



TO COUNCILLOR:

E R Barr
L A Bentley
G A Boulter
J W Boyce
Mrs L M Broadley

F S Broadley
M L Darr
B Dave
R F Eaton
D A Gamble (Vice-Chair)

J Kaufman
Mrs L Kaufman
Dr T K Khong
Mrs S B Morris (Chair)
R E R Morris

Dear Sir or Madam

I hereby **SUMMON** you to attend a meeting of the **POLICY, FINANCE AND DEVELOPMENT COMMITTEE** to be held at the **COUNCIL OFFICES, STATION ROAD, WIGSTON** on **TUESDAY, 17 JULY 2018** at **7.00 PM** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices
Wigston
09 July 2018

Mrs Anne E Court
Chief Executive (Interim)

<u>ITEM NO.</u>	<u>AGENDA</u>	<u>PAGE NO'S</u>
1.	Apologies for Absence	
2.	Appointment of Substitutes	
	To appoint substitute Members in accordance with Rule 4 of Part 4 of the Constitution.	
3.	Declarations of Interest	
	Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.	
4.	Minutes of the Previous Meeting held on 01 May 2018	1 - 7
	To read, confirm and sign the minutes of the previous meeting in accordance with Rule 17 of Part 4 of the Constitution.	
5.	Action List Arising from the Meeting held on 01 May 2018	8 - 9
	To read, confirm and note the Action List arising from the previous meeting.	
6.	Petitions and Deputations	
	To receive any Petitions and, or, Deputations in accordance with Rule 24 of Part	



4 of the Constitution.

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|---|----------------|
| 7. Medium Term Financial Strategy Update | 10 - 15 |
| Report of the Director of Finance & Transformation / Section 151 Officer | |
| 8. Annual Internal Audit Report (2017/18) | 16 - 30 |
| Report of the Director of Finance & Transformation / Section 151 Officer | |
| 9. Statement of Accounts and Annual External Audit ISA 260 Governance Report (2017/18) | 31 - 33 |
| Report of the Director of Finance & Transformation / Section 151 Officer | |
| 10. Provisional Council Outturn (2017/18) | 34 - 39 |
| Report of the Head of Finance, Revenues and Benefits | |
| 11. Provisional Committee Outturn (2017/18) | 40 - 43 |
| Report of the Head of Finance, Revenues and Benefits | |
| 12. Collection and Write-Off of Miscellaneous Debtors (Q4 2017/18) | 44 - 47 |
| Report of the Head of Finance, Revenues and Benefits | |

For more information, please contact:

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Agenda Item 4

**MINUTES OF THE MEETING OF THE POLICY, FINANCE AND DEVELOPMENT COMMITTEE
HELD AT THE WALTER CHARLES CENTRE, WIGSTON ROAD, OADBY ON TUESDAY, 1 MAY
2018 COMMENCING AT 7.00 PM**

PRESENT

Councillor D A Gamble (Chair)
Councillor Mrs L Kaufman (Vice Chair)

COUNCILLORS

L A Bentley
G A Boulter
M L Darr
R F Eaton
D A Gamble
J Kaufman
Dr T K Khong

OFFICERS IN ATTENDANCE

S J Ball (Senior Democratic Services Officer / Legal Officer)
D M Gill (Head of Law & Governance / Monitoring Officer)
Mrs J Griffith (Head of Customer Service & Business Transformation)
S Hinds (Director of Finance & Transformation / Section 151 Officer)
Ms K Pollard (Head of People & Performance)
C Raymakers (Head of Finance, Revenues and Benefits)

OTHERS IN ATTENDANCE

T Crawley (External Auditor, KPMG Director)
S Gill (External Auditor, KPMG Manager)

63. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillors E R Barr, J W Boyce, B Dave, Mrs S B Morris and R E R Morris.

64. APPOINTMENT OF SUBSTITUTES

It was moved by Councillor G A Boulter, seconded by Councillor J Kaufman and

UNANIMOUSLY RESOLVED THAT:

Councillor Mrs L Kaufman assume the Vice-Chair for the duration of the meeting only.

65. DECLARATIONS OF INTEREST

None.

66. MINUTES OF THE PREVIOUS MEETING HELD ON 06 FEBRUARY 2018

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting of the Committee held on 06 February 2018 be taken as read, confirmed and signed.

67. ACTION LIST ARISING FROM THE MEETING HELD ON 06 FEBRUARY 2018

The Committee was informed that the amplified speech and visual display systems in the Council Chamber at the Council Offices had been tested and repaired where necessary (min. ref. 59). A Member raised an issue regarding the rear emergency exit from the Chamber (accessible via the Committee Room) to be investigated.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The Action List be noted by Members.

68. PETITIONS AND DEPUTATIONS

None.

69. EXTERNAL AUDIT PLAN 2017/18

The Committee gave consideration to the report and appendix (at pages 12 - 39) as jointly-delivered and summarised by the Director of Finance & Transformation / Section 151 Officer and the External Auditor, KPMG Director, Mr Tony Crawley which should be read together with these minutes as a composite document.

The Committee was advised to direct any questions they might have on the draft financial statements for 2017/18 to the Director of Finance & Transformation or the Head of Finance, Revenues and Benefits before the 31 May deadline. The Committee requested that all Members should be advised of the same and that the Chair and Vice-Chair were to be included in any questions submitted and the answers provided.

Members were reminded that in accordance International Standard on Auditing (UK&I) 260, the External Auditor was only obliged to report uncorrected omissions or misstatements other than those which deemed to be 'clearly trivial' (i.e. under £25k) to the Committee. It was added that Officers could report on any other matters which Members may request: otherwise, full particulars would be presented to Members in order for the Committee to sign-off the final accounts before 31 July.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The contents of the report and appendix be noted by Members.

70. KEY PERFORMANCE MEASURES AND REPORTING 2018/19

The Committee gave consideration to the report and appendix (at pages 40 - 61) as delivered and summarised by the Director of Finance & Transformation / Section 151 Officer which should be read together with these minutes as a composite document.

The Head of Customer Service & Business Transformation also provided Members with a verbal update regarding the Council's key objectives, performance-to-date and upcoming initiatives relating to the delivery of its frontline customer services. A copy of the verbal update is filled together with these printed minutes at Annex A.

It was raised by the Committee, and advised upon by Officers that, as part of the full customer service review, consideration would be given to the location of customer access points in each of the three town centre across the Borough, including self-service options, and means to continue to accept non-electronic forms of payment.

The Committee requested that all Council tenants should be notified about the option to pay their rent using the payment facility known as 'Allpay'.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (i) The contents of the report and appendix be noted by Members; and**
- (ii) The contents of the verbal update be noted by Members.**

71. ANNUAL REVIEW OF HEALTH AND SAFETY 2017/18

The Committee gave consideration to the report and appendices (at pages 62 - 77) as delivered and summarised by the Head of People & Performance which should be read together with these minutes as a composite document.

The Committee welcomed the report and the work undertaken by Officers. It was raised by Members, and reiterated by Officers, that it was the responsibility of all employees of the Council to undertake health and safety related risk assessment and hazard-scanning exercises and that the appropriate e-learning training had been provided to all employees to enable them to do so effectively and expediently.

It was suggested that in future reviews: that given the highest number of accidents recorded by location, a breakdown of those accidents marked 'Elsewhere' at 'Table 1: Staff Accidents via Location' (at page 67) should be provided; and that every effort ought to be made to record all "near-miss" incidents to ensure that health and safety outcomes, progress made and lessons learned can be better achieved and appraised.

An extended discussion took place concerning one particular incident in the early part of the year resulting in the closure of the zip-wire play area at Brocks Hill Country Park, Oadby. Members were assured that in the future, equipment would be checked regularly by a qualified person with any defects reported and rectified.

The Committee also requested health and safety statistics to be featured as part of the Council's leisure services contractor's annual report in respect of the Parklands Leisure Centre in Oadby and Wigston Pool and Fitness Centre in Wigston.

It was moved by the Chair, seconded by the Vice-Chair and

UNANIMOUSLY RESOLVED THAT:

- (i) The Annual Health and Safety Plan (as set out at Appendix 1) be approved; and**
- (ii) The Health and Safety Policy (as set out at Appendix 2) be approved.**

72. RESIDENT FORUM OUTTURN BUDGET POSITION AND ALLOCATION REQUESTS

The Committee gave consideration to the report and appendices (at pages 78 - 83) as delivered and summarised by the Head of Finance, Revenues and Benefits which should be read together with these minutes as a composite document.

A Member was of the opinion that the proposed siting of a litter bin on Barford Close, Wigston was problematic as the land was owned by multiple parties and that the bin itself would not be sufficient to adequately deal with the more general issue of anti-social behaviour (ASB) associated with the land adjacent. The Committee was advised that any matters of landownership would be checked prior to installation and, once the new ASB Officer was in post, any such issues would be investigated.

It was moved by Councillor G A Boulter, seconded by the Councillor R F Eaton and

UNANIMOUSLY RESOLVED THAT:

- (i) The position of the Forums' budgets be noted by Members; and**
- (ii) The requests from the Residents' Forums (as set out in the report) be approved.**

73. DIGITAL STRATEGY FOR THE LEICESTERSHIRE DISTRICTS ICT PARTNERSHIP

The Committee gave consideration to the report and appendix (at pages 84 - 88) as delivered and summarised by the Head of Customer Service & Business Transformation which should be read together with these minutes as a composite document.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The contents of the report and appendix be noted by Members.

74. THE REAL LIVING WAGE UNDER TUPE ARRANGEMENTS

The Committee gave consideration to the report (at pages 89 - 90) as delivered and summarised by the Head of People & Performance which should be read together with these minutes as a composite document.

It was reported that all previous terms and conditions of employees' employment contracts, including rates of pay, were protected under the Transfer of Undertakings (Protection of Employment) regulations (TUPE) for a period of one-year only. As such, the Committee was advised that no contractual provision could be insisted upon to protect rates of pay for an indefinite period for former Council employees.

The Committee requested that an article should be published in the Letterbox regarding the position adopted by the Council on the Real Living Wage (RLW).

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (i) The contents of the report be noted by Members; and**
- (ii) The decision about the implementation and payment of the Real Living**

Wage forming part of the Pay Policy Statement which is agreed annually be noted.

THE MEETING CLOSED AT 8.21 PM



Chair

Tuesday, 17 July 2018

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Council Offices, Station Road, Wigston, Leicestershire, LE18 2DR*

Key Performance Measures and Reporting 2018/19

Verbal Update of the Head of Customer Service & Business Transformation

One of the key objectives for the Council is the delivery of effective front line customer service that meets the needs and expectations of our residents. At our Customer Service Centre on Bell St, residents can expect to have multiple enquiries across a wide range of council services dealt with by highly skilled and customer focused officers.

From April 2017 to the end of March 2018 the Customer Service Team dealt with over 88,000 customer interactions either face to face or via our telephone lines with the majority of that demand coming through the telephone lines.

A 6 monthly survey is carried out to monitor customer satisfaction levels which are proven to be consistently high. However this is not a reason to be complacent. During 2018/19 the service area will be concentrating on a number of initiatives to drive service improvements and make our services more accessible.

Payments for Council Services

A project will be delivered to provide easy and convenient alternatives for residents to make payments for council services.

Many residents use the kiosk facility in the Customer Service Centre to pay for a wide range of regular and one off council services. To make it easier for residents to pay by cash, debit or credit card for services we are exploring the options to use 'Allpay' for which there are numerous outlets across the borough and whose opening times stretch beyond the opening times of our Customer Service Centre. Council Tenants already have the option to pay their rent using 'Allpay'.

Channel Shift

The Council launched a number of on line forms in December 2017 and a 'MyAccount' facility to allow residents to view their Council Tax and Housing Benefit and Council Tax Support records and also make it easier to use online forms by prepopulating name, address and contact details every time an online form is submitted. This has proved to be popular and in the recent garden waste take up exercise more than 51% of subscriptions were made online.

From 18 December 2017 to the end of March 2018 3,154 residents have signed up to My Account and 5531 on line forms have been completed across a wide range of Council services.

Online forms will be developed further during 18/19 to make it even easier for residents to request services and report information at a time that is convenient for them.

Customer Service Review

The Customer Service Centre on Bell St has been open for 2 ½ years and in 2018/19 a full service review will be carried out to identify potential service delivery improvements. We are continually under pressure to provide high quality value for money services. This pressure comes from central Government, our customers and others, but just as importantly it should come from us.

We will conduct a baseline assessment which tells us where we are now and we will scope what we

want to happen taking into consideration what our customers want, keeping an eye on our service standards and targets.

This will feed into an action plan to be available in November 2018 which we will aim to implement by the end of March 2019.

Agenda Item 5

POLICY, FINANCE AND DEVELOPMENT COMMITTEE

ACTION LIST

Arising from the Meeting held on Tuesday, 01 May 2018

Min. Ref.	Item of Business	*Details of Action <i>Action Due Date</i>	Responsible Officer(s)' Initials	Status / Update
67.	Action List Arising from the Meeting held on 06 February 2018	An issue regarding the rear emergency exit from the Council Chamber (accessible via the Committee Room) at the Council Offices to be investigated. <i>Due by Jun-18</i>	KP PE	Complete (See Below)
		The primary emergency exit route from the Council Chamber is via its main entrance as marked. The sliding-wall partition between the Chamber and the Committee Room remains unlocked in to order provide a secondary emergency exit route.		
69.	External Audit Plan 2017/18	All Members to be advised regarding the submission of questions on the draft financial statements for 2017/18 and for the Chair and Vice-Chair to be included in any questions submitted and the answers provided. <i>Due by May-18</i>	SH CR	Complete
70.	Key Performance Measures and Reporting 2018/19	All Council tenants to be notified about the option to pay their rent using the payment facility 'Allpay'. <i>Due by Ongoing</i>	JG AM	On Target to Complete (See Below)
		A notification to all Council tenants will be sent out as part of a "communications package" associated with and to promote the ongoing project being delivered to provide easy and convenient alternatives for residents to make payments for services.		
71.	Annual Review of Health and Safety 2017/18	Health and safety statistics to feature as part of the Council's leisure services contractor's annual report in respect of the Parklands Leisure Centre and Wigston Pool and Fitness Centre. <i>Due by Feb-19</i>	AL PE	On Target to Complete
74.	The Real Living Wage under TUPE Arrangements	An article to be published in the Letterbox regarding the position adopted by the Council on the	KP JH	Complete (See Below)

		Real Living Wage (RLW). <i>Due by Sep-18</i>		
		An article is to be featured as part of the Summer 2018 edition.		

* | All actions listed are those which are informally raised by Members during the course of debate upon a given item of business which do not form part of - but may be additional, incidental or ancillary to - any motion(s) carried. These actions are for the attention of the responsible Officer(s).

Agenda Item 7



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information
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Report Title: Medium Term Financial Strategy Update

Report Author(s): Stephen Hinds (Director of Finance & Transformation / Section 151 Officer)

Purpose of Report:	To update the Committee on the Medium Term Financial Strategy.
Report Summary:	The report outlines the financial position for the final year of the multi-year local government settlement that ends in March 2020. The Council expects, at this moment in time, to produce a balanced budget with a core of programmes that addressed the potential funding shortfall. The report also highlights some of the risks that the authority may encounter in a post-2020 environment.
Recommendation(s):	That the contents of the report is noted by Members.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk
Corporate Priorities:	An Inclusive and Engaged Borough (CP1) Effective Service Provision (CP2) Balanced Economic Development (CP3) Green & Safe Places (CP4) Wellbeing for All (CP5)
Vision and Values:	"A Strong Borough Together" (Vision) Innovation (V4)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Effective Utilisation of Assets/Buildings (CR5) Organisational/Transformational Change (CR8) Economy/Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.

Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Report entitled 'Medium Term Financial Strategy 2018/19 and 2019/20' to Full Council on 22 February 2018.
Appendices:	None.

1. Information

- 1.1 In February 2018, the Council approved a Medium Term Financial Strategy (MTFS) that balanced for the remaining years of the multi-year local government settlement. This was achieved by earmarking savings and efficiency programmes within the 2019/20 budget of circa £400k.
- 1.2 Work carried out to operations has meant that the existing savings programmes need to find an existing total of circa £195k. There have been no significant additional pressures identified since the MTFS was agreed in February, and this report reflects this.

2. Objectives of the Medium Term Financial Strategy

2.1 The MTFS has the following objectives:

- Show how resources support the Corporate Plan over the next 2 years;
- Provide a platform to support the decision-making framework;
- Enable the Council to be a proactive organisation;
- To be an enabler, giving indication to the need to revisit and revise priorities;
- Ensure sustainable services and reserves are at sufficient levels;
- Enable development and improvements to our customers experiences;
- Hold a working balance to help manage unexpected occurrences;
- To be responsive and able to manage changing risks and needs;
- Support the Council's service and strategies; and
- Provide indications of future local taxation levels.

2.2 In December 2015, the Government announced an offer to local authorities of a four year provisional settlement for 2016/17 through to 2019/20. We are now in the final half of this settlement. Pressure continues to increase on local authorities to find further savings in their expenditure on service provision and to look for alternative sources of income as funding from central government continues to reduce.

2.3 The table below sets out the settlement, as it was announced. Overall, this has resulted in a £0.59m or 30% reduction in funding over the period of the settlement. The provisional settlement indicates that 2018/19 will be the final year that the Council receives core Revenue Support Grant from the Government.

Year	Grant	Baseline £m	£m	%
2016/17	0.72	1.41		
2017/18	0.36	1.44	0.330	(15%)
2018/19	0.14	1.49	0.170	(9%)
2019/20	0	1.54	0.090	(6%)
Totals	1.22	5.88	0.590	(30%)

3. Revenue Budget 2019/20

3.1 The General Fund Budget for the financial years 2018/19 and 2019/20 are summarised in the table below as agreed by Council in February 2018.

Budget Summary	2017/18	2017/18	2018/19	2019/20	2019/20
	£'000	Revised £'001	£'000	£'000	Revised £'000
Total Revenue Budget	6,601	6,631	6,399	6,700	6,485
Central Government Grant	(360)	(360)	(140)	0	0
Other Government Grants	(544)	(512)	(605)	(575)	(575)
Retained Business Rates	(1,440)	(1,440)	(1,480)	(1,540)	(1,540)
Council Tax Surplus	(28)	(28)	(10)	(30)	(30)
NNDR Surplus	(40)	(40)	139	140	140
New Homes Bonus	(408)	(408)	(339)	(352)	(352)
Net Revenue Budget	3,781	3,843	3,964	4,343	4,128
Transfers to/from Reserves	(150)	(212)	(202)	0	0
Savings schemes	0	0	0	(410)	(195)
Council Tax	(3,631)	(3,631)	(3,762)	(3,933)	(3,933)
Funding Gap	0	0	0	0	0

3.2 As mentioned earlier in the report, whilst the 2019/20 budget has been balanced, this has been achieved by identifying various schemes that can be implemented and be fully operational by April 2019. These schemes have been quantified to varying degrees, and will be completed prior to 1 April 2019.

Changes agreed and implemented for 2019/20	
Charging for Green Waste	Agreed by Council in December 2017.
Efficiencies through Customer Services initiatives and improvements	Through various streamlining of work through Customer Services Centre (CSC), this has enabled cashable benefits to be realised now the services have bedded in. Further work on efficiencies from Channel Shifts are in progress.
Grounds Maintenance Review	Agreed as part of the savings menu in 2017.
Review of Facilities Maintenance	Agreed as part of the savings menu in 2017.
Efficient Investments through active treasury management	Implementation of active treasury management.
Other changes to be implemented by 31 March 2019	
Review of Enforcement Services	Streamline processes to eliminate unnecessary activities and administration whilst protecting service delivery.
Financial Services	Transformation review of processes and procedures deemed unnecessary or complicated to generate cashable efficiencies.
Health & Wellbeing Review	Transformation review of processes and procedures deemed unnecessary or complicated to generate

	cashable efficiencies.
Structured Senior Management Review	Review of Senior Management Vacancy and how best to deploy the finances associated with the vacant post.

3.3 The paper to Council in February 2018 outlined that there may have been the necessity for the financial situation of the Council to drive sensitive political choices (Refuse collection, Council Grants and Donations, Car Parking) to balance 2019/20. However, as this report shows, these issues are no longer financially driven (for the life of this settlement).

3.4 The Council is continuing to look beyond the period of this settlement in order to not only improve the services we deliver, but to look at how we can generate further income to mitigate against any unquantifiable risks or issues that are currently unknown. Whilst 2020 may be a couple of years away, work is currently at various stages in progressing to achieving income goals after 2020. These schemes include:

- Bushloe Developments
- The Strategic Asset Review
- Retail Business Models

3.5 Since the MTFs report in February, work on Bushloe Developments was put on hold whilst the Council developed a statutory housing strategy. Work on this strategy is being carried out by Campbell Tickell and is due for completion in August 2018. Whilst this is key to the operating model for Bushloe Developments, work has been carried out in the background to mitigate time lost due to this. The Strategic Asset Review Plan is due for completion by the end of July (KPI ESP45), however, this has also been impacted by the authority's lack of the statutory housing strategy.

4. Risk Assessment and Management

4.1 Oadby and Wigston Borough Council has a commitment to managing risk and its exposure to the various risks it faces. Key to the management of this risk is identifying operational risk when we are developing our service plans, as well as taking a holistic and strategic view when considering the risks at a corporate level. The Council has a strong record of financial management, but further improvements were recommended by both our Internal and External Auditors to continue in this manner, and to reduce the impact of financial risks to the Authority. Therefore, changes have been made to the budget setting process (including regular and detailed updates throughout the year) but also changes need to be made as to how we monitor and manage risks.

4.2 The more fundamental financial risks over the next two years have been highlighted below and have been ranked (Red/Amber/Green) according to their likelihood of occurrence and the potential scale of their impact. The first square indicates the risk rating in February 2018, the second square indicates the risk rating in June 2018.

4.3 **Formula Central Government Funding**

Whilst the provisional funding settlement provided some certainty with respect to local government funding, it still remains unclear as to exactly how funding will work from 2020/21 and beyond. The snap General Election in 2017 further greyed the situation.

4.4 **New Homes Bonus**

The continuing changes to the delivery of funding regarding the New Homes Bonus scheme can provide troublesome forecasting. However, due to the Authority's size and nature of its geography, the limited amount of development eases the ability to forecast. However, the

inability to deliver significant numbers of new homes reduces our income generation ability with regards to this. As this report highlights, the authority received a lesser amount than last year, but also a lesser amount than our most likely scenario had planned for. Therefore the authority is taking a prudent approach to forecasting future NHB income.

4.5 **Business Rate Retention Scheme**

The Authority is exposed to an element of risk of reduced income levels if the amount of business rates contracts. There are also a number of other risks associated with this scheme. Firstly the ability to generate new income - as with NHB, the geography of the Borough means that the ability to generate new business rate income is limited, but work within economic regeneration and local plans is going some way to address this. Another significant risk relates to the factors that can impact on the amount of business rates collected. For example, mandatory relief that can be back dated. Business rates revaluation came into effect from April this year, and a centrally held reserve held by the LLEP is set aside to help mitigate any risks arising from this.

In addition to this element of the risk, the government has announced that they are looking to move to a 75% retention scheme by 2020/21 (as opposed to the 100% retention scheme initially indicated). However, there is still no detail as to how such a scheme would operate, but consensus across local authority treasurers is that District Councils would be no better off than in the current scheme.

4.6 **Income Generation**

The Authority currently has limited streams of income generation. Work is being carried out to identify ways of maximising our income streams - ranging from the potential for charging for discretionary services to generating new business streams to supplement income. Local authorities need to become more commercial in their thinking and operating as the creation of income will enable service protection and improvement.

There are current significant risks pertaining to existing income generating programmes such as Bushloe Developments and the new Garden Waste Scheme. Whilst there are no "red flags" currently, the authority must manage these schemes carefully to mitigate any obstacles to their success.

4.7 **Pension Fund**

There is expected to be a broad 2% increase in the superannuation rate in 2019/20.

4.8 **Homelessness**

The increase in the homeless population across the country has put an increasing pressure on local authorities and their resources given the changes in legislation over the previous years. The Authority is actively managing the issue, and is in receipt of minor government grants to assist with this. The authority has ring-fenced reserves specifically to support this issue, and has allocated additional revenue funding to the 2018/19 budget to continue to support this area and manage this increasing pressure.

Work is also beginning to address the housing issue relating to homelessness, however, this work will take a number of years to come to fruition and the authority cannot rest on its laurels in the meantime. This work is looking at purchasing appropriate properties, ensuring families stay within the Borough, standards of living remain relatively good and savings are afforded to the authority.

4.9 **Brexit**

In the two years since Brexit was confirmed, the country has seen various changes. Whilst exports have increased sharply due to the devaluation of the pound, issues linked to the economy are still to be addressed. These issues range from the long term implications on pension funds to capital funding resources that were available from Europe as members of the European Union (EU).

4.10 **Interest Rate Movements**

Interest rates have recently risen due to the expected increase in inflation that is above the Bank of England's expectations. However, at the time of writing this report, the latest inflation figures were below that. To that regard, the Authority takes a prudent approach when setting interest budgets.

4.11 **Universal Credit**

This service went live on 13 June 2018. At the time of writing this report, it has been too early to ascertain if there have been any early issues with the implementation. A verbal update was presented to Service Delivery Committee on 10 July 2018.

Agenda Item 8



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information
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Report Title: **Annual Internal Audit Report (2017/18)**

Report Author(s): **Stephen Hinds (Director of Finance & Transformation / Section 151 Officer)**

Purpose of Report:	As part of the Council's corporate governance arrangements, the Annual Internal Audit Report is submitted to Policy, Finance & Development Committee. The purpose of the Internal Audit Annual Report (Appendix 1) is to report the key outcomes arising from the work of Internal Audit for 2017/18 and to provide an audit opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control.
Report Summary:	The report states that "significant assurance" can be given to the Council as there is a generally sound system of internal control.
Recommendation(s):	A. That the report included on the audit opinion and the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control be noted by Members; and B. That Members support the conclusion that the Council has an effective internal service.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Mark Watkins (Head of Internal Audit, CW Audit) (0121) 612 3871 mark.watkins@cwaudit.org.uk
Corporate Priorities:	Effective Service Provision (CP2)
Vision and Values:	Not applicable.
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Key Supplier/Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets/Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.

Human Rights:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Local Government Act 1972 The Accounts and Audit (England) Regulations 2011 Code of Practice for Internal Audit in Local Government (2006)
Appendices:	1. Internal Audit Annual Report & Opinion 2017/18

1. Information

- 1.1 The Internal Audit Annual Report (as attached at **Appendix 1**) provides information on the key outcomes arising from the work of the Internal Audit service for the period 1 April 2017 to 31 March 2018.
- 1.2 Internal Audit progress reports are presented to every meeting of the Policy, Finance & Development Committee so Members can be kept up-to-date with Internal Audit work and findings. This Annual Report provides an overall summary of the work undertaken for the whole year in relation to the 2017/18 approved Annual Audit Plan.
- 1.3 The Audit Opinion forms part of the Council's Annual Governance Statement. This report also meets requirements to report on the review of the effectiveness of Internal Audit and to feed results into the Annual Governance Statement.
- 1.4 The Internal Audit opinion states that "significant assurance" can be given that there is a generally sound system of internal control designed to meet the organisations objectives and that controls have generally been applied consistently. However, some weakness in the design and/or inconsistent application of controls could put the achievement of particular objectives at risk that have yet to be addressed. This is highlighted on page 6 of the Internal Audit Annual Report.
- 1.5 Under the Local Government Act 1972, section 151 and the Accounts and Audit (England) Regulations 2011 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council, this responsibility is delivered by CW Audit Services.
- 1.6 In responding to this requirement, the Internal Audit service works to best practice as set out in the 2006 Code of Practice for Internal Audit in Local Government in the UK which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Oadby & Wigston Borough Council

Internal Audit Annual Report & Opinion 2017/18

May 2018

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cw audit
audit and assurance services

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1 Introduction

This annual report provides my opinion (see section 2) as the Head of Internal Audit to Oadby & Wigston Borough Council. It also summarises the activities of Internal Audit for the period 1st April 2017 to 31st March 2018.

The Council is required by the Accounts & Audit Regulations 2015 to “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance”. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation’s control environment ;
- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS)
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

The Council should consider my opinion, together with management assurances, its own knowledge of the organisation and assurances received throughout the year from other review bodies (such as External Audit) when producing its AGS.

My opinion takes into account the range of individual opinions arising from risk-based audit assignments that have been reported throughout the year. An internal audit plan was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. **A summary of the work we have performed and delivery against the plan is provided in section 3.**

Alongside the delivery of the operational internal audit work, we have met regularly with Council management to ensure any issues regarding our performance can be highlighted and any necessary action taken to resolve these. Following each audit, management are also requested to provide feedback on the service received. No significant issues or concerns regarding the internal audit service have been raised to date.

I have discussed and agreed this Annual Report and Head of Internal Audit Opinion with management. Further detailed findings, conclusions and recommendations in the areas covered by our internal audit plan are detailed within the progress reports and individual assignment reports that have been issued to the Policy, Finance & Development Committee (acting as the Audit Committee) during the year.

2 Annual Head of Internal Audit Opinion

Roles and responsibilities

The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

Internal Audit provides an independent and objective opinion to the organisation on the control environment and plays a vital part in advising the organisation whether these arrangements are in place and operating correctly.

The Annual Governance Statement (AGS) is an annual statement that recognises, records and publishes an authority's governance arrangements.

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In accordance with PSIAS, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. As such, it is one component that the organisation takes into account in making its AGS.

The Head of Internal Audit Opinion

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;

My **overall opinion** is that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

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The basis for forming my opinion is as follows:

1. An initial assessment of the design and operation of the underpinning risk management framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

3 Work undertaken during the year

Summary of assurances provided

During the course of the year we have conducted work to provide assurance over financial, governance and operational systems. Appendix One summarises the assurance levels we have given.

Delivery of the plan

An internal audit plan for 2017/18 was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. To achieve this our internal audit plan was divided into two broad categories; work on the financial systems that underpin your financial processing and reporting and then broader risk focused work driven essentially by principal risk areas agreed with management. A summary of work undertaken is included below:

- During the year we have undertaken reviews of your core financial systems and given significant assurance with regard to the management of risk in these areas.
- Key income and expenditure systems such as Council Tax, Business Rates and Benefits have been subject to detailed audit review. Once again, controls were found to be operating effectively.

- We have undertaken a number of pieces of work on areas of principal risk. In general we have been able to conclude that these systems are robust and operate in a good control environment.

It is my view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that you have a generally sound system of internal control.

We are pleased to report that our work has not highlighted any weaknesses that should be regarded as Significant Internal Control Issues that would require disclosure within your AGS. We did however identify some weaknesses in control that caused us to limit the level of assurance we could give in the following areas:

Page 25 **Section 106 agreements:**

- Documented evidence to confirm that the statutory tests as required by R122(2) of the CIL Regulations has been met for each S106 Agreement should be retained.
- Management should review all developer contributions historically owed to the Council under S106 agreements and determine which ones should be pursued for recovery in consultation with the Director of Finance and Transformation. Focus needs to be maintained on delivering a number of infrastructure projects recently agreed at Council that are to be funded by S106 income

Creditor payments:

- Whilst we provided an overall significant assurance opinion for our work on financial systems, it should be noted that, for the first nine months of the 2017/18 year, there was a breakdown in the control to ensure that changes to the creditors Masterfile are independently checked. The financial systems audit, which was completed in the final quarter of the year, confirmed that this weakness was addressed in January 2018.

Third party assurances

In arriving at our overall Annual Head of Internal Audit Opinion, we have not sought to place reliance on any third party assurances.

Following up of actions arising from our work

All recommendations and agreed actions are subject to an ongoing recommendation tracking process that is facilitated by CW Audit Services, but completed by the relevant managers responsible for implementing the recommendations. This is undertaken on a self-assessment basis, but is supplemented by our independent follow-up reviews where this is deemed necessary (for example following the issuance of a limited or moderate assurance report). A summary of the recommendation tracking results for the 2017/18 year is included as Appendix 2 to this report. In addition elements of our work involve annual coverage of key areas of control for the organisation, such as in relation to key financial systems, and in such cases

we also routinely follow up previously-agreed actions at each review.

4 Quality Assurance

All audits have been conducted in accordance with the requirements of the PSIAS, which includes evidenced review by senior management of all audit files and reports produced. I can confirm that there have been no issues of non-compliance with the PSIAS during the course of the year.

During 2017/18, CW Audit completed an extensive self-assessment against the Public Sector Internal Audit Standards (PSIAS). The Institute of Internal Auditor's (IIA) recommended checklist was used to facilitate the self-assessment exercise for the following four key areas of PSIAS:

1. Definition of Internal Auditing
2. Code of ethics
3. Attribute standards
4. Performance standards.

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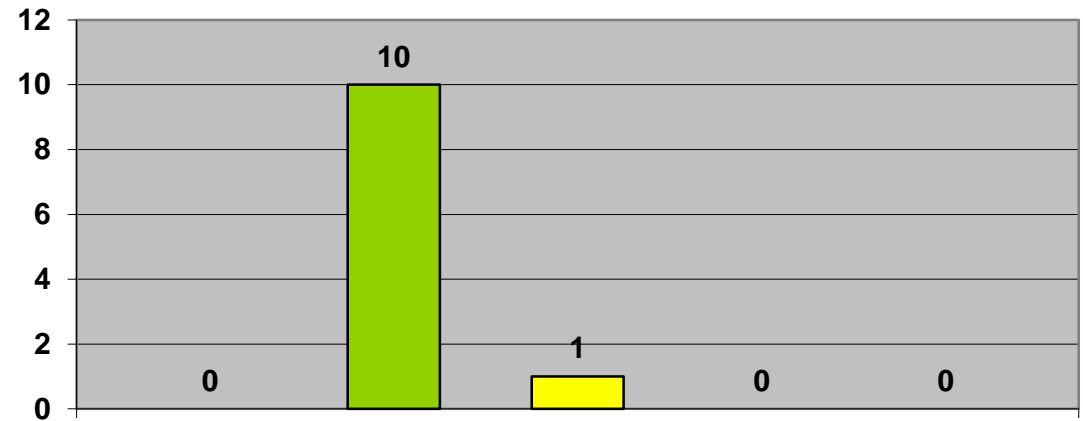
Under the requirements of PSIAS, external quality assessments must be also be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. This may be achieved by obtaining a comprehensive external validation of an internal self-assessment exercise. CW Audit appointed a suitably qualified and experienced external assessor to validate the self- assessment exercise.

Both the self –assessment exercise and the external quality assessment concluded that CWAS **Generally Conforms** with PSIAS for each of the four key PSIAS areas. This is the highest rating that can be achieved under the guidelines, which means that the relevant structures, policies and procedures of CWAS, as well as the processes by which they are applied, comply with the requirements of PSIAS in all **material** aspects.

A performance improvement plan was produced as part of the self –assessment process and further recommendations were made by the external assessor that have been incorporated into this plan.

Levels of Assurance – Individual Audit Assignments

Description of audit	Assurance level
Business Continuity	Significant
IT & Information Risk Assessment	Not applicable
Budgetary Control/Medium Term Financial Planning	Significant
Financial Systems – key controls	Significant
IT Contract Assurance	Significant
Payroll and expenses	Significant
Council Tax	Significant
Business Rates	Significant
Benefits/Council Tax Support	Significant
Section 106 Agreements	Moderate
Housing Rents	Significant
Fuel and Valuable Asset Control	Significant
GDPR preparations	Not applicable



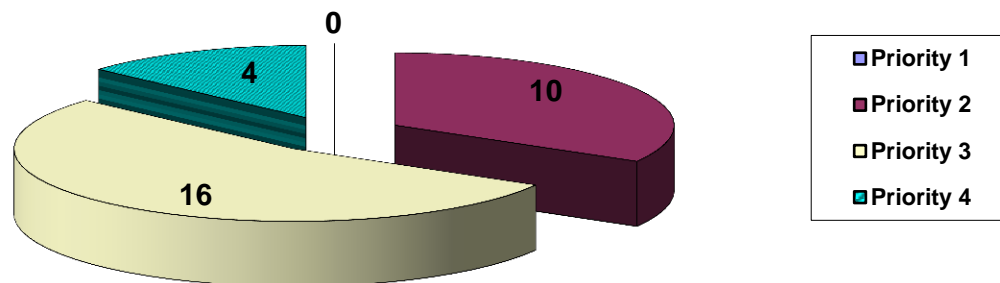
■ Full
 ■ Significant
 ■ Moderate
 ■ Limited
 ■ No

Level of assurance	Criteria
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Summary of Internal Audit Recommendations

Recommendations made in 2017/18

Priority	Number
1	0
2	10
3	16
4	4
Total	30

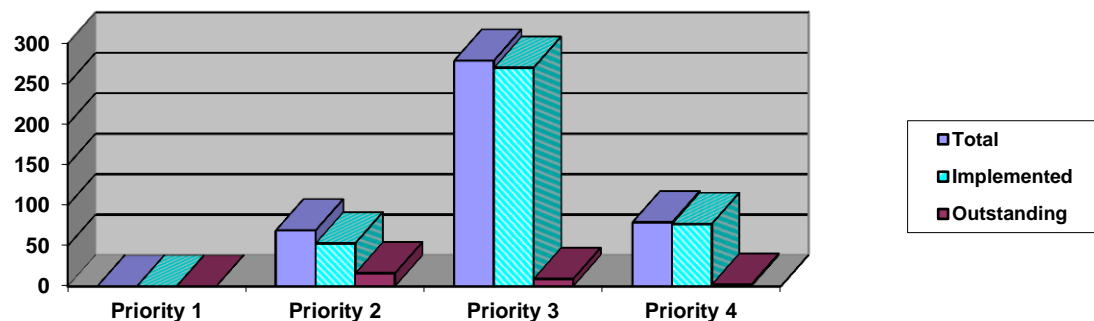


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Current status of all recommendations due for implementation by 31st March 2018

(N.B. including recommendations made from 2015/16 to 2017/18, but excluding 2017/18 recommendations that fall due for implementation after 31st March 2018)

Priority	Number	Implemented	Outstanding
1	0	n/a	n/a
2	69	53	16
3	279	270	9
4	79	77	2
Total	427	400	27



Definition of our risk rankings

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of one or more of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, but which are unlikely to impact on any of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that have, or could, reduce its operational effectiveness.

Agenda Item 9



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information and Decision
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Report Title: **Statement of Accounts and Annual External Audit
ISA 260 Governance Report (2017/18)**

Report Author(s): **Stephen Hinds (Director of Finance & Transformation /
Section 151 Officer)**

Purpose of Report:	To seek Members' approval of the Statement of Accounts and Annual Governance Statement 2017/18.
Report Summary:	The Council's draft accounts were approved by the Director of Finance and Transformation in May 2018, and have been subjected to detailed audit by our external auditors, KPMG. Whilst the audit has yet to be completed, as at the date of this report, KPMG are proposing to issue an unqualified audit opinion for the Statement of Accounts. In accordance with the Accounts and Audit Regulations 2015, the accounts and their Annual Governance Statement are now being presented to this Committee for their consideration and approval prior to publication by 31 July 2018.
Recommendation(s):	<p>A. That the Statement of Accounts for the year ended 31 March 2018 be reviewed and approved;</p> <p>B. That the Annual Governance Statement for the year ended 31 March 2018 be approved;</p> <p>C. In order to comply with the Council's statutory obligations, it be confirmed that the Statement of Accounts for the year ended 31 March 2018 can be published by 31 July 2018 and authorise the Director of Finance & Transformation, in liaison with the Chair of the Policy, Finance and Development Committee, to make any changes to the accounts that may be agreed with KPMG.</p>
Responsible Strategic Director, Head of Service and Officer Contact(s):	<p>Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk</p> <p>Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk</p>
Corporate Priorities:	Effective Service Provision (CP2)
Vision and Values:	"A Strong Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.

Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)						
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.						
Human Rights:	There are no implications arising from this report.						
Statutory Officers' Comments:-							
Head of Paid Service:	The report is satisfactory.						
Chief Finance Officer:	As the author, the report is satisfactory.						
Monitoring Officer:	The report is satisfactory.						
Consultees:	None.						
Background Papers:	The Accounts and Audit (England) Regulations 2011 Delivering Good Governance in Local Government: Framework						
Appendices:	<table> <tr> <td>1. Statement of Accounts 2017/18</td> <td>To Follow</td> </tr> <tr> <td>2. External Audit Report (ISA 260) 2017/18</td> <td>To Follow</td> </tr> <tr> <td>3. Annual Governance Statement 2017/18</td> <td>To Follow</td> </tr> </table>	1. Statement of Accounts 2017/18	To Follow	2. External Audit Report (ISA 260) 2017/18	To Follow	3. Annual Governance Statement 2017/18	To Follow
1. Statement of Accounts 2017/18	To Follow						
2. External Audit Report (ISA 260) 2017/18	To Follow						
3. Annual Governance Statement 2017/18	To Follow						

1. Introduction and Background

- 1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit (England) Regulations 2011. These require the Statement of Accounts to be certified by the Council's Section 151 Officer (Director of Finance and Transformation) as presenting a true and fair view of the financial position of the Council by the 31 May each year. The accounts must then be submitted for external audit to publish audited accounts by no later than the 31 July each year.

2. Audit of Accounts

- 2.1 Following certification by the Director of Finance & Transformation in May 2018, the accounts have been subject to detailed and rigorous review by the Council's external auditors, KPMG. The audit report is being finalised at the time of writing this report, but we understand that the auditors are planning to issue an unqualified opinion. KPMG will present their External Audit Report (ISA 260) on the Accounts at this meeting.
- 2.2 In compliance with the Accounts and Audit Regulations, the Accounts were made available for public inspection during the audit. This period has concluded, and until the conclusion of the audit, electors or their representatives were able to question or raise objections with the external auditor. No questions or objections were raised at the time of writing this report.
- 2.3 There are a small number of adjustments made to the notes to the accounts. They relate mainly to presentational issues and will ensure that the Council complies with technical accounting regulations, specifically CIPFA's Code of Practice on Local Authority Accounting. At the time of writing this report, all adjustments have been agreed with the auditors. Given the audit is still on-going, the Committee is recommended to delegate responsibility for finalising the accounts to the Director of Finance and Transformation/151 Officer in liaison

with the Committee Chair in order to meet the 31 July statutory deadline.

3. Value For Money (VFM) Conclusion

- 3.1 It has been concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. KPMG anticipate issuing an unqualified VFM conclusion by 31 July 2018.

4. Annual Governance Statement

- 4.1 The Council's duty in respect of the Annual Governance Statement (AGS) is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control. This has been done and the statement, signed by the Leader of the Council and the Interim Chief Executive, is included in a separate section within the statement of accounts. The auditors have reviewed the statement and confirmed that it complies with the guidance, Delivering Good Governance in Local Government: A Framework, issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

5. Management Letter of Representation

- 5.1 It is a requirement of external audit that the Section 151 Officer signs a letter of representation confirming that they have the responsibility for the proper administration of the financial affairs of the authority and that the duties that this entails have been undertaken. The draft letter will be signed nearer to the date of the approval of the accounts.

6. Publication of the Statement of Accounts

- 6.1 If the recommendation to approve the Accounts is agreed by this Committee, KPMG will be able to provide their formal opinion on the accounts and formally conclude the audit. The accounts will then be published on the Council's website.

Agenda Item 10



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information and Decision
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Report Title: **Provisional Council Outturn (2017/18)**

Report Author(s): **Chris Raymakers (Head of Finance, Revenues and Benefits)**

Purpose of Report:	This report gives a summary of the overall Council outturn position for the financial year 2017/18 including the effect on reserves as at 31 March 2018.
Report Summary:	The Council retains a solid financial base on which to operate with the General Fund Balance at £0.6m, which is around 10% of its net Budget and the HRA increasing its unallocated reserve to £0.635. Other earmarked revenue reserves have increased to £2.7m.
Recommendation(s):	A. That the report and overall provisional outturn positions for both the General Fund and Housing Revenue Account be noted; and B. The Budget carried forward requests be approved.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 crhis.raymakers@oadby-wigston.gov.uk
Corporate Priorities:	Effective Service Provision (CP2) Balanced Economic Development (CP3) Wellbeing for All (CP5)
Vision and Values:	"A Strong Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Economy/Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Statutory Officers' Comments:-	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	<ol style="list-style-type: none"> 1. General Fund Outturn Summary (2017/18) 2. Housing Revenue Account Outturn Summary (2017/18)

1. Introduction

1.1 The provisional outturns for the General Fund shows a deficit for the year of £16,000, while the Housing Revenue Account (HRA) is under spent against the revised budgets. The draft annual financial statements have been prepared and signed off by the Section 151 Officer before the statutory deadline of 31 May. Although at the time of writing this report the audit process has not been fully concluded the accounts will be the subject of a report elsewhere on this agenda.

2. The General Fund

2.1 The Council's provisional outturn on the General Fund is £6,349,048. This was against a budget of £6,601,700 and a revised budget set in February 2018 of £6,419,306. Therefore in 2017/18 the Council's General Reserve fell by £16,000 to £600,000, this keeps the balance in line with the current Medium Term Financial Strategy (MTFS) providing a solid platform for the Council to move forward in 2018/19.

2.2 The budget that Council Set in February 2017 set a number of ambitious savings targets during the course of the financial year totalling £0.335m. Some of these schemes were deferred to 2018/19 however the Council would have largely achieved the overall target but for some significant and unforeseen expenditure requirements. The principal areas of increased expenditure were:

- Legal fees were overspent by £66,000, this was due to the continuation of the protracted dispute between the Council and two former employees;
- During 2017/18 the Council hired consultants to review its Minimum Revenue Provision methodology and calculation, this review cost £40,000. However looking ahead the Council will accrue significant financial benefit when this review is implemented;
- £70,000 of pension fund strain was required to fund one redundancy and one ill-health retirement;
- The Council has also been involved in a Planning claim relating to a tree preservation order. This resulted in a compensation payment of around £42,000; and
- The Council did not receive as much funding through the Non Domestic Rates system as initially expected, the shortfall being £86,000.

2.3 Mitigating the items above were:

- The Council's strong debt recovery work has allowed £75,000 to be saved via bad debt provisions and write-offs;
- The Council successfully appealed the inclusion of Oadby Pool on the valuation listing allowing a credit of £48,000 to be generated for the authority;
- The Leisure centre contract generated £68,000 more income, principally in the form of the repayment of loans as well as a reduction in management fee due to improved

performance;

- Planning Application income has remained strong producing £23,000 more than originally anticipated;
- Overall Salaries and Hired Staff budgets showed a saving of £71,000; and
- Due to savings and slippage on the Council's capital programme around £100,000 was saved in financing costs.

2.4 The General Fund Provisional Outturn 2017/18 is attached as **Appendix 1** of this report.

3. Housing Revenue Account (HRA)

3.1 In February 2018, the revised forecast for the HRA showed that a contribution would be required from balances of £132,000 leaving a balance of £300,000 at 31 March 2018. However, the provisional outturn position shows a Surplus of £202,000 for the year with a closing balance of £635,000. This represents a £335,000 under spend against the revised budget.

3.2 The headline variances are explained below:

- Revenue expenditure repairs and maintenance was significantly reduced this year principally due to fewer voids requiring major renovation; and
- Efficient rent arrears collection in 2017/18 has seen current tenant arrears reduce to around 2%. This in turn has meant the funds set aside for the provision of bad debts can be diverted to a Universal Credit Reserve which can be used to mitigate the impact of welfare reform on the HRA.

3.3 Overall Rental income was higher than expected which again is down to the successful reduction in void time.

3.4 The HRA Provisional Outturn 2017/18 is attached as **Appendix 2** of this report.

4. Capital Programme

4.1 Details of the provisional outturn position for 2017/18 on both the housing and non-housing capital programmes together with details of their funding are shown below.

Committee	Revised		
	Allocation £'000	Outturn £'000	Variance £'000
Service Delivery (HRA)	4,260	1,641	(2,619)
Service Delivery (Housing Non-HRA)	318	191	(127)
Service Delivery Other	863	1,175	312
Sub-total	5,441	3,007	(2,434)
Policy Finance and Development	232	260	28
Total	5,673	3,267	(2,406)
Financed by			
Borrowing		1,108	
Capital Receipts		681	
Government Grants		191	
External Funding		33	
Major Repairs Reserve		1,242	
Other Earmarked Reserves		12	
Total		3,267	

5. Reserves

5.1 The Council's reserves position remains at the level prescribed by the MTFs.

		2017/18
		£000's
Revenue Reserves		
General Fund		600
Housing Revenue Account		635
Other Resources		
Useable Capital Receipts		1,018
Earmarked Reserves		2,676

5.2 The usable capital receipts include £229,000 which is required to be used for 1-4-1 social housing replacement between now and March 2021. A full list of earmarked reserves is contained within the Council's Statement of Accounts, elsewhere on this committee's agenda.

6. Budgets Carried Forward

6.1 The following Capital Budgets are required to be carried forward to 2018/19.

6.2 The Housing Revenue Account made savings, during the year, on its capital programme, of £609,000. This budget is requested to be carried forward to and allocated to the following schemes.

Scheme	Budget £'000
Bathroom replacement	165
Churchill Close Car Park	30
Window and external door replacement	358
Extra funding for the 2018/19 programme	56
Total	609

6.3 The following revenue budgets are request to be carried forward.

Scheme	Budget £'000
General Fund	
Brocks Hill Land Maintenance	5,000
Human Resources Corporate Training	13,000
Housing Revenue Account	
Orchard System Development	8500

OUTTURN SUMMARY 2017/18				
GENERAL FUND	Budget 2017/18 £	Revised Estimate 2017/18 £	Outturn 2017/18 £	Variance Revised to Outturn £
Policy, Finance and Development	2,328,400	2,361,100	2,191,203	(169,897)
Service Delivery	2,975,600	3,035,900	3,109,972	74,072
Development Control	503,000	595,900	669,433	73,533
Children and Young Persons	11,800	10,900	5,401	(5,499)
Licensing and Regulatory	44,800	42,700	(4,057)	(46,757)
Net Committee Expenditure	5,863,600	6,046,500	5,971,952	(74,548)
Capital Financing	795,000	667,500	696,487	28,987
Total Expenditure	6,658,600	6,714,000	6,668,438	(45,562)
Contributions to/(from) :				
Capital Reserve	10,000	10,000		(10,000)
Grants Reserve	(5,200)	(5,200)	40,662	45,862
Housing Planning and Delivery Reserve			(30,831)	(30,831)
Budgets Carried Forward Reserve		(35,800)	(30,800)	5,000
Council Priority Reserve			(35,000)	(35,000)
Grounds Maintenance	(23,400)	(23,400)	(20,093)	3,307
Revenue S106 Agreements	(15,000)	(15,000)		15,000
Troubled Families	(23,300)	(23,300)	(23,334)	(34)
Greening the Borough Reserve		(50,000)	(50,000)	
Budget Equilibrium Reserve		(151,000)	(169,000)	(18,000)
Borough Events Reserve		(994)	(994)	0
Net Expenditure	6,601,700	6,419,306	6,349,048	(70,258)
Financed By :				
RSG	(360,378)	(360,378)	(360,378)	0
NNDR Contribution	(1,440,278)	(1,440,278)	(1,270,783)	169,495
NNDR Pool (Surplus/(Deficit))	0		(12,537)	(12,537)
Council Tax Surplus/(Deficit)	(28,383)	(28,383)	(28,383)	0
NNDR Surplus/(Deficit)	(39,834)	(39,834)	(39,834)	0
Extra NNDR Income	(184,000)	0		0
Other General Grants	(360,000)	(512,000)	(582,733)	(70,733)
New Homes Bonus	(407,743)	(407,743)	(407,675)	68
Precept on Local Tax Payers	(3,630,690)	(3,630,690)	(3,630,690)	0
Reserves (Movement on GF)	(150,394)	0	(16,036)	(16,036)
	(6,601,700)	(6,419,306)	(6,349,048)	70,258
Reserves Balance as at 1st April	615,938	615,938	615,938	0
Reserves Used in Year	(150,394)	0	(16,036)	(16,036)
Reserves Balance as at 31st March	465,544	615,938	599,902	(16,036)

Housing Revenue Account Provisional Outturn Summary 2017/18

Service Head	Original Budget 2017/18	Revised Budget 2017/18	Actual 2017/18	Variance	Explanation
	£	£	£	£	£
Housing Revenue Account	(3,598,400)	(3,596,000)	(3,797,570)	(201,570)	Depreciation -£41,000 Rents Increased -£19,000 Use of Bad Debt Provision -£137,000
Estate Management	1,109,800	1,172,500	1,184,342	11,842	Salaries +£9,000
Older Persons Services and Community Care :					
Churchill Close	21,900	21,600	8,435	(13,165)	Emergency Warden -£7,000 Electricity -£4,000
Marriott House	47,100	46,100	48,428	2,328	
William Peardon Court (Kings Drive)	18,500	17,800	15,059	(2,741)	Electricity -£3,000
Communal Services	136,200	80,100	102,997	22,897	Emergency Warden -£12,000 Electricity +£29,000 Grounds Maintenance +£6000
Housing Support Officer	33,200	33,200	34,147	947	
Caretakers Services :					
Elizabeth Court	29,500	22,700	21,502	(1,198)	Electricity -£2,000
Bennett Way	16,200	16,800	14,120	(2,680)	Electricity -£3,000
Boulter Crescent	28,500	24,500	21,561	(2,939)	Electricity -£3,000
Burgess St, Maromme Sq, Junction Rd	16,600	14,300	7,052	(7,248)	Electricity -£7,000
TOTAL SUPERVISION & MANAGEMENT	(2,140,900)	(2,146,400)	(2,339,928)	(193,528)	
REPAIRS AND MAINTENANCE	1,380,500	1,395,600	1,197,716	(197,884)	General Repairs +£30,000 Void Property Repairs - £118,000 Gas Servicing +£10,000 Disabled Adaptations -£58,000 Planned Maintenance - £65,000
NET COSTS OF SERVICES	(760,400)	(750,800)	(1,142,211)	(391,411)	
Capital Charges	540,700	559,100	544,817	(14,283)	Interest on Borrowing -£16,000
NET OPERATING EXPENDITURE	(219,700)	(191,700)	(597,394)	(405,694)	
Appropriations	219,700	324,300	395,359	71,059	Void Sales Levy Reserve +£220,000 Universal Credit Reserve +£140,000 Revenue Contributions to Capital -£290,000
DEFICIT / (SURPLUS) FOR THE YEAR	0	132,600	(202,035)	(334,635)	
HRA DEFICIT/(SURPLUS) BOUGHT FORWARD	300,000	432,695	432,695	0	
DEFICIT / (SURPLUS) FOR THE YEAR	0	132,600	(202,035)	(334,635)	
HRA DEFICIT/(SURPLUS) CARRIED FORWARD	300,000	300,095	634,730	334,635	

Agenda Item 11



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information
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Report Title: **Provisional Committee Outturn (2017/18)**

Report Author(s): **Chris Raymakers (Head of Finance Revenues and Benefits)**

Purpose of Report:	This report provides Members with details of the Committee's provisional outturn position for capital and revenue in 2017/18.
Report Summary:	The Committee's Revenue budgets have finished the year £170,000 underspent against the revised budget.
Recommendation(s):	That the contents of the report and appendices are noted.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 crhis.raymakers@oadby-wigston.gov.uk
Corporate Priorities:	An Inclusive and Engaged Borough (CP1) Effective Service Provision (CP2)
Vision and Values:	"A Strong Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from the report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Economy/Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from the report. EA not applicable.
Human Rights:	There are no implications arising from the report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.

Background Papers:	None.
Appendices:	<ol style="list-style-type: none"> 1. Provisional Committee Outturn Summary (2017/18) 2. Capital Programme Provisional Outturn (2017/18)

1. Introduction

- 1.1 The outturn position is still only provisional as, at the time of writing, the Council's Statement of Accounts although completed is currently under scrutiny by the Council's external auditors. As a result of the audit, some technical adjustments may be necessary.

2. Revenue Budget

- 2.1 In February 2017, the Council approved a 2017/18 General Fund budget for this Committee of £2.328 million. These estimates were later revised to £2.360 million and were approved at Council in February 2018. Officers were set ambitious savings targets, within the budget, which were required in order for the Council to maintain a robust financial position.
- 2.2 The provisional outturn position for 2017/18 is £2.191 million which represents a £137,000 underspend for the financial year as compared to the original budget and £169,000 underspend against the Revised Estimate.
- 2.3 The variance for each service is detailed in **Appendix 1**.
- 2.4 When the 2017/18 budget was set, £283,000 of savings were built into this Committee, these were to be met across the whole authority rather than by this Committee alone. The headline variances are explained below:
- Legal fees were overspent by £66,000, this was due to the continuation of the protracted dispute between the Council and two former employees;
 - During 2017/18 the Council hired consultants to review its Minimum Revenue Provision methodology and calculation, this review cost £40,000. However looking ahead the Council will accrue significant financial benefit when this review is implemented;
 - £70,000 of pension fund strain was required to fund one redundancy and one ill health retirement;
 - The Council's strong debt recovery work has allowed £75,000 to be saved via bad debt provisions and write-offs;
 - The Council made further savings on Benefits of around £27,000;
 - £19,000 has been saved in revenue costs relating to the Horsewell Lane Pavilion Project; and
 - A technical credit of £180,000 has charged to this committee in relation to notional pension costs. This is however neutralised elsewhere in the accounts.

3. Capital Programme

- 3.1 The revised capital programme for this Committee had a total budgeted cost of £714,700. The provisional outturn for these schemes is £260,401 which represents an under spend of £503,706. This however includes £350,000 set aside for the Compulsory Purchase of 41 Canal Street which should now go ahead in 2018/19 with the new estimated cost being about £180,000.
- 3.2 Details of each scheme are given in **Appendix 2**.

Policy Finance & Development Provisional Committee Outturn Summary 2017/18

Cost Centre	Service Head	Original Budget 2017/18	Revised Budget 2017/18	Actual 2017/18	Variance Revised vs. Actuals (Under) / Over
		£	£	£	£
30001	Information and Public Relations	81,000	66,400	82,237	15,837
30002	Corporate Management	501,400	386,100	424,366	38,266
30004	Health and Safety	27,600	39,800	32,556	(7,244)
30006	Crime and Disorder Partnership	20,000	17,800	22,812	5,012
30011	Structural Maintenance	43,500	34,500	26,498	(8,002)
30101	Local Land Charges	44,100	45,200	39,181	(6,019)
30201	Democratic Representation and Management	536,600	547,900	525,124	(22,776)
30301	Council Tax	362,200	401,300	391,703	(9,597)
30302	NNDR	70,200	112,100	114,159	2,059
30303	Housing Benefits	328,500	279,400	252,509	(26,891)
30304	Council tax Benefits	179,900	215,300	203,791	(11,509)
30401	Register of Electors	71,700	66,700	66,818	118
30402	Election Expenses	133,900	119,100	128,849	9,749
30501	Non Distributed Costs	46,100	46,100	(262,938)	(309,038)
30701	Civil Contingencies and Emergency Planning	28,300	28,300	25,451	(2,849)
41001	Economic Development	136,100	149,100	118,086	(31,014)
	Efficiency Savings	(282,700)	(195,000)	0	195,000
	Total	2,328,400	2,360,100	2,191,203	(168,897)

OADBY AND WIGSTON BOROUGH COUNCIL CAPITAL PROGRAMME

Policy Finance and Development Committee

Project Code Reference	Scheme	Revised Budget 2017/18	Actuals to 31st March 2018	Variance	Comments
		£	£	£	
General Fund - Policy, Finance & Development					
56001	Council Office Refurbishment/Demolition	182,400	110,144	(72,256)	Budget c/f to 2018/19
56010	IT Replacement Programme	31,800	7,325	(24,475)	C/f to 2018/19
56014	Upgrade of Contact Centre Telephones	16,000	0	(16,000)	C/f to 2018/19
56027	41 Canal Street CPO	350,000	0	(350,000)	Project will now go ahead in 2018/19 c/f of £180,000 required
56037	PARIS Upgrade	10,800	5,654	(5,146)	c/f to 2018/19
56053	Public Realm	7,700	11,877	4,177	C/f to 2018/19
56055	Document Management System Software	50,000	21,620	(28,380)	Work to continue across further sections
56060	MS Office Suite Upgrade	0	3,172	3,172	New versions of software now required
56063	Building Control Public Access Module	3,500	0	(3,500)	Scheme no longer required
56065	Replacement of Academy server	23,000	11,400	(11,600)	c/f to 2018/19
56067	Reception Reconfiguration	16,500	16,286	(214)	New meeting rooms now built
56068	Upgrade of Uniform database	23,000	23,476	476	C/f to 2018/19
Total - Policy, Finance and Development		714,700	260,401	(503,746)	

Agenda Item 12



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information
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Report Title: **Collection and Write-Off of Miscellaneous Debtors (Q4 2017/18)**

Report Author(s): **Chris Raymakers (Head of Finance, Revenues and Benefits)**

Purpose of Report:	The purpose of this report is to inform Members of the levels of outstanding debt owed to the Council from the fourth quarter of 2017/18 and for them to approve the write-off of uncollectable debts as per the Council's Financial Regulations.
Report Summary:	The debt collection services of the Council have made positive inroads into outstanding debt during the whole of 2017/18. Debt has been reduced across all the service areas which include Finance, Revenues, Benefits and Housing.
Recommendation(s):	That the contents of the report be noted by Members.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk
Corporate Priorities:	Effective Service Provision (CP2) Wellbeing for All (CP5)
Vision and Values:	Accountability (V1) Teamwork (V3) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from the report.
Financial:	There implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from the report. EA not applicable.
Human Rights:	There are no implications arising from the report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Introduction

- 1.1 As part of the income collection function, the Council operates a comprehensive debt collection process which covers all service areas of the Authority.
- 1.2 The Council uses three principal methods for collecting these debts.
- (i) Direct contact with the debtor by letter or telephone;
 - (ii) Referring the debt to a collection agent; and
 - (iii) Legal action through the courts.

2. Council Tax and Non-Domestic (Business Rates)

- 2.1 Council Tax and Non-Domestic (Business) Rates make up the largest debits within the income collection area. These income streams have a combined annual debit to collect of around £40 million.
- 2.2 The arrears situation at the end of 2017/18 for these services was:

Service	Council Tax £	Non Domestic Rates £	
Previous years arrears			
Balance outstanding 31 December 2017	1,051,064	946,672	
Balance outstanding 31 March 2018	917,148	667,127	

- 2.3 Both income streams showed a steady reduction in arrears since the beginning of the year.
- 2.4 The current year's debit has seen good collection rates in 2017/18. The Council Tax collection rate for the year was 98.27% (target 98.5%) while the Non Domestic Rates collection rate was 99.23% (target 98.5%).

3. Overpayments of Housing Benefit

- 3.1 Recouping the overpayment of housing benefit has become an increasing problem for Councils across the country over the last few years. Oadby and Wigston have, since 2015, brought this under control. The majority of cases have been collected from ongoing benefit, however, where the claimant is no longer receiving or is entitled to housing benefit, the debt is passed over to a debt collection team.
- 3.2 Historically, the Council has raised almost 11,000 overpayment invoices totalling over £3.5million of debt, successfully collecting £2.9million.
- 3.3 The total still outstanding is listed below by age:

	Days Overdue				Total
	0-90	90-182	182-365	Over 365	
30 December 2017	76,375	53,255	41,727	492,993	664,350
31 March 2018	56,493	57,130	53,655	497,440	664,718

3.4 The Universal Credit system will have an impact on the recovery of these debts. As debtors migrate from Housing Benefit to Universal Credit the council will no longer be able to collect overpayments from on-going benefit so alternative methods of collection will have to be used.

4. Housing Rents

4.1 The Council runs a housing stock of around 1,200 dwellings with a total collectable debit of £4,850,000 of which £2,750,000 is paid for by Housing Benefit.

4.2 Rent arrears are split between current and former tenant, with the year-end position being:

	Current Tenants	Former Tenants	Total
	£	£	£
31 March 2017	103,362	124,590	227,952
31 March 2018	98,733	104,402	203,135

4.3 From 13 June 2018 the Council moved to Universal Credit 'full service' which will see the gradual migration of working age tenants from Housing Benefit to the new system. It is anticipated that that this will put pressure on this particular collection area as tenants may no longer get their rent paid automatically.

5. Miscellaneous Sundry Debts

5.1 During the financial year the Finance Section raised 1,357 debtors with a total value of £1,376,802.

5.2 The current position relating to collection of outstanding invoices is summarised.

	Days Overdue					Total
	0-90	90-182	182-365	365-730	Over 730	
31 December 2017	173,107	12,399	28,929	26,673	120,566	361,674
31 March 2018	174,007	20,056	12,677	9,504	102,261	318,505

5.3 During the final quarter of 2017/18, miscellaneous debt fell by £43,000. Of the total debt of £318,000, approximately £93,000 (107 accounts) is actively managed through instalments.

5.4 In the fourth quarter:

- The Council has referred ten cases to the collection agent;
- Write-offs totalling £1,853 have been made in line with the Financial Regulations;
- Seven accounts have completed their arrangements to pay; and
- A Key Performance Indicator of the Council is the proportion of debt over 90 days old as a percentage of the total estimated annual debit. At 31 March 2018, this percentage is 10.5% (the target for 2017/18 being under 20%).

6. Write-off of Bad Debt

6.1 There are no write-offs to be considered by Members at this Committee.