



Audit Committee

Date: 28 February 2019
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

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1	APOLOGIES To receive any apologies for absence.	
2	MINUTES To confirm the minutes of the meeting held on 1 November 2018 (Previously circulated)	
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	

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	required to withdraw from the meeting.	
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14	URGENT ITEMS (IF ANY)	

**For further information, please contact Iram Malik on 01494 421635,
committeeservices@wycombe.gov.uk**

AGENDA ITEM
Agenda Item 4
SUMMARY



Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A

Title of Report:	Certification of grants and claims
Officer Contact: Direct Dial: Email:	Andy Green 01494 421001 Andy.green@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	The Department of Work and Pensions, who pay Local Authorities subsidy to administer Housing Benefit, require external certification of the annual Subsidy claim

Proposed Decision/Recommendation:	That: (i) The Auditors report be noted
Sustainable Community Strategy/Council Priorities - Implications	Risk: None Equalities: None Health & Safety: None
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: No specific Monitoring Officer comments S.151 Officer: No specific Section 151 Officer comments.
Consultees:	N/A
Options:	N/A
Next Steps:	None
Background Papers:	Held in Finance and Commercial
Abbreviations:	DWP – Department of Works and Pensions LA – Local Authority

Appendices to this report are as follows:

Appendix A – Auditors letter to Audit Committee 2017-18

Appendix B - Certification of claims and returns annual report 2017-18

1. Detailed Report

1.1. The outcome from the 2017/18 subsidy audit continues the improvement trend in recent years, resulting in the good news that the maximum Benefit subsidy has been achieved for 2017/18

1.2. An error threshold is set by DWP which, if exceeded means the amount of subsidy to the Local Authority will be reduced. The threshold is made up of two factors:

- (a) Admin delay which occurs when a LA does not process claims as quickly as DWP would like; and
- (b) Local Authority error is where the Council incorrectly overpays benefit, for example where claimant income data is input incorrectly.

1.3 Audit certification guidelines require auditors to “extrapolate” the value of the errors. The extrapolation process increases the likelihood that the maximum subsidy amount is not achieved and this is what has happened in recent years. For the 2017/18 subsidy year Wycombe’s error levels are below the Government threshold levels even after the extrapolations which means that maximum subsidy has been attained.

1.4. The total value of the Subsidy Claim for 2017/18 was £44,282,827. Minor errors identified in this year’s audit totalled just under £2,000 (0.005% of the total claim).

1.5. The improvement has been achieved by maintaining a flexible workforce via a “mixed economy” environment using our own staff combined with external support that can be increased or reduced according to demand. This approach has enabled resources to grow when needed in response to welfare changes and Government software system enhancements.

Agenda Item 4

The Members of the Audit Committee
Wycombe District Council
Queen Victoria Road
High Wycombe
Buckinghamshire
H11 2BB

4 December 2018

Direct line: + 44 7769 932604
Email: MGrindley@uk.ey.com

Dear Members

Certification of claims and returns annual report 2017-18 Wycombe District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Wycombe District Council's 2017-18 claims.

Scope of work

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

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2017-18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

Summary

The report outlines the results of our 2017-18 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £44,282,817 and met the submission deadline. We issued a qualification letter: details of the qualification matters are included in the report. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

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

We welcome the opportunity to discuss the contents of this report with you at the 10 January 2019 Audit Committee.

Yours faithfully

Maria Grindley
Associate Partner
Ernst & Young LLP

Certification of claims and returns annual report 2017-18

4 December 2018

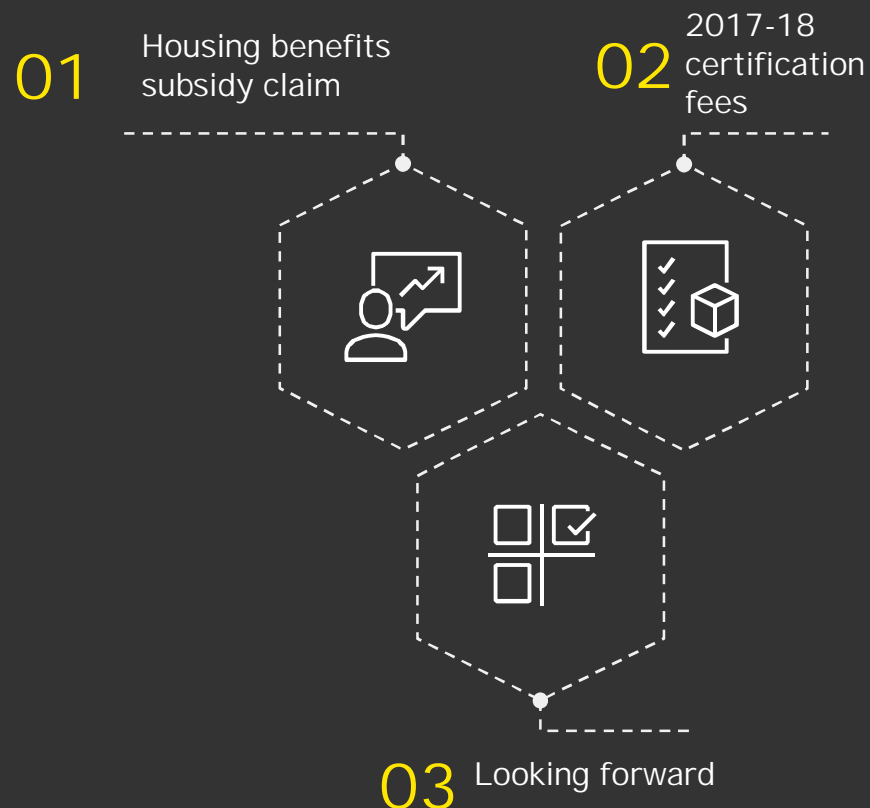
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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

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working world

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Wycombe District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Wycombe District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Standards Committee, and management of Wycombe District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£44,282,827
Amended/Not amended	Amended: no effect on overall subsidy
Qualification letter	Yes
Fee – 2017-18	£TBC
Fee – 2016-17	£29,145

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

The certification guidance requires reporting accountants to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years' claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

An amendment was required for non-HRA claims where child care costs had been incorrectly applied. We carried out 40+ extended testing on two other aspects of non-HRA and calculated extrapolations which the DWP might decide to claw back from the Authority (these were eligible rent and tax credits).

For rent allowance cases, we performed 40+ extended testing in 5 areas: earnings, self-employed earnings, ineligible service charges, occupational pensions, and non-dependants and calculated extrapolations which the DWP might decide to claw back from the Authority.

We are pleased to note that the cumulative impact of these extrapolations falls below the lower threshold for local authority error allocated by the DWP. This means that they do not claw back subsidy at the higher level if the threshold is breached.

The certification work is both specialised and time-consuming, so we would like to thank the Council's benefits staff for their assistance throughout the process.



02

2017-18 certification fees





2017-18 certification fees

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

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	TBC	16,833	29,145

The indicative fee for 2017-18 was based on the actual certification work done in 2015-16. Extra work was required in 2016-17 and there were follow-up queries from DWP. The final fee for 2017-18 is TBC, but we will update this as soon as we have reviewed the final position now that the work has been completed.



03

Looking forward



2018/19 and beyond

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

As your appointed auditor for the financial statements audit, we are pleased that for 2018-19 (and by annual review thereafter) the Council has appointed us to act as reporting accountants for the housing benefits scheme.

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

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ED None

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AGENDA ITEM 5
Agenda Item 5
SUMMARY



Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A

Title of Report:	Annual Audit Planning Report
Officer Contact: Direct Dial: Email:	David Skinner 01494 421322 David.skinner@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	The report provides the Committee with the opportunity to see the work planned by the external auditors for the 2018/19 final accounts.
Proposed Decision/Recommendation:	That: (i) The Annual Audit Plan be considered and noted.
Sustainable Community Strategy/Council Priorities - Implications	Risk: Contained within the audit plan Equalities: None Health & Safety: None
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: As set out in the report, the Annual Audit Plan is designed to ensure compliance with the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, and to ensure that the external auditor's audit is aligned with the Committee's service expectations S.151 Officer: There are no direct financial implications arising from this report
Consultees:	N/A
Options:	N/A
Next Steps:	None
Background Papers:	None
Abbreviations:	IFRS – International Financial Reporting Standards

Appendices to this report are as follows:

Appendix A – Annual Audit Plan 2018/19

1. Detailed Report

The attached documents set out the initial plans for the 2018/19 audit by the Councils external auditors EY. The plans sets out the approach to the audit of the Council's Accounts and a broad timetable which should enable the whole process to be completed by the end of July.

The audit planning report sets out the following:-

- a)** Estimated overall planning materiality is £1.7m.
- b)** Main area of focus and associated risks as summarised below:
 - a.** Misstatements due to fraud or error
 - b.** Risk of fraud in revenue recognition – Incorrect classification of capital spend
 - c.** Property Valuations
 - d.** Pension Valuation
 - e.** New Accounting Standards. This is a new risk which has been identified in respect of the new accounting standard IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts which apply from 1st April 2018.
- c)** Value for money work will focus on Council's arrangements to take informed decisions; deploy resources in a sustainable manner and work with partners and other third parties. This year a potential significant risk has been identified as a result of Unitary authority announcement for Buckinghamshire as this may have an impact on Council's capacity to manage its operations as well as planning a smooth transition along with managing strategic risks and medium-term financial planning.
- d)** In terms of timetable, the interim audit will be carried out in February and the year-end audit will be done in June with audit result reported to the July committee along with the audited statement of accounts.
- e)** The indicative fees for the main audit work is £48k and for the certification work on Housing Benefit is £11k.



Wycombe District
Council
Audit planning report
Year ended 31 March 2019

10 January 2019



Private and Confidential
Councillor Mike Appleyard
Audit Committee Chairman
Queen Victoria Road,
High Wycombe, HP11 1BB

10 January 2019

Dear Audit Committee Members

Audit planning report

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

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

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

We welcome the opportunity to discuss this report with you on 31 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Andrew Brittain

For and on behalf of Ernst & Young LLP

Enc

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01	Overview of our 2018/19 audit strategy	02	Audit risks	03	Value for Money Risks	04	Audit materiality	05	Scope of our audit
									
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of WDC in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of WDC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of WDC for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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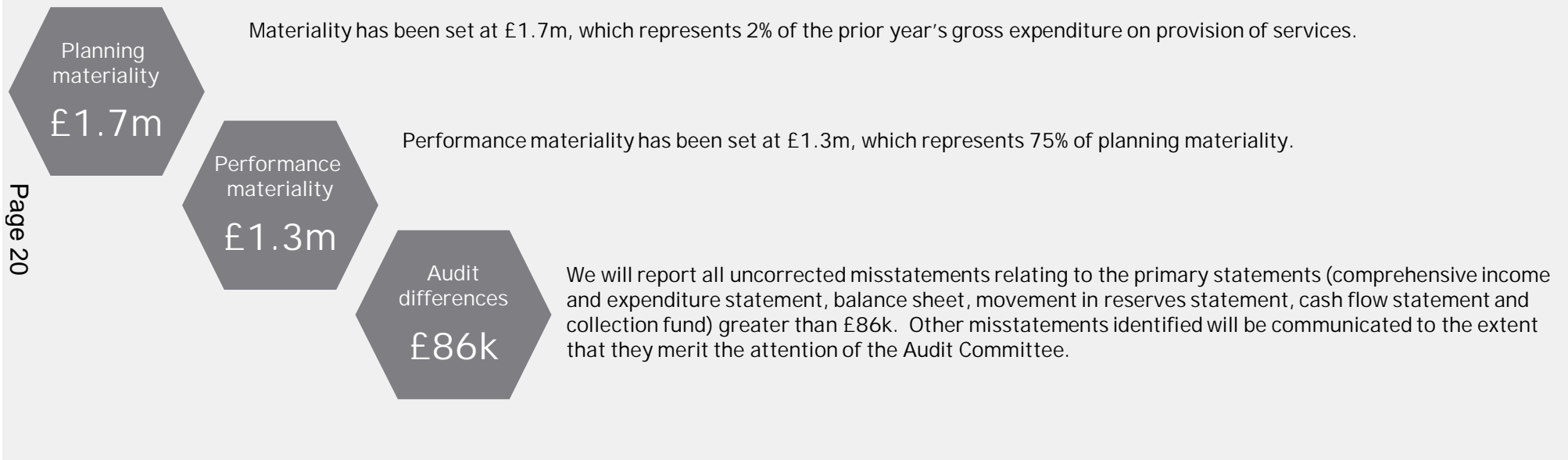
Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

Materiality- Wycombe District Council

Materiality



Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year. See section 02 for more information and our intended audit response.

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk of focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. In addition to our overall response, we consider where these risks may manifest themselves and identify separate fraud risks as necessary below.
Risk of fraud in revenue recognition - Incorrect classification of capital spend	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. Practice note 10 issued by the Financial Reporting Council, states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. The potential for the incorrect classification of capital spend as revenue is a particular area where there is a risk of management override at Wycombe DC because of its potential impact on asset valuation.
Property valuations	Inherent risk	No change in risk or focus	The unique and material nature of the Council's non-current assets and the basis on which they are valued, means that small changes in assumptions when valuing these assets can have a material impact on the financial statements and therefore the balances are susceptible to misstatement.
Pension valuation	Inherent risk	No change in risk or focus	The unique and material nature of the Council's net pension liability, and the basis on which it is valued, means that small changes in assumptions when valuing this liability can have a material impact on the financial statements and therefore the balance is susceptible to misstatement.
New Accounting Standards	Inherent risk	New risk identified this year.	IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) apply from 1 April 2018 and IFRS 16 (Leases) will apply from 1 April 2020. We will assess the impact of these new standards to determine whether they have been appropriately implemented by the Council.



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02 Audit risks



Our response to significant risks

Risk of misstatements due to fraud or error

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What is the risk?	What will we do?
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Inquiry of management about risks of fraud and the controls put in place to address those risks. • Understanding the oversight given by those charged with governance of management’s processes over fraud. • Consideration of the effectiveness of management’s controls designed to address the risk of fraud. <p>Performing mandatory procedures regardless of specifically identified fraud risks, including:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements • Assessing accounting estimates for evidence of management bias, and • Evaluating the business rationale for significant unusual transactions. <p>In addition to our overall response, we consider where these risk may manifest themselves and identify separate fraud risks as necessary below.</p>

Risk of fraud in revenue & expenditure recognition - Incorrect classification of capital spend

What is the risk?	What will we do?
<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition.</p> <p>We have considered this presumed risk in relation to those significant income streams and areas of expenditure which could be subject to manipulation, and identified the following areas of risk:</p> <ul style="list-style-type: none"> - inappropriate capitalisation of revenue expenditure 	<ul style="list-style-type: none"> • Review and test revenue and expenditure recognition policies; • Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias; • Develop a testing strategy to test material revenue and expenditure streams and review and test any material revenue cut-off at the period end date; • Review in-year financial capital projections and compare them to year-end position; and • Review capital expenditure on property, plant and equipment at the lower testing threshold to ensure it meets the relevant accounting requirements to be capitalised.

Other areas of audit focus

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

What is the risk/area of focus?	What will we do?
<p>Valuation of Land and Buildings</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Consider any work performed by the Council's internal and external valuers, (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Sample test key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre); • Consider using our valuation experts if necessary to gain the required assurance; • Consider the annual cycle of valuations to ensure that assets have been valued within a five-year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets communicated to the valuer; • Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated; • Consider changes to useful economic lives as a result of the most recent valuation; and • Test accounting entries have been correctly processed in the financial statements,

Other areas of audit focus (continued)

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

What is the risk/area of focus?	What will we do?
<p>Pension Asset Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary Barnett Waddingham.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Undertake IAS19 protocol procedures assisted by the pension fund audit team to obtain assurances over the information supplied to the actuary in relation to Wycombe District Council; • Assess the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used. We do this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering any relevant reviews by the EY actuarial team; and • Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Other areas of audit focus

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

What is the risk/area of focus?

What will we do?

IFRS 9 financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.

IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

We will:

- Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Consider the classification and valuation of financial instrument assets;
- Review new expected credit loss model impairment calculations for assets; and
- Check additional disclosure requirements.

We will:

- Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Consider application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- Check additional disclosure requirements.



03

Value for Money Risks





Background

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

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

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

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

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

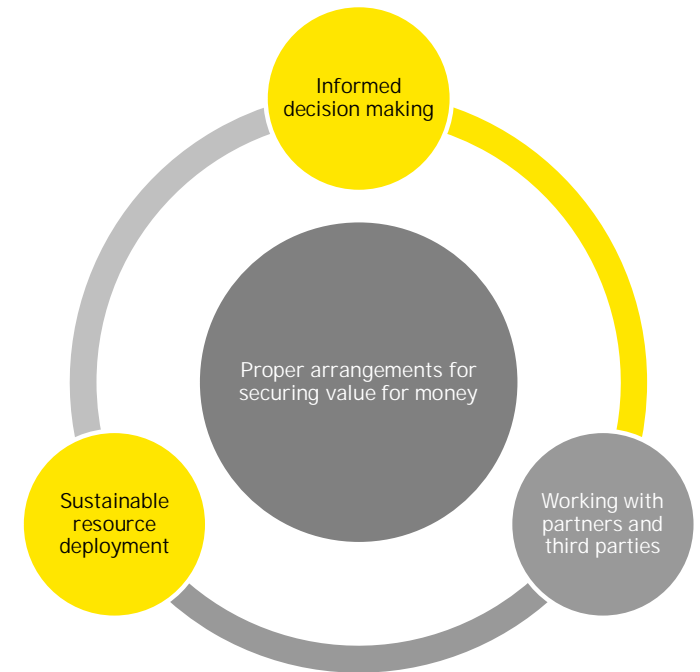
In considering this, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that the Council must already have, and to report on through documents such as the annual governance statement.

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

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

Our risk assessment enables us to plan the delivery of a safe conclusion on arrangements to secure value for money, and to determine the nature and extent of any further work necessary. If we do not identify any significant risks we do not need to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of issues identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. We have identified one potential significant risk. As a result of the 1 November 2018 announcement by MHCLG that a unitary authority for Buckinghamshire will be instituted from 1 April 2020, there may be an impact on the Council's capacity to manage its operations as well as planning a smooth transition; also on managing strategic risks and medium-term financial planning.





04

Audit materiality



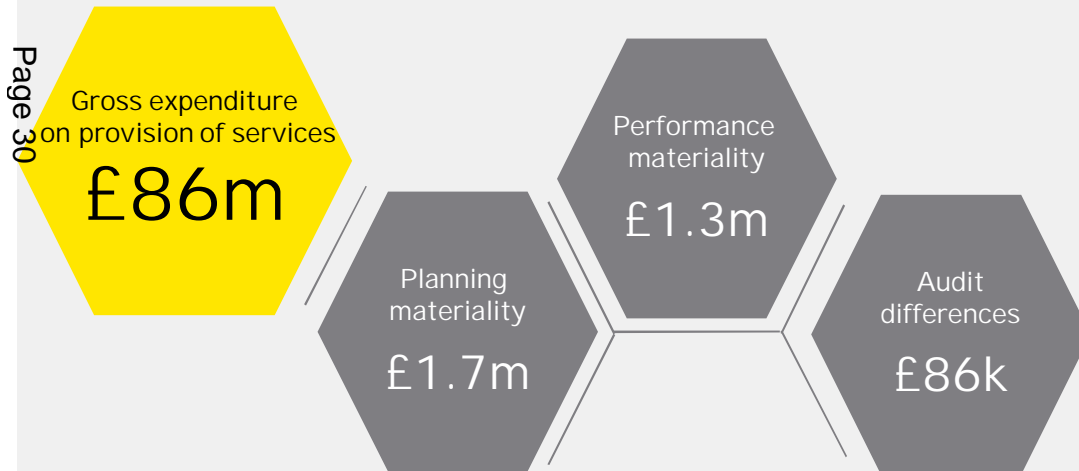
Materiality

Materiality

For planning purposes, materiality for 2018/19 has been set at £1.7m. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process.

The rationale for this is that for a public sector entity, the expectations of users (including regulators) of the entity are focused on the measurement of expenditure and cost of services. Therefore gross expenditure is the appropriate basis for determining materiality for public sector bodies.

We have provided supplemental information about audit materiality in Appendix C.



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

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.3m which represents 75% of planning materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

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

We issue an audit report that covers:

1. Financial statement audit

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

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

Procedures required by standards

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

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO [delete if not applicable]

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

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

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to rely on controls:

- Accounts Payables

Analytics:

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

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

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

Internal audit:

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



06

Audit team



Audit team and the use of specialists

The core audit team is lead by Andrew Brittain, Associate Partner and Sue Gill as Manager. Preeti Malik, Senior, will lead the fieldwork.

The use of specialists

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

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team
Pensions disclosure	EY Actuaries PWC report for the NAO on the 4 LGPS actuaries
Management's specialists	Internal valuer: Robert Daniels External valuer: Wilks, Head and Eve Actuary: Barnett Waddingham NDR Appeals provision: Analyse Local

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

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

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07 Audit timeline





Audit timeline

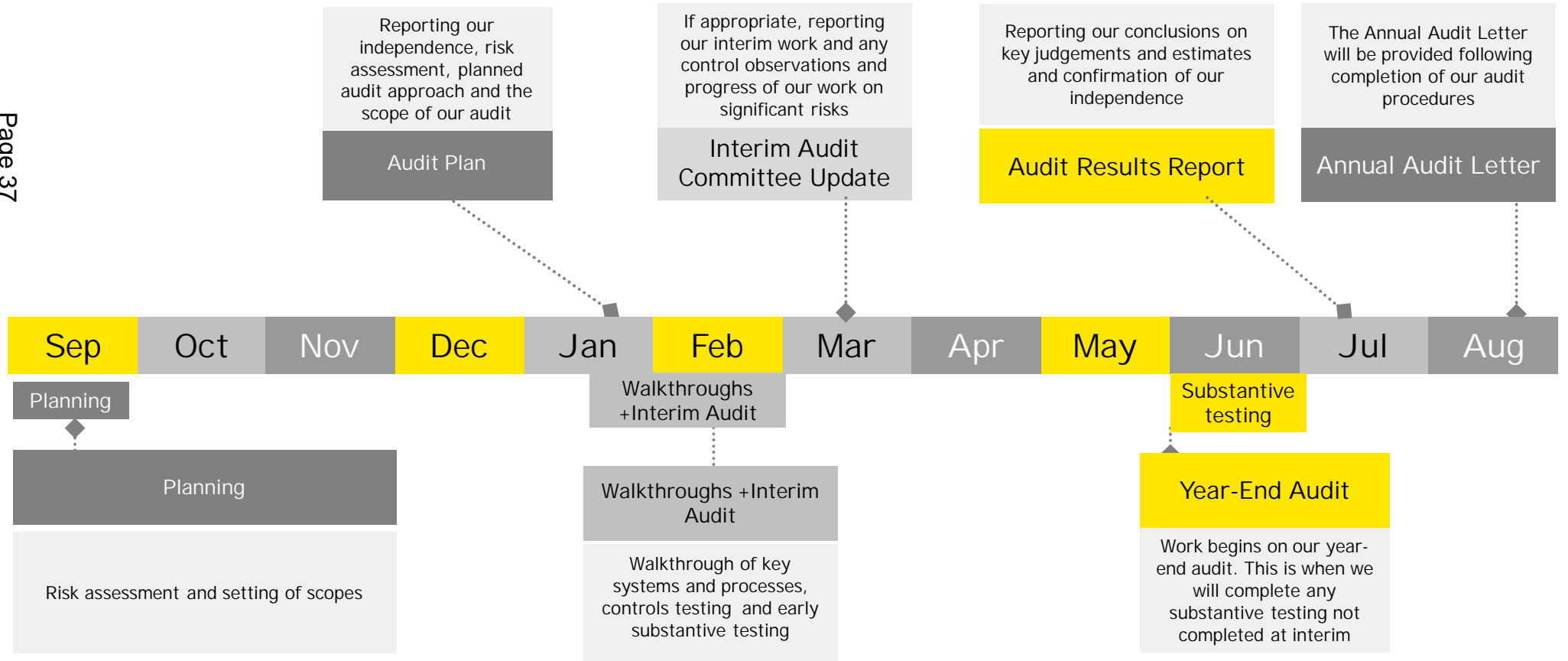
Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Committee Chairman as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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08

Independence



Introduction

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

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

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

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

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

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

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

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

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

At the time of writing, the current ratio of non-audit to audit fees is approximately 0%. No additional safeguards are required.

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

There are no other self-interest threats at this date.

Self-review threats

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

There are no self-review threats at this date.

Management threats

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

There are no management threats at this date.

Other threats

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

There are no such threats at this date.

Other communications

EY Transparency Report 2017

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

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

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



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Indicative fee 2018/19	Actual fee 2017/18	Actual Fee 2016/17
	£	£	£
Total Fee – Code work	47,691	61,936	61,936
Total audit	47,691	61,936	61,936
Certification work on Housing Benefits	10,543 ¹	16,833	29,145
Total other non-audit services	10,543	16,833	29,145
Total fees	58,234	78,769	91,081

All fees exclude VAT

Note 1: The indicative fee for certification work does not include any extended testing that may be required.

The agreed fee presented is based on the following assumptions:


- ▶ Officers meet the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion is unqualified;
- ▶ The Council provides appropriate quality documentation; and
- ▶ The Council has an effective control environment.




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

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




Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.




 Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report
Page 45 Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
External confirmations	<ul style="list-style-type: none"> Management’s refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report	
Consideration of laws and regulations	<ul style="list-style-type: none"> Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit results report	
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Annual audit letter/audit results report	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report	
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor’s report Any circumstances identified that affect the form and content of our auditor’s report 	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit planning report Audit results report	
Certification work	Summary of certification work undertaken	Certification report	

Additional audit information

Other required procedures during the course of the audit

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

Our responsibilities required by auditing standards

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

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The level of work performed on individual account balances and financial statement disclosures.

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



Report For:	Audit Committee
Meeting Date:	Audit 31 January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A

Title of Report:	Treasury Management Mid-Year report 2018/19
Officer Contact: Direct Dial: Email:	David Skinner 01494 421322 David.skinner@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	<p>To promote effective financial management and comply with the Local Authorities (Capital Finance and Accounting) Regulations 2003 and requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).</p> <p>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.</p>
Proposed Decision/Recommendation	<p>That:</p> <ul style="list-style-type: none"> (i) Scrutinise, considers and note the treasury management mid-year report, for the covering the period 1 April 2018 to 30 September 2018. (ii) Note, this report was presented to the Cabinet at its November meeting.
Sustainable Community Strategy/Council Priorities - Implications	<p>Risk: Included within the main body of the report</p> <p>Equalities: N/A</p> <p>Health & Safety: N/A</p>

Monitoring Officer/ S.151 Officer Comments	<p>Monitoring Officer: Relevant legal issues are referred to in the report.</p> <p>S.151 Officer: All comments are included within the report.</p>
Consultees:	N/A
Options:	N/A
Next Steps:	N/A
Background Papers:	Treasury Management Strategy 2018/19 to February 2018 Council
Abbreviations:	<p>CIPFA – Chartered Institution of Public Finance & Accountancy TMSS – Treasury Management Strategy Statement CFR – Capital Financing Requirement</p>

Appendices to this report are as follows:

Appendix A – Economic update

Background

1. 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.
2. 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.
3. 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.”
4. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) has been adopted by this Council.
5. 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.
6. 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);
- The Council's Capital Expenditure and Prudential Indicator (paragraphs 10 to12);
- 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 18 to 20);
- Other updates (Paragraphs 21 to 23)
- An economic update (Appendix A);

Treasury Management Strategy Statement

7. 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

8. 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

9. 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

10. 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

11. 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.
12. 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

13. 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%

14. 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 reprofiling 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.

15. 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 2nd 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	% Net yield on Bid Value of Investment £7.099m (September 18)
2017/18 (4 months)	105,626.44	4.23%	4.51%	4.51%
2018/19 1st Quarter	77,908.99	4.16%	4.44%	4.40%
2018/19 2nd Quarter	75,220.84	4.01%	4.28%	4.24%

16. 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

17. 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

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

Other Updates

21. 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.

22. 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.

23. 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.

Economics and interest rates

Economics update

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

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

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

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

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

EUROZONE. Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although

growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

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

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

Interest rate forecasts

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

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

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

The balance of risks to the UK

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

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

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.
- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

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

Agenda Item 7



Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A

AGENDA ITEM:

SUMMARY

Title of Report:	Annual Review of the Risk Management Policy
Officer Contact: Direct Dial: Email:	Michael Howard 01494 421357 Mike.howard@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	<p>The management of risk is essential as it enables the Council to discharge its various functions, as a deliverer of public services, as an employer and as a custodian of public funds in a way which supports good corporate governance.</p> <p>The Risk Management Policy aims to provide a comprehensive framework and associated processes that have been designed to support Management in ensuring that the Council is able to discharge its risk management responsibilities fully.</p> <p>The Risk Management Policy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management and provides an overview of the process that is to be followed for risk to be managed successfully.</p> <p>The management of risk is about improving the ability to deliver strategic objectives outlined in the Councils' Corporate Plan as well as operational risks outlined in individual Service based service plans. In addition, the policy has been designed to be used as a toolkit for those involved in managing risk in a project environment.</p> <p>There are no changes proposed for the 2019/20 Risk Management Policy.</p>
	<p>That:</p> <p>That the 2019/20 Risk Management Policy, as attached at Appendix A be approved.</p>

Sustainable Community Strategy/Council Priorities - Implications	Risk: Not applicable Equalities: Not applicable Health & Safety: Not applicable
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: No specific Monitoring Officer comments. Section 151 Officer: No specific Section 151 Officer comments.
Consultees:	Not applicable
Options:	Not applicable
Next Steps:	None
Background Papers:	Wycombe District Council's 2018 Risk Management Policy as approved by the Audit Committee in January 2018.
Abbreviations:	

Appendices to this report are as follows:

Appendix A - Risk Management Policy 2019/20



Risk Management Policy 2019/2020

Date	December 2018.
Version	1.00
Author	Business Assurance Manager

POLICY CONTEXT

The Council's **Corporate Plan** was agreed by the Council on 22nd February 2018, setting out four priorities to 2020:

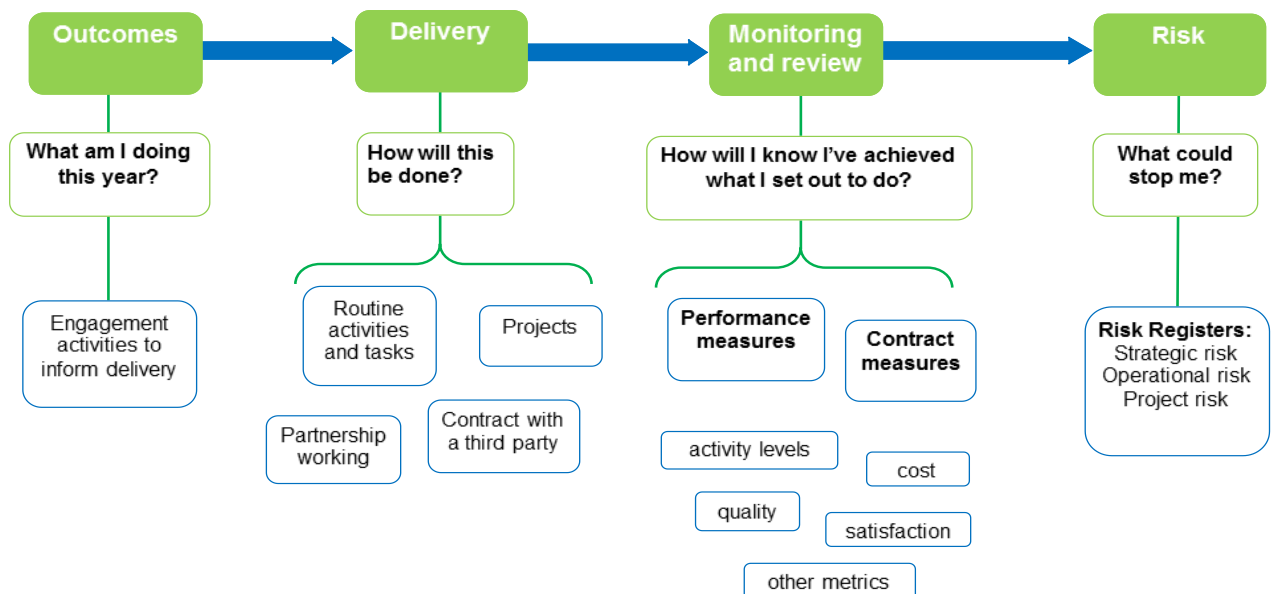
- **A great place to be:** our 'place' priority.
- **Strong Communities:** our 'people' priority.
- **Growth and Prosperity:** our 'prosperity' priority and
- **Efficient and Effective:** our 'progress' priority

Each priority is supported by a set of ambitions. Each ambition is underpinned by a set of objectives which are delivered through specific projects and activities set out in delivery programmes. Other activities and day-to-day work also contribute to the delivery of our priorities.

In order to make the link between the Council priorities and individual service plans, a strategic risk register has been introduced. The strategic risk register captures those risks which will have an impact on the way in which our priority outcomes are to be delivered, along with those risks that have been identified from the service planning risk assessment process which are considered to be of sufficiently significant importance to warrant inclusion in the strategic risk register.

Each service area has a **service plan** that sets out the service objectives and outcomes for the year ahead, drawing down the Corporate Plan priorities, and outlines day-to-day activities, tasks and projects at a headline level. Integral to the service plan is the **operational risk register** that identifies the risks to achieving these outcomes along with controls and improvement tasks to reduce the impact or likelihood – should the risk materialise.

This is illustrated in the figure below:



RISK MANAGEMENT POLICY

Managing risk is a core component of our operational management arrangements and approach to corporate governance, ensuring that we deliver service objectives and outcomes. It involves the identification of both uncertainty and opportunities: helping us to mitigate against failure or enhance the outcomes we could achieve for our residents.

Identification of risks that could cause issues with service delivery (whether delivered directly by the Council itself or through a contract arrangement) or on project work - and taking action on this - is an everyday management activity that we often do without thinking that this is 'risk management'.

This policy sets out the 'who, what, why, when and how' of risk management at Wycombe District Council and covers the following aspects:

1 Definitions	2 Objectives	3 Scope	4 Principles	5 Scoring	6 Appetite	7 Roles and Responsibilities
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The Audit Committee first endorsed and formally adopted this policy in January 2016. Strategic Management Board will ensure it is integrated into the efficient and effective running of relevant areas of the Council's responsibility.

1. DEFINITIONS

The Council defines risk as:

The impact of uncertainty on the achievement of its objectives.

Risk management is defined as:

A systematic and iterative approach to identify, assess and address risks that could stop us delivering our services and achieving our objectives'.

Risks can be categorised as:

Pure risks that can have one of two outcomes - either nothing will happen or a loss will occur and **Speculative risks** where there are three possible outcomes – nothing will happen, a loss occurs, or a gain occurs

The Council also uses the following categorisation of risk:

Strategic Risk: a significant risk which, should it materialise, will have a significant impact on the whole Council and have a material effect on the Council's reputation or financial standing. A quarterly monitoring framework is in place that provides the Strategic Management Board the opportunity to review the strategic risks that have

been identified by Senior Management of the Council. This is reported half yearly reporting process to the Audit Committee.

Operational Risk: a less significant risk requiring management at an individual Service level in the Council. Operational risks are captured in the relevant operational risk register, and also reviewed when compiling the annual service plan, as this sets out the objectives and expected outcomes from which risks can be identified, assessed and managed accordingly. Where such risks are of such magnitude that they could have a significant corporate impact they will be escalated to Strategic Risk level.

Project Risk: those risks that could prevent the successful completion of an individual project e.g. lack of time, finance, human resources, quality. The Council has adopted a pragmatic and proportional approach to the use of a recognised project management methodology, which has a clearly defined process for using a project specific risk register.

Partnership Risk: Joint working and partnerships involves a range of risks, for example, financial, legal, and contractual and governance risks. As a Council we need to make an assessment of the Partnership arrangement from which risk can be identified, assessed and managed as Partnerships operate within their own a defined decision making framework which does not necessarily accord with the Council's own Contract Standing Orders and Financial Regulations. Therefore there is a need for a greater understanding of their governance arrangements.

2. OBJECTIVES

The objectives of risk management are to:

- Preserve and protect the Council's assets
- Ensure strong corporate governance by integrating risk management and internal control.
- Improve business performance
- Protect and improve quality of service
- Ensure a risk aware culture in order to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the organisation.
- Protect staff, contractors, and members of the public and improve their well-being

3. SCOPE

Risk management is required for all of the Council's operations, projects and partnerships.

The consideration of risks must be expressed in all decisions made.

Informed decisions in respect of policy or service delivery can only be made if the risks involved have been identified. All relevant committee reports, business cases must illustrate the key risks involved.

4. PRINCIPLES

These principles will be applied at all levels within the Council. All managers and staff must follow the risk management principles listed below:

- Members and Senior Management will foster a culture to support well-judged decisions about risks and opportunities.
- The management of risk will be integrated within existing processes, for example service planning, performance management and project management.
- Honesty and openness will be encouraged in the reporting and escalation of risks.
- The Council will strive to continually improve the management of its risks.
- Staff will be encouraged to challenge existing processes in order to identify innovative ways to better manage key risks to the delivery of objectives.

Documentary evidence of identified risks and risk management will be maintained via the use of corporate risk software, in order to support assurance and to inform the evaluation of risk management. The Council will maintain both a strategic risk register (SRR), overseen by Strategic Management Board as well as individual Service based operational risk registers (ORR), overseen by the respective Head of Service to ensure that:

- Risk registers will be kept under continuous review, to determine what, if any, risks and opportunities have "dropped off" and no longer apply and, more importantly, to identify new risks which have manifested themselves.
- Clear roles will be agreed relating to the accountability, management, escalation and communication of key risks.

5. SCORING RISK

The scoring matrix on the following page is used to define the severity of individual risks relative to the **impact** and **probability** (likelihood) score, with low risks (green) scoring between 2 – 5, medium risks (blue) 6-10 and high risks (red) ranging from 12 – 25.

When determining the impact of a risk the following three **impact categories** are also given consideration, although not all may be applicable for some risks:

- Financial cost
- Disruption to services
- Reputation

The scoring matrix is used to undertake the initial risk scoring exercise, which is then refined as part of the compilation of individual risk registers which reflect the application of internal controls and mitigating actions, all of which seek to reduce the level of risk exposure.

Risk Score Matrix

					Probability				
					1 Rare	2 Possible	3 Likely	4 Very Likely	5 Almost Certain
					10% Remote	30% Unlikely to happen	50% May happen	70% Likely to occur	90% Certain to occur
Impact	5 Very High	Over £500,000	Five or more days Death(s)	Adverse / persistent national and local publicity Removal of powers Officers / Members resign	Score: 5	Score: 10	Score: 15	Score: 20	Score: 25
	4 High	£250,000 - £499,999	Four days Serious injury or illness	Adverse and persistent national publicity Major and persistent adverse local publicity Audit intervention	Score: 4	Score: 8	Score: 12	Score: 16	Score: 20
	3 Medium	£100,000 - £249,999	Three days	Adverse national publicity Major and persistent adverse local publicity	Score: 3	Score: 6	Score: 9	Score: 12	Score: 15
	2 Low	£25,000 - £99,999	Two days	Adverse local publicity Multiple complaints	Score: 2	Score: 4	Score: 6	Score: 8	Score: 10
	1 Very Low	Under £25,000	Minor - up to a day	Contained within service Individual complaints No press interest	Score: 1	Score: 2	Score: 3	Score: 4	Score: 5

RISK APPETITE

Risk is unavoidable and the Council does take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is also known as **risk appetite**. Risk appetite indicates the organisation's tolerance for exposure to risk.

Our approach to risk taking will be dependent upon the nature of the risk. Particular care is needed in taking action that could:

- Impact on the reputation of the Council
- Impact on performance
- Results in censure/fines by regulatory bodies
- Results in financial loss

However, in other areas we support a measured approach to risk taking against a background of encouraging innovation where there is a good chance that significant business or financial benefits will result.

6. ROLES AND RESPONSIBILITIES

Everyone has a responsibility for managing risk. All Members and Officers have a responsibility for maintaining good internal control and managing risk in order to achieve corporate, service, team and individual objectives as set out in our service plans and ambitions in our Corporate Plan.

Specific **responsibilities** and **accountabilities** are also required of the following individuals and groups:

Cabinet, Cabinet Members and Committee Chairman to have an understanding of the processes involved in the management of risk and that due consideration is given to applying this knowledge so as to ensure informed decisions are made at Cabinet and Committee level. To enable this, they should be cognisant of the following:

- Officers are responsible for developing and maintaining an effective framework for risk management.
- Officers are challenged to ensure risk is considered and documented in all reports to ensure informed decision making.
- Risk is formally considered at the start of major projects and re-evaluated throughout the life of the project.
- Officers are required to report significant risks on a regular basis

Audit Committee (with recommendations to full Council and Cabinet as appropriate)

- Approving and reviewing the Council's framework for Corporate Governance
- Approving and reviewing the policies and overall process for identifying and assessing business risks and assessing their impact on the Council
- Reviewing and making recommendations to Cabinet as regards the effectiveness of the arrangements in place for the periodic review of the Strategic Risk Register.

- Regularly reviewing the assurance reports from Strategic Management Board, Head of Finance and Commercial, Internal Audit and Risk Management, External Audit and others on the operational effectiveness of matters related to risk and control.
- Reviewing the timeliness of the corrective action taken by management
- Approving and reviewing the Council's Annual Governance Statement

Chief Executive and Corporate Director

- Implement and keep under review the Council's approach and Policy for the management of risk
- Overall accountability for securing adherence to the Council's Risk Management Policy.
- Affirm and support the work of risk management throughout the Council, which contributes towards the Council's Annual Governance Statement
- Take ownership for the management and monitoring of the Council's Strategic Risk Register.
- Regularly report significant risks to Cabinet Members and/or the Audit Committee.

Heads of Service

- Effectively embedding risk management in their service area(s)
- Setting a clear leadership example, and promote a high degree of risk management awareness
- Taking an active role in the identification, analysis, profiling and management of risk and escalating any potential strategic risks to their Director and Strategic Management Board for consideration.
- Ensuring that the details of risks which they are personally accountable for are documented, kept up to date and reviewed in line with the Council's risk appetite.
- Ensuring that the risk management process is an explicit part of all major projects and change initiatives and of all partnerships
- Escalating significant risks to Strategic Management Board via the use of corporate risk software and the appropriate Cabinet Member(s) via formal and informal mechanisms.
- Having up to date Business Continuity Plans (BCP)

Service Managers

- Effectively managing risk in their service area
- Ensuring that details of risks which they are personally responsible for are documented, kept up to date and reviewed in line with the Council's risk appetite.
- Escalating risks to Head of Service as appropriate via the corporate risk software.
- Maintaining an awareness of risks and feed this into risk identification process
- Recommending staff who require risk management training
- Ensuring that any committee reports, business cases contain a comprehensive risk assessment as appropriate

All Staff

- Identifying risks surrounding their everyday work processes and working environment
- Reporting risks to Line Management.

- Maintaining control mechanisms as part of the responsibility for achieving agreed objectives
- Demonstrating awareness of risk and risk management
- Participating in risk management training and applying it as appropriate.

Risk Management

- Bringing together analysis of risk across the organisation to identify potential scenarios that may impact the achievement of the organisation's objectives
- Escalating high level risk and issues to the Strategic Management Board as and when they arise
- Ensuring risk management actions arising from corporate assessments are implemented.
- Providing risk management training, advice and support to Members and Officers.

Insurance Team

- Managing the Council's insurance portfolio to make sure insurable risks are cost effectively managed.
- Providing periodic reports to SMB as regards the Councils claims history.

Internal Audit

- Providing assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance
- Reporting on the control environment
- Drawing up a strategic and annual audit plan that is based on a reasonable evaluation of risk.

Health and Safety Well Being Group

- Producing detailed plans to achieve Health and Safety objectives
- Establishing standards for planning and implementing, measuring performance, auditing and periodic status reviews of Health and Safety policy
- Keeping up-to-date with Health and Safety legislation, standards, best practice, and performance
- Seeking specialist Health and Safety advice, as necessary, to ensure efficient and effective use of resources for Health and Safety management
- Ensuring participation and involvement of workers.

Corporate Policy Team and Environmental Services Team

- Complying with the requirements of the Civil Contingency Act 2004
- Co-ordination of the development and validation of WDC's Emergency Planning and Business Continuity arrangements.

Senior Information Risk Officer (SIRO)

- Responsible for managing information risk from a business, not technical, perspective.
- Overseeing the risks to the Council regarding Information Governance and to make appropriate recommendations and/or decisions to mitigate these risks. The SIRO is supported in their role by Information Asset Owners who have assigned responsibility for the information assets of the Council.
- The Chief Executive has delegated the Head of Democratic, Policy and Legal Services as the Council's SIRO.

Katrina Wood	
Leader of the Council	
Date of signature	

Karen Satterford	
Chief Executive	
Date of signature	

Version 1.00

Location: Wycopedia – Internal Audit and Risk Management.

Agenda Item 8

Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A



WYCOMBE
DISTRICT COUNCIL

AGENDA ITEM:

SUMMARY

Title of Report:	Audit Committee Annual Report – Draft
Officer Contact: Direct Dial: Email:	Michael Howard 01494 421357 Mike.Howard@wycombe.gov.uk
Ward(s) affected:	ALL
Reason for the Decision:	To comply with CIPFA guidance. Contained within the CIPFA Audit Committee Practical Guidance for Local Authorities and Police 2013 Edition is a recommendation of good practice to publish an Annual report reflecting the work of the Audit Committee.
Proposed Decision/Recommendation:	That: The draft 2018 Annual report for the Audit Committee is agreed.
Sustainable Community Strategy/Council Priorities - Implications	Risk: Not applicable Equalities: Not applicable Health & Safety: Not applicable
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: No specific Monitoring Officer comments. Section 151 Officer: No specific Section 151 Officer comments.
Consultees:	None

Options:	None.
Next Steps:	None
Background Papers:	2017 Annual Report
Abbreviations:	CIPFA – Chartered Institute of Public Finance and Accountancy

Appendices to this report are as follows:

None, contained in main report



WYCOMBE DISTRICT COUNCIL ANNUAL AUDIT COMMITTEE REPORT 2018

Date: December 2018
Version: 1.0
Author: Michael Howard: Business Assurance Manager

Introduction by the Chair of the Audit Committee.

I am pleased to present the Annual Report of the Audit Committee which describes the Committee's work and its achievements.

The Annual Report helps to demonstrate to the various stakeholders in the district of the vital role that is carried out by the Audit Committee and the contribution that it makes to the Council's governance arrangements.

To provide ongoing assurance over the Council's internal controls and systems the Committee is attended by the Council's in house Business Assurance Manager.

Similarly, representatives from Ernst Young, the Councils External Auditor attend and report upon the Councils financial statements and value for money arrangements.

Looking forward to 2019/20, the Audit Committee will continue to provide robust oversight of Council's spending and value for money.

Whilst there is a cyclical work plan, the Committee is able to seek assurance from Management that any emerging areas of risk are being properly managed and controlled.

I would like to thank all Members who have served on the Audit Committee during the year and those officers who have supported the work of the Committee in presenting and discussing reports.



Councillor Mike Appleyard

Chairman of the Audit Committee

1 Audit Committee responsibilities.

1.1 The Audit Committee is responsible for:

- Liaison with the Council's external auditors
- Reviewing and discussing the annual financial statements, external audit reports and external auditor's annual management letter prior to consideration by Cabinet and full Council.
- Corporate governance
- Internal audit
- Risk Management
- Counter Fraud
- Maintaining an overview of Health and Safety in the Council's capacity as employer or regulator.
- Analysis of key performance indicators and identification of actions required.

The Councils constitution details the terms of reference for the Audit Committee.

1.2 To ensure that the Audit Committee is able to deliver against the responsibilities outlined above, a work programme is prepared and this forms the basis of the meetings that are held throughout the year.

1.3 Attached at Appendix A is a brief outline of the meetings that have been held and the items that were covered. The planned agenda is supplemented by reports where the Committee has requested additional information or assurance from Management.

1.4 Taking the year as whole, the Audit Committee has been successful in:

- ❖ Maintaining an overview of internal control and governance
- ❖ Focussing attention on services where there are internal control or performance issues.
- ❖ Maintaining an overview of the Council's finances and receives reports from the Councils External Auditors, EY, based on their annual cycle of external audit work. We are pleased to record that the Council received an Unqualified Audit Opinion for the 2017/18 Accounts.
- ❖ Maintaining an overview of the Councils Health and Safety arrangements.
- ❖ Undertook a review of Service Performance for Quarters 1 (April – June 2016 and Quarter 2 (July – September 2016).

1.5 Attached at Appendix B is a brief outline of the work programme for the Audit Committee up to 2019. Audit Committee members may also request reports or ask for the details of any follow up action on a specific area of concern.

1.6 All agenda and minutes from the Audit Committee meetings are available on the Councils website: www.wycombe.gov.uk

2. Audit Committee Membership

2.1 The Membership of the Audit Committee is made up 8 Councillors: 7 Conservatives and 1 Labour and 4 standing deputies: 3 Conservatives and 1 Labour.

4 Further information:

If you have any comments or questions arising from this report or would like to know more about the work of the Audit Committee, please contact

Iram Malik - Senior Democratic Services Officer

Email: Iram.Malik@wycombe.gov.uk DDI: 01494 421204

APPENDIX A - WORK UNDERTAKEN BY THE AUDIT COMMITTEE JANUARY 2018 - NOVEMBER 2018.

Thursday 25th January 2018

Items covered:

- Annual Review of the Risk Management Policy
- Audit Committee Annual Report – Draft
- Treasury Management Strategy 2018/19
- EY Certification of Grants Claim
- EY Annual Audit Plan
- Audit Committee Work Programme

Thursday 31st May 2018

Items covered:

- 2017/18 Service Performance Annual Report
- Health & Safety Annual Report 2017/18 & Work Programme
- EY Audit Progress Report
- EY Annual Fee Letter 2018/19
- Annual Review of the Audit Committee Terms of Reference
- Proposed Internal Audit Programme 2018-19
- Annual review of the Anti- Fraud & Corruption Policy
- Business Assurance Managers Annual Report (including Local Code of Governance)
- Draft Annual Governance Statement
- Audit Committee Work Programme

Information Sheet:

02-2018 Regulation of Investigatory Powers (RIPA) Annual Report

Thursday 26th July 2018**Items covered:**

- WDC Emergency Plan/Procedure (arising from Strategic Risk Register review)
- Housing Benefit Subsidy Audit – Appointment of Independent Reporting Accountant.
- Treasury Management Annual Report Cabinet Report
- External Auditor's Audit ISA 260 Audit Results Report
- Approval of 2017/18 Statement of Accounts.
- Higginson Park Trust Annual Report and Accounts for 2017/18
- Audit Committee Work Programme

Information sheet:

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

Thursday 1st November 2018**Items covered:**

- Business Assurance Manager's Half-Yearly Report
- Update on the Actions from the Annual Assurance Statement and Local Code of Governance.
- Update on the Strategic Risk Register.
- Treasury Management Mid-Year Report 2018/19
- Approval of the Higginson Part Trust Charity Annual Report 2017/18.
- Audit Committee Work Programme

PRESENTATIONS

There were no presentations made to the Audit Committee during the reporting period.

APPENDIX B – 2019 FORWARD WORK PROGRAMME

January 2019

Items to be covered:

Draft Audit Committee Annual Report
Annual Review of the Risk Management Policy
Ernst & Young Annual Audit Plan
Certification of Grants and Claims Annual Report
Strategic Risk Register - Quarter 3 Monitoring Report
Audit Committee Work Programme

June 2019

Items to be covered:

Proposed Internal Audit Programme 2019/20
Health & Safety Annual Report 2017/18 and Work Programme 2019/20
Draft Annual Governance Statement
EY Audit Progress Report
Audit Committee Work Programme

Information Sheet:

Regulation of Investigatory Powers Act Annual Report

July 2019

Items to be covered:

External Audit- ISA 260 Audit Results Report
Approval of the Statement of Accounts 2018/19
Higginson Park Trust Annual Report and Accounts for 2018/19
Treasury Management Annual Report 2018/19 Cabinet Report
Audit Committee Work Programme

November 2019

Items to be covered

Business Assurance Managers Half Yearly Report
Update on the Actions from the Annual Assurance Statement and Local Code of Governance.
Treasury Management Mid-Year Report 2018/19
Health & Safety Mid-Year Progress Report
Audit Committee Work Programme.



Agenda Item 10

AGENDA ITEM:



Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	Choose a reason

SUMMARY

Title of Report:	Audit Committee Terms of Reference
Officer Contact: Direct Dial: Email:	Michael Howard 01494 421357 Mike.howard@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	<p>The attached terms of reference, Appendix A, details the subject areas that are reserved to both Council and the Audit Committee.</p> <p>In line with recommended best practice an annual review has been undertaken by the Business Assurance Manager and a range of amendments are detailed below:</p> <p>Section 2 - Frequency of Meetings – has been revised to include the post of the Chief Executive along with the Corporate Director.</p> <p>Section 4 - Duties of External Audit – has been revised to reflect the planned roles of External Audit in 1) review of the Councils Financial Statements and 2) as the Independent Reporting Accountant for the Housing Benefit Subsidy Audit.</p> <p>Section 6 - Corporate Governance - reflects the latest CIPFA standard as regards establishing its corporate governance framework.</p> <p>Treasury Management – reflects the revision to transfer the responsibility for the approval of the Councils Treasury Management Strategy to Council under their reserved duty with the Audit Committee retaining the responsibility for the effective scrutiny of the Councils treasury management strategy and polices as a reserved duty of the Audit Committee.</p>

Proposed Recommendation to Council:	That the Terms of Reference, as attached at Appendix 1, for the Audit Committee are Approved and the Councils Constitution amended accordingly.
Sustainable Community Strategy/Council Priorities - Implications	Risk: None Equalities: None Health & Safety: None
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: No specific Monitoring Officer comments. S.151 Officer: No specific Section 151 Officer comments.
Consultees:	N/A
Options:	None
Next Steps:	Council decision
Background Papers:	Constitution
Abbreviations:	None.

Appendix A

Subject	Reserved to Council	Reserved to Committee
1. Membership and attendance at meetings	(a) Appointment of Members in accordance with Standing Orders. (b) Appointment for a period not exceeding 2 years of one external co-optee, ideally Finance Director from another large public organisation such as Bucks College or Bucks NHS Trust. This co-optee will not have voting rights.	
2. Frequency of meetings		Meetings shall be held not less than four times a year or more frequently as circumstances require. The External Auditors, the Head of Finance & Commercial and the Business Assurance Manager may request a meeting with the Committee or its Chairman if they consider that one is necessary, at least once a year, without the presence of the Chief Executive or the Corporate Director, the Committee shall meet respectively with the external auditors and with the Head of Finance and Commercial.
3. Authority		<ol style="list-style-type: none"> 1. Investigation of any activity within its terms of reference; 2. Seeking any information that it requires from any employee; and 3. Obtaining outside legal or other independent professional advice.

Subject	Reserved to Council	Reserved to Committee
4. Duties External Audit		<p>ANNUAL REVIEW OF THE COUNCIL’S FINANCIAL STATEMENTS</p> <ol style="list-style-type: none"> 1. Discussing with the external auditors the nature and scope of the audit. 2. Reviewing and considering the results of the external audit, its cost effectiveness and the audit fee. 3. Considering communications from the external auditors on audit planning and findings and on material weaknesses in accounting and internal control systems that came to the auditors' attention. 4. Reviewing and discussing with management and auditors the annual financial statements before submission to the Cabinet and Full Council focusing particularly on: i) the quality and acceptability of accounting policies and practices and financial reporting disclosures; ii) areas involving significant judgement estimation or uncertainty; iii) compliance with financial reporting standards and relevant governance reporting requirements; iv) material misstatements detected by the auditors that individually or in aggregate have not been corrected and management's explanations as to why they have not adjusted; v) the basis for the going- concern assumption. 5. Discussing any difficulties, reservations or matters arising from the external auditors' audits (in the absence of officers where necessary). 6. Reviewing the external auditor's management letter and officers' response's. <p><u>INDEPENDENT REPORTING ACCOUNTANT FOR THE REVIEW OF THE HOUSING BENEFIT SUBSIDY AUDIT</u></p> <ol style="list-style-type: none"> 7. Reviewing and considering the results of the external audit of the Housing Benefit Subsidy (in line with the Department for Works and Pensions guidance) and its cost effectiveness and the audit fee.

Subject	Reserved to Council	Reserved to Committee
5. Values of Good Governance		<p>Knowledge of the Seven Principles of Public Life.</p> <p>Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff.</p> <p>Knowledge of the whistleblowing arrangements in the authority.</p>
6. Corporate Governance		<p>Reviewing the Council's framework for Corporate Governance and its compliance with Delivering Good Governance in Local Government Framework 2016.</p>

Good governance means: A) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. B) Ensuring openness and comprehensive stakeholder engagement. C) Defining outcomes in terms of sustainable economic, social and environmental benefits. D) Determining the interventions necessary to optimise the achievement of the intended outcomes. E) Developing the entity's capacity, including the capability of leadership and the individuals within it. F) Managing risks and performance through robust internal control and strong public financial management. G) Implementing good practices in transparency, reporting and audit to deliver effective accountability

Subject	Reserved to Council	Reserved to Committee
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Subject	Reserved to Council	Reserved to Committee
Internal Audit		<ol style="list-style-type: none"> 1. Considering any necessary disclosure implications of the process that has been applied by the Cabinet to deal with material internal control or risk management aspects of any significant problems disclosed in the annual reports and accounts. 2. Reviewing and discussing with the Head of Finance and Commercial the scope of work of the internal audit and risk management function, its plans, the issues identified as a result of its work and how management is addressing these issues. 3. Ensuring that the function is adequately resourced and has appropriate authority and standing within the authority. 4. Reviewing Co-ordination between the internal and external auditors and Risk Management Service. 5. Periodically review compliance with Public Sector Internal Audit standards which outlines the remit for an effective Internal Audit service. 6. Considering the major findings of any relevant risk assessments, internal investigations into control weaknesses, fraud or misconduct and management's response (in the absence of management where necessary). 7. Considering the objectives of non-financial audits or consultancy work on internal controls or risk management provided by external review agencies. Also to review the remuneration for this work and ensure there are no conflicts of interest within the organisation or with the external auditors. 8. Considering the objectives and scope of any additional work undertaken by the internal auditors to ensure there are no conflicts of interest and the independence not comprised.

Subject	Reserved to Council	Reserved to Committee
		<ol style="list-style-type: none"> 9. Considering the disclosure about the role of the Audit Committee included in the annual report. 10. Considering other topics such as the Council's policies for preventing or detecting fraud, its Code of Conduct/ ethics and the policies that the Council complies with relevant regulatory and legal requirements and in particular overseeing the work of the corporate fraud service and considering policy changes thereto. 11. Consider the annual internal audit opinion and report which provides an overall opinion on the adequacy and effectiveness of the Council's framework and governance, risk management and control.
Risk Management Page 89		<ol style="list-style-type: none"> 1. Understanding of the principles of risk management, including linkage to good governance and decision making. 2. Knowledge of the risk management policy and strategy of the organisation. 3. Understanding of risk governance arrangements, including the role of Members and of the Audit Committee.
Counter Fraud		<ol style="list-style-type: none"> 1. An understanding of the main areas of fraud risk the organisation is exposed to. 2. Knowledge of the principles of good fraud risk management practice (with reference to CIPFA's Managing the Risk of Fraud and Corruption). 3. Knowledge of the organisation's arrangements for tackling fraud.
Health and Safety	Approval of changes on recommendation of Regulatory and Appeals Committee	Maintaining an overview of the Council's framework for Health and Safety in its capacity as employer or regulator for consideration by Cabinet or Regulatory and Appeals Committee as appropriate.

Subject	Reserved to Council	Reserved to Committee
Terms of Reference	Approval of changes	Reviewing and updating its own terms of reference and at appropriate intervals, evaluating its own performance against its terms of reference and best practice.
Statement of Accounts		Approval of the Authority's Statement of Accounts, income and expenditure and balance sheet or record of receipts and payments (as the case may be).
Treasury Management	Approval of the Council's Treasury Management Strategy.	Ensuring effective scrutiny of the Council's treasury management strategy and policies.
Key Performance Indicators		Analysing of Key Performance Indicators and Identification of Actions Required.

Agenda Item 11

Wycombe District Council

DRAFT AUDIT COMMITTEE WORKPLAN

Work Programme – May 2019 – July 2019

Title & Subject Matter	Contact Officer	Training
30 May 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>	Health & Safety Manager	
<p>Draft Annual Governance Statement To consider the draft Annual Governance Statement for 2019/20</p>	Business Assurance Manager	
<p>EY Audit Progress Report To consider the Council's external auditors progress report.</p>	Chief Accountant	
<p>2018/19 Q4 and End of Year Performance Report Report providing information on specific performance indications from January to March 2019.</p>	Policy and Improvement Officer	
25 July 2019		
<p>External Auditor's ISA 260 Audit Result Report 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 Report to approve the 2018/19 Statement of Accounts</p>	Chief Accountant	
<p>Higginson Park Trust Annual Report and Accounts for 2018/19 To consider the Higginson Park accounts for recommendation to Council</p>	Chief Accountant	

Title & Subject Matter	Contact Officer	Training
<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	



Report For:	Audit Committee
Meeting Date:	Audit 31 January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A

SUMMARY

Title of Report:	2018/19 Q3 Performance Outturn
Officer Contact: Direct Dial: Email:	Harriet Baldwin 01494 421888 Harriet.baldwin@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	<p>That the Audit Committee should review performance to ensure that the Council is performing at the appropriate level</p> <p>Corporate business planning and monitoring contributes to the discharge of the Council's functions as authorised by Section 111 of the Local Government Act 1972.</p>

<p>Proposed Decision:</p>	<p>That:</p> <p>The Audit Committee note the 2018/19 Quarter 3 outturn for the Council's 12 corporate performance measures, in particular that all of the performance measures where targets were set either exceeded the target or met the target (within +/- 5%).</p>
<p>Sustainable Community Strategy/Council Priorities - Implications</p>	<p>Performance measures provide information with regard to the achievement of key objectives and support the Council's priorities as set out in the Corporate Plan</p> <p>Risk is assessed alongside performance management measures but reported separately</p> <p>Equalities issues are considered by each service area in the planning and delivery of their services</p> <p>Health & Safety: N/A</p>
<p>Monitoring Officer/ S.151 Officer Comments</p>	<p>Monitoring Officer: Relevant legal issues are outlined in the report.</p> <p>S.151 Officer: No direct financial implication</p>
<p>Consultees:</p>	<p>N/A</p>
<p>Options:</p>	<p>N/A</p>
<p>Next Steps:</p>	<p>Audit Committee will receive the Quarter 4 performance and the annual outturn report 2018/19 after the 31 March 2019 year end at the next meeting.</p>
<p>Background Papers:</p>	<p>N/A</p>

Abbreviations:

MHCLG: Ministry of Housing, Communities & Local Government
CSC: Customer Service Centre

Appendices to this report are as follows:

Appendix 1: 12 Corporate performance measures

1. Detailed Report

Background

Regular monitoring of performance enables areas of under performance to be identified and rectified in “real time”.

The quality of the data is monitored regularly to ensure that it is fit for purpose for decision making and complies with the characteristics of good data quality as set out by the Audit Commission and embedded within the Council’s performance management framework and data quality policy.

Corporate Performance Measures




The Council’s Corporate Plan sets out 4 priorities: Place, People, Prosperity and Progress. The performance management framework identifies key performance measures to report on progress in service delivery against these priorities. The Council corporately reports 12 performance measures quarterly from Community, Environment and Housing, HR, ICT and Shared Support Services and Planning and Sustainability, as part of 42 performance measures drawn from across all of the service areas.

The 2018/19 quarter 3 outturn report set out in Appendix 1 reports on the 12 corporate measures. These are high level performance measures selected to give an overview of performance and so provide an indication of performance and direction of travel.

The performance measures are assessed as to whether they are exceeding the target, meeting the target (within +/- 5%); more than 5% away from the target, or data only.

For quarter 3 2018/19 all of the corporate measures either exceed the target or meet the target (within +/- 5%). None of the corporate measures are more than 5% away from target.

The following symbols are used to indicate performance.

Performance Symbol Key	
	Measure has exceeded target by more than 5%
	Measure is within +/- 5% of target
	Measures is more than 5% away from target
n/a	Measure has no target set as used for data collection only

For 2018/19, due to changes in staff, it was not possible to bring the planned regular reports to the Committees for Quarters 1 and 2 although performance measurement and monitoring continued within the services. The report at Appendix 1 sets out the performance in the year to date for the corporate measures.

2019/2020 Performance reporting

For 2019/20 the intention is to retain the current performance measures for consistency and to be able to provide baseline data going forward, with some minor changes where legislation has changed, necessitating changes in reporting (for example the Homelessness Reduction Act 2018).

Quarter 3 2018-19 October - December 2018 Key Performance Measures

Community Portfolio		2017/18 Actual	2018/19 Targets	Q1	Q2	Q3	Q4	Annual Year to date		Snapshot* *Q1 2016/17 to present
Code	Measure							Actual	Alert	
CS001a	Number of users of Wycombe Leisure Centre	690,459	Data Only	164,088	161,371	154,846		480,305	Data Only	
Comment:	There are no major operational issues or closure of facilities to report on.									
CS002	Number of visits to Wycombe Museum	75,435	Data Only	21,697	22,336			44,033	Data Only	
Comment:	The numbers of visitors to the Museum continues to increase. An update on Q3 numbers will be provided as soon as it is available.									

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Environment Portfolio		2017/18 Actual	2018/19 Targets	Q1	Q2	Q3	Q4	Annual		Snapshot* *Q1 2016/17 to present
Code	Measure							Actual	Alert	
NI192 (JWS5)	% of household waste reused, recycled and composted	52.8%	52.8%	56.9%	52.1%	57.1%				
Comment:	Q3 reflects seasonal variations									



Measures have exceeded target by more than 5%







Measures have met or are within +/- 5% of target



Measures are more than 5% away from target

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Quarter 3 2018-19 October - December 2018 Key Performance Measures

Environment Portfolio		2017/18 Actual	2018/19 Targets	Q1	Q2	Q3	Q4	Actual		Snapshot* *Q1 2016/17 to present
Code	Measure							Actual	Alert	
BV082ai (JWS1)	% of household waste recycled	24.3%	25.2%	21.4%	24.1%	25.9%				
BV082aii (JWS3)	Tonnage of household waste recycled	23,558	23,558	5,765.78	5,586.78	6,051.65				
Comment:	There is an upward trend in household waste being recycled									
BV082bi (JWS2)	% of household waste composted	28.4%	28.4%	35.41%	27.95%	25.7%				
BV082bii (JWS4)	Tonnage of household waste composted	27,525	27,525	9,523.04	6,478.43	5,998.70				
Comment:	Q3 figures are reflective of the season									

Housing Portfolio	2017/18	2018/19	Q1	Q2	Q3	Q4	Annual	Snapshot*
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Measures have exceeded target by more than 5%

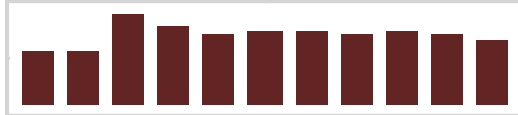


Measures have met or are within +/- 5% of target



Measures are more than 5% away from target

Quarter 3 2018-19 October - December 2018 Key Performance Measures

Code	Measure	Actual	Targets					Actual	Alert	*Q1 2016/17 to present
ES006	Number of households in temporary accommodation (TA)	79	79	80*	74	80			N/A	
	Bed and Breakfast (family units)			9 (4)	5 (1)	10 (2)				
	Saunderton Lodge			29	28	24				
	Registered Provider			39	35	39				
	WDC retained properties			2	6	7				
Comment:	Please note that the Q1 figure included 1 household in a Women's Refuge									
ES009	Percentage of people who approach WDC prevented from becoming homeless.	46%							N/A	New PI from 2017/18
	Number of people prevented from becoming homeless									
	Total number of approaches made to the housing team			288	299	313				
Comment:	Due to the introduction of the Homeless Reduction Act in 2018 there has been a major change in how we work. The Ministry for Communities and Local Government have introduced a new reporting mechanism and due to timescales IT has not been fully implemented to collect the data. MCHLG due to the problems with data reporting have advised that data is not accurate and this first year all data will be experimental. Only the number of approaches are therefore reported for this year.									

HR, ICT and Customer Services Portfolio	2017/18 Actual	2018/19 Targets	Q1	Q2	Q3	Q4	Year to date	Snapshot* *Q1 2015/16 to present
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Measures have exceeded target by more than 5%


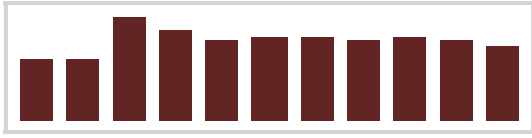

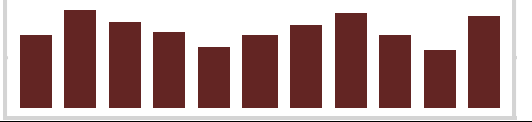


Measures have met or are within +/- 5% of target



Measures are more than 5% away from target

Quarter 3 2018-19 October - December 2018 Key Performance Measures

Code	Measure			Actual	Actual	Actual	Actual	Actual	Alert	
BV12	Sickness Absence	6.8	6.8	6.97	6.8	6.32		6.32		
Comment:	The sickness percentage for the year to date 31st December 2018 is 2.77%. The average number of days sick per officer is 6.32 days. The Council's sickness absence rates continue to be low compared to others in the sector. According to the Local Government Workforce Survey, the average number of days sick per employee in local government is 8.8 days.									
HR002 Page 100	% of all calls to CSC abandoned	3.6%	5%	3.3%	2.6%	4.2%				
	Number of calls abandoned	5,985		1,349	1,001	1,461				
	Total number of calls	168,439		40,886	38,052	34,797				
Comment:	The reduced performance in Q3 in relation to abandoned calls is as a result of a sporadic telephone system problem impacting call delivery in the first week of December. Performance improved following the resolution of this issue but with the lower volumes experienced over Christmas and New Year it was difficult to bring it back in line. In addition a significant level of sickness absence impacted performance on 21st December.									



Measures have exceeded target by more than 5%


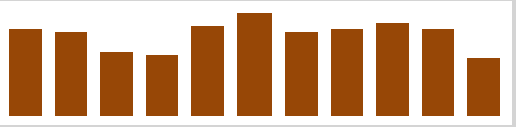


Measures have met or are within +/- 5% of target



Measures are more than 5% away from target

Quarter 3 2018-19 October - December 2018 Key Performance Measures

Planning Portfolio		2017/18 Actual	2018/19 Targets	Q1	Q2	Q3	Q4	Year to date		Snapshot* *Q1 2015/16 to present
Code	Measure			Actual	Actual	Actual	Actual	Actual	Alert	
NI157a	% of major applications determined in 13 weeks	85%	60%	92%	83%	57%		81%		
	Determined in 13 weeks	45		12	10	4		26		
	Number determined	53		13	12	7		32		
Comment:	The Government minimum set target for this measure is 60%.									



Measures have exceeded target by more than 5%



Measures have met or are within +/- 5% of target



Measures are more than 5% away from target