

# Public Document Pack



COMMITTEE: **JOINT AUDIT AND STANDARDS COMMITTEE**

VENUE: **Council Chamber, Council Offices, Corks Lane, Hadleigh**

DATE/TIME: **Monday, 12 September 2016 at 10.00 a.m.**

## Members

### Babergh

Tony Bavington  
Michael Creffield  
David Rose  
Fenella Swan

William Shropshire  
John Ward  
Stephen Williams  
(1 vacancy)

### Mid Suffolk

John Field  
Lavinia Hadingham  
John Matthissen  
Lesley Mayes

Suzie Morley  
Dave Muller  
Kevin Welsby  
Jill Wilshaw

## **PLEASE NOTE TIME AND VENUE OF MEETING**

### A G E N D A

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ITEM

BUSINESS

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The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded.

Any member of the public who attends a meeting and objects to being filmed should advise the Committee Clerk who will instruct that they are not included in the filming.

### **PART I**

1 SUBSTITUTES AND APOLOGIES

Any Member attending as an approved substitute to report giving his/her name and the name of the Member being substituted.

2 DECLARATION OF INTERESTS

Members to declare any interests as appropriate in respect of items to be considered at this meeting.

3 MINUTES

To confirm and sign the Minutes of the meeting held on [20 June 2016](#) (attached).

4 PETITIONS

The Interim Head of Democratic Services to report, in accordance with Council's Rules of Procedure, the receipt of any petitions submitted to the Chief Executive.

5 QUESTIONS FROM THE PUBLIC

The Chairmen of Committees to answer any questions from the public of which notice has been given no later than midday two clear working days before the day of the meeting in accordance with Council's Rules of Procedure.

6 QUESTIONS FROM MEMBERS

The Chairman to answer any questions on matters in relation to which the Council has powers or duties or which affect the District and which fall within the terms of reference of the Committee of which due notice has been given in accordance with Council's Rules of Procedure.

7 CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

Paper  
[JAC85](#)

Report by the Assistant Director – Corporate Resources attached.

8 IMPACT OF BREXIT ON OUR TREASURY MANAGEMENT STRATEGY

Paper  
[JAC86](#)

Report by the Corporate Manager – Financial Services attached.

9 COMPLAINTS MONITORING REPORT

Paper  
[JAC87](#)

Report by the Monitoring Officer attached.

10 UPDATE ON COMPLIANCE WITH PART 7 OF THE LOCALISM ACT 2011

Paper  
[JAC88](#)

Report by the Monitoring Officer attached.

11 FORWARD PLAN 2016/17

Paper  
[JAC89](#)

Report by the Interim Head of Democratic Services attached.

Note: The date of the next meeting is Monday 14 November 2016 (at Needham).

For further information on any of the Part 1 items listed above, please contact Linda Sheppard on (01473) 826610 or via email at [committees@baberghmidsuffolk.gov.uk](mailto:committees@baberghmidsuffolk.gov.uk)

MINUTES OF THE JOINT AUDIT AND STANDARDS COMMITTEE MEETING HELD AT  
THE COUNCIL OFFICES, NEEDHAM MARKET ON MONDAY 20 JUNE 2016

PRESENT: **BABERGH**

Michael Creffield  
David Rose  
Fenella Swan

**MID SUFFOLK**

John Field  
Lavinia Hadingham  
John Matthissen  
Lesley Mayes  
Suzie Morley (Chairman)  
Dave Muller  
Kevin Welsby  
Jill Wilshaw

1 SUBSTITUTES AND APOLOGIES

An apology for absence was received from Councillors Tony Bavington, John Hinton, William Shropshire and John Ward.

2 DECLARATION OF INTERESTS

There were no declarations of interest.

3 MINUTES

**RESOLVED**

**That the Minutes of the meeting held on 18 April 2016 be confirmed and signed as a correct record.**

4 PETITIONS

None received.

5 QUESTIONS FROM THE PUBLIC

None received

6 QUESTIONS FROM MEMBERS

None received.

7 JOINT ANNUAL GOVERNANCE STATEMENT 2015/16

The purpose of report JAC80 was to enable the Committee to be satisfied that the Joint Annual Governance Statement (AGS), to accompany each Council's financial accounts 2015/16, properly reflected the risk environment and any actions required to improve it.

The Corporate Manager – Internal Audit introduced the report and answered Members questions including:

- When Members would be briefed and be able to contribute to the new Performance Monitoring.
- As the Chief Executive was leaving, this should be recognised in the report as it was felt that this was a significant risk.
- If previous Risk Register discussions and suggested amendments had been taken into account for this report.

The Officer advised that a report would be coming to a future meeting, on performance management. He advised that the departure of the Chief Executive would be taken into account, and he confirmed that discussions at the Joint Audit and Standards Committee had resulted in some minor changes to the Risk Register, which had been endorsed by the Senior Leadership Team and approved by the Strategy and Executive Committees in June.

By 10 votes to 0 with 1 abstention.

## **RESOLVED**

- 1. That Members are satisfied that the Joint Annual Governance Statement (AGS) 2015/16 (Appendix A to the report) properly reflects the risk environment and any actions taken to improve it**
- 2. That the AGS be endorsed subject to the Interim Assistant Director – Law and Governance being authorised to make any minor amendments and corrections prior to the Statement being finalised for publication**
- 3. That any significant amendments identified by the Interim Assistant Director – Law and Governance be delegated to her in consultation with the Chairmen of the Joint Audit and Standards Committee**
- 4. That it be noted that the finalised AGS will be signed by the Leader of each Council on behalf of the respective Council together with the Chief Executive on behalf of both Councils.**

## 8 ANNUAL INTERNAL AUDIT REPORT 2015/16

The purpose of report JAC81 was to inform Councillors of the work undertaken within Internal Audit during the Financial Year 2015/16 and provided Councillors with a review of the variety and scope of projects and corporate activities which were supported through the work of the team.

The Audit and Risk Management Services Officer advised the Committee that the report had been written taking on board comments by Members from previous committee meetings, and so more detail and content had been included.

Members queried the differences between Babergh and Mid Suffolk District Councils that the report highlighted, and Officers advised that this was due in part to two different control environments, as well as it being a transitional year for both District Councils. Going forward this would change as the workforce becomes more aligned and unified.

They also queried the Business Continuity section of the report and asked for further detail on the incidents referenced. Officers advised that the incidents encountered this year had shown that the Council was able to cope, and business continuity measures deployed meant that activities were able to continue. There had been post event reviews to determine lessons learnt and these would be incorporated in the Business Continuity Plan.

By a unanimous vote.

## **RESOLVED**

**That the contents of Report JAC81, supported by Appendix A, be noted.**

### 9 JOINT ANNUAL TREASURY MANAGEMENT REPORT – 2015/16

Report JAC82 was part of the Council's management and governance arrangements for Treasury Management activity under the CIPFA Code of Practice on Treasury Management ('the Code'). It provided Members with a comprehensive assessment of activities for the year. The report specifically set out performance of the treasury management function, the effects of the decisions taken and the transactions executed in the past year and on any circumstances of non-compliance with the Council's treasury management policy statement and treasury management practices. It also included performance on Prudential Indicators which were set in the 2015/16 Treasury Management Strategy. The figures contained in the report were subject to the external auditors review which would conclude in September 2016.

The Corporate Manager – Financial Services answered Members questions and advised that the different interest rates between Babergh and Mid Suffolk District Council were due to the time each loan was taken out, and the amount taken. She advised that funds that had been allocated to the CCLA Funding Circle and not yet invested, were still held by the Council.

By a unanimous vote.

#### **RECOMMENDATION TO COUNCIL**

**That the Treasury Management activity for the year 2015/16 be noted. Further, that it be noted that performance was in line with the Prudential Indicators set for 2015/16.**

### 10 NON-SALARY EXPENSES

Report JAC83 provided information in relation to the non-salary expenses of the senior managers across Babergh and Mid Suffolk District Councils.

The Corporate Manager – Financial Services advised Members that due to an oversight, this report included information from both 2014-2015 and 2015-2016. Going forward this will be an annual report.

Members questioned conference attendance fees and were advised by Officers that some conferences included presentations by Babergh and Mid Suffolk District Council, as well as being for information gathering.

Members queried if travel expenses for all staff between both sites was available and they were advised that at present this information was not available, however it was being evaluated as part of the accommodation review.

Members were satisfied with the information contained in the report.

By a unanimous vote.

**RESOLVED**

**That the contents of Report JAC83 be noted.**

11 WORK PLAN

**RESOLVED**

**That the contents of Report JAC84 be noted.**

12 **RESOLUTION TO EXCLUDE THE PUBLIC**

By a unanimous vote

**RESOLUTION**

That under section 100(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act in the paragraphs registered against the item:

<i>Item</i>	<i>Schedule 12a Reason</i>
13	3

13 **CONFIDENTIAL MINUTE OF THE MEETING HELD 18 APRIL 2016**

**Report JAC79**

The confidential minute of the meeting held on 18 April 2016 was confirmed as a correct record.

The business of the meeting was concluded at 11:20 a.m.

## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From: Assistant Director – Corporate Resources</b>	<b>Report Number: JAC85</b>
<b>To: Joint Audit and Standards Committee</b>	<b>Date of meeting: 12 September 2016</b>

### CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

#### 1. Purpose of Report

- 1.1 This report summarises the changes to the arrangements for appointing External Auditors, following the closure of the Audit Commission and the end of the transitional arrangements, at the conclusion of the 2017/18 audits.
- 1.2 The Councils' will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.

#### 2. Recommendation to Council

- 2.1 That the arrangements for appointing External Auditors at the end of the 2017/18 audit be noted.
- 2.2 That the Council opts-in to the Local Government Association (LGA) sector led body (Public Sector Audit Appointments Ltd (PSAA)) for the independent appointment of the Councils' External Auditor, beginning with responsibilities for the financial year 2018/19.

#### 3. Financial Implications

- 3.1 External audit fee levels are likely to increase when the current contracts end in 2018.
- 3.2 There are some costs associated with the procurement, regardless of the route chosen, but it is reasonable to assume that these will be lower under the LGA Sector Led Body (SLB) approach. The cost of establishing a local or joint Auditor Panel will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.
- 3.3 Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases in audit fees by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an Auditor Panel.

#### 4. Legal Implications

- 4.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

- 4.2 Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 7 and Schedule 3 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
- 4.3 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 4.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

## **5. Risk Management**

- 5.1 There is no immediate risk to the Councils, however, early consideration by the Councils of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.
- 5.2 Providing the LGA with a decision will enable the LGA to invest, or not, in developing appropriate arrangements to support the Councils.
- 5.3 The disadvantages/risks of each option are described within the report.

## **6. Consultations**

- 6.1 The Section 151 Officers and Heads of Audit across the Suffolk authorities recently met with a representative from the LGA to discuss the three options.

## **7. Equality Analysis**

- 7.1 There are no equality implications associated with this report.

## **8. Shared Service / Partnership Implications**

- 8.1 The Suffolk local authorities collectively expressed the desire to the LGA that the same auditor be appointed across the county under the SLB option to replicate the current position.

## **9. Links to Joint Strategic Plan**

- 9.1 The appointment of an External Auditor is a statutory requirement of the Councils and as such contributes towards the fitness for purpose of each Councils' governance arrangements under the Enabled and Efficient Organisation theme.



## **10. Key Information**

### **Background to the issue**

- 10.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5<sup>th</sup> October 2015 the Secretary of State for Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to include the audit of the accounts for 2017/18.
- 10.2 The Councils' current external auditor, Ernst & Young LLP was appointed under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State. Over recent years we have benefited from a reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of auditors and savings from closure of the Audit Commission. The Council's current planned external audit fees, excluding claims and returns, for 2015/16 are £48,812 for Babergh and £43,425 for Mid Suffolk.
- 10.3 When the current transitional arrangements come to an end on 31<sup>st</sup> March 2018 the Councils' will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discount rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission, they covered NHS and local government bodies and offered significant economies of scale.
- 10.4 The scope of the future audit requirements will be specified nationally. The National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out local government audits must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

### **Options for local appointment of External Auditors**

- 10.5 There are three broad options open to the Councils under the Local Audit and Accountability Act 2014 (the Act):

## **Option 1 – To make a stand-alone appointment**

- 10.6 In order to make a stand-alone appointment the Councils would need to set up an Auditor Panel. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor appointment panel established by the Council will be responsible for selecting the auditor.

### *Advantages/benefits*

- 10.7 Setting up an auditor panel allows the Councils to take maximum advantage of the new local appointment regime and have local input to the decision.

### *Disadvantages/risks*

- 10.8 Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order £15,000 plus on going expenses and allowances. It is also unclear whether the Councils will be able to attract sufficient individuals with the required skills and experience to undertake the role.
- 10.9 The Councils will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- 10.10 The assessment of bids and decisions on awarding contracts will be taken by independent appointees and not solely by elected members.
- 10.11 Bids may not be received as the value of the contract will be insignificant compared to that of Option 3.

## **Option 2 – Set up a Joint Auditor Panel/local joint procurement arrangements**

- 10.12 The Act enables a Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

### *Advantages/benefits*

- 10.13 The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- 10.14 There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

### *Disadvantages/risks*

- 10.15 The decision making body will be further removed from local input, with potentially no input from elected members, where a wholly independent auditor panel is used or possibly only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.
- 10.16 The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for these Councils then the Councils may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.
- 10.17 Bids may be limited as the value of the contract will be insignificant compared to that of Option 3.

### **Option 3 – Opt-in to a Sector Led Body**

- 10.18 In response to the consultation on the new arrangement the LGA successfully lobbied for Councils to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

### *Advantages/benefits*

- 10.19 The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- 10.20 By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- 10.21 Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- 10.22 The appointment process would not be ceded to locally appointed independent members. Instead a separate body is set up to act in the collective interests of the 'opt-in' authorities. The LGA are considering setting up such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements. This therefore resolves the point about conflict and governance that arises from local appointment.

### *Disadvantages/risks*

- 10.23 Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.

10.24 In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to indicate their intention to opt-in before final contract prices and hence costs are known.

### **The way forward**

10.25 The Councils have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.

10.26 The LGA are working on developing a Sector Led Body and DCLG has recently approved the PSAA to become the SLB. In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of councils acting collectively and opting-in to a SLB.

10.27 The Suffolk Councils' Section 151 Officers and Heads of Audit have already met with the LGA to discuss the advantages of the sector led approach. Collectively the officers would recommend this approach.

10.28 Joint Audit and Standards Committee is invited to consider the three options and to recommend to Council the preferred option to opt-in to the SLB (Option 3).

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## BABERGH AND MID SUFFOLK DISTRICT COUNCILS

<b>From:</b> Assistant Director – Corporate Resources	<b>Report Number:</b> <b>JAC86</b>
<b>To:</b> Joint Audit and Standards Committee	<b>Date of meeting:</b> 12 September 2016

### IMPACT OF BREXIT ON OUR TREASURY MANAGEMENT STRATEGY

#### 1. Purpose of Report

- 1.1 This report explains the impact of the decision to end the UK’s membership of the European Union (EU) on Babergh and Mid Suffolk’s Treasury Management Strategy.

#### 2. Recommendations

- 2.1 That the key factors affecting the treasury management activities set out in this report be noted.

#### 3. Financial Implications

- 3.1 Decrease in revenue generated from cash investments and a decrease in borrowing costs.

#### 4. Legal Implications

- 4.1 None.

#### 5. Risk Management

This report is not linked with the Council’s Corporate / Significant Business Risks. Key risks, however, are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Loss of investment and/or liquidity problems	Unlikely	Bad	Strict lending criteria for high credit rated institutions.
Poor return on investments	Probable	Noticeable	Focus is on security and liquidity. Careful cash flow management and budget monitoring in accordance with the strategy, is undertaken.
Higher than expected borrowing costs – interest rate increases and/or lower capital receipts than forecast	Unlikely	Noticeable	Benchmark is to borrow from the Public Works Loan Board (PWLB) whose rates are very low and can be on a fixed or variable basis or from other local authorities. The use of internal surplus funds will continue to be used where possible. Capital receipts monitored.

## **6. Consultations**

- 6.1 Advice on borrowing and the investment of surplus funds from our treasury advisors, Arlingclose, who also provide regular and important updates on treasury management issues as they arise.

## **7. Equality Analysis**

- 7.1 None.

## **8. Shared Service / Partnership Implications**

- 8.1 This report relates to both Babergh and Mid Suffolk Councils although the effects will differ due to the different financial position of each Council.

## **9. Links to Joint Strategic Plan**

- 9.1 Ensuring that the Council has the resources available is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan.

## **10. Background Information**

- 10.1 Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on the 23<sup>rd</sup> June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK.
- 10.2 This is a significant event with unknown implications. Following this decision the UK markets and currency were hit with losses and the withdrawal of investor confidence and wealth. This has led to a time of volatility and uncertainty which is causing the market to take a prudent approach until Britain can conclude its exit and bring stability and confidence back to the market.
- 10.3 The subsequent decision taken by the Bank of England's Monetary Policy Committee on the 4th August 2016 to cut the Base Rate to 0.25% has added to this volatility and uncertainty.
- 10.4 Following the Brexit decision in June the FTSE 100 has subsequently recovered.
- 10.5 Credit ratings and outlooks have also been hit by Brexit, having a negative affect and downgrading. Please note that all the Councils investments made comply with the Treasury management strategy and approved counterparties taking into account downgrades after Brexit. Currently Babergh and Mid Suffolk have been unaffected.

## **11. Impact on Babergh and Mid Suffolk's Treasury Management Strategy**

### Long term Investments

- 11.1. Babergh and Mid Suffolk invested £5m each in Churches, Charities, and Local Authorities Property Fund (CCLA) in 2015. These are long term investments with the aim of collecting steady income through price volatility. Following the Brexit decision, CCLA revalued the fund downwards by 4%.

- 11.2. This currently has no material effect on either Council unless a decision was taken to sell the investments now. The fair valuation of the investment in the balance sheet will be affected however this is likely to recover over time.
- 11.3. The current anticipated return generated from these funds will remain as forecast, between 4-5%.
- 11.4. Babergh also invested £2m in UBS Multi Asset Fund in 2015. There is currently no adjustment to the fund valuation or performance. Since this is a diversified fund any risk should be mitigated and the anticipated returns should remain the same. However it is still possible that depending on the impacts of Brexit that the fund could be affected, this will be carefully monitored by the finance team over the coming months.
- 11.5. Both Councils invested £100k each in Funding Circle in 2015 and have not as yet seen any negative impact. The Councils have lent to the highest rated borrowers mitigating credit and default risk. Businesses' are continuing to understand the impact of the Brexit decision on their individual circumstances, and we will continue to review and monitor the level of bad debt.

#### Low Interest rates

- 11.6. Due to the uncertainty and volatility in the UK market, interest rates have fallen by approximately 0.2 basis points being quoted from UK Bank and Building Societies. In August the Bank of England decreased the Base rate by 0.25%. This will have a negative impact on the Council's income which if material will be highlighted in the second quarters budget monitoring.
- 11.7. However the same percentage decrease applies to borrowing rates, which will result in savings on interest payable on short term loans, currently only applicable for Mid Suffolk.
- 11.8. At Budget setting time we took a prudent approach when forecasting interest receivable and payable. Babergh will be affected by the base rate decrease as the estimated return from liquid investments will decrease by £25k, however the CCLA property fund is performing better than forecast and will likely offset this decrease.
- 11.9. Mid Suffolk is estimated to achieve a greater return due to the increased performance of the CCLA property fund of approximately £30k.
- 11.10. Mid Suffolk currently has a need for borrowing and due to the interest rate decrease it will benefit in the region of £15k.

#### **12. Conclusion**

- 12.1 The effects of this decision on our investments will be one that we continue to monitor closely within finance, any significant variances to interest receivable or payable as a result of this will be reported to members through the quarterly budget monitoring reports.
- 12.2 Further updates will be reported to this Committee as part of the half yearly and outturn Treasury Management reports.

Authorship:

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## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From: Monitoring Officer</b>	<b>Report Number: JAC87</b>
<b>To: Joint Audit and Standards Committee</b>	<b>Date of meeting: 12 September 2016</b>

### COMPLAINTS MONITORING REPORT

#### 1. Purpose of Report

- 1.1 To report on Code of Conduct complaints received or determined since the last time that such complaints were reported to the Committee.

<b>2. Recommendation</b>
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- |   |
|---|
| 2.1 That the content of this report be noted. |
|---|

#### 3. Financial Implications

- 3.1 No direct costs have been incurred in the handling of complaints.

#### 4. Risk Management

- 4.1 This report is most closely linked with the Councils' Significant Business Risk No. 5c – Failure to develop clear governance arrangements that enable the right decisions to be taken that are appropriate for the environment that we are operating in.

Key Risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Complaints are not handled promptly	Unlikely	Minimal	Monitoring of complaints
Decisions are not sound	Unlikely	Bad	Apply adopted procedures

#### 5. Consultations

An 'independent person' appointed under the Localism Act 2011 has or will be consulted on each complaint.

#### 6. Equality Analysis

- 6.1 Not relevant to this report.

#### 7. Shared Service / Partnership Implications

- 7.1 The same processes are applied across both Councils.

## 8. Key Information

	<b>BDC</b>	<b>MSDC</b>	<b>TOTAL</b>
<b>Number of complaints received since last meeting</b>	7	2	10
<b>Number of complaints against District Councillors</b>	7	1	8
<b>Number of complaints against Parish Councillors</b>	0	1	1
<b>Number of complaints upheld &amp; action taken</b>	1*	0	1
<b>Number of findings of no breach of the Code &amp; no action taken</b>	2	1	3
<b>Number of complaints under consideration/pending decision</b>	4	2	6

\*The outcome of this decision was that a minor breach was found. The Councillor concerned was required to amend their Register of Interests and to undertake training.

## 9. Appendices

None.

## 10. Background Papers

Relevant complaint files.

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<b>From: Monitoring Officer</b>	<b>Report Number: JAC88</b>
<b>To: Joint Audit and Standards Committee</b>	<b>Date of meeting: 12 September 2016</b>

### UPDATE ON COMPLIANCE WITH PART 7 OF THE LOCALISM ACT 2011

#### 1. Purpose of Report

- 1.1 To update Members on the measures taken to comply with the requirements within Part 1, Chapter 7 of the Localism Act 2011 since the last update provided to Committee on 22 January 2016.
- 1.2 Chapter 7 of the 2011 Act relates to standards issues and specifically covers in Section 29 the requirement for all Councillors including Parish/ Town Councillors to complete a Register of Interests form.

<b>2. Recommendation</b>
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| 2.1 That the measures taken to comply with the requirements within Part 1, Chapter 7 of the Localism Act 2011 be noted. |
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#### 3. Financial Implications

- 3.1 None directly arising from this report.

#### 4. Legal Implications

- 4.1 Failure to comply with the requirement to complete a Register of Interests form is a criminal offence under Section 34 of the 2011 Act. Such offences may only be prosecuted by or on behalf of the Director of Public Prosecutions.

#### 5. Risk Management

- 5.1 This report is not linked directly with the Significant Business Risks. The key risks pertaining to this report are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Breach of duties and obligations under the Localism Act 2011	Unlikely	Noticeable	Training provided and guidance issued to all Members to explain their requirements under the Code.  Introduction of e-forms and provision of training.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
Register of interest forms not completed promptly or not return to the Monitoring Officer by all Councillors.	Probable	Bad	The Councils' Monitoring Officer (and her appointed DMO's) is working with Parish Clerks to ensure that accurate, up-to-date data is being used and impressing upon the Clerks the importance of returning outstanding forms.

## **6. Consultations**

6.1 None.

## **7. Equality Analysis**

7.1 Not relevant to this report.

## **8. Shared Service / Partnership Implications**

8.1 The same procedures and working practices are applied across both Councils.

## **9. Key Information**

9.1 This report identifies the actions to secure full compliance with Chapter 7 of the Localism Act 2011 by:

- (i) Babergh and Mid Suffolk District Councils
- (ii) The Parish/ Town Councils within the Babergh and Mid Suffolk Districts of Suffolk, and
- (iii) The Councillors

9.2 Since 2012, Councils have been operating a Standards regime introduced by the Localism Act 2011. A Local Code of Conduct was adopted across Suffolk and a complaints system has been put in place. As required under the 2011 Act a pool of three "independent persons" have been appointed for two years. Their term of office will end in September 2016. The arrangements appear to be working very effectively. There is still some outstanding action required in relation to the Register of Interest forms in respect of a single Parish Council, which is referenced in the table at 9.5 below.

### District Councillors' Register of Interests

9.3 All Babergh and Mid Suffolk District Councillors have completed the Register of Interest forms following the local elections on 7 May 2015. All Councillors are aware of the importance of keeping these records up to date and are doing so in a timely fashion.

## Parish Councillors' Register of Interests

- 9.4 All Parish/ Town Councils within the Babergh and Mid Suffolk Districts of Suffolk were required to complete new Register of Interest forms following the local elections on 7 May 2015. As at 26 August 2016, 100% of Parish Councils within the Mid Suffolk District and 99% of Parish Councils within the Babergh District have completed at least one form.
- 9.5 As at 26 August 2016, 1 Parish Council identified in the Table below as of yet, has not returned any Register of Interest forms.

<b>Babergh District</b>	<b>Mid Suffolk District</b>
Wherstead	

## Publication of Registers

- 9.6 All of the completed District Councils Register of Interests forms have been placed on the Councils' respective websites as required by the Localism Act 2011. All the of the Parish/Town Council Registers of Interest forms received thus far have also been placed on the Councils' respective websites.
- 9.7 With regard to the forms either not received or been fully completed the Monitoring Officer and her deputies will continue to chase up the relevant Parish Council.

## **10. Appendices**

- 10.1 None.

## **11. Background Papers**

- 11.1 None.

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## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From:</b> Interim Head of Democratic Services	<b>Report Number:</b> <b>JAC89</b>
<b>To:</b> Joint Audit and Standards Committee	<b>Date of Meeting:</b> 12 September 2016

### FORWARD PLAN 2016/17

#### Date of Committee – 14 November 2016

Topic	Purpose	Portfolio Holder / Lead Officer
Mid Year Report on Treasury Management 2016/17	To review and note the treasury management activity for the first half of the year	Assets and Investment / Finance / Corporate Manager – Financial Services
Interim Internal Audit Report 2016/17	To note the progress of the Audit Plan	Enabled and Efficient Organisation / Finance / Corporate Manager – Internal Audit

#### Date of Committee – 23 January 2017

Topic	Purpose	Portfolio Holder / Lead Officer
Treasury Management Strategy 2017/18	To agree the approach for 2017/18 that will complement the allocation of resources in the budget	Assets and Investment / Finance / Corporate Manager – Financial Services
Update on Compliance with the Localism Act 2011	To update Councillors on the measures taken to comply with Chapter 7 of the Localism Act and to consider any actions required	Enabled and Efficient Organisation / Monitoring Officer
Complaints Monitoring Report	To report on code of Code of Conduct complaints in the previous period	Enabled and Efficient Organisation / Monitoring Officer

#### Date of Committee – 13 March 2017

Topic	Purpose	Portfolio Holder / Lead Officer

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