



Audit Committee

Date: Thursday, 1 November 2018
Time: 7.00 pm
Venue: Committee Room 1
District Council Offices, Queen Victoria Road, High Wycombe Bucks

Membership

Chairman: Councillor M C Appleyard
Vice Chairman: Councillor R J Scott

Councillors: G C Hall, M Hanif, A Lee, Ms C J Oliver, N J B Teesdale and R Wilson

Standing Deputies

Councillors: P R Turner, D A C Shakespeare OBE, C Whitehead and K Ahmed

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Filming/Recording/Photographing at Meetings – please note that this may take place during the public part of the meeting in accordance with Standing Orders. Notices are displayed within meeting rooms.

Agenda

Item		Page
1	Apologies for Absence To receive any apologies for absence.	
2	Minutes To confirm the minutes of the meeting held on 26 July 2018.	1 - 5
3	Declarations of Interest	

To receive any disclosure of disclosable pecuniary interests by Members relating to items on the agenda. If any Member is uncertain as to whether an interest should be disclosed, he or she is asked if possible to contact the District Solicitor prior to the meeting.

Members are reminded that if they are declaring an interest, they should state the nature of that interest whether or not they are required to withdraw from the meeting.

4	Business Assurance Manager's Half Yearly Report	6 - 13
5	Update on the Actions from the Annual Assurance Statement and Local Code of Governance	14 - 25
6	Update on the Strategic Risk Register	26 - 34
7	Treasury Management Mid-Year Report 2018/19	35 - 40
8	Approval of the Higginson Park Charity Annual Report 2017/18	41
9	Audit Committee Work Programme	42 - 43
10	Supplementary Items If circulated in accordance with the five clear days' notice provision.	
11	Urgent Items Any urgent items of business as agreed by the Chairman.	

For further information, please contact Jemma Durkan on 01494 421635, committeeservices@wycombe.gov.uk

Audit Committee Minutes

Date: 26 July 2018

Time: 7.00 - 8.12 pm

PRESENT: Councillor M C Appleyard (in the Chair)

Councillors G C Hall, M Hanif, A Lee, R J Scott and N J B Teesdale, P R Turner

Also present: Maria Grindley and Sue Gill (External Auditor, Ernst & Young)
Councillor David Watson

17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ms C Oliver and Councillor R Wilson.

18 MINUTES

RESOLVED: That the minutes of the meeting held on 31 May 2018 be confirmed as a correct record and signed by the Chairman.

19 DECLARATIONS OF INTEREST

There were no declarations of interest.

20 WDC EMERGENCY PLANS/PROCEDURE RISK OWNER

The Head of Housing and Environment, Nigel Dicker and Divisional Environmental Health Officer and Emergency Planning Officer, Andrew Collinson, attended the meeting to provide information on the Council's emergency planning work. As this was a feature of the Strategic Risk Register it was within the Audit Committee's remit to ask the Risk Owner to attend a meeting and explain how this was being managed.

The following points were noted:

- The Emergency Planning team supported the blue light services and helped facilitate recovery.
- Wycombe District Council has a Memorandum of Understanding with Buckinghamshire County Council to enable a joint response.
- The Wycombe District Council Emergency Plan and other operational response plans were regularly reviewed.
- Neighbouring authorities were also supported in case of any emergencies.
- The Emergency Planning team were involved in exercises with the blue light services to provide sufficient training in the event of an emergency.

- The Chief Executive had recently undertaken training to help facilitate an emergency response.
- Recent activity has included engagement with event organisers, supporting the Royal wedding and the visit by President Trump.

In response to a query Andrew confirmed that if an emergency event occurred then a multiagency plan would come into effect. There was a major trauma centre based at the John Radcliffe Hospital in Oxford however a trauma network across hospitals in the country would provide the best available hospital at the time of any incident. The NHS also had a network with hospitals in Europe so that the best care for patients could be accessed. Patients were tracked and there were also plans in place for repatriation of patients if required. In the sad event of mass casualties there were also emergency mortuary arrangements, with the regional facilities currently based in Reading.

There were two desktop exercises planned and large national exercise being undertaken in the near future in preparation for a large emergency event.

It was noted that the recent promotion of Wycombe Wanderers Football Club had increased the risk factors in relation to an emergency event. Work had been undertaken with the club regarding their emergency planning and response procedures with staff including attendance at live and desktop exercises. Regarding the road access to and from the stadium it was noted that there were contingency plans for people to disperse on foot from the area in case of an emergency. The staff have a contact list of businesses in the area to make sure that lorries and other vehicles do not obstruct the highway.

The Chairman thanked Nigel and Andrew for the update. The Committee agreed that an update should be provided to the Committee on an annual basis, also due to the importance of the subject that an all member seminar be arranged to update Members. It was queried that due to the important nature of the subject if attendance to the training for members could be made compulsory.

21 HOUSING BENEFIT SUBSIDY AUDIT - APPOINTMENT OF INDEPENDENT REPORTING ACCOUNTANT

The Committee considered a report which provided information on the appointment of the Independent Reporting Accountant for the housing benefit subsidy audit for 2018/19.

It was noted that after a formal tender process Ernst and Young LLP (EY) had been appointed to undertake the external audit of the Councils financial statements from 2018/19. They are also the current provider for both the financial accounts and the Housing Benefit subsidy claim certification. The Committee were informed that as EY already provide these services and for continuity and cost efficiency it aids consistency to also engage EY for this role.

RESOLVED: That Ernst & Young LLP (EY) be appointed as the Independent Reporting Accountant for the purpose of performing the

housing benefit subsidy certification work for 2018/19 in line with the Department for Works and Pension (DWP) Guidance.

22 TREASURY MANAGEMENT ANNUAL REPORT 2017-18 - CABINET REPORT

The Committee received a report presented to Cabinet on 4 June 2018 in respect of Treasury Management as required the by Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice. The report outlined the treasury management activities and performance for 2017/18.

RESOLVED: That the treasury management report for 2017/18 as presented to cabinet be noted.

23 EXTERNAL AUDITOR'S ISA 260 AUDIT RESULT REPORT

Maria Grindley, the responsible EY partner and signature to the accounts and external audit manager Sue Gill, presented Ernst & Young's Audit Results Report and findings from the 2017/18 audit.

The Committee were informed that the auditors proposed to issue an unqualified opinion on the financial statements and Value for Money Opinion. The audit results had demonstrated that the Council had prepared its financial statements adequately.

In response to a query the EY partner explained that an unadjusted difference in the pension disclosures outlined in the report related to a difference between the estimate from the actuary used in the financial statements and the actual year-end value of the Buckinghamshire Pension Fund (of which the Council is an admitted body). However this is not unusual when estimates are used and it was confirmed that the Council was not expected to adjust for this amount.

In response to a further query it was noted that local government accounting was different to the corporate sector and this was set out by Government.

The external auditors noted that the Statement of Accounts were submitted three months in advance to previous years and thanked officers for all the work and their professional manner in enabling these to be submitted on time.

RESOLVED: That the Auditor's Results Report be noted.

24 APPROVAL OF 2017/18 STATEMENT OF ACCOUNTS

The Head of Finance Dave Skinner and Chief Accountant, Hasina Shah presented the Statement of Accounts for 2017/18.

The Committee were taken through key figures in the Accounts and were also asked to note the Annual Governance Statement for 2017/18 which had been

approved by the Committee on 31 May 2018 and signed by the Leader and Chief Executive.

The key factors affecting the Council's accounts were summarised as follows:

- This year the draft statement of accounts were prepared one month earlier to comply with legislation. Following the public inspection period and audit the Statement of Accounts must be submitted to Committee for approval and then published by 31 July.
- Under the CIPFA Code of Practice the Council does not meet all the requirements for Group Accounts for Higginson Park Charity as it does not have rights to any return from the charity. Therefore, the Council has not prepared the Group Accounts.
- There had been net increase in Comprehensive Income and Expenditure surplus during 2017/18 to £31.6m due to the following:
 - change in accounting of CIL income;
 - additional income from the Sports Centre Contract,
 - increase in Capital receipts,
 - changes in fair value of investment properties,
 - actuarial gains on pension assets.
 - offset by increase in capital grants or funding provided to third parties.
- There was a healthy balance sheet with Long Term Assets increased by £25m and net worth increased by £32m.
- Regarding Cash Flow it was noted that the net movement of £10m was mainly from investment activities.

In response to a query it was noted that pension contributions made by the Council were as per the actuarial assessed requirements and contractual decisions.

It was noted that the £1.2m extension to Risborough Springs Swim and Fitness Centre was subject to planning permission.

The Chairman thanked the officers for the report and the work involved.

RESOLVED: That

- i) the signed Annual Governance Statement for 2017/18 alongside the Statement of Accounts be noted,
- ii) the External Auditor's letter of representation as attached at Appendix B be approved,
- iii) the Statement of Accounts for 2017/18 be approved.

The Committee noted the Higginson Park Charity Accounts for 2017/18 with a net expenditure of the trust of £0.45m with assets worth £5,458m.

Members noted that the accounts would be audited by Seymour Taylor Audit Limited.

Recommended to Council: That the Higginson Park Charity Annual Report and Financial Statements for 2017-18 be approved.

26 AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee work programme as appended to the agenda was reviewed by the Committee.

RESOLVED: That the work programme be noted.

27 INFORMATION SHEETS

RESOLVED: That the following Information Sheet be noted:

- i) 03-2018 Ernst & Young Local Government Audit Committee Briefing.

28 SUPPLEMENTARY ITEMS

There were no supplementary items.

29 URGENT ITEMS

There were no urgent items.

Chairman

The following officers were in attendance at the meeting:

David Skinner	- Head of Finance & Commercial
Jemma Durkan	- Senior Democratic Services Officer
Andrew Collinson	- Emergency Planning Officer
Nigel Dicker	- Head of Environment & Housing
Hasina Shah	- Chief Accountant

Agenda Item 4

Business Assurance Manager's Half Yearly Report

Officer contact: Michael Howard Direct line: 01494 421357

Email: mike.howard@wycombe.gov.uk

Wards affected: All

PROPOSED DECISION

That the Business Assurance Manager's half yearly report for the period ending 30th September 2018 be noted.

Corporate Implications

1. The Business Assurance Manager provides regular reports on the progress of the work undertaken in the Internal Audit, Risk and Corporate Investigations Division.

Executive Summary

2. The purpose of this report, contained in Appendix 1, is to provide the Audit Committee with an update on the progress of the Internal Audit, Risk and Corporate Investigations Division during the first 6 months of 2018/19.
3. The report provides an update as regards the delivery of Internal Audit's work programme, followed by an update as to the work undertaken by the Council's Investigation Team.

Background papers

None

INTERNAL AUDIT, RISK MANAGEMENT AND CORPORATE INVESTIGATIONS

BACKGROUND

The Division consists of three service elements, Internal Audit, Risk Management and Corporate Investigations.

SUMMARY OF THE WORK OF INTERNAL AUDIT

Background

The purpose of this report is to provide the Committee with an update on the progress on delivering the Audit Programme that was agreed by this Committee at its meeting on 31st May 2018.

Due to the composition of the 2018/19 audit programme, the number of audits that have been undertaken in the first 6 months is low. This is primarily the result of a reduced audit programme and the need to schedule core financial reviews in order that any testing schedules are based on a representative sample of completed transactions.

We have appointed Mazars, who will be providing the Internal Audit Service for 2018/19.

Scheduling of the remaining programme is outlined below:

AUDIT REVIEW	START DATE
Air Pollution	Work in progress
Community Grants	Work in progress
Cemetery	Work in progress
Contract review - Grounds Maintenance operation.	Work in progress
Commercial Leases	22 nd October 2018
Treasury Management	5 th November 2018
Disabled Facilities Grants / Healthy Homes on Prescription.	10 th December 2018
Bed and Breakfast	12 th November 2018
Land Charges (tbc)	12 th November 2018
Main Accounting and Budgetary Control	19 th November 2018
Council Tax Support and Housing Benefits.	3 rd December 2018
Insurance	10 th December 2018
Council Tax and NNDR	14 th January 2019
Fixed Assets and Inventories	14 th January 2019
Parking Services	17 th January 2019
Human Resources and Payroll	4 th February 2019
Creditors	25 th February 2019
Corporate Debt Management & Income	25 th February 2019

AUDIT REVIEW	START DATE
Member and Officer Codes of Conduct	4 th March 2019
Section 106 & Community Infrastructure Levy	5 th March 2018

Attached at appendix A to this report is a description of the audit opinions that will be used when assessing the effectiveness of the system of internal control.

The table below provides a summary of the audit reviews completed in 2017/18. It shows the total number of recommendations made compared to the number of recommendations that have been accepted by Management in order to improve the internal control framework within individual Service functions. We are pleased to have received assurances from the various Service Managers as to the level of implementation of the agreed recommendations.

AUDIT REVIEW TITLE	OPINION	NUMBER OF RECOMMENDATIONS MADE.	IMPLEMENTED RECOMMENDATIONS
CORE FINANCIAL REVIEWS			
Council Tax Support and Housing Benefit	Strong controls are in place	1	1
Main Accounting and Budgetary Control	Controls are in place, but improvements would be beneficial.	2	2
Council Tax and Non-Domestic Rates	Strong controls are in place	1	1
VAT Review	Controls are in place, but improvements would be beneficial	4	4
Corporate Debt Management	Controls are in place, but improvements would be beneficial	6	6
Income Systems	Strong controls are in place	1	1
Creditors	Strong controls are in place	1	1
Payroll and Human Resources Review	Strong controls are in place	0	0
NON CORE FINANCIALS			
Commercial Leases	Strong controls are in place	2	2
Parking Services	Controls are in place, but improvements would be beneficial	2	2
Agency Staff and Consultants	Strong controls are in place	1	1
Rent Deposit Scheme	Controls are in place, but improvements would be beneficial.	2	2
Homeless Service	Controls are in place, but improvements would be beneficial.	4	4
Fixed Assets and Inventories	Improvements in the application of controls are required	4	4
Licensing	Controls are in place, but	5	5

AUDIT REVIEW TITLE	OPINION	NUMBER OF RECOMMENDATIONS MADE.	IMPLEMENTED RECOMMENDATIONS
	improvements would be beneficial.		
Local Lottery Scheme	Improvements in the application of controls are required	6	6
TOTAL		42	42

SUMMARY OF THE WORK OF RISK MANAGEMENT ACTIVITY

A new software package has been procured and once populated, will provide a clear oversight for the Council as regards the strategic and operational risks.

As part of the 2018/19 service planning process, Services were requested to review the operational risks that could affect service delivery with a view to recording those in the Services' operational risk register.

At a strategic level, a review of the content of the current strategic risk register was undertaken to align to the recently refreshed Corporate Plan, with a view to greater clarity and focus of the key strategic risks facing the Council. Any "former" strategic risks are to be recorded in the relevant Service based operational risk registers.

SUMMARY OF THE WORK OF THE CORPORATE INVESTIGATIONS TEAM

Background

The Team continues to review and refine operational processes in order to best maximise the resources available. This has resulted in the way in which the Team promotes itself both internally and externally and we will continue to pursue other avenues in order to raise its profile.

The table below provides an illustration of the types and number of referrals that the Team has received, up to September 2018, and those which after the completion of a risk assessment have been taken on for investigation. A comparison has been made as regards the same period in 2017/18.

Type of Fraud	Categories	2018/19 TOTAL (Sept)	2017/18 TOTAL (Sept)
CTR	Number of referrals received	37	24
	Number of referrals investigated	25	15
	Number of referrals that failed the risk assessment stage	12	9
SPD, DISCOUNTS AND EXEMPTIONS	Number of referrals received	20	7
	Number of referrals investigated	18	7
	Number of referrals that failed the risk assessment stage	2	0
Internal Fraud	Number of referrals received	1	0
	Number of referrals investigated	1	0
	Number of referrals that failed the risk assessment stage of referrals closed	0	0
Tenancy Fraud	Number of referrals received	0	0
	Number of referrals investigated	0	0
	Number of referrals that failed the risk assessment stage	0	0
Housing Option Fraud (false allocation of social housing)	Number of cases received	7	1
	Number of cases investigated	5	1
	Number of referrals that failed the risk assessment stage	2	0
NNDR Fraud	Number of referrals received	3	5
	Number of referrals investigated	1	2
	Number of referrals that failed the risk assessment stage	2	3
Environmental	Number of referrals received	3	2
	Number of referrals investigated	2	2
	Number of referrals that failed the risk assessment stage	1	0
DPA requests from Thames Valley Police	Number of queries	34	59
DPA requests from other agencies	Number of queries	10	29

Sanctions and Prosecutions

There are three types of sanctions that can be administered:

Caution - this is a formal, final warning that is issued by Corporate Investigations and stays on a person's record with WDC for a period of 5 years and is used for less serious cases. A caution can only be sanctioned if the offence is admitted during an interview under caution. In these cases, the recovery of any overpayment is sought as well. A caution can be cited in court should the claimant be found guilty of a further benefit offence

Penalty - this is a "fine" and the value of the fine is calculated by taking up to 50% of the total CTR overpayment. The fine can be no greater than £1000 with a minimum of £100 and can be used where it's not in the public interest to proceed with a prosecution. A fine can be sanctioned without a full admission of guilt being made. The penalty is in addition to the reclaiming of the original overpayment and is collected through a sundry debtor invoice.

Prosecution - for the more serious cases the Council's Legal Department will pursue criminal court proceedings against the person involved.

All cases put forward for deterrent actions are monitored and, as necessary, further advice is sought from the Council's Legal Service.

A higher level of evidence is required on those cases where either a Caution or Penalty is offered. If a person does not accept a Caution or a Penalty, the normal course of action would be for the case to be considered for legal proceedings.

Where possible, the local media has been made aware of successful prosecutions but coverage is dependent on other items of news at the time. Reports of these cases are intended to have a deterrent effect. In addition, successful prosecutions are reported on the Council's website and intranet site.

Successful prosecution

In September, the Team undertook a successful prosecution in relation to a false application for Council Tax Support (CTR). In addition to the repayment of the CTR amount, £3,378 the Court ordered the defendant to perform 120 hours unpaid work and 20 days of Rehabilitation Activity Requirement (range of interventions to support individual offenders behaviours) as well as awarding the Council a contribution to its costs of £2,159.

Council Tax Reduction and Discretionary Housing Payments

The monetary value of the overpayments identified as a result of an investigation into Council Tax Reduction was £5,644.

In addition the Team levied 3 penalties, equating to £1,310.

Council Tax Single Person Discount

The monetary value of Single Person Discounts to which there was no valid eligibility was £8,930





In addition, the Team contributed to the recovery of £11k National Non Domestic Rates.

APPENDIX A

AUDIT OPINION

Note 1 - Overall opinion

From 2018/19, the Internal Audit opinion used is based on 4 levels covering an evaluation of the internal control framework that key controls exist and are applied consistently.

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

Note 2 - Priority ratings

Internal Audit priority ratings are based on 2 levels:-

- Priority 1- Fundamental: - action we consider essential to ensure that the Authority is not exposed to any immediate significant risk.
- Priority 2- Significant: - action we consider necessary to avoid exposure to significant risks.

It is management responsibility to ensure full implementation of the agreed action plan.

Agenda Item 5

Update on the Actions from the Annual Assurance Statement and the Local Code of Governance.

Officer contact: Michael Howard 01494 421357

Mike.Howard@wycombe.gov.uk

Wards affected: All

PROPOSED DECISION

The Committee is advised to NOTE the action taken to address the areas for improvement arising for the Annual Assurance Statement and the adopted Local Code of Governance.

Corporate Implications

1. The Council is required to review the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The AGS forms part of the published Statement of Accounts.
2. In producing the Annual Governance Statement, the Council has adopted guidance issued by CIPFA/SLACE "Delivering Good Governance in Local Government Framework 2016", which as its cornerstone has seen the introduction of a Local Code of Governance.
3. A half yearly update is provided to the Audit Committee as regards the implementation of the agreed areas for improvement.

Executive Summary

4. As part of the reporting process for the 2017/18 Annual Governance Statement, a series of areas for improvement were identified. The purpose of this report is to provide an update as regards the progress that has been made in implementing the agreed areas for improvement arising from the review of both the Annual Assurance Statement and the Local Code of Governance.
5. Strategic Management Board have oversight and approval of both the processes used in compiling the Annual Governance Statement and Local Code, as well as oversight of the progress that has been made in the timely implementation of agreed areas for improvement.
6. The Modernising Local Government agenda and the awaited decision has had an impact on the decision to commit resources to several of the areas for improvement.
7. Detailed in table 1 are the 5 areas for improvement identified from the 2017/18 Annual Assurance Statement.
8. Detailed in table 2 are the 7 areas for improvement identified from the 2017/18 Local Code of Governance review.

Table 1 below provides an update from the respective Head of Service as to the progress made implementing the Area for Improvement from the review of the Annual Assurance Statement.

AREA FOR IMPROVEMENT	ACTION OWNER	COMMENTARY & SUPPORTING INFORMATION	Status: Open (O) Closed – implemented (CI) Closed - not to be actioned (CNA)
<p>1 People</p> <p>Partial compliance in that job descriptions (JD's) need to be reviewed in line with individual performance development plans.</p>	<p>All Heads of Service via their respective Managers as part of the HR Performance Management Framework.</p>	<p>Expectation:</p> <p>Assurance obtained from Service Managers that as part of the Councils performance management process that JD's have been confirmed as being as relevant, reflective of roles performed and can be used to prepare an applicable personal development plan</p> <p>Head of Democratic, Legal & Policy</p> <p>JDs and Person Specifications are now up to date in all service areas.</p> <p>Head of HR, Shared Support Services</p> <p>JD's may be reviewed as part of the Performance Management cycle and/or in the event of changes in services or to service structures, as appropriate. PDP's are considered as part of the Performance Management Framework conversations.</p> <p>Head of Housing & Environment</p> <p>Full set of job descriptions have been obtained and are currently under review. A gap has been identified to be addressed by December 2018. All other JDs are current, fit for purpose in present structures and suitable for preparing personal development plans.</p>	<p>Open</p>

Head of Finance and Commercial

In light of the Finance consultation exercise (October 2018) JD's are being reviewed.

All other Services areas have up to date JD's and are used as part of the annual performance review process.

Head of Community Services

Recommendation made too late for this year's performance assessment cycle, so we have conducted a one off review to pick this up. HR can confirm compliance as they have been provided with the JDs for the employees HR file. From their response we may be the only Service to have officially filed them.

Head of Planning and Sustainability

Major refresh in progress in the approach taken to setting objectives in performance management, which has been the priority; propose to turn to Job Descriptions as part of the end of year review, once the refreshed approach to objectives is better embedded.

Interim Head of Regeneration and Investment

JDs are held for all staff in Parking Services, Estates and Economic Development; they are reviewed as part of the annual appraisal process.

2 Use of Resources

Partial compliance in regards to the Services being able to demonstrate performance levels across the range of services provided.

NB this was a theme from the 2016/17 AAS process

All Heads of Service via Policy Team

Expectation:

Services are able to demonstrate via periodic monitoring that outlines Service performance across a range of qualitative and quantitative indicators as to the effectiveness of service delivery

Head of Democratic, Legal & Policy

Existing indicators across the Council need to align with the new Corporate Objectives set out in the Corporate Plan. Work is underway to develop high level and service based indicators which measure Corporate Plan delivery.

Head of HR, Shared Support Services

Monthly (quarterly for HR) performance dashboards are in place for each service area.

Housing & Environment

A range of additional service indicators have recently begun use in Housing to measure effectiveness of intervention work, outcomes for service users and financial savings, and to monitor the impacts of new homelessness legislation and Universal Credit. The key indicators in Environmental Health are food hygiene inspections and LAPPC process inspection and admin. These areas have the potential to impact on the Council's reputation if work is not completed and annual inspections and other tasks are not carried out. Reporting on these work areas and any contract management involved is to be part of the 1-1 supervision and appraisal process, with periodic updates for Cabinet member.

Open

Homelessness Strategy objectives are monitored and progress is reported to the Housing Forum.

Customer feedback cards are used in the provision of Disabled Facilities Grants and negative reports are investigated by team leaders and used to improve the service.

Head of Financial and Commercial

Each Service has a range of Performance Indicators which are reviewed on a monthly basis as part of the Service Manager meeting.

Head of Community

Performance indicators relate almost entirely to the performance management frameworks as set out in contracts and grant agreements, for which quarterly monitoring is in place and firmly embedded.

Head of Planning and Sustainability

New software introduced that allows real time reporting of quantitative performance data earlier in the year. This has been rolled out to all staff. Awaiting roll out of the corporate software as the point at which to refresh what performance measures need to be measured across the service, and reported corporately.

Interim Head of Regeneration and Investment

Performance indicators are being developed for Parking Services, Estates and Economic Development and will be monitored going forward.

<p>3 Information Governance and Records Management</p> <p>Partial compliance in that further work was required in relation to the management of paper and electronic records which would enable both the ease of location and disposal of records at the appropriate time.</p> <p>NB this was a theme from the 2016/17 AAS process.</p> <p style="text-align: center;">Page 19</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>Significant progress in the management of paper and digital records but there remain some areas where further work is required. There are significant ongoing issues in managing records to enable them to be located and disposed of at the appropriate.</p>	<p>Open</p>

<p>4 Business Continuity (BC)</p> <p>Partial compliance in that further work was required in ensuring that Services had made adequate arrangements to ensure continued service delivery and that the arrangements have been communicated to all relevant staff.</p> <p>In addition to the above, a test (dry run) should be undertaken to validate the process detailed in the BC Plan on a corporate or on a Service by Service basis.</p> <p>NB This was a theme from the 2016/17 AAS process</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>Within DLP we have reviewed and updated our Business Continuity Plans and we are in the process of producing a single plan for the whole service by bringing the individuals ones together but we have plans in place.</p> <p>In April 2017 the Senior Management Board agreed a changed approach to Business Continuity which required revised BCP's to be produced for all service areas to identify the steps necessary to maintain service in light of a significant event. All services have now reviewed their BCP's and a comprehensive set of plans are now available and can be linked the overarching Corporate BCP and the plans can now be scheduled for testing.</p>	<p>Open</p>

<p>5 Project Management</p> <p>Partial compliance in that Lessons Learnt reports are not produced and shared corporately for projects completed within a Service, during the year.</p> <p>NB this was a theme from the 2016/17 AAS process.</p>	<p>Corporate Director – Regeneration and Growth for completed projects managed under Prince 2</p>	<p>Significant progress has been made in establishing programme boards; introducing a strict methodology and regular templates to provide a dashboard on projects and enable progress on delivery to be monitored.</p> <p>As regards producing and sharing Lesson Learnt Reports, this is to be resolved by the creation of a folder on the Councils shared directory. In addition all Projects Managers are to be mandated to include all recently completed Lesson Learnt reports in order that they can be shared corporately.</p> <p>Head of Community: Community – confirmed that every completed project has an End Project Report, which incorporates key lessons learned.</p>	<p>Open</p>

Table 2 below provides an update from the respective Head of Service as to the progress made implementing the Area for Improvement from the review of the Local Code of Governance.

AREA FOR IMPROVEMENT	ACTION OWNER	COMMENTARY & SUPPORTING INFORMATION	Status: Open (O) Closed – implemented (CI) Closed - not to be actioned (CNA)
<p>1 Annual report – Feedback</p> <p>Annual report summarising service improvements completed as a result of the feedback the Council has received.</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>The proposal was to introduce an annual report which considered the learning across the year. Instead an IT system has been introduced which allows for quarterly reporting and includes learning reported each quarter. This is better than Annual Reporting. The IT system includes Information Requests (FOI.) alongside Complaints to provide a comprehensive feedback report.</p>	<p>Closed - not to be actioned (CNA)</p>
<p>Page 22</p>			
<p>2 Annual report – refreshed Corporate plan</p> <p>Progress to be reported on annual basis to assess the implementation, delivery and monitoring of the refreshed corporate plan.</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>A new Corporate Plan was approved and during this year the plan has been communicated to staff through Talking Point; and material such as screen savers has been revised to communicate the key priorities. The commitment to MLG prevented the performance management framework from being developed, however work is now underway to establish a set of Bellwether (indicative measures) which enable performance against the Corporate objectives to be measured. Services are also underway reviewing their performance management to align with the new plan. Project delivery is measured in accordance with the Corporate Plan.</p>	<p>Open</p>

<p>3 Quarterly financial and performance reporting.</p> <p>Progress to be reported to assess the purpose and applicability the quarterly financial and performance process to be introduced in 2018/19. (1)</p>	<p>Head of Finance and Commercial</p>	<p>Head of Democratic, Legal & Policy</p> <p>Once the new performance management framework is in place there will be a need to link it to the budget planning and financial management.</p> <p>Head of Finance and Commercial</p> <p>Quarterly financial reporting of revenue and capital is now embedded within the reporting framework with regular quarterly reports provided to Cabinet. In addition monthly reports are reviewed by SMB.</p>	<p>Open</p> <p>Closed – implemented (CI)</p>
<p>4 Review of Constitution & wider decision making process</p> <p>Review covering both the Constitution and the wider decision making & governance arrangements to be undertaken.(2)</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>Initial review of Constitution was undertaken and work begun on improvements to key sections. The work was put on hold by Members in December 2017 pending a final decision on Modernising Local Government.</p>	<p>Open</p>
<p>5 Review of Communications Policy</p> <p>Review to be undertaken to assess the purpose and content of the current Communications policy.(2)</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>A new vision and strategic direction was identified but the new Communications strategy has not been completed pending a final decision on Modernising Local Government.</p>	<p>Open</p>

<p>6 Review of Engagement Strategy & toolkit</p> <p>Review to be undertaken to refresh and update the current Engagement strategy and toolkit (2).</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>Due to Modernising Local Government, it has not been appropriate to engage in a new Engagement strategy until a decision was announced. Significant engagement work was undertaken as part of the preparation of the representations.</p>	<p>Open</p>
<p>7 Household Survey</p> <p>Consider the commissioning of a Household Survey during 2018/19 (2).</p>	<p>Head of Democratic, Legal & Policy</p>	<p>Head of Democratic, Legal & Policy</p> <p>Due to Modernising Local Government, it has not been appropriate to engage in a new Household Survey until a decision was announced. Significant engagement work was undertaken as part of the preparation of the representations.</p>	<p>Open</p>

Agenda Item 6

Update on the Strategic Risk Register

Author: Mike Howard

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Mike.Howard@wycombe.gov.uk

Proposed Decision

The Committee is asked to NOTE the recent revisions made to the process for managing the Councils' Strategic Risk Register (SRR), (extract attached at Appendix A) and is invited to comment.

Corporate Implications

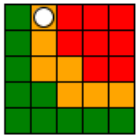
Risk Management is the process of identifying and addressing the risks that either impact on the long term direction and sustainability of the Council (strategic risks), or arise from the delivery of objectives as set out on the Councils Corporate plan (corporate /operational risks).

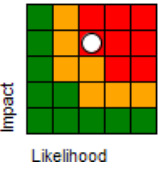
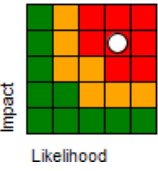
Risk Management forms part of the Wycombe District Council's approach to effective governance and is an essential element of good management.

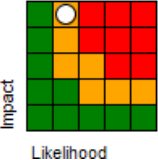
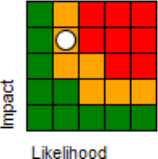
The Strategic Risk Register contains the most significant risks that could have an effect or impact on the delivery of the Councils' Corporate plan and in doing so damage the Councils financial standing and its reputation.

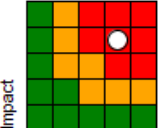
Executive summary

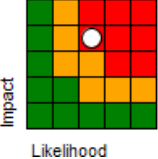
1. A review was undertaken, by the Strategic Management Board, to reduce the number of strategic risks that were being reported upon with a view to implementing a new strategic risk register that was more focused and actionable with clear accountability.
2. The updated strategic risk register now consists of 7 strategic risks outlined below and for illustrative purposes is explained in greater detail in Appendix A:
 - SRR 01 - Workforce skills and knowledge.
 - SRR 02 - External and internal regulatory framework.
 - SRR 03 - Reduction in Government funding
 - SRR 04 - Local Government restructure
 - SRR 05 - Partnership working
 - SRR 06 - Investment in infrastructure
 - SRR 07 - Data and Information Security
3. The former strategic risks will be revisited and if appropriate incorporated in the relevant Operational Risk Register (ORR) and these are highlighted in Appendix B.
4. In addition, the use of new risk software will allow for a more streamlined and efficient process for the management of the risks faced by the Council at both an operational and strategic level.

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
SR01 Workforce skills and knowledge	1. Recruitment levels 2. Training needs analysis 3. Competence framework 4. Increased requests for partnership working	1. Work is not completed 2. Loss of key staff 3. Complaints 4. Poor or inconsistent services 5. Projects not delivered on time / budget / quality 6. Unrealistic workloads leading to absence/ increased sickness levels. 7. Failure to attract, recruit and retain suitable staff 8. Loss of knowledge and expertise	Key specialist roles identified and service resilience plan in place Up to date policies accessible to officers Service based performance management information Periodic formal quality reviews undertaken by Management Procedures reflect application of policy	10 	Level 1 - Operational Management (Policies & Procedures)	Quarterly performance to SMB, P & D Committee covering	Aisha Bi 01-Aug-2018 Recruitment levels for both Management and Other posts are generally competitive with a good level of response from suitably qualified and/ or experienced candidates. NB MLG impacts on future recruitment Requests for Partnership working are considered by relevant Head of Service after examination/consideration of the resources required: £ and officer time and the life cycle of the partnership. Opportunities for collaboration and shared services provision are/ are not currently being pursued (If any are being pursued then list here and the Lead Officer.	John McMillan

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
SR02 External and internal regulatory framework	Strategic Risk Register action plan slippage. Legal challenges to decisions. Issues from annual assurance review not being addressed or slippage. Audit recommendations not being implemented,	1. Wrong or illegal decisions taken 2. Complaints (justifiable) 3. Reputational damage Breach of legislation	Monthly budgetary control reports Published contract register used for contract renewal Periodic formal quality reviews undertaken by Management	12 	Level 2 - Internal Governance (Risk / Performance Management)			Catherine Whitehead
SR03 Reduction in Government funding	Budget Monitoring External Networks and External Advisor Memberships highlighting emerging issues / policy changes Relationship Manager with Valuation Office Service Performance	1.Reduction in budgets 2.Loss / reduction of discretionary services 3. Reduction in service level for statutory services 4.Reputational damage 5.Inability to realise corporate plan/ priorities / transformation	Monthly budgetary control reports Service based performance management information Medium Term Financial Plan Income Maximisation Assessed budget volatility	16 	Level 3 - Independent Assurance (Internal Audits, HSE)		Mike Howard 02-Aug-2018 Revised Likelihood from a 3 to a 4	David Skinner

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
	Information in relation to demand for services or lower usage	programme.						
SR04 Local Government re-organisation	Lack of resource to deliver core services Failure to meet key deadlines	1.Services not delivered 2.Lack of staff capacity to deliver core business. 3. Poor submission to DCLG Inability to implement structural change for the benefit of residents.	Key specialist roles identified and service resilience plan in place	10 	Level 1 - Operational Management (Policies & Procedures)			
SR05 Partnership working	Issues arising from Member/officer involvement with partners/partnerships. Breakdown of working relationships. Wycombe District issues not being	1. Missed opportunities for funding streams (LEP) 2. Restricted range of services offered 3. Failure to realise economies of scale 4.Duplication of work	Regular contract meetings/ dialogue Periodic formal quality reviews undertaken by Management Partnership oversight	8 	Level 1 - Operational Management (Policies & Procedures)			Catherine Whitehead

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
	adequately addressed.	5. Impact on public perception of the wider public sector						
SR06 Investment in infrastructure	Corporate Plan objectives are not delivered due to lack of funding. Schemes are put on hold, pending determination, source and release of funding. Annual Report provides information as regards the success in delivering the Corporate Plan.	Lack of investment in infrastructure could lead to issues as regards both the short and long term sustainability of the local community and economy. Deterioration of the Councils image and reputation as a place to live, work, visit and invest in. Restriction in economic growth could impact on service provision & funding through reduced business rate growth.	Periodic formal quality reviews undertaken by Management Established Programme Boards Quarterly report to SMB Assessed budget volatility	16  Impact Likelihood	Level 2 - Internal Governance (Risk / Performance Management)			Corporate Director (Regeneration and Growth)

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
		Programmes /Project are funded by external borrowing rather than internal funds.						
SR07 Data and Information security Page 31	<u>Internal Information Governance</u> <ul style="list-style-type: none"> Continuing data breaches of the same type. Trends and issues from complaints and Freedom of Information Act requests not being addressed. 	<u>Internal Information Governance</u> <ul style="list-style-type: none"> Information Commissioners Office (ICO)infringements/fines Criminal proceedings against the Council and individuals. Reputational damage Complaints leading to ICO findings against the Council. Complaints leading to 	Internal Information Governance (Suite of Internal Controls) External Information Governance (Suite of Internal Controls)	12 	Level 2 - Internal Governance (Risk / Performance Management)			John McMillan; Catherine Whitehead

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
	<p data-bbox="302 646 470 710"><u>External IT Governance</u></p> <ul data-bbox="302 710 492 1380" style="list-style-type: none"> • Performance against contractual performance targets for application and network availability. • Performance reporting for resolving priority incidents in Service Level Agreement (SLA) • Performance of implementing service requests / 	<p data-bbox="492 279 701 367">Ombudsman findings against the Council.</p> <ul data-bbox="492 406 701 598" style="list-style-type: none"> • Loss of sensitive data • Unlawful release of personal data <p data-bbox="492 630 701 694"><u>External IT Governance</u></p> <p data-bbox="492 694 701 750">Loss of IT services</p>						

Risk	Key risk indicators	Consequences	Internal Controls	Current Risk	Assurance Level	Evidence of Assurance	Latest Note	Assigned To
	projects within SLA and /or agreed timescales <ul style="list-style-type: none"> • Activity reports for Phishing and Malware incidents and threats. • Issues from IT security checks (by Contactor or Third Party commissioned projects) not being resolved in a timely, efficient and effective way. 							

Appendix B

The following former strategic risks under review are:

- Inability to deal with the issues as regards BREXIT
- Local Plan: Inability to submit a plan likely to be found sound on a fast timetable
- Delivery of the Princes Risborough programme
- Business Continuity / Service Interruption / Emergency Preparedness: Response, Contribution.
- Inability to have in place an IT framework that meets our Records Management requirements and timescales.
- Inability to continue to provide services.
- Inability to manage increase in both the demand and the provision of Bed and Breakfast accommodation (Temporary accommodation)
- Failure to manage external market risk in relation to Treasury Management.
- Inability to manage ICT Service provider leading to disruption / cessation of service.
- Inability to manage Waste service provider(s) leading to disruption / cessation of service.
- Failure to deliver a plan to maintain physical assets.
- Inability to optimise property assets.

Agenda Item 7

TREASURY MANAGEMENT MID-YEAR REPORT 2018/19

Cabinet Member: Councillor D Watson

Wards affected: All

Officer Contact: David Skinner Ext:3322

Email: David.Skinner@wycombe.gov.uk

PROPOSED DECISION

Subject to any observations from the Audit Committee, that the treasury management mid-year report for 2018/19, covering the period 1 April 2018 to 30 September 2018 be considered and noted.

Reason for Decision

To promote effective financial management and comply with the Local Authorities (Capital Finance and Accounting) Regulations 2003 and other relevant guidance.

The Committee is responsible for ensuring effective scrutiny of the Treasury Management Strategy.

Corporate Implications

1. The financial implications are contained within this report.
2. The main financial risks to the Council have been reviewed as part of this report.

Executive Summary

3. The purpose of this report is specifically to meet the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011).
4. This is a mid-year report of Treasury Management activities. The report details progress during the year against the Strategy approved by Council on 22 February 2018.
5. It is recommended that the committee considers and notes the report. This report will be considered by the Cabinet on 12th November 2018.

Council Priorities

6. Treasury management activity plays a significant part in supporting the delivery of all the Council's corporate priorities.

Background

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

8. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
9. Accordingly, treasury management is defined as:
 "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
10. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) has been adopted by this Council.
11. The primary requirements of the Code are as follows:
 - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - c. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
 - d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is The Audit Committee.
12. The purpose of this report is specifically to meet the mid-year reporting requirements and covers the following for the financial year 2018/19:
 - A review of the Treasury Management Strategy Statement (TMSS) (paragraph 13);
 - The Council's Capital Expenditure and Prudential Indicator (paragraphs 14 to 18);
 - A review of the Council's Investment Portfolio & Review of Investment Strategy (Paragraphs 19 to 23);
 - A review of the Council's Borrowing Strategy and debt rescheduling (Paragraphs 24 to 26);
 - Other updates (Paragraphs 27 to 29)
 - An economic update (Appendix A);

Treasury Management Strategy Statement

13. The TMSS was approved by the Council on 22nd February 2018. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

The Council's Capital Position

14. This part of the report provides an update on:

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

Capital expenditure and funding

15. The table below shows the revised estimates for capital expenditure and the expected financing arrangement for the capital expenditure.

Table 1

2018/19	Approved Programme (February 2018 Council) £000	Revised Programme £000	Forecast Outturn £000
Capital expenditure			
Community	2,111	683	830
Economic Development & Regeneration	17,856	13,392	13,596
Housing	5,038	2,232	2,232
CIL, S106 & other External funding	18,589	6,851	6,815
Planning & Sustainability	153	153	127
HR, ICT & Customer Services	1,148	795	795
Leader	463	463	460
Capitalisation of Staff cost		308	308
Total	45,358	24,877	25,163
Financed by:			
Capital receipts	20,720	16,810	15,996
Capital grants	8,595	1,480	1,480
CIL & Section106	10,900	6,587	7,687
Revenue	5,143	-	-
Total	45,358	24,877	25,163

Prudential Indicators

16. The table below shows :-

- **Capital Financing Requirement (CFR)** – The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure, which has not immediately been financed or paid for, will increase the CFR.
- **Authorised Limit for External Debt** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of

borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term.

- **Operational Boundary** – This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years.

Capital Financing Requirements	2018/19	2018/19	2018/19
	Approved	Revised	Forecast
	£m	£m	£m
Gross Projected Debt	1.606	1.606	1.606
CFR 31st March	4.894	4.873	4.873
Under borrowing	3.288	3.267	3.267
Borrowing and Investment Limits	2018/19	2018/19	2018/19
	Approved	Revised	Forecast
	£m	£m	£m
Authorised Limit for external debt			
Borrowing and other long term liabilities	10	10	10
Operational Boundary for external debt			
Borrowing	3	3	3
Other long term liabilities	2	2	2
Total	5	5	5
Upper limit for fixed interest rate exposure			
Net principal re fixed rate borrowing	3	2	0
Upper limit for variable rate exposure			
Net principal re variable rate borrowing	0	0	0
Upper limit for principal sums invested over 364 days	40	40	40

Compliance with limits for borrowing activity

17. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years.
18. The Head of Finance and Commercial reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator. This view takes into account current commitments, existing programme and the proposals in the budget report.

Investment Portfolio

19. As at 30 September 2018, the Council did not have any external borrowing and the treasury investments were £86.8m earning an average rate of return at 1.03%. The Treasury position as at 30 September 2018 is summarised in the table below:-

	As at September 18		As at March 18	
	£m	%	£m	%
Specified Investments (up to 1 year)				
Banks & Building Societies	50.5	58%	39.55	49%
Local Authorities	5.0	6%	0.0	0%
Money Market Funds	10.8	12%	15.0	19%
Non-Specified Investments (longer than 1 year)				
Local Authorities	13.0	15%	13	16%
Property Fund	7.5	9%	7.5	9%
Gilt	0.0	0%	4.98	7%
Total Investments	86.8	100%	80.03	100%

20. The Council's budgeted investment return for 2018/19 is £539k, and performance for the year to date is above budget generating a favourable variance of £200k due to better returns than budgeted and the cash balance higher than expected due to delays in spend on the Capital Programme. The average investment return during the first six months is 1.03% compared to the 3 month LIBOR rate of 0.73% as summarised in the table below:-

Returns	Sep-18	Mar-18
Benchmark 7 day LIBID	0.43%	0.21%
Benchmark 3 month LIBOR	0.73%	0.41%
Actual	1.03%	0.73%

London Interbank Bid Rate (LIBID) – The rate at which a bank is willing to borrow from other banks.

London Interbank Offered Rate (LIBOR) – It is the average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks.

21. Council has invested £7.500m in the CCLA Property Fund in December 2017. The Dividend is paid quarterly in arrears net of management charges and the returns up to the 1st quarter of 2018/19 are summarised below:-

Period	Net Dividend	% Net yield on Original Investment of £7.5m	% Net yield on Net Investment (less cost) of £7.025m
2017/18 (4 months)	105,626.44	4.23%	4.51%
2018/19 1st Quarter	77,908.99	4.16%	4.44%

22. The Treasury activity has been in compliance with the investment strategy and during the first six months of the year there have been no instances of breach of counter parties.

Review of Investment Strategy

23. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is

consistent with the Council's risk appetite. As shown by forecasts in economic update in appendix A, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. Given the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Review of Borrowing Strategy and Debt Rescheduling

24. The Council does not have any external borrowing and none has been taken out during the six months period to 30 September 2018.
25. With low interest rates and counter party risks, the Council's strategy continues to utilise internal borrowing to support the capital programme.
26. As the Council is debt free, there are no debt rescheduling opportunities to consider.

Other Updates

27. UK Banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group. While the structure of the banks included within this process may change, the fundamentals of credit assessment would not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

28. IFRS 9 Accounting Standard – Financial Instrument

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact onto the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted. Currently the Council holds an investment of £7.5m in Property Pooled Fund which will be impacted by the new accounting standard.

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

Background papers: Treasury Management strategy approved by Council in February 2018.

Agenda Item 8

APPROVAL OF THE HIGGINSON PARK CHARITY ANNUAL REPORT 2017/18

Officer contact: Ryan Savage

Ext: 3368

Email:

ryan.savage@wycombe.gov.uk

Wards affected: All

PROPOSED RECOMMENDATION TO COUNCIL

That the Higginson Park Charity Annual Report and Financial Statements for 2017-18 attached at Appendix A be approved.

Proposed Decision

This committee is being asked to consider and recommend to Council for the approval of The Higginson Park Charity's audited Annual Report and Financial Statement for the year ended 31 March 2018 attached at Appendix A.

Corporate Implications

1. The Charities Act 2011 and Statement of Recommended Practice requires the production of a trustee's annual report and accounts for each reporting period (annual). These statements must be approved by Trustees and Wycombe Council is the sole Trustee for The Higginson Park Charity.

Detailed Report

2. The Annual Report and the Financial Statements for the year ended 31 March 2018 have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice and the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102).
3. The audited financial statements are included at Appendix A (to follow); no changes were made to the accounts presented to the committee in July 2018. Net expenditure of the trust was £0.44m and the trust had funds worth £5.459m (Restricted £5.356m) at the end of the financial year 31 March 2017. Unrestricted Funds (£.103m) are expendable at the discretion of the trustee in furtherance of the objects of the charity; they can be used to meet any future funding shortfall or for a particular future project or commitment. The use of unrestricted funds will be included in discussions on budget setting in 2019/20.
4. The Higginson Park Trust accounts have been audited by Seymour Taylor Audit Limited and their findings are included within the Annual Report attached at Appendix A in the Independent Auditor's report section.

Background Papers

Charities Act 2011

Statement of Recommended Practice

Working papers are held by Accountancy in Finance and Commercial

Agenda Item 9

Wycombe District Council

DRAFT AUDIT COMMITTEE WORKPLAN

Work Programme – January 2019 – July 2019

Title & Subject Matter	Contact Officer	Training
10 January 2019		
<p>Draft Audit Committee Annual Report Proposed Annual Report of the work of the Audit Committee which is published on the Council's website.</p>	Business Assurance Manager	
<p>Annual Review of the Risk Management Policy Review of the Council's Risk Management Policy and proposed changes</p>	Business Assurance Manager	
<p>Ernst & Young Annual Audit Plan The Council's external auditors work plan including their work on the Statement of Accounts, Value for Money opinion and grant claims.</p>	Chief Accountant	
<p>Certification of Grants and Claims Annual Report Report from the Council's External Auditors on the results of their work of the 2017/18 Housing Benefit Subsidy Claim</p>	Revenues and Benefits Manager	
<p>Strategic Risk Register – Quarter 3 Monitoring Report Review the updated Strategic Risk Register - Quarter 3 monitoring report.</p>	Business Assurance Manager	
June 2019		
<p>Proposed Internal Audit Programme 2019/20 A report setting out the proposed Internal audit coverage for 2019/20</p>	Business Assurance Manager	
<p>Regulation of Investigatory Powers Act Annual Report (Information Sheet) Update on the use of these powers by the Council in performing its enforcement activities.</p>	Principal Solicitor	
<p>Health and Safety Annual Report 2018/19 & Work Programme 2019/20 Report providing an update on health and safety issues and key statistics for 2018/19 and the proposed work programme for 2019/20.</p>	Shared Services Support Manager	

Title & Subject Matter	Contact Officer	Training
<p>Annual Review of the Anti-Fraud and Anti-Corruption Policy</p> <p>Review of the current policy.</p>	Business Assurance Manager	
<p>Draft Annual Governance Statement</p> <p>To consider the draft Annual Governance Statement for 2019/20</p>	Business Assurance Manager	
<p>EY Audit Progress Report</p> <p>To consider the Council's external auditors progress report.</p>	Chief Accountant	
July 2019		
<p>External Auditor's ISA 260 Audit Result Report</p> <p>To consider Ernst & Young's Audit Results Report and findings from the 2018/19 audit.</p>	Chief Accountant	
<p>Approval of the Statement of Accounts 2018/19</p> <p>Report to approve the 2018/19 Statement of Accounts</p>	Chief Accountant	
<p>Higginson Park Trust Annual Report and Accounts for 2018/19</p> <p>To consider the Higginson Park accounts for recommendation to Council</p>	Chief Accountant	
<p>Treasury Management Annual Report 2018/19 – Cabinet Report</p> <p>To note the Cabinet report annual report on the Treasury Management Strategy and the Prudential Indicators 2018/19.</p>	Chief Accountant	