b>Royal London Cash Plus Account (VNAV)</b>     |                                   |                                 |                            |
| April to September 2017                          | 0.35%                             | 0.17%                           | 0.18%                      |
| Interest earned 1st half year £                  | 7,605                             | 3,494                           | 4,111                      |
| <b>TOTAL INTEREST FIRST HALF YEAR £</b>          | <b>48,586</b>                     | <b>31,815</b>                   | <b>16,771</b>              |

**Table 3**

| <b>Fund</b>                             | <b>Investment Return<br/>(Annualised)</b> | <b>LIBID Benchmark<br/>(Annualised)</b> | <b>Out/(Under)<br/>Performance</b> |
|---|---|---|------------------------------------|
| <b>HSBC Business Deposit Account</b>    |   |   |                                    |
| April to September 2017                 | 0.05%                                     | 0.17%                                   | -0.12%                             |
| Interest earned 1st half year £         | 12  | 42                                      | -30                                |
| <b>Svenska Handelsbanken Account</b>    |   |   |                                    |
| April to September 2017                 | 0.35%                                     | 0.19%                                   | 0.16%                              |
| Interest earned 1st half year £         | 7,954                                     | 4,326                                   | 3,628                              |
| <b>TOTAL INTEREST FIRST HALF YEAR £</b> | <b>7,966</b>                              | <b>4,368</b>                            | <b>3,598</b>                       |

**Warwick District Council Counterparty Lending List**

| Counterparty  | Investment Amount<br>£  | Credit Rating  |            | Duration of Investment (days) |
|---|---|--|------------|-------------------------------|
|   |   | Long Term  | Short Term |                               |
| Banks   |   |  |            |                               |
| WDC Minimum   | ( Fitch )   | A+   | F1         |                               |
| Lloyds Bank   | £3,000,000  | A+   | F1         | 360                           |
| Commonwealth Bank Of Australia  | £2,000,000  | AA-  | F1+        | 364                           |
| Commonwealth Bank Of Australia  | £2,000,000  | AA-  | F1+        | 364                           |
| UBS Ltd - CD  | £1,050,000  | A+   | F1         | 250                           |
| WDC Minimum   | ( Fitch )   | A  | F1         |                               |
| Close Brothers  | £1,000,000  | A  | F1         | 276                           |
| Close Brothers  | £2,000,000  | A  | F1         | 365                           |
| Corporations  |   |  |            |                               |
| WDC Minimum   | ( Fitch )   | A+   | n/a        |                               |
| BG Energy Capital plc - Bond  | £554,000  | A+   |            | 115                           |
| WDC Minimum   | ( Fitch )   | A  | n/a        |                               |
| Prudential plc - Bond   | £1,000,000  | A  |            | 218                           |
| MoneyMarket Funds (Investment amount is average principal in fund during the half year) |   |  |            |                               |
| WDC Minimum   | Fitch AAA & Volatility rating VR1+ or S & P AAAM or Moodys AAA & Volatility Rating MR1+ |  |            |                               |
| Deutsche  | £2,413,565  | Fund retained its rating throughout half year  |            | liquid                        |
| Goldman Sachs   | £1,656,497  | Fund retained its rating throughout half year  |            | liquid                        |
| Invesco   | £8,943,736  | Fund retained its rating throughout half year  |            | liquid                        |
| Federated   | £5,008,572  | Fund retained its rating throughout half year  |            | liquid                        |
| Standard Life   | £8,782,761  | Fund retained its rating throughout half year  |            | liquid                        |
| Royal London Asset Management   | £4,357,635  | Fund retained its rating throughout half year  |            | liquid                        |
| Call Accounts   |   |  |            |                               |
| WDC Minimum   | ( Fitch )   |  |            |                               |
| HSBC Business Deposit Account   | £24,236   | Counterparty retained its rating throughout period of AA- long term, F1+ short term, |            | liquid                        |
| Svenska Handelsbanken   | £2,272,611  | Counterparty retained its rating throughout period of AA- long term, F1+ short term. |            | liquid                        |

**CAPITA ASSET SERVICES COMMENTARY ON THE CURRENT ECONOMIC BACKGROUND**

- 1.1** After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.
- 1.2** The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years time. Inflation actually came in at 2.9% in August, (this data was released on 12 September), and so the Bank revised its forecast for the peak to over 3% at the 14 September meeting MPC. This marginal revision can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.
- 1.3** It therefore looks very likely that the MPC will increase Bank Rate to 0.5% in November or, if not, in February 2018. The big question after that will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. As at the start of October, short sterling rates are indicating that financial

markets do not expect a second increase until May 2018 with a third increase in November 2019. However, some forecasters are flagging up that they expect growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to materialise, then the MPC would have added reason to embark on a series of slow but gradual increases in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

- 1.4 EU.** Economic growth in the EU, (the UK's biggest trading partner), has been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.
- 1.5 USA.** Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.
- 1.6 Chinese 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.
- 1.7 Japan** is struggling to stimulate consistent significant 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.



## APPENDIX D

### **WARWICK DISTRICT COUNCIL STANDARD LENDING LIST AS AT OCTOBER 2017**

#### **BANKS**

#### **INVESTMENTS UP TO 364 DAYS** (3 months for explicitly guaranteed subsidiaries)

| <b>Investment / Counterparty type:</b> | <b>S/term</b> | <b>L/term minimum</b> | <b>Security / Min credit rating</b> | <b>Max limit per counterparty</b>   | <b>Max. Maturity period</b> | <b>Use</b>              |
|--|---------------|-----------------------|-------------------------------------|---|-----------------------------|-------------------------|
| Bank deposits                          | F1            | A                     | UK Sovereign                        | £7m AA- & above, £6m if L/term rating minimum A+, £4m if L/Term rating A. | 364 days                    | In House +Advice & EFM* |
| Bank - part nationalised UK            | F1            | A                     | UK Sovereign                        | £9m   | 364 days                    | In House +Advice & EFM* |
| Bank subsidiaries of UK Banks          | Unrated       | Unrated               | Explicit Parent Guarantee           | £5m   | 3 months                    | In House +Advice & EFM* |

**NB.** Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in Repo's of £3m.

Counterparty Limit is also the Group Limit where investments are with different but related institutions.

#### **INVESTMENTS OVER 364 DAYS**

| <b>Investment / Counterparty type:</b> | <b>S/term</b> | <b>L/term minimum</b> | <b>Security / Min credit rating</b> | <b>Max limit per counterparty</b>   | <b>Max. Maturity period</b> | <b>Use</b>              |
|--|---------------|-----------------------|-------------------------------------|---|-----------------------------|-------------------------|
| Bank deposits                          | F1            | A                     | UK Sovereign                        | £7m AA- & above, £6m if L/term rating minimum A+, £4m if L/Term rating A. | 2 years                     | In House +Advice & EFM* |
| Bank - part nationalised UK            | F1            | A                     | UK Sovereign                        | £9m   | 2 years                     | In House +Advice & EFM* |

**NB.** Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's.

Counterparty limit is also the Group Limit where investments are with different but related institutions.  
£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.

**NB** - £20m over 364 day limit only applies to those investments where at 1<sup>st</sup> April the remaining term is greater than 364 days. Any over 364 day investment with 364 days or less to maturity at 1<sup>st</sup> April is deemed to be short term.

| <b>BANK NAME</b>  | <b>OTHER BANKS IN GROUP<br/>(* = Not on list but included for<br/>information re potential problems<br/>etc.)</b>          | <b>GROUP<br/>LIMIT<br/>APPLIES</b> |
|---|--|------------------------------------|
| <b>AUSTRALIA ( AAA )<br/>Monitoring @ 01.04.2016</b>  |  |                                    |
| Australia & New Zealand<br>Banking Group Ltd –  |  |                                    |
| Commonwealth Bank of<br>Australia   |  |                                    |
| Macquarie Bank Ltd  |  |                                    |
| National Australia Bank Ltd   | Bank of New Zealand*<br>Yorkshire Bank *( Trading name of<br>Clydesdale<br>Clydesdale Bank*                                | Yes                                |
| Westpac Banking<br>Corporation  |  |                                    |
| <b>BELGIUM (AA)</b>   |  |                                    |
| BNP Paribas Fortis  |  |                                    |
| KBC Bank NV   |  |                                    |
| <b>CANADA ( AAA )</b>   |  |                                    |
| Bank of Montreal  | Bank of Montreal Ireland plc*  |                                    |
| Bank of Nova Scotia   | Scotia Bank*<br>Scotia Bank ( Ireland ) Ltd*<br>Scotia Bank Capital Trust ( United<br>States )*<br>Scotia Bank Europe plc* |                                    |
| Canadian Imperial Bank of<br>Commerce   | Canadian Imperial Holdings Inc New<br>York*<br>CIBC World Markets Holdings Inc*  |                                    |
| National Bank of Canada   | National Bank of Canada New York<br>Branch*  |                                    |
| Royal Bank of Canada-<br>negative outlook   | Royal Trust Company*<br>Royal Bank of Canada Europe*<br>Royal Bank of Canada Suisse*<br>RBC Centura Banks Inc*             |                                    |
| Toronto Dominion Bank   | TD Banknorth Inc*  |                                    |
|   |  |                                    |
| <b>DENMARK (AAA)</b>  |  |                                    |
| Danske Bank   |  |                                    |
|   |  |                                    |
| <b>FINLAND ( AA+ )</b>  |  |                                    |
| Nordea Bank Finland<br>DO NOT DEAL DIRECT AS<br>NOW DOMICILED IN<br>SWEDEN UNDER NORDEA<br>BANK AB BUT CD'S ETC OK<br>WITH K&S. <b>PER CAPITA<br/>3/1/17 NOW ABSORBED<br/>INTO NORDEA BANK<br/>SWEDEN AND RATINGS<br/>WITHDRAWN BY FITCH –<br/>DO NOT USE</b> | Nordea Bank Denmark*<br>Nordea Bank AB<br>Nordea Bank Norge*<br>Nordea Bank North America*                                 | Yes                                |
|   |  |                                    |
| <b>FRANCE (AA)</b>  |  |                                    |
| BNP Paribas   |  |                                    |

|   |   |     |
|---|---|-----|
| Credit Agricole Corporate & Investment Bank                             |   |     |
| Credit Industriel et Commercial   |   |     |
| Credit Agricole SA  |   |     |
| Societe Generale  |   |     |
| <b>GERMANY (AAA)</b>  |   |     |
| DZ Bank AG (Deutsche Zentral-genossenschaftsbank)                       |   |     |
| Landesbanken Hessen-Thuringen Girozentrale (Helaba)                     |   |     |
| Landwirtschaftliche Rentenbank  |   |     |
| NRW Bank  |   |     |
|   |   |     |
| <b>HONG KONG ( AA+ ) – not on Capita's list as not active</b>           |   |     |
| The Hong Kong & Shanghai Banking Corporation Ltd                        |   |     |
| <b>LUXEMBOURG ( AAA )</b>   |   |     |
| Clearstream Banking   |   |     |
|   |   |     |
| <b>NETHERLANDS (AAA)</b>  |   |     |
| ABN AMRO Bank N.V   |   |     |
| Bank Nederlandse Gemeenten  |   |     |
| Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland) |   |     |
| ING Bank NV   |   |     |
|   |   |     |
| <b>QATAR (AA)OUT OF RANGE—negative watch</b>                            |   |     |
| Qatar National Bank-negative watch                                      |   |     |
| <b>SINGAPORE ( AAA )</b>  |   |     |
| DBS Bank Ltd  | DBS Bank ( Hong Kong )*   |     |
| Oversea Chinese Banking Corporation Ltd                                 |   |     |
| United Overseas Bank Ltd  |   |     |
| <b>SWEDEN (AAA )</b>  |   |     |
| Nordea Bank AB  | Nordea Bank Denmark*<br>Nordea Bank Finland<br>Nordea Bank Norge*<br>Nordea Bank North America* | Yes |
| Skandinaviska Enskilde Banken AB  | SEB Bolan*  |     |
| Svenska Handelsbanken AB  | Stadtshypotek*<br>Svenska Handelsbanken Inc USA*  |     |
| Swedbank AB   |   |     |
|   |   |     |
| <b>SWITZERLAND (AAA)</b>  |   |     |
| Credit Suisse AG  |   |     |
| UBS AG  |   |     |
|   |   |     |
| <b>UNITED ARAB EMIRATES (AA)-out of range</b>                           |   |     |
| First Abu Dhabi Bank PJSC   |   |     |
|   |   |     |

|   |  |     |
|---|--|-----|
| <b>UNITED KINGDOM<br/>(AA) monitoring</b>                 |  |     |
| Abbey National Treasury Services plc                      |  |     |
| Barclays Bank plc- LT Watch                               |  |     |
| Close Brothers  |  |     |
| Goldman Sachs International Bank                          |  |     |
| HSBC Bank plc   | HSBC AM*<br>HFC Bank Ltd*<br>Hong Kong & Shanghai Banking Corporation*<br>HSBC Finance Corp*<br>HSBC Finance*<br>HSBC USA<br>Hang Seng Bank*   | Yes |
| Lloyds Banking Group :-<br>Lloyds TSB<br>Bank of Scotland | Halifax plc*<br>Bank of Western Australia Ltd*.<br>Cheltenham & Gloucester*<br>Scottish Widows Investment Partnership*<br>Scottish Widows plc*   | Yes |
| Santander UK plc  |  |     |
| Standard Chartered Bank                                   |  |     |
| Sumitomo Mitsui Banking Corporation Europe Ltd            |  |     |
| UBS Ltd   |  |     |
|   |  |     |
| <b>UNITED STATES OF AMERICA ( AAA ) MONITORING</b>        |  |     |
|   |  |     |
| HSBC Bank USA NA  | HSBC AM*<br>HFC Bank Ltd*<br>Hong Kong & Shanghai Banking Corporation*<br>HSBC Finance Corp*<br>HSBC Finance*<br>HSBC UK<br>Hang Seng Bank*  | Yes |
| Bank Of America   |  |     |
| Bank of New York Mellon                                   | Bank of New York ( Delaware USA )*<br>Bank of New York ( New York USA )*<br>Bank of New York Trust Company*  |     |
| Citibank  |  |     |
| JP Morgan Chase Bank NA                                   | Bank One Corp*<br>Bank One Financial LLC*<br>Bank One NA *<br>First USA Inc*<br>NDB Bank NA*<br>Chemical Bank *<br>Chemical Banking Corp*<br>JP Morgan & Co Inc*<br>Chase Bank USA*<br>Robert Fleming Ltd* |     |
| Wells Fargo Bank NA                                       | Wachovia Bank*<br>Wachovia Bank NA North Carolina USA*   |     |

#### **BUILDING SOCIETIES**

#### **INVESTMENTS 364 DAYS OR LESS**

| <b>Investment / Counterparty type:</b> | <b>S/term</b> | <b>L/term</b> | <b>Security / Min credit rating</b> | <b>Max limit per counterparty</b> | <b>Max. Maturity period</b> |
|--|---------------|---------------|-------------------------------------|-----------------------------------|-----------------------------|
|--|---------------|---------------|-------------------------------------|-----------------------------------|-----------------------------|

|   |    |   |              |     |          |
|---|----|---|--------------|-----|----------|
| Building Societies - category A   | F1 | A | UK Sovereign | £4m | 364 days |
| Building Societies - category B <ul style="list-style-type: none"> <li>Coventry</li> <li>Nationwide</li> </ul>  | F1 |   | UK Sovereign | £2m | 364 days |
| Building societies - assets > £500m (Category C) <ul style="list-style-type: none"> <li>Yorkshire</li> <li>Skipton</li> <li>Leeds</li> <li>Principality</li> <li>West Bromwich</li> <li>Newcastle(Fitch removed ratings 7.9.16)</li> <li>Nottingham</li> <li>Progressive</li> <li>Cumberland</li> <li>National Counties</li> <li>Saffron</li> <li>Cambridge</li> <li>Monmouthshire</li> <li>Furness</li> <li>Leek United</li> <li>Newbury</li> <li>Hinckley &amp; Rugby</li> <li>Ipswich</li> </ul> |    |   |              | £1m | 3 months |

#### **INVESTMENTS OVER 364 DAYS**

| Investment / Counterparty type                | S/term | L/term | Security / Min credit rating | Max limit per counterparty | Max. Maturity period |
|---|--------|--------|------------------------------|----------------------------|----------------------|
| Building societies Category A & B (see above) | F1     | A      | UK Sovereign                 | £1m                        | 2 years              |

**NB.** Group limit of £8m.

#### **OTHER COUNTERPARTIES**

| Investment / Counterparty type  | S/term                  | L/term | Security / Min credit rating | Max limit per counterparty | Max. Maturity period |
|---|-------------------------|--------|------------------------------|----------------------------|----------------------|
| DMADF   | n/a                     | n/a    | UK Sovereign                 | £12m                       | 364 days             |
| UK Govt. (includes Gilt Edged Securities & Treasury Bills), Local Authorities / Public Corporations /Nationalised Industries. | n/a                     | n/a    | High viability/support       | £9m                        | 364 days             |
| Money Market Fund(CNAV)   | AAA m / Aaa-mf/AAAmmf   |        |                              | £9m                        | liquid               |
| Money Market Fund (VNAV)  | AAAf S1 / Aaa-bf/AAA/V1 |        |                              | £6m                        | liquid               |
| Corporate bonds - category 1  |                         | A      | UK Sovereign                 | £4m                        | 2 years              |
|   |                         | A+     |                              | £5m                        |                      |

|  |         |                         |                      |     |          |
|--|---------|-------------------------|----------------------|-----|----------|
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| Corporate bonds -<br>category 2  |         | A                       |                      | £9m | 2 years  |
| Corporate bonds -<br>category 3  |         | A                       | UK Sovereign         | £4m | 2 years  |
|  |         | A+                      |                      | £5m |          |
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| <b>Covered bonds</b> -<br>category 1   |         | A                       | UK Sovereign         | £4m | 2 years  |
|  |         | A+                      |                      | £5m |          |
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| Covered bonds -<br>category 2  |         | A                       |                      | £9m | 2 years  |
| Covered bonds -<br>category 3  |         | A                       | UK Sovereign         | £4m | 2 years  |
|  |         | A+                      |                      | £5m |          |
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| <b>Bonds</b> -<br>Supranational / Multi<br>Lateral Development<br>Banks<br>European Community<br>European Investment<br>Bank<br>African Development<br>Bank<br>Asian Development<br>Bank<br>Council of Europe<br>Development Bank<br>European Bank for<br>Reconstruction &<br>Development<br>Inter-American<br>Development Bank<br>International Bank of<br>Reconstruction &<br>Development<br>Or any other<br>Supranational/Multi-<br>Lateral Development<br>Bank meeting criteria. |         | AAA / Govt<br>Guarantee |                      | £5m | 364 days |
| <b>Floating Rate Notes</b><br>- category 1   |         | A                       |                      | £4m | 364 days |
|  |         | A+                      |                      | £5m |          |
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| Floating Rate Notes -<br>category 2  |         | A                       |                      | £9m | 364 days |
| Floating Rate Notes -<br>category 3  |         | A                       |                      | £4m | 364 days |
|  |         | A+                      |                      | £5m |          |
|  |         | AA<br>- & ABOVE         |                      | £6m |          |
| Eligible Bank Bills  | n/<br>a |                         | Determined by<br>EFM | £5m | 364 days |
| Sterling Securities  | n/      |                         | UK Sovereign         | £9m | Not      |


|   |     |  |   |     |          |
|---|-----|--|---|-----|----------|
| guaranteed by HM Government                                       | a   |  |   |     | defined  |
| Local Authorities   | n/a | Viability/support= High<br>£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.   |   | £9m | 5 years  |
| <b>Corporate Equity Funds</b> - low risk (UK Equity Income Funds) | n/a | Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.  |   | £4m | 10 years |
| Corporate Equity Funds - medium risk (UK Capital Growth Funds)    | n/a | Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.  |   | £2m | 10 years |
| Corporate Bond Funds  |     | BBB  | £15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties. | £5m | 10 years |
| Pooled property fund eg: REITS                                    |     | £15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.  |   | £5m | 10 years |
| CCLA property funds   | n/a | Security of Trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT.<br>£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties. |   | £5m | 10 years |

**Categories for Covered Bonds, Corporate Bonds (must be Senior Unsecured), Floating Rate Notes:-**

Category 1: Issued by private sector Financial Institutions

Category 2: Issued by Financial institutions wholly owned or part owned by the UK Govt

Category 3: Issued by Corporates

|  |  |                                    |
|--|--|------------------------------------|
|  <b>Finance and Audit Scrutiny Committee</b><br><b>28 November 2017</b>   |  | <b>Agenda Item No.</b><br><b>6</b> |
| <b>Title</b>   | Internal Audit Quarter 2 2017/18 Progress Report                             |                                    |
| <b>For further information about this report please contact</b>  | Richard Barr<br>Tel: (01926) 456815<br>E Mail: richard.barr@warwickdc.gov.uk |                                    |
| <b>Wards of the District directly affected</b>   | Not applicable   |                                    |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b> | No   |                                    |
| <b>Date and meeting when issue was last considered and relevant minute number</b>  | Finance and Audit Scrutiny Committee – 26 September 2017                     |                                    |
| <b>Background Papers</b>   | Internal Audit Reports   |                                    |

|  |                                     |
|--|-------------------------------------|
| <b>Contrary to the policy framework:</b>                                   | No                                  |
| <b>Contrary to the budgetary framework:</b>                                | No                                  |
| <b>Key Decision?</b>   | No                                  |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No                                  |
| <b>Equality Impact Assessment Undertaken</b>                               | N/A: no direct service implications |

| Officer/Councillor Approval   |             |                        |
|---|-------------|------------------------|
| With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s). |             |                        |
| Officer Approval  | Date        | Name                   |
| Chief Executive/Deputy Chief Executive  | 8 Nov 2017  | Chris Elliott          |
| Head of Service   | 8 Nov 2017  | Mike Snow              |
| SMT   | 8 Nov 2017  | SMT                    |
| Section 151 Officer   | 8 Nov 2017  | As Head of Service     |
| Monitoring Officer  | 8 Nov 2017  | Andrew Jones           |
| Finance   | 8 Nov 2017  | As Section 151 Officer |
| Portfolio Holder  | 16 Nov 2017 | Councillor Whiting     |
| Consultation and Community Engagement   |             |                        |
| None other than consultation with members and officers listed above.  |             |                        |
| Final Decision?   |             | Yes                    |
| Suggested next steps (if not final decision please set out below)   |             |                        |



## 1 **Summary**

- 1.1 Report advises on progress in achieving the Internal Audit Plan 2017/18, summarises the audit work completed in the second quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

## 2 **Recommendations**

- 2.1 That the report be noted and its contents be accepted or, where appropriate, acted upon.

## 3 **Reason for the Recommendations**

- 3.1 Members have responsibility for corporate governance, of which internal audit forms a key part.

## 4 **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the District's Vision of making it a Great Place to Live, Work and Visit. With those objectives the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

| <b>FFF Strands</b>   |   |   |
|--|---|---|
| <b>People</b>  | <b>Services</b>   | <b>Money</b>  |
| <b>External</b>  |   |   |
| <b>Health, Homes, Communities</b>  | <b>Green, Clean, Safe</b>   | <b>Infrastructure, Enterprise, Employment</b>   |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities.                             | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB. | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/productivity of local economy<br>Increased employment and income levels. |
| <b>Impacts of Proposal</b>   |   |   |
| Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies. |   |   |
| <b>Internal</b>  |   |   |
| <b>Effective Staff</b>   | <b>Maintain or Improve Services</b>   | <b>Firm Financial Footing over the Longer Term</b>  |
| <u>Intended outcomes:</u><br>All staff are properly  | <u>Intended outcomes:</u><br>Focusing on our  | <u>Intended outcomes:</u><br>Better return/use of our   |

|  |   |  |
|--|---|--|
| trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours.         | customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services. | assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>Seek best value for money. |
| <b>Impacts of Proposal</b>   |   |  |
| Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies. |   |  |

## 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

## 4.3 **Changes to Existing Policies**

This section is not applicable.

## 4.4 **Impact Assessments**

This section is not applicable.

## 5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

## 6 **Policy Framework**

- 6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance and will take into account the Council's policies.

## 7 **Risks**

- 7.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.
- 7.2 It is impractical to provide a commentary on risks as the report is concerned with the outcome of reviews by Internal Audit on other services. Having said that, there are clear risks to the Council in not dealing with the issues raised within the Internal Audit reports (these risks were highlighted within the reports). There is also an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

## 8 **Alternative Options Considered**

8.1 This section is not applicable.

## 9 **Role and Responsibilities of Audit Committees**

9.1 Finance and Audit Scrutiny Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.

9.2 Essentially, the purpose of an audit committee is:

To provide independent assurance of the associated control environment.

To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

9.3 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

9.4 The following sections provide information to satisfy these requirements.

## 10 **Progress against Plan**

10.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. An analysis of progress in completing the Audit Plan for 2017/18 is set out as Appendix 2.

## 11 **Assurance**

11.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of financial and other management controls.

11.2 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

### **Assurance Levels**

| <b>Level of Assurance</b> | <b>Definition</b>   |
|---------------------------|---|
| Substantial Assurance     | There is a sound system of control in place and compliance with the key controls.   |
| Moderate Assurance        | Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls. |

|                   |  |
|-------------------|--|
| Limited Assurance | The system of control is generally weak and there is non-compliance with the controls that do exist. |
|-------------------|--|

These definitions have been developed following extensive investigation of other organisations' practices (including commercial operations).

## 12 **Internal Audit Assignments Completed During Quarter**

- 12.1 Eight audits were completed in the second quarter of 2017/18. Copies of all the reports issued during the quarter are available for viewing on the following hyper-link: [Reports](#)
- 12.2 The action plans accompanying all Internal Audit reports issued in the quarter are set out as Appendix 3. These detail the recommendations arising from the audits together with the management responses, including target implementation dates.
- 12.3 As can be seen, responses have been received from managers to all recommendations contained in audit reports issued during the quarter in question.
- 12.4 No audit completed during the quarter was awarded a lower than substantial assurance opinion.

## 13 **Implementation of Recommendations Issued Previously**

- 13.1 Managers are required to implement recommendations within the following timescales:
    - (a) Recommendations involving controls assessed as high risk to be implemented within three months.
    - (b) Recommendations involving controls assessed as low or medium risk to be implemented within nine months.
  - 13.2 The state of implementation of **low and medium risk** recommendations made in the **third quarter of 2016/17** is set out in Appendix 4 to this report. There were no **high risk** recommendations issued in the **first quarter of 2017/18** so none is included in this appendix.
  - 13.3 As can be seen, responses have been received from all managers in order to provide the state of implementation of recommendations issued in this earlier quarter.
- ## 14 **Review**
- 14.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

**GUIDANCE ON THE ROLE AND RESPONSIBILITIES OF AUDIT COMMITTEES**

**Public Sector Internal Audit Standards 2013**

Independence and Objectivity

The chief audit executive must...establish effective communication with, and have free and unfettered access to...the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

**Audit Committees: Practical guidance for Local Authorities (CIPFA)**

Core Functions

Audit committees will:

... Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

- To consider the Head of Internal Audit's report and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

## **Called to Account: The Role of Audit Committees in Local Government (Audit Commission)**

### Monitoring Audit Performance

#### *Auditor/officer collaboration*

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

#### *Management response*

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

#### *Implementation*

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

## **CIPFA Technical Information Service Online**

### Audit Reporting

#### *Introduction*

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The...report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit during the period of the report. A summary of the scope of this internal work should also be included in the report.

### *Periodic Internal Audit Reports*

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any short comings are rectified promptly.

Audit committee members should not usually get involved in discussing individual internal audit findings or recommendations but should concentrate their attentions on the opinions internal audit express on the activities and systems they have reviewed. These opinions should be summarised and should provide a clear opinion on the overall quality of the organisation's internal control system and the general level of performance across the organisation. Members or non-executive directors should not be over concerned with adverse internal audit conclusions if reasonable recommendations suggested by internal audit have been accepted and that these have been promptly implemented.

If, however, major internal control weaknesses are discovered these should be reported to the audit committee as this may indicate general weaknesses in the management of the section or the department concerned. Audit findings that appear to show a common thread of similar weaknesses throughout the organisation should also be reported to the audit committee.

**INTERNAL AUDIT PROGRESS 2017/18: QUARTER 2****ANALYSIS OF PERFORMANCE****Time Spent: Audit Plan – Planned Vs Actual**

| ACTIVITY   | ANNUAL ALLOCATION (DAYS) | PROFILE ALLOCATION (DAYS) | ACTUAL TO DATE (DAYS) | VARIATION (DAYS) |
|--|--------------------------|---------------------------|-----------------------|------------------|
| <u>Planned Audit Work</u>                          | 278.0                    | 139.0                     | 115.0                 | +24.0            |
| <u>Other Time</u>                                  |                          |                           |                       |                  |
| Sundry audit advice                                | 25.0                     | 12.5                      | 10.2                  | +2.3             |
| Special investigations (e.g. Fraud/Irregularities) | 20.0                     | 10.0                      | 0.0                   | +10.0            |
| Corporate and departmental Initiatives             | 35.0                     | 17.5                      | 23.1                  | -5.6             |
| Non-chargeable activities                          | 112.0                    | 56.0                      | 63.6                  | -7.6             |
| Leave and other absences                           | 102.0                    | 51.0                      | 73.1                  | -22.1            |
| <i>Total Other Time</i>                            | 294.0                    | 147.0                     | 170.0                 | -23.0            |
| <i>Total Time</i>                                  | 572.0                    | 286.0                     | 285.0                 | +1.0             |

**Time spent: Assignments Completed – Planned Vs Actual**

| AUDIT ASSIGNMENT                          | PLAN (DAYS)    | TIME TAKEN (DAYS) | UNDER (+) / OVER (-) |
|---|----------------|-------------------|----------------------|
| Housing Rent Collection                   | Contracted Out |                   |                      |
| Royal Spa Centre                          | 15.0           | 14.9              | +0.1                 |
| Town Hall Lettings                        | 9.0            | 7.3               | +1.7                 |
| Shared Legal Services                     | 11.0           | 11.4              | -0.4                 |
| Rural & Urban Capital Improvement Schemes | 8.0            | 8.3               | -0.3                 |
| Private Sector Housing Regulation         | 10.0           | 7.6               | +2.4                 |
| Refuse Collection and Recycling           | Contracted Out |                   |                      |
| Street Cleansing                          | Contracted Out |                   |                      |

**Explanation for variances greater than 2 days (unless within 20%):**

Private Sector Housing Regulation: Review more straightforward than envisaged.



**Completion of Audit Plan: Target Vs Actual**

| NO. OF AUDITS<br>PER AUDIT PLAN | PROFILED TARGET<br>COMPLETION |      | ACTUAL NO.<br>COMPLETED TO<br>DATE |      | VARIATION |       |
|---------------------------------|-------------------------------|------|------------------------------------|------|-----------|-------|
|                                 | NO.                           | %    | NO.                                | %    | NO.       | %     |
| 38                              | 13                            | 35.0 | 11                                 | 28.9 | -2        | -15.4 |

**SUMMARY OF RECOMMENDATIONS AND MANAGEMENT RESPONSES FROM INTERNAL AUDIT REPORTS**  
**ISSUED QUARTER 2, 2017/18**

| <b>Report Reference</b>                       | <b>Recommendation</b>  | <b>Risk Rating<sup>1</sup></b> | <b>Responsible Officer</b>      | <b>Management Response and Target Implementation Date (TID)</b>  |
|---|--|--------------------------------|---------------------------------|--|
| <b>Housing Rent Collection – 25 July 2017</b> |  |                                |                                 |  |
| 4.2.2   | As previously recommended the procedures and guidance notes held by Housing Services should be reviewed periodically and updated by a nominated officer. This should be evidenced by the inclusion of a version control table detailing the responsible officer, issue date and next review date.<br><br>Furthermore, this should also be included when the Income Recovery and Financial Inclusion Manager develops the revised procedures for arrears and debt recovery. | Low                            | Business Administration Manager | Agreed. The rent procedures and guidance notes will be reviewed and updated as suggested.<br><br>TID: October 2017 |

<sup>1</sup> Risk Ratings are defined as follows:

High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.

| <b>Report Reference</b>                     | <b>Recommendation</b>   | <b>Risk Rating<sup>1</sup></b> | <b>Responsible Officer</b>                    | <b>Management Response and Target Implementation Date (TID)</b>  |
|---|---|--------------------------------|---|--|
| 4.3.4                                       | The Business Administration Manager should coordinate the issue and retention of annual declaration forms for all staff across the Council and a central register should be maintained of completed forms. A log should then be produced of all Council employees who are also Council tenants, regardless of the method of rent payment. | Low                            | Business Administration Manager               | It is not thought that a central register is warranted.<br>However, the documentation for all Housing Services staff will be maintained.<br>TID: Annually in July.   |
| 4.5.4                                       | All Tenancy Agreements should be signed and dated by the respective tenants and then retained on file.  | Low                            | Housing Advice and Allocations Manager        | Agreed. This should happen anyway.<br>TID: Ongoing.  |
| 4.9.7                                       | Write off information should be included in the quarterly performance report to ensure the Council is aware of the uncollectable rent total and year to date rents written off.   | Low                            | Income Recovery & Financial Inclusion Manager | A discussion will be held with Finance to ascertain whether the quarterly performance reports are the most appropriate place for this information to be circulated and action will be taken accordingly.<br>TID: March 2018. |
| <b>Royal Spa Centre – 29 September 2017</b> |   |                                |   |  |
| 4.6.14                                      | Invoices for the hiring of the Royal Spa Centre should be raised in advance of the booking wherever possible. Where this cannot be achieved, a deposit should be requested.   | Low                            | Programming & Marketing Manager               | The recommendation is already the existing policy, which requires enforcement. Tasks will be added to the system so that the invoicing / deposit deadlines are adhered to.<br>TID: Review in January 2018.                   |

| <b>Report Reference</b>                   | <b>Recommendation</b>  | <b>Risk Rating<sup>1</sup></b> | <b>Responsible Officer</b>      | <b>Management Response and Target Implementation Date (TID)</b>  |
|---|--|--------------------------------|---------------------------------|--|
| 4.7.5                                     | Staff should be reminded to ensure that visitors are asked to sign in on all occasions.  | Medium                         | Technical & Facilities Manager  | All staff will immediately be reminded of the procedure regarding building security and visitors.<br>TID: Review January 2018.   |
| <b>Town Hall Lettings – 4 August 2017</b> |  |                                |                                 |  |
| 4.4.3                                     | All relevant documentation should be retained on the Artifax system.   | Low                            | Programming & Marketing Manager | Our existing procedures dictate that all correspondence and documents should be stored on the system for future reference. This procedure shall be better enforced. All correspondence emails are stored in the shared Spa Hirings email folder (and then archived appropriately.) Any relevant emails and documents are saved to Artifax.<br>TID: From August 2017 Reviewed January 2018. |
| 4.5.4                                     | The surcharge for using the Council's insurance should be added in all instances where hirers do not produce their insurance documentation as requested. | Low                            | Programming & Marketing Manager | This is our existing policy and it will be better enforced. The insurance charge shall be added to all hires in the first instance and only removed if proof of insurance is provided.<br>TID: From August 2017 Reviewed January 2018.   |
| 4.5.4                                     | Regular hirers should be asked to provide updated insurance details on the expiry of their current policy as opposed to when new bookings are made.      | Low                            | Programming & Marketing Manager | This is our existing policy and it will be better enforced.<br>TID: From August 2017 Reviewed January 2018.  |

| <b>Report Reference</b>                     | <b>Recommendation</b>  | <b>Risk Rating<sup>1</sup></b> | <b>Responsible Officer</b>      | <b>Management Response and Target Implementation Date (TID)</b>  |
|---|--|--------------------------------|---------------------------------|--|
| 4.5.5                                       | A standard process should be adopted for the retention of insurance documents.   | Low                            | Programming & Marketing Manager | The insurance documents shall be stored on the customer's record on Artifax and tracked via the existing booking procedure.<br>TID: August 2017 Reviewed January 2018. |
| 4.5.7                                       | Risk assessments should be requested for any events that do not fall into the 'meeting' category.  | Medium                         | Programming & Marketing Manager | Risk Assessments shall be added to the initial meeting agenda and tracked via the existing booking procedure.<br>TID: August 2017 Reviewed January 2018.               |
| <b>Shared Legal Services – 24 July 2017</b> |  |                                |                                 |  |
| 4.3.1                                       | The user guide should be updated to provide accurate, up to date information and should be rolled out to relevant staff.   | Low                            | Deputy Chief Executive (AJ)     | Agreed. This will be updated and staff made aware of its refresh.<br>TID: 30/09/17   |
| 4.3.5                                       | SMT should be asked to review the list of authorised commissioning officers to ascertain whether it is still relevant for their departments, and the list should be subsequently updated as necessary. | Low                            | Deputy Chief Executive (AJ)     | Agreed. The DCE will liaise with SMT colleagues to ensure commissioning officers are current.<br>TID: 30/09/17   |
| 4.4.6                                       | Budget managers should be reminded of the need to set accurate budgets based on available information.   | Low                            | Deputy Chief Executive (AJ)     | Agreed. This will be raised at budget review meetings.<br>TID: 30/09/17  |
| 4.4.10                                      | The monthly coding spreadsheets, supplied by Legal Services, should be made available to all relevant (commissioning) staff.   | Low                            | Deputy Chief Executive (AJ)     | Agreed. The DCE will liaise with SMT colleagues to ensure they know how such information can be accessed.<br>TID: 30/09/17   |

| Report Reference  | Recommendation  | Risk Rating <sup>1</sup> | Responsible Officer            | Management Response and Target Implementation Date (TID)  |
|---|---|--------------------------|--------------------------------|---|
| <b>Rural &amp; Urban Capital Improvement Schemes – 31 July 2017</b> |   |                          |                                |   |
| No recommendations were required on this occasion.                  |   |                          |                                |   |
| <b>Private Sector Housing Regulation – 6 September 2017</b>         |   |                          |                                |   |
| 4.4.8   | Staff should be reminded of the need to ensure that all items included in works schedules are followed up to ensure that they have been completed.  | Medium                   | Private Sector Housing Manager | <p>A reminder has already been given to the team to diarise checks for the works in the HMO license schedules.</p> <p>TID: Completed.</p> <p>A small amendment to Civica APP is also being proposed that will allow management reports to be generated to be able to monitor and progress the completion of these works although this requires some work to Civica before it can be implemented.</p> <p>TID: November 2017.</p>   |
| <b>Refuse Collection and Recycling – 28 September 2017</b>          |   |                          |                                |   |
| 4.2.16  | Reporting of complaints should show the number of complaints received for refuse collection and recycling, how quickly they were resolved and whether this was to the satisfaction of the customer. | Medium                   | Senior Contracts Officer       | <p>The performance monitoring reports only show the number of formal complaints at departmental level and not for individual services within each department. There are very few formal complaints received in relation to refuse collection and recycling so it is not thought that this information is required in the reports. Issues raised by customers such as missed collections etc. that do not reach the formal complaint stage are separately monitored with measures being included in the team operational plan.</p> <p>TID: Not applicable.</p> |

| <b>Report Reference</b>                     | <b>Recommendation</b>  | <b>Risk Rating<sup>1</sup></b> | <b>Responsible Officer</b> | <b>Management Response and Target Implementation Date (TID)</b>  |
|---|--|--------------------------------|----------------------------|--|
| <b>Street Cleansing – 28 September 2017</b> |  |                                |                            |  |
| 4.2.16                                      | Customer satisfaction with the street cleaning service should be formally monitored and reported.  | Medium                         | Senior Contracts Officer   | Customer satisfaction surveys are no longer performed. However feedback is received from the Website Service Manager regarding information and processes available on the council's website that are relevant to the services provided.<br>TID: Not applicable.        |
| 4.4.8                                       | The review process should be strengthened to ensure that all orders are accurate and invoices are received for the correct amount prior to payment being made. | Medium                         | Senior Contracts Officer   | Performance checking is undertaken before payment of individual invoices to ensure that if works have not been performed to the required standard the penalties are deducted and the appropriate payment would differ from the original value.<br>TID: Not applicable. |

**CURRENT IMPLEMENTATION POSITION FOR LOW AND MEDIUM RISK RECOMMENDATIONS**  
**ISSUED IN QUARTER 3 2016/17**

| RECOMMENDATIONS  | INITIAL MANAGEMENT RESPONSE incl.<br>PLANNED IMPLEMENTATION DATE (PID)   | CURRENT STATE OF<br>IMPLEMENTATION PER MANAGER   |
|--|--|--|
| <b>Corporate Procurement – 25 October 2016</b>   |  |  |
| A review of the staffing of the Procurement Team should be undertaken with a view to examining the options to improve stability.                           | <i>Head of Finance:</i><br>A review of the Procurement function is planned to be commissioned which will consider the aspects that have been raised.<br>PID: March 2017. | Options are currently being evaluated, by HoF and Deputy Chief Executive (AJ).   |
| The next review of the SBRR should include a risk of not being able to recruit suitable procurement staff and detail the mitigations and actions required. | <i>Head of Finance:</i><br>Will be discussed with SMT when the SBRR is next reviewed.<br>PID: 23 November 2016: SMT.   | The SBRR reflects the potential loss of any key staff. The mitigations included in the SBRR should be able to be applied in the case of procurement staff. |
| <b>Treasury Management – 9 November 2016</b>   |  |  |
| Authorise the IT Help Desk to give Principal Accountant (Housing) access to the treasury management folders.   | <i>Principal Accountant (Capital &amp; Treasury Management):</i><br>Email request sent to ICT Helpdesk October 16 and access enabled.<br>PID: Completed.                 | No response required.  |




| RECOMMENDATIONS   | INITIAL MANAGEMENT RESPONSE incl.<br>PLANNED IMPLEMENTATION DATE (PID)  | CURRENT STATE OF<br>IMPLEMENTATION PER MANAGER   |
|---|---|--|
| <b>Corporate Health and Safety – 25 October 2016</b>  |   |  |
| The policy and procedure documentation should be reviewed to ensure that it accurately reflects the current processes and any reference anomalies are removed.                        | <i>Corporate Health &amp; Safety Coordinator / Building Manager:</i><br>Agreed. This has now been undertaken.<br>PID: Completed.  | No response required.  |
| The documentation held on the Health & Safety team page of the intranet should be removed, with staff being directed to the AssessNet portal to assist with document version control. | <i>Corporate Health &amp; Safety Coordinator / Building Manager:</i><br>Agreed. This has now been undertaken.<br>PID: Completed.  | No response required.  |
| Relevant staff should be reminded of the need to provide a health and safety induction to any non-council staff working on behalf of the council.                                     | <i>Corporate Health &amp; Safety Coordinator / Building Manager:</i><br>Agreed. When staff ask for door passes / system access for contractors, they will be reminded of the need to provide an induction.<br>PID: November 2016. | Contractor register in reception still ongoing with inductions.                        |
| Relevant risk assessments on AssessNet should be reviewed to ensure that noise hazards are appropriately covered.   | <i>Corporate Health &amp; Safety Coordinator / Building Manager:</i><br>Agreed. Risk assessments will be reviewed.<br>PID: March 2016.  | Risk assessments reviewed action completed.  |
| Departments should be reminded of the need to send representatives to the Health & Safety Reps meetings.  | <i>Corporate Health &amp; Safety Coordinator / Building Manager:</i><br>Agreed. This will be raised with SMT.<br>PID: October 2016.   | Review of terms of reference with regard to Health and Safety groups meetings ongoing. |

| RECOMMENDATIONS   | INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE (PID)  | CURRENT STATE OF IMPLEMENTATION PER MANAGER   |
|---|--|---|
| <b>Safeguarding – 7 December 2016</b>   |  |   |
| The Officer Children’s Champion should meet with the Member Children’s Champions to explain their role and to agree a plan of work.                                     | <i>Deputy Chief Executive (BH):</i><br>Agreed. DCEX (AJ) will arrange to meet with the Member Children’s Champions.<br>PID: 31 December 2016.                        | Met with Champions and subsequently a report was submitted to Overview & Scrutiny Committee covering areas of work to focus on. |
| A publicity and awareness campaign should be launched to remind staff of the warning signs and the appropriate response. Regular reminders should be issued thereafter. | <i>Deputy Chief Executive (BH):</i><br>Agreed. Publicity/ awareness campaign to be launched in the new year. DCEX (AJ) & HR/Media to discuss.<br>PID: 31 March 2017. | Posters installed throughout the building and intranet item posted.   |
| The status of the outstanding action points should be established and reported to members.  | <i>Deputy Chief Executive (BH):</i><br>Agreed. Status of action points on the Improvement Action Plan to be reported to Members.<br>PID: 31 March 2017.              | This was done as part of the report to Overview & Scrutiny Committee.   |
| <b>Affordable Housing Development Programme – 31 October 2016</b>   |  |   |
| The April 2010 Guidance for Developers document should be removed from the council’s website.   | <i>Housing Strategy &amp; Development Manager:</i><br>This guidance has now been taken offline.<br>PID: Completed.   | No response required.   |

| RECOMMENDATIONS   | INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE (PID)   | CURRENT STATE OF IMPLEMENTATION PER MANAGER  |
|---|---|--|
| <b>Grounds Maintenance – 8 December 2016</b>  |   |  |
| Formal, authorised, variation orders should be maintained for changes to the grounds maintenance contract with these being coordinated through a named officer. | <i>Green Space Development Officer:</i><br>Changes to the contract bill of quantities will be supported by formal contract variation orders in order to identify the changes made, both in terms of measurement and cost.<br>PID: March 2017. | A system of logging variation orders is in place. Changes to the contract measurements/cost are used to amend contract payments on an ongoing basis, and contribute to an annual refresh of the contract bill of quantities.   |
| Budgets for the relevant codes should be set in line with the known costs with budget managers for other codes being informed of the relevant figures to use.   | <i>Green Space Development Officer:</i><br>Where contract variations have an impact on the allocated budget, agreement will first be sought from the budget manager, who can then make the necessary budget allocations.<br>PID: March 2017.  | There are ongoing discussions with budget holders where changes will impact on their budgets. It is proposed there will also be an overall contract review undertaken with budget holders prior to setting future year's budgets, to pick up potential growth/reductions, RPI etc. |
| Supporting documentation should be retained for the variable invoices received.   | <i>Green Space Development Officer:</i><br>Contract variation orders will be raised for any work over and above the core contract.<br>PID: December 2016.   | As above.  |

**CURRENT IMPLEMENTATION POSITION FOR HIGH RISK RECOMMENDATIONS**  
**ISSUED IN QUARTER 1 2017/18**

| RECOMMENDATIONS   | INITIAL MANAGEMENT RESPONSE incl.<br>PLANNED IMPLEMENTATION DATE (PID)  | CURRENT STATE OF<br>IMPLEMENTATION PER MANAGER  |
|---|---|---|
| <b>Lone Worker Arrangements – 30 June 2017</b>  |   |   |
| A review should be undertaken to identify other lone working system to ascertain whether they are better suited to the needs of the Council with trials being performed as necessary. | <p><i>Head of Health &amp; Community Protection (SMT sponsor) and Building Manager / Health &amp; Safety Coordinator:</i></p> <p>Review the current pros and cons of the systems in place (formal and informal), review the needs of individual service/teams and evaluate the market for products which fit the needs of the organisation.</p> <p>TID: Jan 2018.</p> | Work continues in this area to progress this action. Step changes in order to protect staff already actioned including provision of training, ensuring emergency and out of hours contact details are up to date. |

|  |   |  |
|--|---|--|
|  <b>Finance and Audit Scrutiny Committee</b><br><b>28 November 2017</b>   |   | <b>Agenda Item No.</b><br><b>7</b>   |
| <b>Title</b>   |   | Annual Governance Statement 2016/17<br>Action Plan: Review of Progress       |
| <b>For further information about this report please contact</b>  |   | Richard Barr<br>Tel: (01926) 456815<br>E Mail: richard.barr@warwickdc.gov.uk |
| <b>Wards of the District directly affected</b>   |   | Not applicable   |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b> |   | No   |
| <b>Date and meeting when issue was last considered and relevant minute number</b>  |   | Finance and Audit Scrutiny Committee – 26 September 2017                     |
| <b>Background Papers</b>   | Accounts and Audit (England) Regulations 2015<br>Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2007)*<br>Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities (CIPFA/SOLACE 2012)*<br>Delivering Good Governance in Local Government: Framework (Addendum) (CIPFA/SOLACE 2012)*<br>The Annual Governance Statement – Rough Guide for Practitioners (CIPFA Financial Advisory Network)<br>Minutes of Senior Management Team<br>*See paragraph 8.3 |  |

|  |                                     |
|--|-------------------------------------|
| <b>Contrary to the policy framework:</b>                                   | No                                  |
| <b>Contrary to the budgetary framework:</b>                                | No                                  |
| <b>Key Decision?</b>   | No                                  |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No                                  |
| <b>Equality Impact Assessment Undertaken</b>                               | N/A: no direct service implications |

| <b>Officer/Councillor Approval</b>  |             |                        |
|---|-------------|------------------------|
| With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s). |             |                        |
| <b>Officer Approval</b>   | <b>Date</b> | <b>Name</b>            |
| Chief Executive/Deputy Chief Executive  | 8 Nov 2017  | Chris Elliott          |
| Head of Service   | 8 Nov 2017  | Mike Snow              |
| SMT   | 8 Nov 2017  | SMT                    |
| Section 151 Officer   | 8 Nov 2017  | As Head of Service     |
| Monitoring Officer  | 8 Nov 2017  | Andrew Jones           |
| Finance   | 8 Nov 2017  | As Section 151 Officer |

|   |             |                                 |
|---|-------------|---------------------------------|
| Portfolio Holders   | 16 Nov 2017 | Councillors A Mobbs & P Whiting |
| <b>Consultation and Community Engagement</b>  |             |                                 |
| Consultation with members and officers listed above. Plus Senior Management Team review of Annual Governance Statement Action Plan. |             |                                 |
| <b>Final Decision?</b>  |             | Yes                             |
| <b>Suggested next steps (if not final decision please set out below)</b>  |             |                                 |

## 1 Summary

- 1.1 The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2016/17. The appendix accompanying this report sets out the progress in addressing the Significant Governance Issues.

## 2 Recommendations

- 2.1 That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2016/17.

## 3 Reasons for the Recommendations

- 3.1 To help fulfil Members' responsibility for effective corporate governance within the Council.
- 3.2 To provide assurance to Members that governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

## 4 Policy Framework

### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the District's Vision of making it a Great Place to Live, Work and Visit. With those objectives the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

| FFF Strands  |   |   |
|--|---|---|
| People   | Services  | Money   |
| External   |   |   |
| Health, Homes, Communities   | Green, Clean, Safe  | Infrastructure, Enterprise, Employment  |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities. | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB. | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/productivity of local economy<br>Increased employment and income levels. |
| Impacts of Proposal  |   |   |
| Although there are no direct policy implications, the Annual Governance  |   |   |

|  |  |  |
|--|--|--|
| Statement is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.  |  |  |
| <b>Internal</b>  |  |  |
| <b>Effective Staff</b>   | <b>Maintain or Improve Services</b>  | <b>Firm Financial Footing over the Longer Term</b>   |
| <u>Intended outcomes:</u><br>All staff are properly trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours. | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services. | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>Seek best value for money. |
| <b>Impacts of Proposal</b>   |  |  |
| Although there are no direct policy implications, the Annual Governance Statement is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.                            |  |  |

## 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

## 4.3 **Changes to Existing Policies**

This section is not applicable.

## 4.4 **Impact Assessments**

This section is not applicable.

## 5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, an effective Budgetary Framework is a key element of corporate governance. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

## 6 **Risks**

- 6.1 Risk management is an intrinsic element of corporate governance. There are various risks associated with the Significant Governance Issues and these not being addressed satisfactorily.



## 7 **Alternative Options Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

## 8 **Corporate Governance in Local Authorities**

- 8.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

*"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 8.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
- members and officers are working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

- 8.3 CIPFA/SOLACE has updated its framework and related guidance recently and this needs reflecting in the Council's governance arrangements, including that of its Annual Governance Statement. This requirement forms one of the two governance issues set out in the Annual Governance Statement for 2016/17.

## 9 **Annual Governance Statement**

- 9.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).

- 9.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.
- 9.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. In order to achieve this they will rely on many sources of assurance, such as that from:
- Members of the Council
  - Deputy Chief Executives and Service Area Managers
  - the Responsible Financial Officer
  - the Monitoring Officer
  - the Audit and Risk Manager
  - performance and risk management systems
  - third parties, e.g. partnerships
  - external audit and other review agencies.

## 10 **The Significant Governance Issues**




- 10.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement.
- 10.2 The Significant Governance Issues are summarised in the Action Plan element of the Annual Governance Statement for 2016/17.
- 10.3 The Annual Governance Statement (and therefore the Action Plan setting out the Significant Governance Issues) has been approved by Full Council.
- 10.4 The appendix accompanying this report sets out the progress in addressing the Significant Governance Issues.
- 10.5 The progress in addressing these governance issues is reported by the officers who are leading on them and have been endorsed by the Senior Management Team at a recent meeting.

## Annual Governance Statement 2016/17: Action Plan for Governance Issues

### Review of Progress to end of Oct 2017

| AGS Ref. | Governance Issue   | Responsible Officer  | Progress Implementing Governance Issue                                       |  |
|----------|--|--|--|--|
|          |  |  | Position as at previous quarter  | Position as at end Oct 2017  |
| 5.1-1    | The need to ensure that lessons are learned corporately from the Electrical Maintenance Contract Procurement.                      | Senior Management Team.  | Progress had been made on all actions, with most concluded and some ongoing. | See Appendix 1A, co-ordinated by Head of Finance. In summary, progress being made on all actions, with most concluded and some ongoing. SMT are required to review Appendix 1A and update where appropriate for submission of document to Finance & Audit Scrutiny Committee.  |
| 5.1-2    | The requirement to update the Council's Local Code of Corporate Governance in the light of recently-revised CIPFA/SOLACE guidance. | Corporate Management Team.<br>(Delegated to Audit & Risk Manager.) | No progress had been made.   | A table has been produced, and circulated among key officers for comment, that shows how the Council is meeting the principles of good governance prescribed by CIPFA/SOLACE in ' <i>Delivering Good Governance in Local Government: Framework (2016)</i> '.<br><br>The intention is to update the Local Code by end of the Calendar year with a view to it being approved by Executive on 7 Feb 2018 and Full Council on 21 Feb 2018. |

### Progress in implementing 'Lessons Learned' from Procurement of Electrical Maintenance & Repair Contract

| Reference                           | Learning Point   | Source   | Owner  | Progress to end Oct 2017  |
|-------------------------------------|--|--|--|---|
| Subject Area: Conflicts of Interest |  |  |  |   |
| 1.1<br>RED                          | No staff with a potential conflict of interest should play any part in a related tender process.   | Internal Audit Investigation Report to CMT June 2016                                 | SMT  | This is reflected within the Code of Procurement Practice and the Employee Code of Conduct. This specific issue will be discussed at SMT to ensure that appropriate practices are in place. Conflict of interest is discussed at initial procurement project briefings, with those involved having to sign a declaration of interest form. The CoPP will be updated to re-enforce this.<br>Status:<br> |
| 2.7<br>A                            | That all officers be asked each year, on the anniversary of the date they first joined the Council, to update and sign their Declaration of Interest form.         | Recommendations from the Report Produced by Head of Housing and Property Services.   | CMT/SMT  | Recommendation revised after subsequent discussions at SMT as now addressed as part of routine contract management and the PID process for new procurement exercises.<br>Status:<br>  |
| 3.2<br>R                            | Senior Management should re-double its efforts to ensure that all staff be made aware of conflict of interest situations (paras. 3.2.7-3.2.14 & 3.2.18 of report). | Internal Audit investigation report to Finance & Audit Scrutiny Committee March 2017 | Senior Management Team and other Senior Officers | SMT continually and routinely making colleagues aware when dealing with procurement. In addition, there is a training programme in place. DCE (AJ) to re-instate annual reminder for Heads of Service<br>Status:<br>   |




| Reference                       | Learning Point  | Source   | Owner  | Progress to end Oct 2017  |
|---------------------------------|---|--|--|---|
| 2.6<br>G                        | That all officers who are to be involved in a procurement project be required to sign a Declaration of Interest bespoke to that procurement exercise. | Recommendations from the Report Produced by Head of Housing and Property Services. | CMT/SMT  | Conflict of interest is discussed at initial procurement project briefings, with those involved having to sign a declaration of interest form.<br>Status:<br>G  |
| Subject Area: Tender Evaluation |   |  |  |   |
| 1.2<br>G                        | Independent (Procurement) staff should be present during tender evaluation exercises to ensure that correct processes are followed.                   | Internal Audit Investigation Report to CMT June 2016                               | Procurement Manager and Procurement Lead Officer | The Code of Procurement Practice and the Guide to Tendering Evaluation include these requirements. This is reinforced as part of planning for each tender opportunity and is within all procurement training (formal and informal).<br>Tender evaluation is carried out individually by each panel member and is overseen by the Procurement Team, ensuring that the evaluators are suitably trained and able to undertake their role. The Procurement Team will subsequently review the scores to ensure consistency and identify any unusual anomalies, and provide challenge where necessary, before the conclusion of the evaluation. The WCC model practice has been adopted here.<br>Status:<br>G |

| Reference                        | Learning Point   | Source   | Owner   | Progress to end Oct 2017   |
|----------------------------------|--|--|---|--|
| 1.4<br>A                         | Staff involved in tender evaluation processes should receive appropriate training.   | Internal Audit Investigation Report to CMT June 2016                                 | Procurement Manager / SMT   | <p>The Procurement Team ensure, as part of planning each tender opportunity, that staff are appropriately trained (often by informal 1-2-1 training) to undertake evaluations, and this will be part of the planned Stage 2 Advanced Procurement Training.</p> <p>There is a training programme in place with training being provided by Procurement Team. Further training dates are being planned with HR.</p> <p>Status:</p> <p>A</p> |
| 3.3<br>R                         | The process for evaluating tenders should be "clean" i.e. evaluators should be empowered/ allowed to evaluate (3.2.30-3.2.37).                               | Internal Audit investigation report to Finance & Audit Scrutiny Committee March 2017 | Senior Management Team and other Senior Officers including Procurement Team | <p>Roles and responsibilities in the procurement process included within formal and informal training provided by Procurement Team.</p> <p>Status:</p> <p>G</p>  |
| Subject Area: Project Management |  |  |   |  |
| 3.1<br>R                         | Senior Management needs to be more actively involved in major tender processes where there is staff upheaval (paras. 3.1.8-3.1.18 of Internal Audit report). | Internal Audit investigation report to Finance & Audit Scrutiny Committee March 2017 | Senior Management Team  | <p>Heads of Service regularly review contract registers in the context of staff changes. Contract Registers are themselves reviewed on rolling basis.</p> <p>CMT routinely discuss contract registers with their reports at 1-1s as a standing agenda item</p> <p>Status:</p> <p>G</p>   |




| Reference | Learning Point  | Source   | Owner                                 | Progress to end Oct 2017   |
|-----------|---|--|---------------------------------------|--|
| 1.3<br>G  | The corporate training programme should promote the respective roles and responsibilities of the initiating service area and the Procurement Team in respect of the procurement process, including clarification of where the 'ownership' of each task lies.    | Internal Audit Investigation Report to CMT June 2016                               | Head of Finance & Procurement Manager | <p>Roles and responsibilities will continue to be brought out in future training. More importantly, for each project responsibilities are agreed with those involved, this being spelt out in the Procurement Initiation Document (PID). Updated Code of Procurement Practice includes roles and responsibilities. This is also included within the training provided by the Procurement Team. Roles and responsibilities is also discussed/clarified at initial procurement project briefings.</p> <p>Status:</p> <p><b>G</b></p> |
| 2.1<br>A  | That the Council introduces for all procurement exercises that start on or after April 1 <sup>st</sup> , 2016, a mandatory formal Project Plan for each procurement exercise setting out an agreed schedule of all actions, deadlines and responsible officers. | Recommendations from the Report Produced by Head of Housing and Property Services. | Procurement Team                      | <p>A Procurement Initiation Document (PID) is a requirement of the Code of Procurement Practice for projects over £50k. SMT need to ensure that these are routinely prepared. Non-compliance will be considered by the Procurement Steering Group.</p> <p>Status:</p> <p><b>G</b></p>  |

| Reference | Learning Point  | Source   | Owner            | Progress to end Oct 2017   |
|-----------|---|--|------------------|--|
| 2.2<br>A  | That within the Project Plan there is a clear and distinct division of responsibilities and contributions from the procuring service, the Legal Services Team and the Procurement Team.   | Recommendations from the Report Produced by Head of Housing and Property Services. | SMT              | Updated Code of Procurement Practice includes roles and responsibilities. This is also included within the training provided by the Procurement Team. Roles and responsibilities is also discussed/clarified at initial procurement project briefings. The Legal and Procurement functions have scheduled regular surgeries to review new and ongoing procurement initiatives.<br>Status:<br>A |
| 2.3<br>A  | That each procurement project is assigned a named officer to act as Project Manager, that officer reporting to the head of the procuring service on progress on the project.  | Recommendations from the Report Produced by Head of Housing and Property Services. | SMT              | Now forms part of the Procurement Initiation Document.<br>Status:<br>G   |
| 2.4<br>G  | That a restricted access shared folder system is mandated to be used for all procurement projects, with a reference system for each document designed to make sure that a single, common set of documents is used at all stages of the procurement process by all involved in the procurement exercise. | Recommendations from the Report Produced by Head of Housing and Property Services. | Procurement Team | Documents held within Intend system. Further shared folders created on Share Drive as necessary.<br>Status:<br>G   |







| Reference | Learning Point   | Source   | Owner   | Progress to end Oct 2017  |
|-----------|--|--|---------|---|
| 2.5<br>A  | That other than in the most exceptional of circumstances, all procurement projects are scheduled to allow for a minimum four-month mobilisation period.                                | Recommendations from the Report Produced by Head of Housing and Property Services. | CMT/SMT | The period required varies depending on the value and complexity of the project. The time required should be stated by the contract manager in advance and included within the PID.<br>Status:<br> |
| 2.8<br>A  | That releasing or allowing the release of details of procurement exercises before the formal announcement of the outcome of such an exercise be considered an act of gross Misconduct  | Recommendations from the Report Produced by Head of Housing and Property Services. | CMT/SMT | Agreed.<br>Status:<br>   |
| 2.9<br>G  | That, as part of the Council's approach to procuring services, a 'whole system cost and benefit analysis' be required to consider alternative delivery vehicles to external providers. | Recommendations from the Report Produced by Head of Housing and Property Services. | CMT/SMT | PID requires alternative delivery models to be considered in advance.<br>Status:<br>   |

#### Prioritisation Key:

|   |                 |
|---|-----------------|
|  | Higher Priority |
|  | Medium Priority |
|  | Lower Priority  |

#### Status on Progress Key:

|   |  |
|---|--|
|  | No/limited progress                            |
|  | Substantial progress but further work required |
|  | Complete                                       |

|   |  |                                    |
|---|--|------------------------------------|
|  <b>Finance and Audit Scrutiny Committee. 28<sup>th</sup> November 2017</b>  |  | <b>Agenda Item No.</b><br><b>8</b> |
| <b>Title</b>  | Fraud Investigation Performance Report                       |                                    |
| <b>For further information about this report please contact</b>   | Andrea Wyatt ext 6831  |                                    |
| <b>Wards of the District directly affected</b>  |  |                                    |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No   |                                    |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | Finance and Audit Scrutiny<br>2 <sup>nd</sup> September 2015 |                                    |
| <b>Background Papers</b>  |  |                                    |

|   |    |
|---|----|
| <b>Contrary to the policy framework:</b>  | No |
| <b>Contrary to the budgetary framework:</b>   | No |
| <b>Key Decision?</b>  | No |
| <b>Included within the Forward Plan? (If yes include reference number)</b>              | No |
| <b>Equality Impact Assessment Undertaken</b>  | No |
| An equality impact assessment is not required as this report does not change any policy |    |

|  |             |                            |
|--|-------------|----------------------------|
| <b>Officer/Councillor Approval</b>   |             |                            |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>                |
| Chief Executive/Deputy Chief Executive   | 14/11/17    | Chris Elliott              |
| Head of Service  | 14/11/17    | Mike Snow                  |
| CMT  | 14/11/17    | Chris Elliott/Andrew Jones |
| Section 151 Officer  | 14/11/17    | Mike Snow                  |
| Monitoring Officer   | 14/11/17    | Andrew Jones               |
| Finance  | 14/11/17    | Mike Snow                  |
| Portfolio Holder(s)  | 14/11/17    | Peter Whiting              |
| <b>Consultation &amp; Community Engagement</b>   |             |                            |
| Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. |             |                            |
|  |             |                            |
|  |             |                            |
| <b>Final Decision?</b>   |             | No                         |
| <b>Suggested next steps (if not final decision please set out below)</b>                               |             |                            |
|  |             |                            |

## 1. **Summary**

1.1 This report provides an update on the performance of the Fraud Team.

## 2. **Recommendation**

2.1 That note is taken of the contents of the report.

## 3. **Reasons for the Recommendation**

3.1 There are no decisions to be made as a result of this report.

## 4. **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

"The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects, whilst this is not considered a key project, public funds and services which are obtained fraudulently, will have a direct impact on the Council's ability to deliver the FFF strategy and therefore it is right that performance against the prevention and detection of fraud is appropriately monitored.

"The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

| <b>FFF Strands</b>  |  |  |
|---|--|--|
| <b>People</b>   | <b>Services</b>  | <b>Money</b>   |
| <b>External</b>   |  |  |
| <b>Health, Homes, Communities</b>   | <b>Green, Clean, Safe</b>  | <b>Infrastructure, Enterprise, Employment</b>  |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities   | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/productivity of local economy<br>Increased employment and income levels |
| <b>Impacts of Proposal</b>  |  |  |
| To ensure that services which the public can access such as social housing, council tax reduction and any discounts, are not obtained fraudulently. This contributes to ensuring these services are available for | The work of the Fraud Team helps to ensure that the resources of the Council are properly used in the provision of Council services.   | The work of the Fraud Team helps to ensure that the resources of the Council are properly used in the provision of Council services.   |

|   |   |   |
|---|---|---|
| residents and businesses in most need.  |   |   |
| <b>Internal</b>   |   |   |
| <b>Effective Staff</b>  | <b>Maintain or Improve Services</b>   | <b>Firm Financial Footing over the Longer Term</b>  |
| <u>Intended outcomes:</u><br>All staff are properly trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services                   | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>Seek best value for money |
| <b>Impacts of Proposal</b>  |   |   |
| There are no impacts, however all staff have been given the opportunity to attend training sessions to assist them in recognising suspicious activity which potentially could be fraudulent.  | The provision of our fraud service assists in ensuring that only those people who are entitled, receive the services thereby ensuring we focus on customers' needs. | The work of the fraud team is crucial in ensuring public funds are protected.   |

## 4.2 Supporting Strategies

Each strand of the FFF strategy has a number of supporting Strategies – but direct reference to them is not necessary in considering the subject matter of this report.

## 4.3 Changes to Existing Policies

This section is not applicable.

## 4.4 Impact Assessments

This section is not applicable.

## 5. Budgetary Framework

5.1 There are no direct budgetary impacts arising..

## 6. Risks

Effective fraud investigation should reduce and deter the risk of inappropriate use of public resources.

## 7. Alternative Option(s) considered

7.1 N/A

## 8. **Background**

8.1 The cost of fraud to Local Government has proved difficult to determine due to the lack of fraud measurement exercises undertaken by authorities. Fraud investigations tend to be instigated following a suspicion either by a member of staff or a member of the public being reported and therefore the true extent of fraud can only ever be estimated. The true cost of fraud to an authority could only ever be determined by undertaking a sampling exercise across all services susceptible to fraud to identify the true extent of occurrences. In 2013 the National Fraud Authority estimated that fraud may cost the UK around £52 billion per year and the estimated cost to local authorities was £2.1billion.

8.2 In February 2015, the Housing Benefit fraud investigation function transferred to the Department for Work and Pensions under the auspices of the Single Fraud Investigation Service (SFIS). Following unsuccessful attempts to recruit suitably qualified investigation staff, it was necessary to consider alternative options for providing the service. In February 2016, Oxford City Council agreed to provide a Corporate Fraud Service for Warwick District Council under a shared service arrangement. Oxford City Council were the Institute of Rating Revenues and Valuation (IRRV) winners for Excellence in Corporate Fraud in 2016 and have recently won the award for Excellence in Innovation. The Fraud Team have been investigating corporate fraud for a number of years and have undertaken work for other district councils within Oxfordshire as well as Oxfordshire County Council.

## 8.3 **Performance**

Investigations where fraud is proven are punishable either by issuing a formal caution or an administrative penalty. An administrative penalty is an agreement with the claimant that in addition to the repayment of the debt they will pay a further amount. This amount is determined by legislation and is calculated as a % of the debt, however the level of the % differs depending on the period in which the overpayment occurred, neither of these sanctions result in a criminal record. In more severe cases, a claimant will be prosecuted.

## 8.4 **Housing**

Housing tenancy is one of the common areas where members of the public will attempt to commit fraud, this includes fraudulent right to buy applications, fraudulent homelessness applications and illegal subletting. Illegal activity around housing effectively reduces the number of properties available to house customers presenting as homeless and results in a cost to the authority. During the last financial year, there were 60 households placed in Bed and Breakfast accommodation, the cost of which averages £65.00 per night. Whilst a percentage of this can be claimed from the Government in housing benefit subsidy, there was still a direct cost to the authority of over £50,000. As a direct result of work undertaken by the fraud team, 4 Housing Revenue Account properties have been returned to use, one case has resulted in a successful prosecution for illegal subletting and a one currently being considered for prosecution for fraudulent application. A further 10 applicants have been removed from the council waiting list after their applications were found to be potentially fraudulent.

## 8.5 **Revenues and Benefits.**

Housing Benefit fraud is now dealt with by the SFIS, however, local authorities are still responsible for investigating their own council tax reduction fraud. In most cases a person who is in receipt of housing benefit is also in receipt of council tax reduction and therefore if they are claiming fraudulently it will affect both benefits. Unfortunately, DWP will not currently undertake joint investigations with local authorities and neither will they automatically prosecute for housing benefit if the Council prosecutes for council tax reduction. Whilst a number of council tax reduction investigations have been undertaken, they are usually passed to the DWP to take action as the housing benefit element is the larger of the two overpayments, these cases are not resolved. The Council will still seek to recover the over payment of Council Tax Reduction. There is currently 1 prosecution pending involving both council tax reduction and single person discount fraud.


8.6 The team have been involved in other proactive work, looking at New Homes Bonus, business rates avoidance and fraudulent claiming of council tax single person discount. Using data matching technology, they will be assisting a full review of single person discount and the results will be reported when this work has been completed.

8.7 **National Fraud Initiative, (NFI)**  
Although not compulsory, the authority has always sought to investigate the majority of matches received via the NFI. However this is resource intensive and often delivers little in the way of results. In addition to the normal matches, NFI provided an additional single person discount (SPD) report which matched data to other external sources such as blue badge and concessionary travel data. However due to the timing of when data is collected and the length of time before the matches were received, a view was taken that only the high risk cases would be checked and the team would undertake a separate SPD review. The Team have access to a data matching system, using this technology to review single person discount cases, will ensure that any data submitted is matched and returned daily.

| Area of Result                       | Number | Value       | Caution | Adpen  | Prosecution | £70 Penalty | Warning Letter |
|--------------------------------------|--------|-------------|---------|--------|-------------|-------------|----------------|
| Council Tax Reduction Overpayments   | 7      | £10,664.00  |         | 527.45 |             | 2           |                |
| Council Tax Reduction Future Savings | 7      | £5,937.90   |         |        |             |             |                |
| Housing Benefit Overpayments         | 7      | £45,686.58  | N/A     | N/A    | N/A         | N/A         | N/A            |
| Housing Benefit Future Savings       | 6      | £35,628.84  | N/A     | N/A    | N/A         | N/A         | N/A            |
| Council Tax Discount Removed         | 5      | £10,088.00  |         |        |             | 2           |                |
| Council Tax Discount future Increase | 3      | £2,544.46   |         |        |             |             |                |
| NNDR increased income                | 7      | £68,565.73  |         |        |             |             |                |
| NNDR future income                   |        |             |         |        |             |             |                |
| Social Housing Properties recovered  | 3      | £69,000.00  |         | N/A    | 1           | N/A         | N/A            |
| Housing Applications Cancelled       | 10     | £46,000.00  | N/A     | N/A    | N/A         | N/A         | N/A            |
| Right to Buy Cancelled               |        |             |         |        |             |             |                |
| Total                                |        | £294,115.51 | 0       | 527.45 | 1           | £280.00     | 0              |

## Non Cashable savings

| Area of Result                       | Number | Value    | Caution | Adpen | Prosecution | £70 Penalty | Warning Letter | Notes on calculation  |
|--------------------------------------|--------|----------|---------|-------|-------------|-------------|----------------|---|
| Council Tax Reduction Future Savings | 6      | £5,938   | 0       | 0     | 0           | 0           | 0              | 104 week multiplier on saving made. This is based on the average length of time between a customer notifying a change of circs. |
| Housing Benefit Future Savings       | 6      | £35,629  | N/A     | N/A   | N/A         | N/A         | N/A            | 104 week multiplier on saving made. This is based on the average length of time between a customer notifying a change of circs. |
| Social Housing Properties recovered  | 3      | £69,000  | 0       | N/A   | 1           | N/A         | N/A            | Calculation pending.  |
| Housing Applications Cancelled       | 10     | £46,000  | N/A     | N/A   | N/A         | N/A         | N/A            | £4600 per application. Figure derived from the average cost in temp accommodation spent for each family housed.                 |
| Right to Buy Cancelled               | 0      | £0       | 0       | 0     | 0           | 0           | 0              | £77,000 per application cancelled. Based on the discount given on the market  |
| Total                                |        | £156,567 | 0       | 0     | 0           | £0.00       | 0              |   |

|   |   |  |
|---|---|--|
|  <b>Finance &amp; Audit Scrutiny Committee</b><br><b>– 28 November 2017</b>  |   | <b>Agenda Item No.</b><br><br><b>9</b> |
| <b>Title</b>  | <b>Comments from the Executive</b>  |  |
| <b>For further information about this report please contact</b>   | Amy Barnes<br>Senior Committee Services Officer<br>01926 456114<br><a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a> |  |
| <b>Wards of the District directly affected</b>  | n/a   |  |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |  |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | n/a   |  |
| <b>Background Papers</b>  | Executive – 08.02.2017  |  |

|  |    |
|--|----|
| <b>Contrary to the policy framework:</b>                                   | No |
| <b>Contrary to the budgetary framework:</b>                                | No |
| <b>Key Decision?</b>   | No |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No |
| <b>Equality Impact Assessment Undertaken</b>                               | No |
|  |    |

|  |             |              |
|--|-------------|--------------|
| <b>Officer/Councillor Approval</b>                                       |             |              |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>  |
| Chief Executive/Deputy Chief Executive                                   |             |              |
| Head of Service  |             |              |
| CMT  |             |              |
| Section 151 Officer  |             |              |
| Monitoring Officer   | 19/10/2017  | Andrew Jones |
| Finance  |             |              |
| Portfolio Holder(s)  |             |              |
| <b>Consultation &amp; Community Engagement</b>                           |             |              |
| n/a  |             |              |
|  |             |              |
| <b>Final Decision?</b>   |             | Yes          |
| <b>Suggested next steps (if not final decision please set out below)</b> |             |              |
|  |             |              |



## 1. **Summary**

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 1 November 2017.

## 2. **Recommendation**

- 2.1 That the responses made by the Executive be noted, as set out in Appendix 1 to the report.

## 3. **Reasons for the Recommendation**

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

## 4. **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

| <b>FFF Strands</b>  |  |  |
|---|--|--|
| <b>People</b>   | <b>Services</b>  | <b>Money</b>   |
| <b>External</b>   |  |  |
| <b>Health, Homes, Communities</b>   | <b>Green, Clean, Safe</b>  | <b>Infrastructure, Enterprise, Employment</b>  |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/productivity of local economy<br>Increased employment and income levels |
| <b>Impacts of Proposal</b>  |  |  |
| Nil   | Nil  | Nil  |
| <b>Internal</b>   |  |  |
| <b>Effective Staff</b>  | <b>Maintain or Improve Services</b>  | <b>Firm Financial Footing over the Longer Term</b>   |
| <u>Intended outcomes:</u><br>All staff are properly trained<br>All staff have the appropriate tools   | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes  | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost   |

|  |  |   |
|--|--|---|
| All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours | Increase the digital provision of services | management<br>Maximise income earning opportunities<br>Seek best value for money  |
| <b>Impacts of Proposal</b>   |  |   |
| Nil  | Nil  | Dialogue between Scrutiny and Executive enables robust decision making and ensures all elements of the proposal are taken into account. |

#### 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies; however, this report is for governance purposes. It is important that when the Executive has not accepted a recommendation by the Scrutiny Committee, an explanation is provided.

#### 4.3 **Changes to Existing Policies**

There are no changes to existing policies.

#### 4.4 **Impact Assessments**

There are no new policy changes in respect of equalities.

### 5. **Budgetary Framework**

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

### 6. **Risks**

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

### 7. **Alternative Option(s) considered**

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

### 8. **Background**

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.

- 7.3 As a result, at its meeting on 4 April 2017, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.


**Responses from the meeting of the Executive held on 1 November 2017 to the Finance and Audit Scrutiny Committee's comments**

| <b>Item no</b>            | 6   | <b>Title</b> | <b>Arrangements for Civic Transport &amp; Support</b> |
|---------------------------|---|--------------|---|
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the recommendations but had reservations about various aspects of the proposal. It was suggested that a local car company could be used to source a new vehicle.   |              |   |
| <b>Executive Response</b> | The Executive welcomed the comments seeking a partnership with a local car manufacturer. They advised that it would be an Employment Committee decision to look at the hours of the role and the flexibility of the hours but assured Members that officers would work with HR to ensure the hours were sufficient. |              |   |

| <b>Item no</b>            | 7   | <b>Title</b> | <b>Tach Brook Country Park</b> |
|---------------------------|---|--------------|--------------------------------|
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the recommendations in the report. |              |                                |
| <b>Executive Response</b> | No response required.   |              |                                |

| <b>Item no</b>            | 11   | <b>Title</b> | <b>Europa Way - Update</b> |
|---------------------------|--|--------------|----------------------------|
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the recommendations with the addition of the words 'with Leamington Football Club' to recommendation 2.4. |              |                            |
| <b>Executive Response</b> | The Executive accepted the additional words proposed by the Finance & Audit Scrutiny Committee.  |              |                            |

| <b>Item no</b>            | 16  | <b>Title</b> | <b>Royal Naval Association Club</b> |
|---------------------------|---|--------------|-------------------------------------|
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the recommendations in part. Members requested that recommendation 2.2 be amended as per the confidential scrutiny committee comments.   |              |                                     |
| <b>Executive Response</b> | The Executive thanked the scrutiny committee for their comments. Whilst initially, the Executive felt that the original wording of recommendation 2.2 was wide ranging enough, following further discussion, Councillor Coker was happy to make the amendment detailed in the confidential scrutiny committee comments. |              |                                     |

|   |   |   |
|---|---|---|
|  <b>Finance &amp; Audit Scrutiny Committee<br/>– 28 November 2017</b>  |   | <b>Agenda Item No.</b><br><br><h1>10</h1> |
| <b>Title</b>  | <b>Review of the Work Programme &amp; Forward Plan</b>  |   |
| <b>For further information about this report please contact</b>   | Amy Barnes<br>Senior Committee Services Officer<br>01926 456114<br><a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a> |   |
| <b>Wards of the District directly affected</b>  | n/a   |   |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |   |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | n/a   |   |
| <b>Background Papers</b>  | n/a   |   |

|  |    |
|--|----|
| <b>Contrary to the policy framework:</b>                                   | No |
| <b>Contrary to the budgetary framework:</b>                                | No |
| <b>Key Decision?</b>   | No |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No |
| <b>Equality Impact Assessment Undertaken</b>                               | No |
|  |    |

|  |             |              |
|--|-------------|--------------|
| <b>Officer/Councillor Approval</b>                                       |             |              |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>  |
| Chief Executive/Deputy Chief Executive                                   |             |              |
| Head of Service  |             |              |
| CMT  |             |              |
| Section 151 Officer  | 19/10/2017  | Andrew Jones |
| Monitoring Officer   |             |              |
| Finance  |             |              |
| Portfolio Holder(s)  |             |              |
| <b>Consultation &amp; Community Engagement</b>                           |             |              |
| n/a  |             |              |
|  |             |              |
| <b>Final Decision?</b>   |             | Yes          |
| <b>Suggested next steps (if not final decision please set out below)</b> |             |              |

## 1. **Summary**

- 1.1 This report informs the Committee of its work programme for 2017/18 (Appendix 1) and the current Forward Plan (Appendix 2).

## 2. **Recommendation**

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

## 3. **Reasons for the Recommendation**

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

## 4. **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

| <b>FFF Strands</b>  |  |   |
|---|--|---|
| <b>People</b>   | <b>Services</b>  | <b>Money</b>  |
| <b>External</b>   |  |   |
| <b>Health, Homes, Communities</b>   | <b>Green, Clean, Safe</b>  | <b>Infrastructure, Enterprise, Employment</b>   |
| <u>Intended outcomes:</u><br>Improved health for all<br>Housing needs for all met<br>Impressive cultural and sports activities<br>Cohesive and active communities | <u>Intended outcomes:</u><br>Area has well looked after public spaces<br>All communities have access to decent open space<br>Improved air quality<br>Low levels of crime and ASB | <u>Intended outcomes:</u><br>Dynamic and diverse local economy<br>Vibrant town centres<br>Improved performance/ productivity of local economy<br>Increased employment and income levels |

|   |   |   |
|---|---|---|
|   |   |   |
| <b>Impacts of Proposal</b>  |   |   |
| Nil   | Nil   | Nil   |
| <b>Internal</b>   |   |   |
| <b>Effective Staff</b>  | <b>Maintain or Improve Services</b>   | <b>Firm Financial Footing over the Longer Term</b>  |
| <u>Intended outcomes:</u><br>All staff are properly trained<br>All staff have the appropriate tools<br>All staff are engaged, empowered and supported<br>The right people are in the right job with the right skills and right behaviours | <u>Intended outcomes:</u><br>Focusing on our customers' needs<br>Continuously improve our processes<br>Increase the digital provision of services | <u>Intended outcomes:</u><br>Better return/use of our assets<br>Full Cost accounting<br>Continued cost management<br>Maximise income earning opportunities<br>Seek best value for money |
| <b>Impacts of Proposal</b>  |   |   |
| Nil   | Nil   | Dialogue between Scrutiny and Executive enables robust decision making and ensures all elements of the proposal are taken into account.   |

#### 4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies; however, this report is for governance purposes. Members need to be mindful of the objectives above, when deciding what topics to add to the work programme.

The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

4.3 **Changes to Existing Policies** - There are no changes to existing policies.

4.3 **Impact Assessments** – There are no new policy changes in respect of equalities.

#### 5. **Budgetary Framework**

5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

#### 6. **Risks**

6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

7. **Alternative Option(s) considered**

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. **Background**

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.
- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.



## **Finance and Audit Scrutiny Committee WORK PROGRAMME 2017/18**

### **28 November 2017**

|   |  |               |                          |
|---|--|---------------|--------------------------|
| 1 | Internal Audit Quarter 2 2017/18 Progress Report     | Audit Item    | Richard Barr             |
| 2 | Annual Governance Statement Qtr 2 Action Plan Report | Audit Item    | Richard Barr             |
| 3 | Treasury Management Half Year Review                 | Audit Item    | Karen Allison            |
| 4 | Update on Corporate Fraud Team                       | Scrutiny Item | Mike Snow / Andrea Wyatt |

### **3 January 2018**

|   |                                      |               |               |
|---|--------------------------------------|---------------|---------------|
| 1 | Contracts Register – Chief Executive | Scrutiny Item | Chris Elliott |
|---|--------------------------------------|---------------|---------------|

### **6 February 2018**

|   |  |            |                 |
|---|--|------------|-----------------|
| 1 | Service Risk Register Review (Cultural Services) | Audit Item | Head of Service |
| 2 | Significant Business Risk Register               | Audit Item | Richard Barr    |

### **6 March 2018**

|   |  |            |              |
|---|--|------------|--------------|
| 1 | Internal Audit Quarter 3 2017/18 Progress Report     | Audit Item | Richard Barr |
| 2 | Annual Governance Statement Qtr 3 Action Plan Report | Audit Item | Richard Barr |

### **4 April 2018**

|   |  |               |                    |
|---|--|---------------|--------------------|
| 2 | Internal Audit Strategic Plan (2018/19 to 20/20/21 plan) | Audit Item    | Richard Barr       |
| 3 | Procurement Strategy Annual Review                       | Audit Item    | John Roberts       |
| 4 | 2018/19 External Audit Plan                              | Audit Item    | Mike Snow          |
| 5 | End of Term Report                                       | Scrutiny item | Amy Barnes / Chair |
| 6 | Health & Community Protection – Contracts Register       | Scrutiny Item | Marianne Rolfe     |

**30 May 2018**

|   |  |            |              |
|---|--|------------|--------------|
| 1 | Annual Governance Statement              | Audit Item | Richard Barr |
| 2 | Internal Audit Quarter 4 Progress Report | Audit Item | Richard Barr |
| 4 | Service Risk Register Review (Finance)   | Audit Item | Rob Hoof     |
| 1 | Significant Business Risk Register       | Audit Item | Richard Barr |

**June 2018**

|   |                                   |            |               |
|---|-----------------------------------|------------|---------------|
| 1 | Treasury Management Annual report | Audit Item | Karen Allison |
|---|-----------------------------------|------------|---------------|



## **Warwick District Council Forward Plan November 2017 to January 2018**

**Councillor Andrew Mobbs  
Leader of the Executive**

The Forward Plan is a list of all the Key Decisions which will be taken by the Executive in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 456114. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

**(909)**

## Section 1 – The Forward Plan November 2017 to January 2018

| Topic and Reference | Purpose of report | If requested by Executive – date, decision & minute no. | Date of Executive, Committee or Council meeting | Publication Date of Agendas | Contact Officer & Portfolio Holder | External Consultees/ Consultation Method/ Background Papers |
|---------------------|-------------------|---|---|-----------------------------|------------------------------------|---|
|---------------------|-------------------|---|---|-----------------------------|------------------------------------|---|

### 29 November 2017

|  |  |  |                      |            |                                    |   |
|--|--|--|----------------------|------------|------------------------------------|---|
| Civil penalties for private sector enforcement work (ref 908)  | Purpose is to agree a policy to use fines rather than court action in specific private sector housing enforcement cases  |  | Executive 29/11/2017 | 21/11/2017 | Ken Bruno<br>Cllr<br>Phillips      |   |
| General Fund Base Budgets 2018/19 to include Budget Review for the current year and FFF update (Ref 877) | To consider the following year revenue budgets for the General Fund and update Members on the latest Budgets for 2017/18 and Fit for the Future (FFF) update.  |  | Executive 29/11/2017 | 21/11/2017 | Marcus Miskinis<br>Cllr<br>Whiting |   |
| HRA Base Budgets 2018/19 (Ref 878)   | To consider the following year revenue budgets for the HRA and update Members on the latest position for the current year.   |  | Executive 29/11/2017 | 21/11/2017 | Andrew Rollins<br>Cllr<br>Phillips |   |
| Consideration of a Hackney Carriage Vehicle Limitation Policy (Ref 851)                                  | To update members on the results of the WDC Hackney Carriage Unmet Demand Survey and:<br><b>Meeting 1</b> – Introduce highlights of survey and propose a 6 week consultation on recommended options outlined in the survey.<br><b>Meeting 2</b> – Update on the consultation & determine any change to policy, following the |  | Executive 29/11/2017 | 21/11/2017 | Lorna Hudson<br>Cllr<br>Thompson   | Taxi trade, local business, safer communities, disability, equality and other local group representatives, Town Councils, Police.<br>Questionnaire on website/email.<br>CTS Traffic & |

|  |   |  |   |            |                                   |  |
|--|---|--|---|------------|-----------------------------------|--|
|  | consultation.   |  |   |            |                                   | Transportation<br>Final Report - July<br>2016<br>Licensing &<br>regulatory<br>Committee<br>25/9/2017 |
| Corporate<br>Apprenticeships<br>Funding<br>(Ref 903) | To consider the funding for the<br>corporate apprenticeship<br>scheme |  | Executive<br><del>1/11/2017</del><br>Reason 1<br>29/11/2017 | 21/11/2017 | Elaine<br>Priestley<br>Cllr Mobbs |  |

**December 2017** – No scheduled Executive meetings at this time

**4 January 2018** – No items planned for consideration at this time

|   |   |  |  |            |  |  |
|---|---|--|--|------------|--|--|
| Revisions to the<br>Constitution/<br>Delegation Agreement<br>(Ref 819)              | To request revisions to the<br>Constitution/ Delegation<br>Agreement with regard to the<br>determination of Planning<br>Applications. |  | Executive<br>4/1/2018                                      | 19/12/2017 | Tracy<br>Darke/Gar<br>y Fisher<br><br>Cllr Rhead |  |
| Business Improvement<br>District Leamington<br>(Ref 906)                            | To receive an update on the<br>renewal process for Leamington<br>Spa BID  |  | Executive<br>4/1/2018                                      | 19/12/2017 | Suzee<br>Laxton<br>Cllr Butler                   |  |
| 12 Month Review of<br>New Housing Allocations<br>Policy<br>(Ref 858)                | To review the working of the<br>new Housing Allocations Policy.   |  | Executive<br><del>29/11/2017</del><br>Reason 1<br>4/1/2018 | 19/12/2017 | Ken Bruno<br>Cllr<br>Phillips                    |  |
| Homelessness initiatives<br>and the Homelessness<br>Reduction Act 2017<br>(Ref 907) | Purpose of report is to consider<br>current and proposed initiatives for<br>tackling homelessness in the light of<br>new legislation  |  | Executive<br>4/1/2018                                      | 19/12/2017 | Ken Bruno<br>Cllr<br>Phillips                    |  |

| Section 2 Key decisions which are anticipated to be considered by the Council between February and April 2018      |   |   |   |                             |                                    |   |
|--|---|---|---|-----------------------------|------------------------------------|---|
| Topic and Reference  | Purpose of report   | If requested by Executive – date, decision & minute no. | Date of Executive, Committee or Council meeting                     | Publication Date of Agendas | Contact Officer & Portfolio Holder | External Consultees/ Consultation Method/ Background Papers |
| <b>7 February 2018</b>   |   |   |   |                             |                                    |   |
| General Fund 2018/19 Budgets & Council Tax (Ref 885)   | To update Members on the overall financial position of the Council, consider the General Fund Revenue and Capital Budgets for the following financial Year. To propose the Council Tax for the following year |   | Executive 7/2/2018  | 30/1/2018                   | Mike Snow<br>Cllr Whiting          |   |
| HRA Rent Setting 2018/19 (Ref 886)   | To report on the proposed level of Housing Rents for the following year and the proposed budget   |   | Executive 7/2/2018  | 30/1/2018                   | Mike Snow<br>Cllr Phillips         |   |
| Heating, Lighting and Water Charges 2018/19 – Council Tenants (Ref 887)  | To propose the level of recharges to council housing tenants to recover the costs of communal heating, lighting and water supply  |   | Executive 7/2/2018  | 30/1/2018                   | Mike Snow<br>Cllr Phillips         |   |
| Treasury Management Strategy (Ref 888)   | To seek member approval of the Treasury Management Strategy and Investment Strategy for the forth coming year   |   | Executive 7/2/2018  | 30/1/2018                   | Mike Snow<br>Cllr Whiting          |   |
| Re-commissioning of services provided by the Voluntary and Community Sector 2018-2021 and review of VCS investment | For members to approve the tender specification for the re-commissioning of VCS services for 2018-2021 and to approve the recommendations for savings relating to the Council's investment in the VCS within  |   | Executive <del>29/11/2017</del><br>4/1/2018<br>Reason 5<br>7/2/2018 | 30/1/2018                   | Liz Young<br>Cllr Thompson         | To follow   |

|           |   |  |  |  |  |  |
|-----------|---|--|--|--|--|--|
| (Ref 884) | the H&CP budget for 2018 – 19.<br><br>(It is anticipated that part or all of this report will be considered in confidential session by the Executive because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)) |  |  |  |  |  |
|-----------|---|--|--|--|--|--|

### 7 March 2018

|                                       |   |  |                    |           |  |  |
|---------------------------------------|---|--|--------------------|-----------|--|--|
| One Stop Shop Business Case (Ref 894) | Provide a Business Case to ensure that the shared One Stop Shop Service is in line with Warwick District Council's ICT & Digital Strategy 2015-19 |  | Executive 7/3/2018 | 27/2/2018 | Graham Folkes-Skinner<br><br>Cllr Grainger |  |
| Car Park Strategy (Ref 895)           | To seek approval for the proposed car parking strategy 2018-2028  |  | Executive 7/3/2018 | 27/2/2018 | Paul Garrison<br>Cllr Grainger             |  |

### Section 3 Key decisions which are anticipated to be considered by the Council but the date for which is to be confirmed

| Topic and Reference                   | Purpose of report   | History of Committee Dates & Reason code for deferment       | Contact Officer & Portfolio Holder | Expansion on Reasons for Deferment  | External Consultees/ Consultation Method/ Background Papers | Request for attendance by Committee |
|---------------------------------------|---|--|------------------------------------|---|---|-------------------------------------|
| Council Development Company (Ref 727) | To consider a report on establishing a Council Development Company. | Executive 9/3/2016<br>2/6/2016<br>29/6/2016<br>Reasons 1 & 2 | Bill Hunt<br>Cllr Phillips         | Awaiting further information on the implications of the Housing & Planning Act. |   |                                     |

|   |   |  |  |   |  |  |
|---|---|--|--|---|--|--|
| Leisure Development – Phase II (Kenilworth) (Ref 803)     | To agree the scope of Phase II.   | Executive <del>28/9/2016</del><br>Reason 5   | Rose Winship<br>Cllr Coker                                 |   |  |  |
| HRA Asset Management and Development Policy (Ref 829)     |   |  | Bill Hunt<br>Cllr Phillips                                 |   |  |  |
| Recording and Broadcasting of Public Meetings (Ref 840)   | To inform members of the research into the potential to record and broadcast all Council meetings as per the Notice of Motion to Council.               | Council 29/6/2016<br>Executive <del>5/1/2017</del><br><del>8/2/2017</del><br>Reason 3                          | Graham Leach<br>Cllr Mobbs                                 | Currently being investigated in tandem with Council Chamber PA issues.                      |  |  |
| Councillors IT (Ref 841)                                  | To report back on the work of the Councillor IT Working Party.  | Executive <del>5/1/2017</del><br><del>8/2/2017</del><br>Reason 3   | Graham Leach<br>Cllr Mobbs                                 | Awaiting the outcome of Members' Allowances Review.   |  |  |
| WDC Enterprise – New Trading Arm (Ref 817)                | To seek approval to establish a Local Authority Trading Company, to expand support provision whilst capitalising on existing skills to maximise income. | Executive <del>2/11/2016</del><br>Reason5<br><del>5/1/2017</del><br>Reason5<br><del>8/2/2017</del><br>Reason 5 | Gayle Spencer<br>Cllr Butler                               |   |  |  |
| Events Review (Ref 832)                                   | To review the provision and support of events in the District.  | Executive <del>8/3/2017</del><br>Reason 4  | James DeVille<br>Cllr Butler                               |   |  |  |
| HQ Relocation Project – outcome of phase 1 work (Ref 801) | To consider the outcomes of the phase 1 work and, if appropriate, seek approval for commencement of the phase 2 delivery works.                         | Executive <del>26/07/2017</del><br>Reason 3  | Bill Hunt<br>Cllrs Mobbs, Whiting, Rhead, Butler, Grainger | Timing is dependent on the completion of the planning, marketing and procurement processes. |  |  |



|  |  |  |   |  |  |                  |
|--|--|--|---|--|--|------------------|
| Proposed Relocation of Kenilworth School (Ref 869)       | To agree the Council's level of support in enabling the school to take its proposals forward.  | Executive<br><del>28/06/2017</del><br>Reason 3   | Andrew Jones<br>Cllr Mobbs                                  |  |  |                  |
| Policy on Regulating the Private Rented Sector (Ref 880) | To adopt a revised policy on private rented sector regulation in light of new legislation and guidance.  |  | Ken Bruno<br>Cllr Phillips                                  | Awaiting the publication of government guidance. |  |                  |
| Linen Street Car Park (Ref 861)                          | To consider recommendations for redevelopment for the Linen Street Car Park facility   | Executive<br><del>28/06/2017</del><br>Reason 3   | Paul Garrison<br>Cllr Grainger                              |  |  | Ward Councillors |
| Leamington Cemetery North Lodge (Ref 828)                | To review the future use of Leamington Cemetery North Lodge.   | Executive<br><del>4/4/2017</del><br><del>28/06/2017</del><br><del>31/08/2017</del><br>Reason 3   | Rob Hoof<br>Cllr Grainger                                   |  |  |                  |
| Corporate Asset Management Strategy (Ref 641)            | To propose an Asset Management Strategy for all the Council's buildings and land holdings.   | Executive<br><del>29/6/2016</del><br><del>Reason 5</del><br><del>1/9/16</del><br><del>Reasons 3 &amp; 5</del><br><del>5/1/2017</del><br><del>Reasons 3 &amp; 5</del><br><del>8/2/2017</del><br><del>Reasons 3 &amp; 5</del><br><del>26/07/2017</del><br><del>Reasons 3 &amp; 5</del><br><del>31/8/2017</del><br>Reason 3 | Bill Hunt<br>Cllrs Mobbs, Butler, Grainger, Coker & Whiting |  |  |                  |
| Leamington Spa Car Parking Displacement Plan (Ref 844)   | To set out the options available should vehicles be displaced from Covent Garden car park and to consider alternative parking options within Leamington Town Centre. | Executive<br><del>4/4/2017</del><br><del>Reason 2</del><br><del>31/08/2017</del><br><del>Reason 3</del><br><del>27/9/2017</del><br>Reason 5  | Gary Charlton<br><br>Cllr Grainger                          |  |  |                  |

**Section 4 – Items which are anticipated to be considered by the Executive but are NOT key decisions**

| <b>Topic and Reference</b> | <b>Purpose of report</b> | <b>If requested by Executive – date, decision &amp; minute no.</b> | <b>Date of Executive, Committee or Council meeting</b> | <b>Publication Date of Agendas</b> | <b>Contact Officer &amp; Portfolio Holder</b> | <b>External Consultees/ Consultation Method/ Background Papers</b> |
|----------------------------|--------------------------|--|--|------------------------------------|---|--|
|----------------------------|--------------------------|--|--|------------------------------------|---|--|

**29 November 2017**

|  |   |  |                      |            |                            |  |
|--|---|--|----------------------|------------|----------------------------|--|
| Rural Urban Community Initiative Scheme Applications | To consider applications for Rural and Urban Initiative Grants. |  | Executive 29/11/2017 | 21/11/2017 | Jon Dawson<br>Cllr Whiting |  |
| Internal Audit Quarter 2 Progress Report             | To review progress in achieving the Audit Plan.                 |  | Executive 29/11/2017 | 21/11/2017 | Jon Dawson<br>Cllr Whiting |  |

**December 2017** – No scheduled Executive meetings at this time.

**4 January 2018**

|  |   |  |                    |            |                            |  |
|--|---|--|--------------------|------------|----------------------------|--|
| Rural Urban Community Initiative Scheme Applications | To consider applications for Rural and Urban Initiative Grants. |  | Executive 4/1/2018 | 21/12/2017 | Jon Dawson<br>Cllr Whiting |  |
| Review of Significant Business Risk Register         | To inform Members of the Significant Risks to the Council       |  | Executive 4/1/2018 | 21/12/2017 | Richard Barr<br>Cllr Mobbs |  |

**7 February 2018**

|  |   |  |                    |           |                            |  |
|--|---|--|--------------------|-----------|----------------------------|--|
| Rural Urban Community Initiative Scheme Applications | To consider applications for Rural and Urban Initiative Grants. |  | Executive 7/2/2018 | 30/1/2018 | Jon Dawson<br>Cllr Whiting |  |
|--|---|--|--------------------|-----------|----------------------------|--|

**7 March 2018** - No scheduled reports at this time.

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body
4. New information received requires revision to report
5. Seeking further clarification on implications of report

**Details of all the Council's committees, Councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://www.warwickdc.gov.uk/committees)**

**The forward plan is also available, on request, in large print on request, by telephoning (01926) 456114**