



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE,
ELY, CAMBRIDGESHIRE CB7 4EE
Telephone: 01353 665555

MEETING: FINANCE & ASSETS COMMITTEE
TIME: 4:30pm
DATE: Thursday 28th November 2019
VENUE: Council Chamber, The Grange, Nutholt Lane, Ely
ENQUIRIES REGARDING THIS AGENDA: Janis Murfet
DIRECT DIAL: (01353) 665555 **EMAIL:** Janis.murfet@eastcambs.gov.uk

Membership:

Conservative Members

David Brown (Chairman)
Christine Ambrose Smith
Ian Bovingdon (Vice Chair)
Bill Hunt
Alan Sharp

Liberal Democrat Members

Alison Whelan (Lead Member)
Charlotte Cane
Simon Harries
John Trapp

Substitutes:

Dan Schumann
Josh Schumann
Jo Webber

Substitutes:

Christine Whelan
Gareth Wilson
Matt Downey

Lead Officer:

Emma Grima, Director Commercial

Quorum: 5 Members

A G E N D A

- 1. Public Question Time**
The meeting will commence with up to 15 minutes public question time
- 2. Apologies and Substitutions**
- 3. Declarations of Interest**
To receive declarations of interest from Members for any items on the Agenda in accordance with the Members Code of Conduct.

4. Minutes

To confirm as a correct record the Minutes of the meeting of the Committee held on 26th September 2019.

5. Chairman's Announcements

AUDIT ITEMS

6. External Audit – Audit Results Report

ITEMS FOR DECISION

7. Local Council Tax Reduction Scheme 2019 – 20 Review

8. Treasury Operations Mid-Year Report

9. Appointment to the Padnal & Waterden Internal Drainage Board

ITEMS FOR NOTING

10. Performance Management – Six Month Update:

- a) Democratic Services
- b) Financial Services
- c) Human Resources
- d) Infrastructure & Strategic Housing
- e) Legal Services
- f) Leisure Services
- g) Open Spaces & Facilities
- h) Reprographics
- i) Strategic Planning

11. ECTC Accounts 2018/19

12. Finance Report

13. Assets Update

14. Community Infrastructure Levy & Section 106 Update

15. Anglia Revenues Partnership Joint Committee Minutes:

(No meeting was held on 17th September 2019, therefore no Minutes are available)

16. Forward Agenda Plan

17. EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS

That the press and public be excluded during the consideration of the remaining item no's 18 - 21 because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

18. Write Off of Unrecoverable Debt

19. Asset Management Item

20. Asset Management Item

21. Exempt Minutes

To receive the Exempt Minutes of the meeting of the Finance & Assets Committee held on 26th September 2019

NOTES:

1. Members of the public are welcome to attend this meeting. There are a number of schemes aimed at encouraging public participation in the Council's activities and meetings. These include public question times and a process to enable petitions to be submitted. Details of these can be obtained by calling any of the telephone numbers below or by logging onto the Council's website.

The maximum capacity for meetings in the Council Chamber has been set by the Fire Officer at 100 persons. Allowing for Member/Officer attendance and room layout constraints, this will normally give a capacity for public attendance of 30 seated people and 20 standing.

2. Fire instructions for meetings:
 - If the fire alarm sounds please make your way out of the building by the nearest available exit - i.e. the back staircase or the fire escape in the chamber. Do not to use the lifts.
 - The fire assembly point is in the front staff car park by the exit barrier.
 - This building has an auto-call system to the fire services, so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out of this area.

3. Reports are attached for each agenda item unless marked "oral".
4. If required all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
5. If the Committee wishes to exclude the public and press from the meeting a resolution in the following terms will need to be passed:

"That the press and public be excluded during the consideration of the remaining items no. X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories X Part I Schedule 12A to the Local Government Act 1972 (as Amended)."



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of the meeting of the Finance & Assets Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely at 4.30pm on Thursday, 26th September 2019.

P R E S E N T

Councillor David Brown (Chairman)
Councillor Ian Bovingdon (Vice Chair)
Councillor Christine Ambrose Smith
Councillor Charlotte Cane
Councillor Simon Harries
Councillor Bill Hunt
Councillor Alan Sharp
Councillor John Trapp
Councillor Alison Whelan

OFFICERS

Sally Bonnett – Infrastructure & Strategy Manager
Maggie Camp – Legal Services Manager
Spencer Clark – Open Spaces & Facilities Manager
Emma Grima – Director Commercial
Victor Le Grand – Senior Leisure Services Officer
Nicole Pema – HR Manager
Ian Smith – Finance Manager
Janis Murfet – Democratic Services Officer

I N A T T E N D A N C E

Councillor David Ambrose Smith (Agenda Item No. 15)
Nigel Ankers – Finance Manager, ECTC
Rachel Ashley-Caunt – Head of Internal Audit, LGSS
Phil Rose – Head of Development, Palace Green Homes

39. PUBLIC QUESTION TIME

No questions were submitted by members of the public.

40. APOLOGIES AND SUBSTITUTIONS

There were no apologies given or substitutions made.

41. DECLARATIONS OF INTEREST

Councillor Sharp declared a personal interest in Agenda Item 10 (Service Level Agreement Funding - Leisure Centres & Sport Facilities 2019/20), being a Governor of Bottisham Village College.

Councillor Bovingdon also declared an interest in Agenda Item 10, being a member of the Ross Peers Sports Centre Committee.

42. **MINUTES**

It was resolved:

That the Minutes of the meeting of the Committee held on 25th July 2019 be confirmed as a correct record and signed by the Chairman.

43. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

- **Running Order**

Historically we have separated items for decision from items for noting. As it is quite a large agenda and there are items that flow which happen to mix noting and decision I have agreed that mixing the noting and decision items is acceptable;

- **ECTC Accounts 2018/19**

Agenda Item 20- East Cambs Trading Company Accounts 2018/19. There is a report on the agenda which states that the Accounts would be circulated once the accounts were signed off. At the time of writing the report it was intended that the Managing Director would be signing off the accounts on Thursday 19th Sept. Unfortunately Price Bailey did not produce the final accounts for sign off in time. I am advised that the content of the final accounts is the same as the draft account that have been previously shared, the only difference was correcting typos and some narrative.

They have today been signed by the Managing Director and will be circulated to Members as soon as possible. I am therefore deferring this item until the next meeting;

- **ARP Member Seminar**

At a previous meeting we asked for ARP to do an all Member Seminar to detail how the partnership works. I am advised, and Members will receive an email to confirm this, that the seminar will take place on Monday 25th November at 6pm here in the Council Chamber;

- **ECTC/ECSS**

A reminder that there is an all Member Shareholder meeting being held on 10 October 2019 here in the Council Chamber. The meeting starts at 6pm.

44. **EXTERNAL AUDIT – UPDATE REPORT**

The Finance Manager presented a report (reference U62, previously circulated) which updated the Committee on the latest information regarding the external audit of the Council's statutory accounts.

Suresh Patel had attended Committee on 25th July to inform Members that Ernst & Young (EY) were going to be unable to start the Council's statutory audit by the 31st July deadline, by when it should have been completed. This was as a consequence of significant resourcing issues within the company. Mr Patel said that the audit would be completed in October, with the Audit report coming to the Committee meeting on 28th November 2019.

The Council had since had further communication with EY and had now been given a start date for the on-site audit of 14th October. It was noted that EY were planning to undertake a significant amount of remote testing in advance of this date.

As agreed at July's Committee meeting, the Chairman had written to Public Sector Audit Appointments (PSAA) Ltd expressing the Council's disappointment that it was now in the position of having no audited statutory accounts for 2018/19 and the potential reputational damage that this could cause the Council.

The Finance Manager informed Members that a response had been received from PSAA, requesting a meeting with the Chairman of the Committee. The Chairman added that East Cambridgeshire was not the only local authority or organisation to have suffered this problem and arrangements would be made to get everyone together rather than holding individual meetings.

Councillor A Whelan had two questions. She asked if it was known who would be on the Audit Team, but the Finance Manager said he had yet to be given any names. She then asked whether the staff had been disrupted in their preparations for the audit and was advised that EY had, to the most part, worked around the availability of East Cambs staff, who equally had been as flexible as possible and as such there had been no real disruption, although clearly having the audit at the same time as undertaking detailed budget work for 2020/21 was not ideal.

It was resolved:

That the report be noted.

45. **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report (reference U63, previously circulated) which advised Members of the work of Internal Audit completed during the period June 2019 to September 2019, and the progress against the Internal Audit Plan.

Rachel Ashley-Caunt summarised the content of the update report highlighting that at the time of reporting, 55% of assignments within the Plan were either complete, in progress or in advanced stages of planning. Three audits had been finalised and had not highlighted any issues or weaknesses which would impact on the overall Internal Audit position.

In connection with the use of Government Procurement Cards, Members noted that recommendations had been made in a couple of areas and discussed with management.

Cardholders should sign the Annex to the User Guide to acknowledge receipt of the card and that they had understood the attached User Guide. Three new procurement cards had been issued since the last review in 2016/17 but only one had been issued with a copy of the User Guide. Individual cardholders were responsible for maintaining a transaction log of expenditure together with VAT invoices/receipts which should be forwarded to the Senior Accountancy Assistant to be posted on Agresso. Testing a sample of 24 purchases covering the period April 2018 to March 2019 identified instances where purchases were not properly supported by invoices or receipts and this had led to the Council being unable to claim back VAT.

With regard to Community Infrastructure Levy (CIL) Income, key controls were examined and it was confirmed that payment periods and amounts were in accordance with the CIL Instalment Policy. Payments were collected in a timely manner and there was evidence of effective recovery action being taken when appropriate. Overall good assurance could be given that there were effective controls in operation.

Councillor Sharp asked Mrs Ashley-Caunt if she was satisfied that the cause of the problem with the procurement cards had been resolved. She replied that the three cards had all been for the same service area and the Finance Manager added that as this service had now gone over to a private company, the issue had gone.

Councillor Cane enquired about the number of transactions and the work done to quantify them. Mrs Ashley-Caunt reiterated that VAT could not be reclaimed without evidence; she was unable to give an answer regarding the number of transactions, but would provide Members with the information.

Councillor Cane said she was aware that in some organisations, if people could not provide receipts or invoices for purchases, they had to reimburse the costs themselves. The Finance Manager responded that while people had to sign for a procurement card, there were no rules about having to reimburse the Council if they could not produce a receipt. He reassured Members that the three cards in question related to the National Homelessness Support Scheme and there would be no detriment to the Council.

Councillor Cane continued, saying that the Committee should see what people were being required to sign to ensure it was sufficiently robust. Without invoices it could be difficult to see if purchases were genuine and paperwork was needed to confirm correct expenditure and reclaim VAT.

Councillor Bovingdon made the point that if people were issued a card without the User Guide, they could not necessarily be expected to know that what they were doing was correct. He agreed that Members should have sight of the Annex.

On a more general point, Councillor Cane asked if the small errors occurred due to a lack of sufficient staff or lack of training. The Director Commercial replied that it was probably the latter, but new members of staff would be given training.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings be noted.

46. **ANTI-FRAUD AND CORRUPTION STRATEGY**

The Finance Manager presented a report (reference U64, previously circulated) which advised Members of the need to review and update the section of the Council's Constitution relating to the Anti-Fraud and Corruption Strategy.

It was noted that the current Strategy was approved by Full Council in May 2016. The revised document had not changed significantly but references had been changed in various places and more detail provided where necessary.

An anti-money laundering policy statement had previously been approved by Council in 2012 as a stand-alone document, but it did not form part of the Constitution and had not been updated since that time. The new Anti-Fraud and Corruption Strategy now incorporated a revised money laundering policy statement, thereby ensuring that the policy gained a greater prominence as part of the Constitution.

Councillor Cane noted that no reference was made to a Register of Gifts & Hospitality and the Director Commercial assured her that such a register was kept. Councillor Cane duly proposed that the Register should come to Committee on an annual basis and the motion having been seconded by Councillor Bovingdon, was declared carried.

Councillor Harries said that having looked through the details of the Strategy, he was against the kind of assertions being made in relation to the culture of the Council, because local authorities had always received public complaints regarding corruption. He felt it would be interesting to review the whole area of openness and make sure that the Council was living up to it. Communications were also a concern and should be systematically looked at in order to improve them.

Councillor Trapp raised the issue of whistleblowing and was advised that the Legal Services Manager was looking at refreshing the current policy; it would come to this Committee with a recommendation of adoption by Full Council.

It was resolved to recommend to Full Council:

That the updated Anti-Fraud and Corruption Strategy, as attached at Appendix 1 to the report, be adopted.

47. **GENDER PAY REPORTING**

The Committee received a report (reference U65, previously circulated) which provided Members with some measurable data on gender pay at the Council.

An amended set of Tables 1 – 4 was tabled at the meeting.

The HR Manager reminded the Committee that the gender pay gap was the difference in the average hourly wage of all men and women across a workforce. If women did more of the less well paid jobs within an organisation than men, the gender pay gap was usually bigger.

As the Council had fewer than 250 employees, it was not required to comply with legislation to publish statutory calculations every year showing the pay gap, but it did so as Members had requested some measurable data to be provided.

As at 31st March 2019, the women's mean hourly rate was 6.1% lower than men's and the median hourly rate was 4.7% lower than men's. The figures had been ranked into quartiles and the new figures were based on the number of employees in each quartile.

Referring to paragraph 4.9 of the report, Councillor Whelan felt that the statement did not make sense and the conclusion was that part time female employees were being paid less than their full time colleagues; the dilution affected all but the upper quartiles. The HR Manager replied that there was a high proportion of females in that quartile but the posts were often filled by people choosing to work part time. However, all posts were evaluated on a full time basis.

Councillor Cane asked how the issue could be addressed and the Director Commercial said she had discussed this with the HR Manager, but there was not a lot that could be done, as it was the nature of the roles.

Councillor Bovingdon wished to know how the Council compared to other authorities and the HR Manager replied that she had struggled to find comparator data from other local authorities with less than 250 employees because they are not required to publish any data. The HR Manager went on to say that the Council's workforce is $\frac{2}{3}$ female, with high proportions of females in each quartile. Councillor Harries commented that he struggled to understand the pay gap when there were women in the upper quartile and he asked if this was affected by one or two males in high earning roles and the HR manager confirmed that it was. The Director Commercial added that neighbouring authorities had female Chief Executives, but they were different sized authorities and workforces; it was like trying to compare apples to oranges. It should be remembered that this Council chose to bring the data into the open.

Councillor A Whelan thought that Members should be satisfied as she believed the figures to be reasonable and they should be pleased that the information was being presented when there was no requirement to do so.

It was resolved:

That the content of the information report be noted.

48. **SERVICE LEVEL AGREEMENT FUNDING (LEISURE CENTRES AND SPORT FACILITIES) 2019/20**

The Senior Leisure Services Officer presented a report (reference U66, previously circulated) from which Members were asked to agree initial funding allocations for the 2019/20 financial year for leisure centres and sport facilities.

The Committee was reminded that grants were offered to leisure facility providers to support material improvements to their services, to strengthen the long term sustainability of the facility, to extend the activity opportunities for the local community, or both.

For the benefit of the newer members of the Committee, the Senior Leisure Services Officer explained that the funding allocations used to be considered by the Community Services Committee. It had been recognised at that time that the purpose of the grants had not really been known and therefore a review was undertaken. The outcome resulted in project focused applications being awarded grants and the submissions before the Committee today were representative of this new approach:

- Learning Trust on behalf of Bottisham Sports Centre (Bottisham Village College) had requested a grant to have works carried out to make good the pool wall fracture, refurbishment of pool plant and replacement of the disabled pool hoist and pool cover.

No partnership funding had been proposed for this element, but the Anglian works formed part of a wider renewals project to which the Trust was making a significant commitment. The specific improvements would be used by the school and community and officers felt that this was the type of grant that the Council would wish to encourage.

It was recommended that a grant of £10,000 be supported.

- Soham and District Sports Association (Ross Peers Sports Centre) had requested a grant towards the installation of a new gym floor in the fitness suite, the provision of lockers and kit storage for users.

This project was one element in a wider programme of improvements being carried through, where possible, by staff at the Centre, and otherwise through maintenance funds.

Officers remained of the opinion that given the age and condition of the Centre as a whole, an integrated programme of renewals was needed. The Community Services Committee had wanted a co-ordinated plan so that the Centre could be encouraged to take a more positive direction in

the long term. It was felt that the application was well worth supporting and consideration should be given to the formulation of a Business Plan.

It was recommended that a grant of £5,450 be supported.

Councillor Cane said the Bottisham pool was a very important facility because it provided a service to the public and many local primary schools; she was supportive of the proposal. With regard to the Ross Peers Centre, it catered for young people as well as offering good socialising facilities. She agreed that the application should be supported, but that officers should press for a Business Plan before any further award of grant.

Councillor C Ambrose Smith concurred, saying that everyone had been struck by just how down at heel the Centre appeared. Soham was the second largest settlement in the District and needed a good sports centre.

Councillor Harries said it was a real pleasure to be voting for projects that would benefit the community.

It was resolved:

That the recommended allocations, as set out below, be agreed:

- Anglian Learning Trust on behalf of Bottisham Sports Centre (Bottisham Village College) - £10,000;
- Soham & District Sports Association (Ross Peers Sports Centre) - £5,450.

49. **COMMUNITY INFRASTRUCTURE LEVY (CIL) INSTALMENT POLICY**

The Infrastructure & Strategy Manager presented a report (reference U67, previously circulated) from which Members were asked to approve an amendment to the Council's CIL Instalment Policy.

It was noted that Internal Audit had recently conducted a review of CIL Income and their report concluded that 'overall good assurance can be given that there are effective controls in operation'.

However, the review recommended that the CIL Instalment Policy be amended to provide additional information regarding discretion to vary instalments. Currently the Policy did not make reference to the discretion to vary instalments for lower value CIL liabilities or the approval process. Not evidencing this discretion could leave the Council open to challenge by developers.

It was therefore recommended that the following text be included in the Instalment Policy:

'In exceptional circumstances the Council may agree to vary the instalment policy where the CIL Liability is below £1million or to apply an instalment policy where one was not previously in place. This will be done in consultation with the Chairman of the Finance & Assets Committee.'

Referring to Appendix 1 of the report, Councillor Bovingdon asked if '*The full balance is payable on occupation/opening of the development ...*' was referring to the developer or the purchaser. The Director Commercial replied that it referred to the end user at first handover.

Councillor Trapp enquired whether developers could be encouraged to pay CIL earlier and the Director Commercial advised that this was regulated and therefore constrained by legislation. Developers had to start paying within 60 days of commencing construction.

In response to a comment from Councillor Hunt about making the Policy clearer, the Director Commercial said that a small glossary and guide would be included in the document.

Councillor Cane requested, and the Committee agreed that the recommended text at paragraph 4.3 be amended to read '*... This will be done in consultation with the Chairman of the Finance & Assets Committee **and reported to the following Finance & Assets Committee.***' Whereupon,

It was resolved:

To approve the amendments to the Council's Community Infrastructure Levy Policy, as set out at paragraph 4.3 and attached at Appendix 1 to the report.

50. **EAST CAMBRIDGESHIRE BUS SERVICES REVIEW**

The Committee received a report (reference U68, previously circulated) which sought Member approval to establish a Member Working Party to oversee the East Cambridgeshire Bus Services Review and to approve the Terms of Reference for the group.

The Infrastructure & Strategy Manager summarised the background to her report and said that the Council was planning to conduct a consultation exercise to help inform the Combined Authority's review of bus services across Cambridgeshire and Peterborough. It was envisaged that all Councillors would be involved in the consultation to identify key bus routes for local residents that met one or more of the journey purposes as set out in paragraph 4.1 of the report.

The aim was to identify routes that were viable or could become viable over a period of time, and to seek funding from the Cambridgeshire & Peterborough Combined Authority and other sources for a trial period to allow routes to become established and self-financing.

It was proposed that a Member Working Party be set up to guide the work and to assist officers in carrying out the consultation and review. The Working Party would comprise 5 Members and report back to this Committee. A draft Terms of Reference was attached as Appendix 1.

Councillor A Whelan said that this had come out of a decision that Members should work collaboratively. She wondered if it would be more appropriate to have an even number of Councillors on the group and the

Director Commercial confirmed that political proportionality did not apply to working groups.

Councillor Hunt thought the Working Party should be proportionate with one Group having a clear majority, as an even number of Members could cause delays.

The Chairman reminded Members that the Working Party would not have any decision-making powers; it would make recommendations to the Finance & Assets Committee.

Councillor Cane said the Working Party had been set up as an effort for the political groups to co-operate. She felt there should be equal representation rather than running on Party lines. This should be about getting the best for the people of East Cambridgeshire and it would be sending a jarring message if one Party had control.

Councillor Sharp did not have a strong opinion regarding the composition of the Working Party but he expressed the hope that it would be apolitical.

Councillor Harries remarked that the remit of the body would be very technical and that the difference should be made between the technical and political aspects. It would be very helpful if it could be agreed that everyone was working for the good of the community. In some respects, this was a kind of test case; in the past there had been acrimony but the Leaders of the two Groups had met and the aim was now to try and work collaboratively.

It was duly proposed by the Chairman and seconded by Councillor Trapp that the Working Party should comprise 6 Members, with the Chairman being elected from the Conservative membership. When put to the vote, the motion was declared carried by majority.

It was resolved:

- i. That Councillors David Ambrose Smith, Charlotte Cane, Lorna Dupré, Lis Every, Simon Harries and Alan Sharp be appointed to the Working Party;
- ii. That the Chairman of the Working Party be elected from the Conservative Group membership; and
- iii. That the draft Terms of Reference for the Working Party, as attached at Appendix 1 to the report, be approved.

51. **COMMUNITY TRANSPORT GRANT SCHEME**

The Committee received a report (reference U69, previously circulated) from which Members were asked to agree the allocation of the Community Transport Grant Scheme funding to the East Cambridgeshire Bus Services Review.

The Infrastructure & Strategy Manager reminded the Committee of the background to the Community Transport Scheme and drew Members' attention

to paragraphs 3.4 – 3.7 of the report, which set out details of the four applications received.

Since the meeting of the Community Services Committee in January 2019, the Cambridgeshire & Peterborough Combined Authority had published a Strategic Bus Review and established a cross-organisational ‘Bus Reform Group’ to consider the findings and develop an implementation strategy based on the recommendations of the Review. This had given rise to a more strategic use for the funding which was not an option when the Community Services Committee agreed to invite expressions of interest.

It was proposed that the Community Grant Scheme funding available to date be used to help seed fund routes identified through the Bus Services Review in the first year, as this would enable the money to have a greater impact on bus services across the District.

Members noted that the requests for grant funding only provided an in-year funding solution. Whilst a service could be provided for 2019/20, the applicants had indicated that they were reliant on income from users and further grants to support the services from 2020 onwards. A further benefit of using the funding towards routes selected via the Bus Services Review would be that it offered an opportunity for the long term sustainability of services and to reduce reliance on public sector subsidies, making it a more efficient use of the money.

The ECDC Bus Service Review would complement rather than compete with existing Community Transport schemes and providers would be consulted as part of the Review process. If Members agreed, the routes proposed through the grant scheme would be considered as part of the Review.

Councillor Cane expressed concern that any delay in making decisions could have a significant effect on the applicants. Expressions of interest had been invited and to her, the Isleham Parish Council bid looked to be very worthwhile. She thought the bid could go into the Bus Plan for 2020, adding that she did not think it right to say that the use of the money had been changed.

Councillor Trapp agreed, saying that funding the Isleham bid could be a test case; as the Review could possibly last six months, why not run with it.

The Chairman said his own view was that there was only a certain amount of money and it could only be used once, therefore it should be kept for pump priming.

Councillor Sharp understood Councillor Cane’s concerns regarding Isleham, but as a decision could not be made tonight, he thought that perhaps the Working Party could take an early look at it and bring it back to this Committee.

Councillor C Ambrose Smith supported keeping the funding pot, and Councillor Harries said he liked Councillor Sharp’s approach that the Working Party should look at ideas as a matter of priority.

Councillor Hunt agreed with pump priming and proposed that the officer’s recommendation be supported. The motion was seconded by the Chairman and when put to the vote, was declared carried by a majority.

It was resolved:

That the Community Grant Scheme funding be allocated to the East Cambridgeshire Bus Services Review.

52. **COUNCIL RESPONSE TO CPCA CONSULTATION ON THE CAMBRIDGESHIRE AND PETERBOROUGH LOCAL TRANSPORT PLAN**

The Infrastructure & Strategy Manager presented a report (reference U70, previously circulated) which sought Member agreement to the Council's submission to the Cambridgeshire & Peterborough Combined Authority (CPCA) consultation on the Cambridgeshire & Peterborough Local Transport Plan.

Appendix 1 to the report set out the Council's response to the Plan and stated that the Council supported the draft aims and objectives and suggested additions and amendments to the draft text.

All Councillors had had the opportunity to input to the development of the consultation response and two Member seminars had been held to discuss the Local Transport Plan.

Councillor Cane thought it hugely regrettable that there was a concentration on dual carriageways rather than bus routes, as public transport was a key priority.

Councillor Ambrose Smith commented that Littleport had many 'white van' businesses; such people could not use public transport and for that reason she believed there should be a concentration on improving the roads.

Councillor Harries said a radical and transformational solution was needed, as there had been a series of projects that had taken up a lot of money and not delivered what was wanted.

Councillor Sharp considered some of the Plan to be aspirational and said that if it was to be achieved, major infrastructure would have to be delivered. There was no mention of the Cambridge – Ipswich line in the south of the District and improvements to rail freight were not going to be achieved overnight.

Councillor Trapp agreed that a better rail infrastructure was essential; the daily commute was a problem and if there was better public transport, it would help to take more cars off the road.

Councillor Hunt said a survey had been sent to residents of East Cambridgeshire regarding the dualling of the A10 from Ely to Cambridge and the responses were supportive. The construction of a new railway station in Soham was a first step towards connecting residents to the wider rail network and bringing jobs and investment into the area. The new section of the Littleport station car park was only half full, so there would be capacity when the 8-car trains were introduced. The approach should be one of carrot rather than stick, to make people want to use the trains.

Councillor Cane reiterated that public transport should be included in the response. She gave the instance of three days when students were unable to use the Cambridge – Ipswich rail line. The bus journey was approximately two hours each way or the alternative was to travel by car. The whole issue needed to be sorted as a matter of urgency.

The Chairman asked that a sentence be added to the Council's response to inform the Combined Authority that ECDC was setting up a Bus Review Working Party. He also requested that if Members had any comments, they should be submitted directly to the Combined Authority.

It was resolved:

That the submission to the CPCA, attached as Appendix 1 to the report, be agreed.

53. **LITTLEPORT VISION 2030**

The Infrastructure & Strategy Manager presented a report (U71, previously circulated) which sought Member approval of the Littleport 2030 document for submission to the Cambridgeshire & Peterborough Combined Authority for adoption.

At the invitation of the Chairman, Councillor D Ambrose Smith addressed the Committee in his capacity as a Local member for Littleport. He thanked the Infrastructure & Strategy Manager for her report and applauded her for the way in which the document had been put together.

Councillor Harries declared his support for the plan but sought clarification regarding its status. The Director Commercial replied that it was a prospectus which would be submitted to the Combined Authority. It was to be hoped that it would be adopted as strategy, after which the real work would begin. This was the first of two or three stages and although it was the Combined Authority's plan, the decision had been taken to let local people develop it.

Councillor Cane wished to know who had been involved in the consultation and was advised that it included local Members, Parish Councils and stakeholders.

Councillor C Ambrose Smith stressed the importance of the Vision document, saying that there were levels of deprivation in Littleport and young people needed to have something to inspire them. Bringing employment to the town would be great and Main Street should 'tweaked' to bring it into the 21st century.

Councillor D Ambrose Smith agreed, adding that there was an excellent partnership between the new school and the leisure centre.

It was resolved:

That the Littleport Vision 2030 document, as set out in Appendix 1 to the report, be approved and submitted to the Cambridgeshire & Peterborough Combined Authority for adoption.

54. **ASSETS UPDATE**

The Committee received a report which provided an update on Council owned assets, and Members were asked to appoint Councillor Bill Hunt as Member Champion for Assets.

The Director Commercial said that the report had been produced in response to a request by Members, and an update would be provided at each meeting of Committee. With regard to a Member Champion for Assets, it was recognised that Council assets were important and it was for this reason that the appointment was recommended; paragraph 3.2 of the report set out the role of the Member Champion.

Councillor Harries agreed that the list of assets was long, but he did not consider it complex and said he did not see the need for a Member Champion. He felt it extremely inappropriate that the Chairman of the Planning Committee should be appointed and said that someone else should fulfil the role. Councillor Cane concurred, saying that she thought the Chairman of the Committee could undertake the function.

Councillor Cane then raised the issue of planting trees on public open space. It was her understanding that the Leader of the Council had said it would be left to the Parish Councils and communities to plant trees, and she queried how they would know which land was owned by the Council and how to apply for permission. She thought it a shame that the District Council was not involved in the 'Plant a Tree' scheme. The Director Commercial replied that the Land/Assets Register was published on the District Council website and the Open Spaces team could respond to any queries.

Councillor Christine Ambrose Smith said that as a Parish Councillor, she thought tree planting would be better dealt with at a Parish and Town Council level.

Councillor Sharp said he could understand Councillor Harries' concerns about the Member Champion, but the role did not have any decision making powers and would be reporting back to the Finance & Assets Committee. The Chairman added that Councillor Hunt would bring considerable experience to the role.

It was resolved:

- i. To note the update on Council owned assets; and
- ii To appoint Councillor Bill Hunt as Member Champion for Assets.

55. **E-SPACE SOUTH**

The Committee received a report (reference U73, previously circulated) from which Members were asked to consider the winding up of East Cambridgeshire Business Centres Limited and transferring assets to East Cambridgeshire District Council.

Officers, working with Price Bailey, had reviewed whether there was still a need for E-Space South to continue to operate as a trading company or whether ECBC Ltd should be wound up with assets being transferred to ECDC.

The Director Commercial said the conclusion of the review was that there was neither an operational nor foreseeable strategic benefit to having a separate company. However, there would be benefits to winding up ECBC Ltd and transferring the asset to the District Council.

It was therefore recommended that ECBC Ltd be wound up and the asset transferred to ECDC. The Director Commercial reiterated that ECDC would continue to run the service as is and this was merely an exercise in ensuring administrative efficiency.

It was resolved unanimously:

- i. To approve the winding up of East Cambridgeshire Business Centres Limited and transferring assets to East Cambridgeshire District Council; and
- ii. To delegate authority to the Finance Manager and Legal Services Manager to complete the necessary financial and legal documentation.

56. **APPOINTMENTS TO OUTSIDE BODIES**

The Committee considered a report (reference U74, previously circulated), from which Members were asked to confirm the appointment of the proposed nominated representatives to the outside bodies as set out in paragraph 2.1.1.

Following the meeting of Committee on 20th June 2019, there remained a number of vacancies in respect of the following Internal Drainage Boards: Cawdle Fen, Haddenham Level, Littleport & Downham Level, and Padnal & Waterden.

No appointment had been made to the Paradise Centre Management Committee, Ely.

Using the procedure previously followed in 2018/19, the Democratic Services Officer wrote to the City of Ely, Haddenham, Little Downham and Littleport Parish Councils to seek nominations to the Internal Drainage Boards.

The nominations received were for Parish Councillors who had either been able to evidence previous experience or had expressed an interest in representing ECDC on Internal Drainage Boards.

It was noted that in the case of the Littleport & Downham IDB, there was one vacancy, but two nominations: Councillor Mark Taylor (Little Downham Parish Council) and Councillor Sue Kerridge (Littleport Parish Council).

Members agreed that Councillor Mark Taylor should be appointed to the Littleport & Downham Internal Drainage Board. However, in the event that a vacancy arose on any other Drainage Board, it was suggested that Councillor Kerridge should be approached to see if she would be willing to serve.

With regard to the Paradise Centre Management Committee, it was noted that the Leader of the Council had advised that Councillor David Ambrose Smith was content to be appointed.

Councillor Trapp remarked that he found it gratifying that Parish Councillors were putting themselves forward for the appointments.

It was resolved:

To make the following appointments:

- 1) Cawdle Fen IDB:
Councillor Michael Rouse (City of Ely Council);

Haddenham Level IDB:
Councillor Steve Cheetham (Haddenham Parish Council);

Littleport & Downham IDB:
Councillor Mark Taylor (Little Downham Parish Council)

Padnal & Waterden IDB:
Councillor Edward Carlsson Browne (City of Ely Council)
Councillor Maria Stableford (Littleport Parish Council)
Councillor Debra Jordan (Littleport Parish Council).
- 2) Paradise Centre Management Committee, Ely:
Councillor David Ambrose Smith

57. **ACTION TAKEN BY THE CHIEF EXECUTIVE ON THE GROUNDS OF URGENCY**

The Committee received a report (reference U75, previously circulated) which asked Members to note the action taken by the Chief Executive on the grounds of urgency.

Following the resignation of the Independent Person appointed at the Annual Council meeting, the Council had no Independent Person in office to deal with a number of complaints received under the Members Code of Conduct. Therefore, on the recommendation of the Monitoring Officer, the Chief Executive had appointed Gillian Holmes and Stuart Webster as the two Independent Persons for this Authority to enable the complaints to be dealt with in accordance with the requirements of the Localism Act 2011.

In accordance with Part 3(4) paragraph 4.1, of the Constitution, the Chief Executive consulted the Chairman of Finance & Assets Committee and the Leader of Council prior to the delegated decisions. The Chairman of Council, Lead Member for the opposition on the Finance & Assets Committee and the Leader of the Liberal Democrat Group were subsequently notified of the delegated action taken.

It was noted that in accordance with paragraph 4.1 of the Constitution, the urgent action was being reported to Council for information.

It was resolved:

That the action taken by the Chief Executive on grounds of urgency be noted.

58. **EAST CAMBS TRADING COMPANY ACCOUNTS 2018/19**

It was noted that the ECTC Accounts for 2018/19 had not been received in time for the Managing Director to sign them off.

Consideration of this item would therefore be deferred until the next meeting of the Committee on 28th November 2019.

59. **ECTC BUSINESS PLAN 2019/20**

The Committee considered a report (reference U77, previously circulated) that detailed the ECTC Business Plan for 2019/20.

The Director Commercial advised Members that the Finance Manager, ECDC, would take over as Lead Officer for the Committee during consideration of this item, and she would speak in her capacity as a director of the Trading Company. For the benefit of the new Members of the Committee, she introduced Phil Rose, Head of Development, Palace Green Homes and Nigel Ankers, Finance Manager, ECTC.

The annual Business Plan was produced and considered by the then Shareholder Committee on 11th February 2019. The Committee requested further specific financial information to be included in the Plan and this was appended as an exempt appendix.

The Business Plan set out the two key business areas, the first being Commercial Services which currently delivered Ely Markets and Grounds Maintenance, and the second being Property & Community Housing. It was noted that both areas carried out business on behalf of ECDC as well as other customers.

The document also contained details relating to Service Level Agreements, the Board of Directors, Managing Director and Company Secretary and the Company's structural relationship with East Cambridgeshire District Council.

The Director Commercial said that an individual Risk Management Plan would be drawn up for Property & Community Housing.

Members were advised that with regard to the table of current CLT projects in East Cambridgeshire, the Stretham & Wilburton CLT might change as it went through the planning process, but they did not want to be prescriptive. In connection with this, Councillor Hunt asked whether the CLT homes were to be built at Camps Field or Hinton Way. The Director Commercial replied that she was unable to answer this today as the officer dealing with it was on leave, but she would provide Members with a written response early next week.

Councillor Cane said she could not support the Business Plan for a number of reasons. Given the current climate and housing emergency, there was nothing in the Plan about sustainable, secure housing. She believed the Company Directors were displaying a cavalier attitude towards the Finance & Assets Committee as the Trading Company's quorum required the presence of one elected Member and one should be present today. The Committee had received some of the papers late and the accounts were not presented; officers were aware of the deadlines and should have provided everything in good time.

Councillor Harries believed that Kennett should be shown as a risk to the Company rather than an asset. The structure of the Board caused him considerable concern in that the Chairman was not named and he saw the Chief Executive as being a major risk due to a conflict of interests. He continued, saying that the Trading Company could cause major harm to the Council and its executives were showing contempt by not being present today to be held to account. In view of this, he felt that the Business Plan could not be approved.

In the absence of further comments, it was proposed by the Chairman and seconded by Councillor Hunt that Full Council be recommended to approve the Business Plan. When put to the vote, the motion was declared carried by majority and,

It was resolved to recommend to Full Council:

That the ECTC Business Plan 2019/20 be approved.

60. **FORWARD AGENDA PLAN**

It was noted that the ECTC Accounts 2018/19 would be added to the Forward Plan for the meeting to be held on 28th November.

It was further noted that the report from the Member Champion for Assets would be incorporated into the Assets Update.

It was resolved:

That the Forward Agenda Plan, and the comments made thereon, be noted.

61. **EXCLUSION OF THE PRESS AND PUBLIC**

It was resolved:

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

62. **EAST CAMBS TRADING COMPANY BUSINESS PLAN 2019/20 – EXEMPT APPENDIX**

The Committee considered the exempt appendix to the East Cambs Trading Company Business Plan for 2019/20.

Officers responded to specific points raised by Members.

It was resolved:

That the exempt appendix to Report No. U77 be noted.

63. **ECTC MANAGEMENT ACCOUNTS**

The Committee considered an exempt report from which Members were asked to note the ECTC Management Accounts for the period April – July 2019.

The Finance Manager ECTC summarised the key points of the report and officers responded to Members' comments and questions.

It was resolved:

That the ECTC Management Accounts (April 2019 – July 2019) be noted.

64. **WRITE OFF OF UNRECOVERABLE DEBT**

The Committee considered an exempt report regarding the write off of debts owed by the two companies referred to in the submitted report.

Members were also asked to note that an amount of £2,409.20 owed by various debtors had been written off using delegated powers.

The Chairman requested that for the future, the Committee be provided with more detail on the smaller amounts written off under delegated powers.

Councillor Hunt commented that, as a public body, while the Council should be fair, reasonable and understanding, it should be active in the firmness of its financial controls.

It was resolved:

- 1) That the write off of £1,260.86 and £5,386.15 owed by the companies referred to in the submitted report, be approved; and
- 2) To note that an amount of £2,409.20 owed by various debtors has been written off using delegated powers.

65. **ASSET MANAGEMENT MATTER**

The Committee considered an exempt report from which Members were asked to consider a proposed course of action as set out in the submitted report.

The Director Commercial summarised the key points of her report and advised Members of the recommended course of action.

A number of concerns were raised during the course of discussion, and it was agreed that further information should be sought before making a decision.

It was resolved:

That a decision be deferred in order to allow the Director Commercial to seek clarification on a number of matters raised in the meeting.

66. **ASSET MANAGEMENT MATTER**

The Committee considered an exempt report from which Members were asked to consider the proposed course of action as set out in the submitted report.

The Director Commercial summarised the key points of her report and advised Members of the options available to them.

It was resolved:

To approve the proposed course of action, as set out in the submitted report.

The meeting closed at 7:15pm.

East Cambridgeshire District Council Audit results report

Year ended 31 March 2019

21 November 2019

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

Building a better
working world

21 November 2019



Dear Finance and Asset Committee Members

We are pleased to attach our initial Audit Results Report in advance of the forthcoming meeting of the Finance and Assets Committee (the Committee). This report outlines the status of the audit of East Cambridgeshire District Council for 2018/19.

As at the date of this report our audit is in progress and we have identified some significant adjustments to the statement of accounts.

Subject to concluding the outstanding matters listed in our report, we anticipate issuing an unqualified audit opinion on the financial statements in the form at Section 3 after the Committee meeting. We will have no matters to include in the auditor's report on your arrangements to secure economy, efficiency and effectiveness in your use of resources, although we have identified some areas for improvement. In addition, we are currently dealing with an item of correspondence where work is in progress.

This report is intended solely for the use of the Finance and Assets Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Finance and Assets Committee meeting on 28 November 2019.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Park' or similar, written in a cursive style.

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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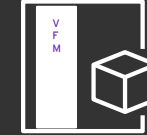
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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In the Outline Audit Plan that we presented at the January 2019 Resources and Finance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We are carrying out our audit in accordance with this plan but have made a small change to materiality using the draft financial statements. Overall materiality is now £0.842 million (Audit Plan – £0.885 million), which results in updated performance materiality, at 50% of overall materiality, of £0.421 million. The updated threshold for reporting misstatements is £0.042 million.

Status of the audit

In July we reported to the Finance and Assets Committee that due to our resourcing issues we needed to reschedule the audit of the Council's accounts until after the end of July. We subsequently agreed with the Finance Manager an October start date with the aim of reporting a completed position to the 28 November Committee meeting. As at 21 November our audit is in progress and we anticipate completion of the procedures outlined in the Outline Audit Plan by the middle of December. We acknowledge that there has been an adverse impact on the pace of audit progress from carrying out the audit when officers are busy with other duties. We also recognise that our resourcing has been effected by overrunning audits elsewhere. In addition, we have identified a number of audit differences, which we summarise overleaf, which has required additional audit time. One of these matters will require a significant change to the group accounts balance sheet and the others require the Council to make changes to a number of items of account. The Council has agreed to make the necessary changes and prepare a revised set of statements once we have completed the majority of our audit procedures.

Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise. We are currently completing:

Debtors	Pension (IAS19)	Reserves	Review of Significant Contracts
Creditors	Expenditure, incl. Housing Benefits	Journals testing	Cash & Bank
Property, Plant and Equipment	Collection Fund	Related Party Transactions	Value for Money

We will provide the Committee with an update of the above procedures. Once we have completed the above procedures we will be:

- Requesting and then reviewing the final version of the financial statements;
- Completing a subsequent events review;
- Requesting and then reviewing the management representation letter; and
- Completing our final review procedures.

We will update the Committee on progress of these items at the meeting on the 28 November 2019 and will prepare a final Audit Results Report on completion.

Executive Summary

Status of the audit (continued)

In addition to the previous page, in common with other local authorities the Council has had to respond to a national issue which has required a late and pervasive change to the accounts and related IAS19 Pensions liability disclosures. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. Since the 31 March year-end there has been additional evidence, including a legal ruling by the Supreme Court which rejected the Government's appeal, and suggested that the associated liabilities to the ruling should in fact be able to be fully calculated and so included within the financial statements of admitted bodies. In addition, there has been some movement on the Guaranteed Minimum Pension (GMP) ruling. In summary, the changes have increased the past service costs and in turn the pensions liability figure by approximately £198,000. In addition, the actual value of pension assets included in the revised IAS19 report increases the pensions liability by £726,000.

Correspondence received

During the audit we have received correspondence from the Council's Liberal Democrat Group raising their concerns as to the risk and governance of East Cambridgeshire Trading Company (ECTC) and its relationship with the Authority. We have treated the correspondence as information received during the course of the audit and in particular relevant to our consideration of our value for money conclusion responsibilities. We have requested from the Finance Manager a number of documents and asked a series of questions, the last batch of which we asked on 19 November. The Finance Manager has responded promptly and comprehensively. We are currently evaluating the information received and are not yet in a position to report our findings and conclusions.

Audit differences

There are currently no unadjusted audit differences arising from our audit.

To date we have identified the following audit differences which we need to report to the Committee:

1. £198k and £726k increase in the pension liability arising from the revised IAS 19 report as outlined above.
2. £5,127k adjustments to the Group Balance Sheet (further impact on Group CIES and MIRS), including a prior year adjustment arising from not excluding transactions with ECTC. Inter-company transactions should be removed on consolidation.
3. £106k increase in the value of property, plant and equipment arising from the removal of duplicate entry of £236k in relation to Paradise Swimming Pool and valuation uplift of £341k on assets since they were last valued in April 2018.
4. £567k misclassification between debtors and creditors due to Receipt in Advance being incorrectly classified as Debtors.
5. £23k understatement on exit packages.

Further details can be found in Section 4 Audit Differences.

Until our work is complete, further amendments may arise. We will update the Finance and Assets Committee should any further adjustments arise from our remaining work.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error - management override of controls	Our testing remains in progress.
Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure	We have completed our testing and found no indications that revenue expenditure has been inappropriately charged to capital.
Other area of audit focus	Findings & conclusions
Property, Plant and Equipment valuations	Our work on this area is near to completion and to date we have identified the need for the Council to increase the value of PPE by £106,000.
Pension Valuation and Disclosures	We have completed our testing and agreed an audit adjustment of £924,000 increase to the pension liability due to the changes for McCloud, GMP and investment valuations.
Group accounts	Our work is complete and we have identified a material error which management have agreed to correct. This also impacts on the prior year Group Balance Sheet.
New accounting standards	We are currently considering management's impact assessment on the new standards.
New payroll arrangements	We have completed our procedures in this area and have no matters to report.

This report sets out our latest observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" section of this report. We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues; and
- ▶ You agree with the resolution of the issues; and there are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to your attention. We will issue a final report on completion of our audit procedures.



Executive Summary

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

In the Outline Audit Plan we identified a significant risk in respect of the financial resilience challenges faced by the Council. Our resultant work will be completed shortly and we have not identified any matters that indicate that the Council does not have proper arrangements in place. However, we have identified some scope for improvements which we will report our detailed findings in the final version of this report.

As referenced in the status update, we are currently evaluating the information we have obtained from the Council in response to the correspondence we have received during the course of the audit.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The Council is below the testing threshold set by the NAO for detailed procedures on the consolidation return, we therefore did not have any issues to report.

Independence

Please refer to Section 8 for our update on Independence. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Correspondence

As referenced in the status of the audit section we are currently dealing with correspondence received during the course of the audit. We have not received any formal objections or questions from members of the public.



02

Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error – management override of controls

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

What judgements are we focused on?

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk.

What did we do?

- ▶ Identified fraud risks during the planning stages.
- ▶ Asked management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determined an appropriate strategy to address those identified risks of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ Reviewing critical judgements made by management in applying accounting policies. f uncertainty.

What are our conclusions?

Our journals testing is in progress. To date:

- We have not identified any material weaknesses in controls or evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied.
- We have not identified any other transactions during our audit which appear unusual or outside the Council's normal course of business.



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure

What is the risk?

The Council is under financial pressure to achieve budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

We consider the risk applies to capitalisation of revenue expenditure. Management could manipulate revenue expenditure by incorrectly capitalising expenditure which is revenue in nature and should be charge to the comprehensive income and expenditure account.

What judgements are we focused on?

We have identified a risk of expenditure misstatement due to fraud or error that could affect the income and expenditure accounts.

We have focused on the Council's judgement that an item is capital expenditure in nature.

What did we do?

Our approach focused on:

- ▶ Sample testing additions to property, plant and equipment to ensure that they had been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; and
- ▶ Using our data analytics tool to identify and test journal entries that moved expenditure into capital codes.

What are our conclusions?

- ▶ Our sample testing of additions to property, plant and equipment found that they had been correctly classified as capital and included at the correct value.
- ▶ Our sample testing of additions to property, plant and equipment did not identify any revenue items that were incorrectly classified.
- ▶ Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.



Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

The fair value of land and buildings represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

There is a risk that the value of land and buildings in the Council's accounts is materially misstated for 2018/19.

What did we do?

- Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities, the results of their work covering the judgements and assumptions made in assessing the impact the capital works have on the property's value;
- ▶ Reviewed and sample tested the key asset information provided by the Council to the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Reviewed and sample tested the key assumptions used by the valuer in performing their valuation, by cross referencing to available market data for similar properties within the region (e.g.: value of developed and undeveloped land);
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a five year rolling programme as required by the Code. We have also considered whether any specific changes to assets (which would impact its value) have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Performed a reasonableness review on the valuation of assets not included in the 2018/19 valuation cycle, via reference to the NAO commissioned Local Government Gerald Eve report. This is performed to confirm that the remaining asset base is not materially misstated;
- ▶ Considered whether asset categories held at cost have been assessed for impairment and are materially correct; and
- ▶ Tested that the accounting entries have been correctly processed in the financial statements, including the treatment of impairments.

What are our conclusions?

This work is in progress and to date:

- We have identified the need for the Council to remove a duplicate entry of £236k in relation to Paradise Swimming Pool.
- We have identified the need for the Council to increase the value of PPE by £341k due to the valuation uplift on Hive Leisure Centre since it was last valued in April 2018.

We are currently still concluding our work in this area.



Areas of Audit Focus

Significant risk

Pension liability valuation

What is the issue?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2019 this totalled £26 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

- Liaised with the auditors of the Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.
- Assessed the work of the pension fund actuary (Hymans Robertson LLP) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We also considered outturn information available at the time of the audit after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required. Finally, we liaised with officers to understand the implications of the McCloud ruling and reviewed the changes made to the statements.

What are our conclusions?

We concluded that we could rely on the work of the actuary and that the values and entries from the actuarial report were correctly reflected in the draft financial statements.

The Council re-engaged the actuary to estimate the impact of the McCloud ruling and GMP on the pensions liability. We reviewed the Council's assessment of the impact and confirmed that the planned changes to the accounts were reasonable.

We also reviewed and agreed with the planned changes to reflect the difference between the year-end actual value of pension fund assets and the estimate used to inform the actuary's assessment of the IAS 19 liability.

The pension liability has increased by £924,000.



Areas of Audit Focus



Other Areas of Audit Focus - Group accounts

The Council consolidates East Cambridgeshire Trading Company (ECTC) into its group accounts. There is an inherent risk in ensuring that the group accounts reflect fairly the financial position and performance of the component.

We reviewed the arrangements and controls the Council used to consolidate ECTC as well as checking the consolidation adjustments. We also carried out procedures to gain assurance over the work of the auditor of ECTC.

Whilst we were satisfied with the work of the ECTC auditor and the arrangements that the Council has in place to consolidate ECTC into its group accounts we did identify an error relating to inter-company transactions. This is a material error which requires the Council to restate the current and prior year Group Balance Sheet, CIES and MIRS.



Other Areas of Audit Focus - New Payroll arrangements

For 2018/19 the Council has changed its payroll provider and needs to ensure it has arrangements in place to gain assurance over the controls and processes adopted by the new provider.

We have reviewed the adequacy of the Council's assurance arrangements over the new provider, MHR. We are satisfied that there are adequate arrangements in place to ensure the material accuracy and completeness of payroll information in the financial statements, and we were also able to agree to the monthly payroll reports provided by MHR.



Areas of Audit Focus



Other Areas of Audit Focus - New accounting standards

The Code requires the Authority to comply with the requirements of two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:

- ▶ IFRS 9 - Financial instruments
- ▶ IFRS 15 - Revenue from contracts
- ▶ IFRS 16 - Leases

There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.

Standard	Audit Findings
IFRS 9 - Financial Instruments	Our audit procedures for financial instruments identified that there were some disclosure amendments required in the statement of accounts. We are currently still concluding our work in this area.
IFRS 15 - Revenue from Contracts	Our audit procedures for revenue from contracts have not identified any audit issues. We are currently still concluding our work in this area.
IFRS 16 - Leases	IFRS 16 replaces IAS 17 Leases and its related interpretations, it will apply to the 2020/21 financial statements. The changes introduced by the standard will have substantial practical implications for local authorities that currently have material operating leases, and are also likely to have an effect on the capital financing arrangements of the authority. We have considered the Authority's implementation plan and preparedness for IFRS 16. The Authority have already considered their completeness of leases and identifying those that may require reclassifying. The Authority should continue to progress their work on IFRS 16 to ensure they are ready for its implementation.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below:

- The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework), the main elements being (2019/20 Code Cpt 2.1 refers);
 - new definitions of assets, liabilities, income and expenses
 - updates for the inclusion of the recognition process and criteria and new provisions on de-recognition
 - enhanced guidance on measurement bases
- Guidance in the treatment of the Apprenticeship Levy (2019/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (2019/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (2019/20 Code Cpt 9 refers).



03 Audit Report



Audit Report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion

We have audited the financial statements of East Cambridgeshire District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement
- Authority and Group Movement in Reserves Statement
- Authority and Group Balance Sheet
- Authority and Group Cash Flow Statement
- Authority related notes 1 to 31 and notes to the Group accounts
- Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Cambridgeshire District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Finance Manager and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Finance Manager and Section 151 Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report

Our draft opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2018/19 set out on pages 4 to 78, other than the financial statements and our auditor's report thereon. The Finance Manager and Section 151 Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, East Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Audit Report

Our draft opinion on the financial statements

Responsibility of the Finance Manager and Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 20, the Finance Manager and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Finance Manager and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether East Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.



Audit Report

Our draft opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, East Cambridgeshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of East Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge
XX XXXXXXXX 2019



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

- IAS19 - the Council's pension liability has increased by £924k due to the impact of the ruling on McCloud, GMP and reflecting the actual value of pension assets at the year end.
- Group consolidation - we identified that transactions with East Cambridgeshire Trading Company (i.e. inter-company transactions) with a value of £5,127k were not eliminated correctly in the Group Balance Sheet in respect of Long-Term Debtors, Debtors and Creditors balances. This error also impacts the group CIES and MIRS. It also affects the prior year and as a result the Council needs to make a prior year adjustment.
- Valuation error on property plant and equipment with a net impact of £106k
- Misclassification between debtors and creditors - receipts in advance of £567k was misclassified as Debtors and hence understated both Debtors and Creditors balances.
- Exit packages are understated by £23k as they do not include the settlement agreement of £12k and pay in lieu notice of £11k.

In addition, we have highlighted the need for some disclosures to be corrected.

At the time of writing there were no uncorrected misstatements identified as part of our audit.

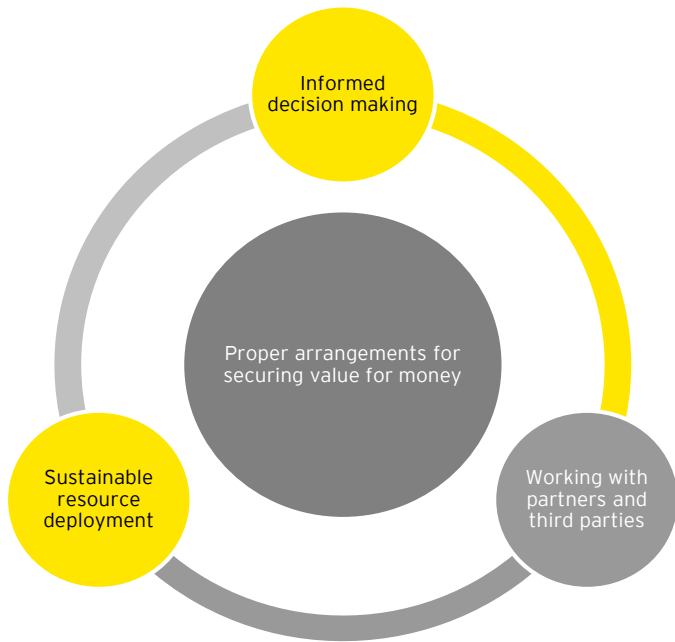


05

Value for Money Risks



Value for Money



Background

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

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

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

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

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

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We identified one significant risks around these arrangements. The table below presents our findings in response to the risk in our audit plan.

We have no matters to include in the auditor's report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:
“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work. We present below the findings of our work in response to the risk area in our audit plan.

What is the significant value for money risk?

Sustainable resource deployment: Achievement of savings needed over the medium term

The Council’s Medium Term Financial Plan for the coming 4-year period identifies the need to make savings against budget gaps in 2020/21 and 2021/22.

It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for current and future years.

Therefore a risk remains that savings or increased income will not be identified to close the funding gaps.

In response we have:

- Assessed the adequacy of the Council’s budget monitoring process, comparing budget to outturn;
- Challenged the robustness of key assumptions used in medium term planning;
- Reviewed the Council’s approach to prioritising resources whilst maintaining services; and
- For a sample of initiatives tested the adequacy of the Council’s arrangements for delivering savings/ efficiencies.

What are our findings?

The Council currently has a good level of general fund reserves (£1,011K at 31 March 2019), which are above the minimum levels range set by the S151 Officer. These provide the Council with the flexibility to manage its financial position over the short-to-medium term, and reduce the risk that an unexpected overspend, or unexpected one-off item of expenditure, has a detrimental impact on the Council’s financial standing.

The Council also has in place substantial levels of earmarked reserves (£10,038K at 31 March 2019), including the Surplus Savings Reserve of £6,235K. The existence of these reserves provides further evidence of the Council’s prudent approach to financial management.

While the Council achieved an underspend of £987K against its approved budget of £13,099K in 2018/19, it has also identified a contribution of £1,539K from Surplus Saving Reserve in order to reach a balanced budget for 2019/20. We understand that the Council continue to identify savings and additional income.

We are currently still concluding our work in this area.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

As the Authority falls below the £500 million threshold for review as per the NAO's group instructions, we are not required to undertake detailed procedures on your consolidation schedule.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08

Independence

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Outline Audit Plan dated January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Finance and Assets Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Finance and Assets Committee on 28 November 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirements in relation to our work.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table overleaf includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019. In our Outline Audit Plan we indicated a range for the additional audit work we were aware of at that time. We have indicated the final additional fee where that work is complete.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements, though we are engaged to act as reporting accountant in respect of the Housing Benefit Subsidy claim, as set out below. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO.

	Final fee 2018/19	Planned fee 2018/19	Final Fee 2017/18
		£	£
Scale fee	31,955	31,955	41,500
Audit of group accounts	7,000	5,000 - 7,000	5,025
Working paper issues	-	-	6,125
Change to 50% materiality (Note 1)	TBC	5,000 - 7,000	-
Correspondence matter (Note 2)	TBC	-	-
Total audit	TBC	41,955 - 45,955	52,650
Other non-audit services not covered above Housing Benefits Subsidy Claim	TBC	14,960	12,004
Additional 40+ testing	TBC	-	2,034
Total other non-audit services	TBC	14,960	14,038
Total fees	TBC	56,915 - 60,915	66,688

All fees exclude VAT. We will agree the additional fees with the Finance Manager before seeking approval from PSAA.

Note 1: We will confirm the final fee on completion of the audit.

Note 2: Dealing with correspondence is outside of the scale fee. We will confirm the final fee on conclusion of the matter.



09

Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:





- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Balance sheet category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Property, plant and equipment	Substantively test all relevant assertions	Substantively tested all relevant assertions	No change
Investment properties			
Short term debtors			
Short & long term borrowing			
Short & long term creditors			
Provisions			
Other long term liabilities			
Capital grants received in advance			
Reserves			




Appendix B

Required communications with the Finance and Assets Committee




There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Performance, Audit and Governance Oversight Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Outline Audit Plan - Jan 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Outline Audit Plan - Jan 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - November 2019




Appendix B

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about East Cambridgeshire District Council's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - November 2019
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Finance and Assets Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - November 2019
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to the Committee's responsibility. 	Audit Results Report - November 2019





Appendix B

		Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures, Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit Results Report - November 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	Outline Audit Plan - Jan 2019 and Audit Results Report - November 2019

Appendix B

		Our Reporting to you
Required communications	 What is reported?	  When and where
	<ul style="list-style-type: none"> ▶ Details of any inconsistencies between the Ethical Standard and Authority's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Details of any contingent fee arrangements for non-audit services ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Performance, Audit and Governance Oversight Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - November 2019

Appendix B

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - November 2019
Material inconsistencies or misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - November 2019
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - November 2019
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Outline Audit Plan - Jan 2019 and Audit Results Report - November 2019

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ED None

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TITLE: LOCAL COUNCIL TAX REDUCTION SCHEME 2019-20 REVIEW

Committee: Finance and Assets Committee

Date: 28th November 2019

Author: Finance Manager

[U121]

1. ISSUE

1.1 Each year the Council is required to review its Local Council Tax Reduction Support Scheme (LCTRS). This report advises Committee about the findings of the 2019 annual review, the consultation on these findings and the resultant proposals for the LCTRS scheme to take effect from 1 April 2020.

2. RECOMMENDATION

2.1 Committee is asked to recommend to Full Council that:

2.2 The Council retain the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5% and

2.3 Introduce enhancements to the treatment of Universal Credit income as detailed in this report.

3. MATTERS TO CONSIDER

3.1 Councils are required to consider whether to review their LCTRS schemes annually. Where it is determined to retain the existing scheme for the forthcoming year this must be decided by 11 March.

3.2 Where Councils seek to amend their scheme it is necessary to consult preceptors and stakeholders along with a consultation to inform a final scheme design by 28 February.

4. BACKGROUND

4.1 Full details to the background of this scheme and the Council's current scheme were detailed in the original paper on this matter, presented to Committee on the 20th June 2019 and attached to this report as appendix 1.

4.2 This paper gained approval from Committee to undertake a statutory consultation on the changes being proposed and stated that the results of the consultation would be reported back to Committee once complete.

4.3 The matters consulted on were:

4.4 To introduce a tolerance rule to the treatment of some Universal Credit (UC) monthly awards, to provide stability to customers who are having to alter their Council Tax repayments.

4.5 The consultation paper is included as appendix 2.

5. ARGUMENTS / CONCLUSIONS

Consultation exercise

5.1 The consultation commenced on Monday 23rd September 2019 and concluded on Sunday 3rd November 2019. As the changes proposed were relatively small, a six week consultation was considered appropriate.

5.2 The Consultation was available on the Council's and Anglia Revenues Partnership websites with, in addition, in an attempt to get as much interest as possible, everyone on the Council's Register of Consultees that had expressed an interest in 'corporate issues' and 'housing and homelessness', the consultees on a list provided by ARP and the Council's major preceptors all being notified direct where to find the consultation document. The consultation was further discussed at a Benefits Stakeholder liaison meeting held by the Anglia Revenues Partnership at Thetford on the 7th October 2019.

Consultation Results

5.3 Stakeholders at the liaison meeting did not express any concerns with the proposed change; we have not received any direct responses.

5.4 Eight responses were received to the wider consultation. All responses were anonymous so it is unknown who completed them.

5.5 Of these, six (75%) of the eight responses supported the proposed change, one disagreeing and one was not sure. Six respondents agreed that a £15 weekly tolerance level would be right, one suggested £5, the one nothing. Seven respondents agreed East Cambridgeshire should have discretion to review cases where a single change during the year disadvantages the customer; one felt there should not be such provision. Seven of the respondents live in the East Cambridgeshire area.

Conclusion

5.6 The consultation exercise resulted in a positive response to the changes proposed and on this basis Members are asked to recommend to Full Council at its meeting planned for the 16th January 2020, to adopt the changes detailed in the paragraph 4.4.

6 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

Financial

- 6.1 The recommendations in this paper will not have a material impact on the Council Tax collected by the Council, this as the recommendation is to leave the non-relief discount at 8.5%.

Equality

- 6.2 The existing LCTRS scheme continues the DWP's previous Council Tax Benefit scheme conventions established over many years, regarding protections for vulnerable groups, including children, the disabled and the Armed Forces.
- 6.3 Equality Impact Assessment (INRA) not required.

7 APPENDICES

Appendix 1 – Report to Resources and Finance Committee on the 20th June 2019.

Appendix 2 – Consultation Paper

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Appendix 2 – Consultation paper published on the Council's website. Background Documents Report to Resources and Finance Committee 20 th June 2019	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk

TITLE: LOCAL COUNCIL TAX REDUCTION SCHEME 2019-20 REVIEW

Committee: Finance and Assets Committee

Date: 20th June 2019

Author: Strategic Manager, ARP

[U121]

1. ISSUE

1.1 Each year the Council is required to consider whether to review its Local Council Tax Reduction Scheme (LCTRS). This report advises Committee about the conclusion of the 2019 annual review undertaken by ARP, and the resultant proposals for consultation for changes to the LCTRS scheme to take effect from April 2020.

2. RECOMMENDATION

2.1 It is recommended that Committee approve:

2.2 That Council undertakes a statutory consultation on the LCTRS for 2020/21 based on retaining the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5% and introducing a tolerance rule for the treatment of Universal Credit (UC) awards.

2.3 To report back to Committee at the end of the consultation period.

3. BACKGROUND

3.1 The Government replaced Council Tax Benefit with a LCTRS from the 1st April 2013.

3.2 The aim of this change was

- To transfer the system to local control
- To make savings
- To protect vulnerable people
- To support work incentives for claimants created by the Government's wider welfare reform.

3.3 Prior to April 2013, 100% of Council Tax Benefit was funded through Benefit subsidy and the funding was based upon actual expenditure in a year.

3.4 This meant that East Cambridgeshire had to decide upon a local means tested scheme to replace Council Tax Benefit for Working Age residents as the Government prescribe a national Scheme for Pensioners.

- 3.5 East Cambridgeshire made use of the new powers to increase Council Tax income and also passed some of the shortfall in LCTRS funding on to working age LCTRS recipients (pensioners were protected from any changes by the Government) with the intention of making the scheme cost neutral to the Councils.
- 3.5 Belatedly the Government offered a small amount of additional transitional funding to Councils who limited the reduction in LCTRS, when compared to Council Tax Benefit, to 8.5% or less.
- 3.6 The Council received a one-off Government grant that partly compensated for the reduction in Government funding during 2013-14, which meant that the maximum LCTRS awarded was the amount calculated, less 8.5% (Pensioners are protected by legislation and receive up to 100% LCTRS).

4. CURRENT POSITION

- 4.1 East Cambridgeshire initially developed a scheme that mirrored the previous Council Tax Benefit rules. The scheme pays maximum benefit of 91.5% for working age claimants, and otherwise is, in most areas, the same as the default prescribed LCTRS scheme applied to pensioners. It should be noted the old Council Tax Benefit scheme and rules complied with protections for vulnerable groups, including the disabled, to mitigate the effects of child poverty, duty to prevent homelessness as well as the Equality Duty.

5. ARGUMENTS / CONCLUSIONS

Behavioural and Administrative impacts

- 5.1 The Council's aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back in to work whilst setting the amount charged at an affordable and recoverable level.
- 5.2 By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying we can affect recovery through attachment to benefit within a year and so, the charge with costs is recoverable. If the amount payable was much higher, then it is likely that debt would not be recoverable and there would be a danger of creating a culture of non-payment of Council Tax.

Matters to consider

- 5.3 Councils are required to consider whether to review their LCTRS schemes annually. Where it is determined to retain the existing scheme this must be decided by 11 March of the preceding financial year.
- 5.4 Where Councils seek to amend their scheme it will be necessary to consult preceptors and stakeholders prior to a wider consultation to inform a final

scheme design by 28 February of the preceding financial year. Therefore work on any amendments needs to start in the summer to allow sufficient time to consult, approve and implement changes prior to 28 February 2020.

- 5.5 Proposals for change will need to be considered and determined by Members to inform the public consultation process. The results of which will be presented to Committee to consider final scheme revisions.

Scheme review - options to consider

- 5.6 Claims dependent upon Universal Credit (UC) have become increasingly apparent since the Council entered the UC full service during summer 2018, whereby the significant majority of new claims now go through UC and are received by the ARP through the Universal Credit Data Sharing hub (UCDS).
- 5.7 UC is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HMRC every month. Given customer's circumstances, especially earnings, fluctuate, this leads to monthly revised UC awards sent to the Council by the DWP.
- 5.8 The existing Council Tax Support scheme rules require the Council to revise awards when a customer's Universal Credit changes leading to reassessment of Council Tax Support. In turn this means customers receive a revised Council Tax bill for balance due for the year and have to amend their payment arrangements, typically direct debit instructions. Increasingly, this can be a monthly occurrence for customers.
- 5.9 We have seen an increase in customer contact regarding these notifications because customers are unsure as to what they have to pay due to the requirement to re-profile their Council Tax payments on receipt of UCDS files on a monthly basis. The uncertainty caused toward the customer also has an impact on Council Tax collection, as well as increased administration costs associated with producing additional notification letters.
- 5.10 Within the Anglia Revenues Partnership, Waveney (East Suffolk) has been in the UC full service the longest, where we have seen a 72% increase in revised UC awards sent to the Council. Over time we expect this pattern to continue and increase for East Cambridgeshire and the other partner Councils.
- 5.11 To ease the burden on the customer and the Council we recommend a tolerance rule is introduced into the Council's scheme. This would have the effect of freezing a customer's assessment when a revised UCDS notification would otherwise trigger a reassessment. UCDS changes notified above the tolerance level would be processed as usual, whereas changes within the tolerance level would not be updated, no correspondence issued to the customer, and without amendment to Council Tax repayments.

5.12 We have analysed UCDS award notifications for the past three months. The table below shows the level of reduction in reassessments for changes in UC banded in £5 increments, were a tolerance rule to be applied:

	£5	£10	£15	£20	£25
reduction in reassessments	14%	21%	32%	32%	36%

5.13 It is recommend a weekly tolerance level of £15 (£65 monthly) be applied, to achieve a 32% reduction in revised Council Tax adjustments. We consider a £10, 21% reduction to be less effective, whilst there is little to gain by increasing the tolerance level further. Setting the tolerance level at £15 equates to less than two hours employment at national minimum hourly rates.

5.14 A relatively small tolerance level will ensure smoothing of customer's fluctuating UC awards and will not disadvantage those customers receiving greater or occasional beneficial changes.

5.15 It should be noted where customers circumstances noticeably change, for example when employment ceases, the tolerance rule will not apply, given the change will be greater than £15 per week. In these circumstances the customer's Council Tax Support will be immediately adjusted to provide extra benefit.

5.16 It is also recommended that the changes to the Council Tax Support Scheme include discretion to reassess entitlement where a reduction in earnings occurs and it is clear that this level of earnings have and will be likely to continue at a lower level.

5.17 In looking at how a tolerance would apply, a typical case would currently have 12 monthly reassessments and 12 amended Council Tax bills during the year. However, with a tolerance rule a typical customer will only have 4 monthly reassessments and the weekly difference in support would be £0.27p per week.

5.18 We are working with our software supplier to introduce additional functionality to enable a tolerance rule, along with automation of these assessments.

5.19 Should Committee agree the principle of introducing a tolerance rule, the Council will undertake a formal public consultation to amend the scheme for 2020/21 over the coming months.

5.20 Consultation responses will be reported to Committee and Full Council as necessary to conclude the review in time for 28th February 2020, or by 11th March 2020 if continuing with the existing scheme.

Other options considered but discounted

5.21 Increasing the contribution rate to more than 8.5%; the possible increase in Council Tax collected for the Council is considered to be less than the

additional costs of recovery (additional staff, postage and enquires to customer services), including the inability to recover the debt in year by deduction from DWP benefits and therefore this is not recommended.

REASONS FOR RECOMMENDATION

- 5.22 The changes made to the current scheme have worked well – introducing a tolerance rule for the treatment of UC awards will reduce the number of notifications customers receive to amend their Council Tax payments, and provide stability for customer repayments whilst reducing customer contact.

Conclusion

- 5.23 Adopt the options detailed in paragraphs 5.6 to 5.20 above to inform the consultation with preceptors and the public.

6.0 Financial Implications

- 6.1 The recommendation in this paper is not expected to have a material impact on the Council Tax collected by the Council.

Equality

- 6.2 The existing LCTRS scheme continues the DWP's previous Council Tax Benefit scheme conventions established over many years, regarding protections for vulnerable groups, including children, the disabled and the Armed Forces.
- 6.3 Equality Impact Assessment (INRA) is likely to be required.

7 APPENDICES

None.

Background Documents

Location

Contact Officer

Room 206
The Grange
Ely

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Local Council Tax Reduction Scheme Consultation Form

1. Do you agree that the Council should freeze the level of council tax Universal Credit claimants pay, unless their income changes by more than a set amount (e.g. £15 per week)?

Strongly Agree	
Agree	
Do not Know	
Disagree	
Strongly Disagree	

2. The Council is proposing that council tax will only be reassessed for Universal Credit claimants if council tax support changed by more than £15 per week. This amount is based on the results of a review about the ability of Universal Credit claimants to pay their council tax when their income changes. Do you agree that this is the right figure? *

Yes	
No	

3. If changes in people's income is consistently less than the agreed amount (currently £15 is being proposed), they may pay more council tax over the course of the year compared to if they were reassessed. Therefore, when this happens, do you agree the Council should consider not applying the new income change rule and recalculate somebody's council tax bill during the year? *

Yes	
No	

4. Any other comments?

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For information, for Universal Credit customers, East Cambridgeshire District Council intends to change when it assesses entitlement to Council Tax Support from DWP notification that a Universal Credit claim has been made, to when DWP notifies the actual award. The effect of this is to avoid correcting awards, whilst ensuring that they are correct first time, which is seen as beneficial for customers and does not have any financial impact.

About You

5. Do you live in East Cambridgeshire? *

Yes	
No	
Prefer not to say	

6. Do you currently or have you ever claimed Universal Credit? *

Yes	
No	

TREASURY OPERATIONS MID-YEAR REVIEW

Committee: Finance & Assets Committee

Date: 28th November 2019

Author: Finance Manager

[U122]

1.0 **ISSUE**

- 1.1 To provide Members with an update on the Council's 2019/20 Treasury Management Strategy Statement.

2.0 **RECOMMENDATIONS**

Members are asked to recommend to Full Council that the mid-year review of the Council's Treasury Management Strategy for 2019/20, as set out in Appendix 1, be noted.

3.0 **BACKGROUND**

- 3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires Councils to adopt the revised Code and fully comply with its requirements.
- 3.2 This report complies with the requirement for a mid-year review.
- 3.3 The size of the Council's investment portfolio is relatively small meaning that investment decisions are made so liquidity and cash flow requirements are the priority focus, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.
- 3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but is included in this report for completeness. ECTC is paying a commercial rate on its loan from the Council – this to avoid breaking State-aid rules.
- 3.5 The Council's 2019/20 Treasury Management Strategy and budget detailed an expected return on investments of £8,000, with then a further £285,934 from interest payments on the loan to ECTC.

4.0 INTEREST RECEIPTS

- 4.1 During 2019/20 the Council has operated within its approved treasury limits and Prudential Indicators, no changes have been made to the counterparty values detailed in the Annual Treasury Management Strategy.
- 4.2 The interest receipts generated on investments to the end of September 2019 were £32,809. The average return on investments on this date being 0.74%. This is above the benchmark overnight LIBID (London Inter-Bank Bid Rate) of 0.54%. The expected return on investments for the year will be significantly in excess of the budget.
- 4.4 As at 30th September 2019, the Council had cash investments of £12.95 million (£7.95 million 2018), with a further £4.62 million (£4.62 million 2018) loan to ECTC, details of these investments are included in Appendix 1.
- 4.5 While the loan to the Company is not specifically an investment, it is generating the Council interest receipts, £120,911 up until 30th September 2019. This is however lower than budgeted as the Company has not needed to drawdown as much of the funding made available to it by the Council as forecast when preparing the budget.
- 4.6 In total, the combination of interest receipts on both general investments and the loan to ECTC, are forecast to come in on budget at yearend.
- 4.6 Interest rates on offer to the Council from Money Market Investment Deposit Accounts remain very low and at times it has been decided to retain money within the Council's Corporate Cash Manager Plus Account with NatWest, rather than invest relatively small amounts overnight as the transaction costs of moving the money would be greater than the interest earned. This approach complies with the Treasury Management Strategy.

5.0 INTEREST PAYMENTS

- 5.1 The Council has remained external debt free during the first six months of the financial year, and with the healthy cash balance at the end of September, it is expected to remain so for much of the remainder of the year. It is therefore expected that a saving of £70,000 compared to the original budget for external debt interest will be achieved in year.

6.0 CONCLUSIONS

- 6.1 The Council's Treasury Management Strategy, as approved on 21st February 2019, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year.

7.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

- 7.1 It is now anticipated that a saving will be made on interest payments in relation to external borrowing of around £70,000, compared to the budgeted amount.
- 7.2 An Equality Impact Assessment is not required.

8.0 APPENDICES

- 8.1 Appendix 1: Mid-Year Review

BACKGROUND DOCUMENTS

Treasury Management
Strategy as approved by
Council on 21st February
2019

LOCATION

Room 104
The Grange
Ely

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Link Asset Services
Revised Interest Rate
Forecast

Treasury Management Strategy Statement and Annual Investment Strategy

Mid-Year Review Report 2019/20

East Cambridgeshire District Council

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 Treasury Management

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

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance and Assets Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2019/20 financial year;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2019/20;
- A review of the Council's borrowing strategy for 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

3. Economics and interest rates

3.1 Economics update

UK. This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on or 31 October, with or without a deal. However, in September, his proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020 if there is no deal by 31 October. MPs also voted down holding a general election before 31 October, though one is likely before the end of 2019. So far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing, (first week in October), the whole Brexit situation is highly fluid and could change radically by the day. Given these circumstances and the likelihood of an imminent general election, any interest rate forecasts are subject to material change as the situation evolves. If the UK does soon achieve a deal on Brexit agreed with the EU, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover relatively quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in government departments and services annual expenditure budgets and expenditure on infrastructure projects, to boost the economy.

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The MPC meeting of 19 September reemphasised their concern about the downturn in world growth and also expressed concern that the prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

With regard to the **labour market**, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July,

(3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The strong growth in employment numbers during 2018 has reversed into a falling trend during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates again in September to 1.75% - 2.00% and is thought likely to cut another 25 bps in December. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1 and then fell to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a resumption of quantitative easing purchases of debt. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and unsurprisingly, the ECB stated that governments will need to help stimulate growth by fiscal policy. On the political front, Austria, Spain and Italy are in the throes of forming coalition governments with some unlikely combinations of

parties i.e. this raises questions around their likely endurance. The recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress also still needs to be made to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. The trade war with the US does not appear currently to have had a significant effect on GDP growth as some of the impact of tariffs has been offset by falls in the exchange rate and by transshipping exports through other countries, rather than directly to the US.

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

WORLD GROWTH. The trade war between the US and China is a major concern to financial markets and is depressing worldwide growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns have resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been sub 50 which gives a forward indication of a downturn in growth; this confirms investor sentiment that the outlook for growth during the rest of this financial year is weak.

3.2 Interest rate forecasts

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

This forecast includes the increase in margin over gilt yields of 100bps introduced on 9th October 2019.

Link Asset Services Interest Rate View										
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	2.30	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.60	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40
25yr PWLB Rate	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00
50yr PWLB Rate	3.20	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90

The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth. The September MPC meeting sounded even more concern about world growth and the effect that prolonged Brexit uncertainty is likely to have on growth.

Bond yields / PWLB rates. There has been much speculation recently that we are currently in a bond market bubble. However, given the context that there are heightened expectations that the US could be heading for a recession, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

What we have seen during the past half year is a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 7 for comments on the increase in margin over gilt yields of 100bps introduced on 9th October 2019.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but due to a correlation between US treasuries and UK gilts, which at various times has been strong but at other times weaker, in the UK. However, forecasting the timing of this and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt fuelled boom which now makes it harder for economies to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

One risk that is both an upside and downside risk is that all central banks are now working in very different economic conditions than before the 2008 financial crash. There has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for eleven years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could, therefore, over or under-do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor, though more recently concerns have arisen over her health.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.

- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2019/20 was approved by Full Council on 21st February 2019. There are no policy changes to the TMSS; the details in this report up-date the position in the light of the up-dated economic position and budgetary changes.

Prudential Indicator 2019/20	Original £m	Revised Prudential Indicator £m
Authorised Limit	15.000	15.000
Operational Boundary	17.487	17.487
Capital Financing Requirement	17.487	15.746

5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

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

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2019/20 Original Estimate £000	2019/20 Revised Estimate £000
Operational Services	1,656	1,558
Finance and Assets	8,610	2,215
Total capital expenditure	10,266	3,773

The forecast capital expenditure for the year is significantly lower than originally forecast as no external funding is now being requested by the County Council for the Soham Eastern Gateway project; there has been a delay in the depot redevelopment as further costings are obtained and it is now believed unlikely that East Cambs Trading Company will require the remainder of their original £5 million loan approval.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

Capital Expenditure	2019/20 Original Estimate £000	2019/20 Revised Estimate £000
Total capital expenditure	10,266	3,773
Financed by:		
Capital receipts	261	948
Capital grants	6,842	527
CIL / Section 106	435	457
Revenue	0	89
Total financing	7,538	2,021
Borrowing requirement	2,728	1,752

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The original forecast / approved Capital Financing Requirement will not be exceeded, indeed the need for all borrowing is now expected to be lower than forecast in the budget.

Prudential Indicator – the Operational Boundary for external debt

	2019/20 Original Estimate £000	2019/20 Revised Estimate £000
CFR – brought forward	15,386	14,487
CFR – new borrowing 2019/20	2,728	1,752
CRF – MRP	-627	-493
Total CFR	17,487	15,746
Net movement in CFR	2,101	1,259
External Borrowing	8,000	2,000
Internal Borrowing	9,487	13,746
Total debt (yearend forecast)	17,487	15,746

In the Treasury Management Strategy for 2019/20, the asset life for the Leisure Centre was incorrectly stated as 20 years, this should have been 25 years in line with the original business plan for the Centre approved June 2016. The revised MRP in the above table has now been calculated based on the corrected asset life.

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2019/20 Original Estimate £000	2019/20 Revised Estimate £000
External Borrowing	8,000	2,000
Other long term liabilities*	0	0
Total debt	8,000	2,000
CFR* (yearend forecast)	17,487	15,746

The Finance Manager reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator. Indeed the amount of external borrowing forecast is now lower than that forecast in the Treasury Management Strategy. This is for a number of reasons including:

- Reduced capital expenditure in both 2019/20 and the latter stages of 2018/19.
- Reserve levels at the end of 2018/19 being higher than expected, not least as a result of the Council's revenue underspend and additional CIL receipts received in year.
- Provisions were increased in 2018/19, not least in relation to Business Rate appeals, where there are potentially a large number of appeals backed up following the April 2017 revaluation.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2019/20 Original Indicator £000	2019/20 Revised Indicator £000
Borrowing	15,000	15,000
Other long term liabilities*	0	0
Total	15,000	15,000

6. Investment Portfolio 2019/20

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

by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The Council held £12.95 million of investments as at 30th September 2019 (£6.191 million at 31 March 2019). The average return on investments on this date being 0.74% against a benchmark overnight LIBIB (London Inter-Bank Bid Rate) of 0.54%.

The full list of investments at this point are detailed in the table below.

Borrower	Principle	Interest Rate
MMF BlackRock	£5,000,000	0.68%
MMF Insight	£460,000	0.66%
MMF Aberdeen	£4,400,000	0.68%
Lloyds Bank of Scotland	£3,000,000	0.95%
NatWest PLC (RFB)	£90,129	0.01%
Total	£12,950,129	0.74%

The Finance Manager confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2019/20.

The Council's budgeted investment return for 2019/20 is £8,000, and performance for the year to date is already £24,809 in excess of the annual budget.

In addition to this income from investments, the Council is also receiving interest from ECTC on the capital loan provided to the Company. The loan to the Company currently stands at £4,620,000 (out of a total authorised loan of £6,500,000). Interest received on this loan in the first six months of the year was £120,911, this is lower than the budgeted income for the half-year of £142,967 as at the time of preparing the budget, ECTC was expected to have drawn down more of their authorised loan facility than has been the case.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

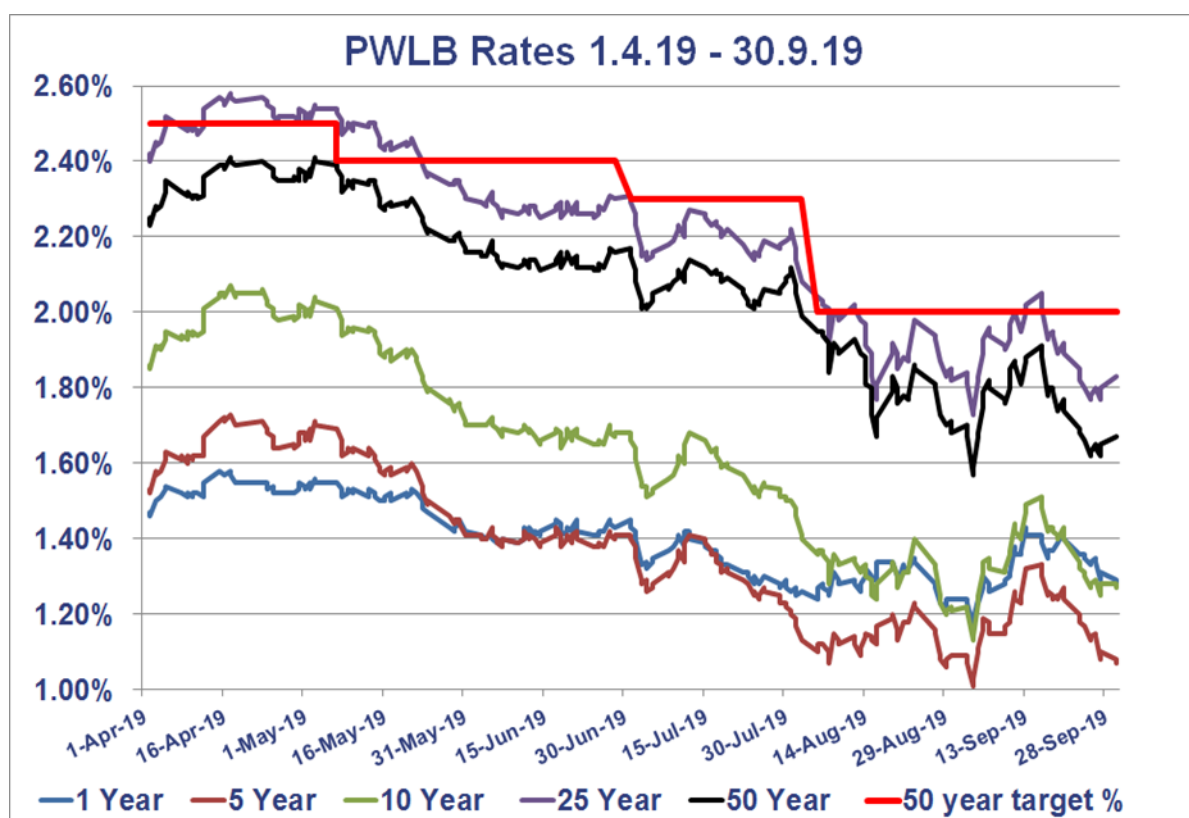
7. Borrowing

The Council's capital financing requirement (CFR) for 2019/20 is £17.487 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council is forecasting external borrowing of £2.0 million at the end of 2019/20 and has utilised £13.746 million of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require on-going monitoring in the event that upside risk to gilt yields prevails.

The Council remains external debt free at this time, but it is anticipated that external borrowing of £2.0 million may be undertaken during the remainder of the financial year.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. PWLB rates have been on a falling trend during this period and longer rates have

almost halved to reach historic lows. The 50 year PWLB target (certainty) rate for new long term borrowing fell from 2.50% to 2.00% during this period.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.17%	1.01%	1.13%	1.73%	1.57%
Date	03/09/2019	03/09/2019	03/09/2019	03/09/2019	03/09/2019
High	1.58%	1.73%	2.07%	2.58%	2.41%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	1.40%	1.37%	1.62%	2.20%	2.07%

Increase in the cost of borrowing from the PWLB

On 9th October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps on top of the current margin of 80 bps. There was no prior warning that this would happen and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing.

While this authority has no external debt at present, the expectation was that we would be using PWLB when this became necessary, however we will now need to consider whether this remains appropriate and whether alternative cheaper sources of borrowing may be available. At the current time, this is an area that still needs to be explored as this event has also taken the financial services industry by surprise. We are expecting that various financial institutions will enter the market or make products available to local authorities.

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. This Authority may make use of this new source of borrowing as and when appropriate.

TITLE: APPOINTMENT TO THE PADNAL & WATERDEN INTERNAL DRAINAGE BOARD

Committee: Finance & Assets Committee

Date: 28 November 2019

Author: Democratic Services Officer

[U123]

1.0 ISSUE

1.1 Representation on the Padnal & Waterden Internal Drainage Board (IDB).

2.0 RECOMMENDATIONS

2.1 Members are requested to appoint Parish Councillor Sue Kerridge to the Padnal & Waterden Internal Drainage Board

3.0 BACKGROUND/OPTIONS

3.1 At the meeting of the Finance & Assets Committee on 26th September 2019, Councillor Maria Stableford (Littleport Parish Council) was one of three Parish Councillors appointed to serve on the Padnal & Waterden IDB. Councillor Sue Kerridge was nominated for the Littleport & Downham IDB, but was not appointed to that Board.

3.2 The Democratic Services Officer was subsequently informed that Councillor Stableford was no longer in a position to take up her appointment.

3.3 During the course of discussion at the Committee meeting on 26th September, it was noted that Councillor Kerridge had served on the Padnal & Waterden IDB during 2018/19. It was suggested that she be approached to see if she would be willing to serve on one of the IDBs should a vacancy arise in the future.

3.4 The Democratic Services Officer duly wrote to Councillor Kerridge regarding the vacancy on the Padnal & Waterden IDB, and Councillor Kerridge replied that she would be content to take up the appointment.

3.5 The Committee is therefore requested to appoint Councillor Sue Kerridge to the Padnal & Waterden IDB.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implications arising from this report. There is no requirement for Equality Impact Assessment (EIA).

5.0 APPENDICES

5.1 None

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Finance & Assets Committee 26 September 2019 Minute No. 56	Room The Grange Ely	Janis Murfet Democratic Services Officer (01353) 616457 E-mail: janis.murfet@eastcambs.gov.uk
Email from Cllr Kerridge, 1 st October 2019		

TITLE: PERFORMANCE MANAGEMENT- SIX MONTH UPDATE

Committee: Finance & Asset Committee

Date: 28 November 2019

Author: Director Commercial

[U124]

1.0 ISSUE

1.1 To receive a six month update of the Service Delivery Plans 2019/20.

2.0 RECOMMENDATION(S)

2.1 Members are requested to note the six months update of the Service Delivery Plan for the following services:

- a) Democratic Services
- b) Financial Services
- c) Human Resources
- d) Infrastructure & Strategic Housing
- e) Legal Services
- f) Leisure Services
- g) Open Spaces & Facilities
- h) Reprographics
- i) Strategic Planning

3.0 BACKGROUND/OPTIONS

3.1 Performance management continues to play a key role within the Council.

3.2 Services are required to highlight outcomes and outputs against the Council's Corporate Priorities and Service Level performance measures.

3.3 The six month update reports provide Councillors with the opportunity to understand how each service is achieving against the measures set out in the Service Plans.

4.0 CONCLUSION

4.1 Monitoring performance enables the Council to highlight key outcomes against the measures that have been approved. It provides an opportunity to identify under and over performance and forward plan effectively.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications arising from this report.

5.2 An EIA is not required.

6.0 APPENDICES

Appendix A- Democratic Services

Appendix B- Financial Services

Appendix C- Human Resources

Appendix D- Infrastructure & Strategic Housing

Appendix E- Legal Services

Appendix F- Leisure Services

Appendix G- Open Spaces & Facilities





Appendix H- Reprographics

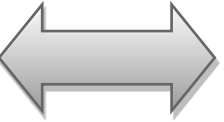




Appendix I- Strategic Planning

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	The Grange Ely	Emma Grima Director Commercial (01353) 616960 E-mail: emma.grima@eastcambs.gov.uk

Commitments towards our Vision

Six Month Update - Democratic Services

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Provide effective, high quality and legally compliant Committee and Member Support Services	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer and safe, vibrant and inclusive communities	Publish Agenda for Council/Committees, etc, within 5 working days of a meeting (statutory) 100% published	100%	Tracy Couper Democratic Services Manager		100%
		Publish decision lists for Council/Committees, etc, within 3 working days of a meeting 95% published	100%	Tracy Couper Democratic Services Manager		86.7% Due to 2 Decision Lists not subject to call-in just missing target
Provide legal, efficient and cost-effective Elections for the Electors of the District and our external partners	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer and safe, vibrant and inclusive communities	Publish draft Minutes for Council/Committees, etc, within 14 days of a meeting 85% published	94.1%	Tracy Couper Democratic Services Manager		80.0% Due to 3 sets of minutes narrowly missing target resulting from work pressures & length/complexity of Minutes.
		Review customer feedback forms/information from Election and resolve, as far as practicable, issues by commencement of next Election period 95% of all customer feedback actioned (where possible) by commencement of next Election period	100%	Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader		100%

<p>Publish and maintain an accurate and legally compliant Electoral register each year and maximise registration for target groups within the District</p>		<p>To publish and maintain an accurate and legally compliant Electoral register each year and maximise registration for target groups within the District in order to achieve at least an 90% registration rate</p>	<p>92.13%</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>94.05% registration</p> <p>Good level of registration, as above figure was achieved at end of October. Indicative of number of people ensuring registered in anticipation of General Election. Taken in conjunction with figure below, shows significant 'channel shift' in people registering on-line.</p>
		<p>Electors registering electronically via Government portal, etc</p> <p>At least 12,000 to be registered</p>	<p>14,953 registered</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>16,608 registered</p> <p>As this is the figure before Canvass conclusion, excellent result.</p>
<p>Promote community engagement and involvement in the Democratic processes of the Council</p>		<p>Publication of Agendas on website on day of despatch</p> <p>98% to be published</p>	<p>99.0% published</p>	<p>Tracy Couper Democratic Services Manager</p>		<p>100%</p>
<p>To ensure trained staff and continual professional development of Councillors</p>		<p>To prepare, agree and implement a Programme of Member Seminar, Training and Development sessions, to provide Members with the required knowledge and skills to effectively perform their role as a District Councillor</p> <p>15 sessions to be arranged at the request of Officers and Members as part of the Member Development Programme</p>	<p>11</p>	<p>Tracy Couper Democratic Services Manager</p>		<p>11</p> <p>Extensive Member Induction, Training & Development Programme following District Council Elections in May 2019</p>
		<p>To ensure that all staff appraisals are completed annually and within the time frame set by HR</p> <p>100% appraisals completed on time</p>	<p>100%</p>	<p>Tracy Couper Democratic Services Manager/Joan Cox Electoral Services Team Leader</p>		<p>100%</p>

<p>Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.</p>		<p>To regularly review higher level corporate risks, including:</p> <ul style="list-style-type: none"> • Changes to the political composition of the Council affecting the democratic decision-making processes; • Local, regional and national legislative and policy changes affecting the democratic process, both in terms of electoral administration/elections and democratic decision-making; • Impact of corporate initiatives such as shared services, commercialisation, on the working practices of the Team. 	<p>ongoing</p>	<p>Tracy Couper Democratic Services Manager</p>	<p>ongoing</p>	<p>Dem Services Manager ECDC DMO</p> <p>Implemented review of Committee structure from May 2019.</p> <p>Completed IRP review of Members' Allowances Scheme</p> <p>Conducted District & Parish Council Elections and Neighbourhood Planning Referendum.</p> <p>Conducting General Election</p> <p>Implementing comprehensive Member Induction, Training & Development Programme for new intake of District Cllrs</p> <p>Offering services of Team on a commercial basis:</p> <ul style="list-style-type: none"> • Clerking of ECTC & ECSS Boards • Clerking of RECAP Board • Dem Services Manager acted as DMO for Combined Authority (CA) until July 2019 & completed IRP review for CA • Dem Services Manager provides informal management
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							support & advice to Councils, on request
							Completed PDR



Commitments towards our Vision





Financial Services - 2019-2020 – Six month report






Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year / output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
<p>To ensure the objective assurance of the Council's activities are paramount.</p> <p>To ensure the long term financial sustainability of the Council</p>	<p>A customer driven efficient Council with a "can do" attitude and pro-business approach and commercially focused to ensure financial self-sufficiency for the tax payer</p> <p>Delivering a financially sound & well managed council</p>	<p>Ensure that the Annual Internal Audit Plan adds value to the organisation</p> <p>Meet with 100% of Service Managers to assist in the preparation of the annual Internal Audit Plan</p> <p>To deliver the agreed Internal Audit Plan by 31st March 2020</p>	100%	LGSS Internal Audit		A two year operational Internal Audit Plan was approved in March 2019. Delivery of the Audit Plan by 31 st March 2020 is on track.
		<p>Produce a Medium Term Financial Strategy (MTFS) with balanced budgets for two years, i.e. the budget year and the subsequent year, with a trajectory which will allow the Council to remain financial secure</p> <p>Regularly review high level corporate risks, including public sector funding and major income streams, not least for 2020-21:</p> <ul style="list-style-type: none"> the Government's spending review and fair funding review for local government East Cambs. Trading Company's financial health and potential financial transactions between it and the Council 	Completed and presented to Council in February 2019	Ian Smith - Finance Manager		<p>Initial work has started on the Budget and MTFS for 2020-21 and beyond; 2020-21 remains balanced, but further work is needed to balance 2021-22.</p> <p>The Government has delayed the major spending review expected in 2019 and this will now happen in 2020. Further guidance is still awaited with regard to the impact of this on local government, but the expectation is that 2020-21 will be a roll forward of 2019-20.</p>
		<p>Produce the detailed budget for 2020-21 to a time frame that allows the Council to set a legal budget</p> <p>To hit the Full Council meeting in February 2020</p>	Completed and presented to Council in February 2019	Ian Smith - Finance Manager		See above, while detailed work continues, the Council will have a balanced budget for 2020-21, using funding from its Surplus Savings Reserve.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year / output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To effectively monitor and report identified fraud		Produce quarterly budget monitoring reports to Committees, (both revenue and capital) and an Outturn report at yearend Quarterly reports to hit Committee deadlines	Quarterly	Anne Wareham – Senior Accountant John Steel - Management Accountant		Reports for the first quarter where presented to the first available committee and half yearly reports have / will be presented this month, including to this meeting.
		To provide continued financial support to East Cambs. Street Scene, including the production of monthly budget monitoring reports and cashflow projections for future years. On-going general support. Reporting to hit respective Company Board meetings.	Monthly reports introduced for management purposes and presented to Board meetings as appropriate	Anne Wareham – Senior Accountant		Monthly budget monitoring reports are being prepared and shared with ECSS management, with then further, ad-hoc financial information provided on request.
		Work with partners to provide a co-ordinated approach to tackling fraud (in accordance with the Cambridgeshire Anti-Fraud Network priorities) As required - On-going	The Cambridgeshire Anti-Fraud Network has been established and provides the means for a co-ordinated approach to tackling fraud	LGSS Internal Audit ARP Fraud Team		The main area of work for LGSS Internal Audit has been co-ordinating the review of the matches arising from the latest National Fraud Initiative (NFI) exercise. Work has also commenced to request data for the completion of the annual NFI Single Persons Discount exercise. At its meeting on the 17 th September 2019 ARP Joint Committee received a performance report detailing the value of fraud and compliance findings across all partners of £1,282,849 as at July 2019, this against an annual target of £1,300,000.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year / output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
<div style="background-color: red; height: 100%; width: 100%;"></div> <div style="background-color: blue; height: 100%; width: 100%; color: white; padding: 5px;"> To ensure the continued efficiency of Financial Services </div>		<p>Raise awareness of fraud and corruption across the organisation</p> <p>Review of Counter Fraud procedures, hot line and poster campaign</p>	<p>LGSS Internal Audit raised awareness of fraud and corruption within 2 x staff induction sessions.</p> <p>Editorial presented in ECDC Connect on fraud awareness.</p> <p>Completion of assessment on the Council's counter fraud arrangements against the Code of Practice on Managing the Risk of Fraud and Corruption.</p>	LGSS Internal Audit		<p>LGSS Internal Audit presented to the staff induction seminar for new employees in July 2019 covering fraud awareness. A second seminar is due to take place in November 2019.</p> <p>LGSS Internal Audit played a major part in the up-date of the Council's Anti-Fraud & Corruption Strategy which was approved by Full Council on the 17th October 2019 and now forms part of the Council's Constitution.</p> <p>A dedicated fraud reporting mailbox for members of the public to report any concerns has been set up and will be managed / reviewed by LGSS Internal Audit.</p> <p>The Council will participate in the International Fraud Awareness Week which takes place in November 2019.</p>
		<p>Pay 99% of undisputed invoices within 30 days</p>	<p>96.43% (for the first 11 months of 2018-2019)</p>	Eleanor Fretwell - Senior Accountancy Assistant		<p>96.98% - Whilst most services authorise their invoices in a timely manner during the period, one service had an unusually high percentage of failures in the first quarter due to the service lead being out of office for periods of time and the undertaking of a high level of scrutiny to ensure the accuracy of the charges received. The second quarter's rate improved to 98.22%.</p>

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year / output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Average time taken to collect income in relation to external invoices (this indicator does not include Council Tax and Business Rates). Target to be below 25 days	Average collection time in the first eleven months of 2018-19 was 20.74 days	Eleanor Fretwell - Senior Accountancy Assistant		18.61 days
		Review the operation of the Payroll Service, in its second year of operation, to ensure that this is working as efficiently as possible and best advantage is being achieved from the greater use of self-service and workflow within the systems functionality	System implementation date was the 1 st April 2018 but we had more initial teething problems than would have been hoped for, which took much of 2018-19 to resolve	Lorraine Kratz – Payroll Officer		<p>The service we receive from MHR continues to be monitored and reviewed with the intention to seek further improvements.</p> <p>Much on-site remedial work has been undertaken in the past six months, which has further improved the workings of the system. However, as mandatory up-dates take place, these need to be monitored to ensure that they don't have unforeseen consequences in other parts of the system.</p>
		Pay 99.5% of staff the correct amount and on time	Target 99.5%	Lorraine Kratz – Payroll Officer		99.7% achieved in the first half of the year. However, with the Council implementing a new pay scale in the second half of the year there is an increased risk of error. Actions are being taken to mitigate this risk as much as possible.
		<p>Improve the process for the production of the Statement of Accounts</p> <p>Prepare the draft Statement of Accounts for 2018-19 by the end of May 2019 and then support the external auditors in undertaking their review by 31st July</p>	The 2017-18 draft Statement was produced in line with the end of May requirement, but our external auditors were unable to sign off the final Statement until the 3 rd August (missing the deadline by 3 days	Anne Wareham – Senior Accountant		<p>The 2018-19 Statement of Accounts was produced in line with the statutory deadline of the 31st May, actually being posted onto our website on the 30th May.</p> <p>Unfortunately, due to significant resourcing issues within EY (our external auditors) these were not audited by the 31st July 2019.</p>

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year / output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		<p>To install CivicaPay software and fully implement its use (replacing the PARIS software previously used by the Council, which is no longer considered fit for purpose)</p> <p>Deadline for implementation 30th September 2019</p>	New target	Eleanor Fretwell - Senior Accountancy Assistant		There have been delays in the implementation of CivicaPay, but an implementation date has now been agreed for the 20 th November 2019 and significant user acceptance testing is currently taking place, to ensure that a minimal number of issues arise at this time.
To maintain an effective and well-maintained service		<p>Support the continued development of members of the Financial Services Team to ensure that they are given personal and professional career development opportunities</p> <p>To provide training to staff in line with their personal training and development plan as detailed in their appraisal document (90% of training needs to be met)</p>	Successfully completed – work will be on-going moving forward	Ian Smith - Finance Manager		Within the constraints of the team's budget, all members of staff are given the opportunity to attend training courses that assist them with their day to day duties.
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.	Delivering a financially sound & well managed council	<p>To regularly review higher level corporate risks, including:</p> <p>Public Sector Funding Loss of major income streams</p>	These risks are picked up when preparing the MTFS and budget. See section on ensuring the long term financial stability of the Council	Ian Smith - Finance Manager		These risks are picked up when preparing the MTFS and budget. See section on ensuring the long term financial stability of the Council.

Commitments towards our Vision


Six month report- Human Resources



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Support the delivery of major change initiatives	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Following the appraisal deadline, establish the Performance Related Increment (PRI) Panel to consider the provisional ratings awarded, and determine final ratings where the provisional ratings differ, in consultation with the managers concerned.	Achieved by May 2018	Nicole Pema, HR Manager PRI Panel	↑	Achieved by May 2019. PRI Moderation Panel held in April. 14 people were awarded ‘outstanding’, 89 ‘excellent’, 33 ‘good’, 13 ‘no official rating and nil ‘needs improvement’. The 14 rated ‘outstanding’ were paid the lump sum payment of 1% of their basic salary with their May pay.
		Support the delivery of organisational change projects, including effective facilitation of TUPE transfers, secondments and redundancies as required.	Planning and waste and restructures achieved by March 2019	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer	↑	Support provided as necessary.
		From April 2019, prepare guidance and provide training for managers and staff on the three new MHR modules - training and development, recruitment and performance management.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	HR user guide developed for the Recruitment module. We are experiencing a number of implementation problems with the new modules which are having to be referred back to MHR for further investigation to rectify the issues.
		Whilst the MHR HR and Payroll system implementation remains in “project phase”, continue to troubleshoot problems, finding and correcting issues or passing them through to the Project Manager for escalation to MHR.	New target	Nicole Pema, HR Manager Lorraine Kratz, Payroll/Finance Assistant Oana Rebegea, HR Support Officer	↑	The MHR HR and Payroll system has now moved out of the ‘project phase’ and problems are now being raised directly with the MHR Service desk. New problems continue to be raised regularly.
		Manage the impact on the Council’s HR function of the UK leaving the European Union from 29 March 2019, including: (a) understanding how many EU nationals we employ; (b) communicating effectively with staff; (c) developing new or reviewing existing policies; (d) workforce planning; and (e) staying compliant.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	Assessment carried out of our workforce to determine the number of EU nationals. All EU staff have been advised and updated on key information about the EU settlement scheme.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Provide consistent and effective procedures for monitoring attendance, and for managing the consequences of absence for the functioning of the Council.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Maintain the low level of short-term sickness absence, e.g. number of days lost per full-time equivalent employee (fte)	3.3 days	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	All sickness: 2.2 days per FTE (for the 6 month period April to September 2019). Based on a total of 417.7 days lost to short and long term absence in this period. Short term sickness: 1.4 days per FTE (for the 6 month period April to September 2019). Based on a total of 279 days lost to short term absence in this period. On target to be at or below 3.3 days at 12 months.
Ensure that reward systems are fair and cost-effective.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	From 1 April 2019, make the necessary changes to the Council's pay scale to meet the requirements of the two year pay award agreed between the National Employers and the NJC Trade Union side on rates of pay applicable for 2018 and 2019.	New target	Terry Sheldrake-Rogers, EELGA Consultant Nicole Pema, HR Manager	↔	After reaching a collective agreement with Unison, the Council's new pay scale is being implemented in December 2019, with the NJC pay increases taking effect from 1 st April 2019.
		From 1 April 2019, support the EELGA Talent Bank Associate to move the Job Evaluation project to a timely and reasonable conclusion alongside the NJC pay award implementation.	In progress	Terry Sheldrake-Rogers, EELGA Consultant Corporate Management Team (CMT) Nicole Pema, HR Manager	↔	The job evaluation results are being implemented alongside the NJC pay award changes as a single exercise. After reaching a collective agreement with Unison, the Council's new pay scale is being implemented in December 2019, with the job evaluation changes taking affect from 1 st April 2019.
		Coordinate the Leading Lights Award Scheme to recognise and reward staff who have demonstrated exceptional attitude and performance, and ensure that the annual Achievement Ceremony is arranged and held each December.	Achieved by December 2018	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	Nominations currently being sought for the Customer Service, Innovation and Employee's Employee of the Year Awards. Recognition panel to be held in November to agree the winners to attend the achievement ceremony in December.
		Review the Council's apprenticeship pay rates to improve our recruitment of apprentices to meet the target as set by the Apprenticeship Levy of 2.3% of the workforce.	New target	Corporate Management Team (CMT) Nicole Pema, HR Manager Oana Rebegea, HR Support Officer	↑	Decision reached to retain the current apprenticeship rates for school leavers wishing to undertake NVQ apprenticeships, and to consider on a case-by-case basis the pay rate for other levels of apprentice carrying out higher level apprenticeships, e.g. degrees.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Update the Council's Pay Policy Statement for 2020/21 and present to Full Council in February 2020.	Achieved by February 2019	Nicole Pema, HR Manager		Not started - to be presented to Full Council in February 2020.
Ensure that HR Policies and Procedures are legally compliant and support the Council to deliver its corporate priorities.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Review all of the Council's HR policies and procedures following the implementation of the MHR HR and Payroll system and changes in legislation, including the GDPR. Update policies to make them more generic and suitable for use across the Council's trading companies, if appropriate.	N/a	Corporate Management Team (CMT) Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	The Disciplinary Policy, Capability Policy and Recruitment Policy have been updated and are in draft format. New guidance has also been developed on Inductions and Probationary Periods. Consultation still to commence with Unison.
		To ensure compliance with the Council's Agency and Other Off-Payroll Working Guidance: (a) issue periodic reminders to Service Leads about their roles and responsibilities; and (2) introduce independent sample checking of IR35 assessments to ensure they have been completely accurately and to challenge any answers that appear inconsistent or unreasonable.	New target	Corporate Management Team (CMT) Service Leads Nicole Pema, HR Manager	↑	6 monthly reminder sent to Service Leads. Independent sample checking being carried out of IR35 assessments by the HR Manager.
		Review our current processes for DBS checks to: (a) ensure that a specific job role is eligible to undergo a DBS check; (b) the correct level of check is being requested; and (c) encouraging applicants to register with the DBS Update Service.	New target	Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↑	Reviewing new DBS checks as they come through; making sure that the job is eligible using the DBS eligibility tool; and that the correct level of check is being requested.
Support the Council in developing the knowledge and skills of its workforce, to ensure that staff have the capability to achieve corporate objectives.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	Continue to look for opportunities to promote the recruitment of apprentices to meet the target as set by the Apprenticeship Levy of 2.3% of the workforce, this equates to 4 apprentices. The Council currently has 1 apprentice and is looking at recruiting 3 further apprentices in the ICT, Parks and Open Spaces and Building Control teams.	1 apprentice	Corporate Management Team (CMT) Service Leads Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator	↔	Agreement given by CMT for a degree level apprenticeship in the Building Control team. We now have two apprentices in total across the Council. Still working towards the target of 4 apprentices.
Be an excellent employer	A customer driven efficient Council with a	100% of Appraisals undertaken by 31 st March 2020	100% - achieved by March 2019	Nicole Pema, HR Manager		Not yet started.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
	<p>“can do” attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer</p>	<p>To regularly review risks associated with Human Resources as detailed within the Corporate Risk Register:</p> <ul style="list-style-type: none"> ▪ Non-compliance with employment legislation, resulting in costly litigation and/or employment tribunal claims and reputational damage. ▪ Job evaluation implementation impacting on salary costs and staff morale. ▪ Increased sickness levels impacting on team capacity and moral. ▪ Non-compliance with TUPE legislation. 	New target	<p>Nicole Pema, HR Manager Oana Rebegea, HR Support Officer Alice Webb, HR Administrator</p>		Ongoing review of risks.







Commitments towards our Vision



Infrastructure and Strategic Housing Service-2018-2019 Six month update



East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
CIL and S106 – monitor development to ensure timely collection of developer contributions, both available and projected to assist the Council to meet its Corporate Priorities	Making East Cambridgeshire an even better place to live	100% compliant Monitor development for compliance with requirement of either CIL or S106 and ensure collection of financial contribution and monitoring of public open space transfers.	100%	Developer Contributions Officer- Angela Clarke CIL Officer-Zara Murfitt		98% 2 payments outstanding.
	Appropriate developments with better infrastructure and improving Planning Service	6 monthly Produce CIL and S106 projections to enable the Council to plan for infrastructure delivery and report to Resources and Finance Committee.	6 monthly reports produced	Director, Commercial-Emma Grima		6 monthly reports provided and reported to Finance and Assets Committee.
		Evaluate 100% of project proposals submitted. Lead S106 Project Group to provide information on S106 income and projected income to enable the Council to utilise S106 contributions to reduce expenditure from the base budget.	100% of requests for assistance met.	Infrastructure and Strategy Manager- Sally Bonnett CIL Officer-Zara Murfitt		No project proposals submitted to date.
		100% of requests for assistance to be met. Assist Development Management in the negotiation of Section 106 Agreements to ensure new communities and businesses are delivered with the infrastructure that is required to serve those new developments.	100% of requests for assistance met.	Director, Commercial-Emma Grima		100% of requests (2) met.
		Quarterly reports produced and sent to Council Members - outlining progress of North Ely, Littleport station, and A14 improvements	Quarterly reports produced and distributed to Council Members.	Infrastructure and Strategy Manager- Sally Bonnett		These have not been reported as frequently due to awaiting 'firm' updates to report
Facilitate delivery of a wide range of infrastructure and housing	Appropriate developments with better infrastructure and improving Planning Service Making it easier to get around the District and do business	Maintain the Council's Register of Interest in Self Build and Custom House Building and forward details of planning applications including self build plots to those on the register.	Details of all planning applications received by the Council that included self-build plots have been sent to those on the register.	Infrastructure and Strategy Manager- Sally Bonnett		Details of all planning applications received by the Council that included self-build plots have been sent to those on the register.




North Ely – facilitate the delivery of a sustainable community in line with the vision set out in the draft Supplementary Planning Document	Appropriate developments with better infrastructure and improving Planning Service	<p>Work with partners to develop appropriate schemes for infrastructure and services to North Ely</p> <p>Explore Community Facility requirements for the North Ely Development</p> <p>Work with the applicants to ensure that infrastructure delivery is co-ordinated and in accordance with the planning applications</p>	<p>The Planning Service is working with the applicant on the discharge of planning conditions and this will be ongoing and feed into the other North Ely work areas.</p> <p>Assistance has been given as required.</p>	Infrastructure and Strategy Manager- Sally Bonnett		<p>The Planning Service is working with the applicant on the discharge of planning conditions and this will be ongoing and feed into the other North Ely work areas.</p> <p>Assistance has been given regarding the community infrastructure required for the second phase of the Endurance Estates site.</p>
Communicate with the relevant stakeholders through consultation events, forums and update sessions	A customer driven efficient Council with a “can do” attitude and pro business approach and commercially focused to ensure financial self sufficiency for the taxpayer	<p>2 growth delivery newsletters</p> <p>Produce 2 growth delivery newsletters to educate and inform the wider community on forthcoming plans in the district, and other items of interest, and any ‘feel good’ projects to promote the work of the District Council</p>	2 newsletter produced	Developer Contributions Officer- Angela Clarke		One draft newsletter produced, publication delayed due to Purdah.
		<p>Visits as requested by Parish Councils</p> <p>Continue the parish council liaison programme to educate and provide guidance to local councils on the community infrastructure levy and the meaningful proportion</p>	3 Parish Councils visited	Director, Commercial- Emma Grima		4 Parish Councils visited.
		<p>Consult local parish councils and key stakeholders on the CIL Infrastructure List and CIL Governance Plan Which sets out what infrastructure may benefit from CIL funding and how the funding may be allocated.</p>	Consultation held and 6 new projects added to the CIL Infrastructure List	Infrastructure and Strategy Manager- Sally Bonnett CIL Officer-Zara Murfitt		New projects added to the CIL Infrastructure List at Full Council in October.
		<p>1 workshop</p> <p>Hold an annual CIL/R123 List workshop held to give details of the process for applying for CIL funding to parish councils and other interested parties</p>	1 workshop held	Infrastructure and Strategy Manager- Sally Bonnett CIL Officer-Zara Murfitt		Information to be presented at next Parish Forum
		<p>Monthly</p> <p>Review all existing service web pages to ensure that only up to date accurate and relevant information is live on the Councils website</p>	Monthly reviews undertaken	CIL Officer-Zara Murfitt		Reviews undertaken and web pages updated where necessary.







<p>Continue to develop highly trained staff to support service delivery and enable the Infrastructure and Strategic Housing Service Delivery Champion to drive forward our Corporate Priorities</p>	<p>Appropriate developments with better infrastructure and improving Planning Service</p>	<p>2 events</p> <p>Attend CIL and S106 training when available to ensure staff are well informed and up to date with the procedures and required legislation.</p>	<p>1 event attended</p>	<p>Infrastructure and Strategy Manager- Sally Bonnett</p>		<p>No training events attended to dates.</p>
<p>Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.</p>		<p>To regularly review risks associated with Infrastructure and Strategic Housing , including:</p> <p>Monitoring CIL and S106 income</p>	<p>Review quarterly.</p>	<p>Infrastructure and Strategy Manager- Sally Bonnett</p>		<p>Reviewed quarterly.</p>

Commitments towards our Vision

Legal Services- 2018-2019 Six month update





Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Ensure that the Council offers best value for money	Delivering a financially sound and well managed Council	Maximise the recovery of legal costs and fees; Court costs and fees, contribution to legal costs and disbursements. 97%- Number of legal costs recovered in £	Costs recovered £12,058 to 30/9/2018	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Victoria Higham - Information Officer Emily Wright - Paralegal Tim Driver – Planning Lawyer (pt) Angela Tyrrell – Senior Legal Assistant Russell Wignall – Legal Assistant		Costs recovered between 1/04/2019 and 30/09/2019 = £13,116.51
		To ensure the recovery of outstanding debts owed to the Council 100% Instructions for recovery: costs recovered in £	Up to 01/04/2018- 30/9/2018 44 instructions 26 debts settled Equating to 59%	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Emily Wright – Paralegal Victoria Higham - Information Officer		01/04/2019 to 30/09/2019 - 22 instructions 14 debts settled Equating to 64%
		Proactively assist all services across the Authority with issues related to legal requirements. 90% within 10 working days 100% within 20 working days 0-5 days = % 6-15=% 16-20=% 20+=%	89.7% within 20 working days 85.3% within 10 working days	Maggie Camp- Legal Services Manager Tim Driver – Planning Lawyer (pt) Angela Tyrrell – Senior Legal Assistant Russell Wignall – Legal Assistant		01/04/2019 – 30/9/2019 95.5% within 20 working days 81.5% within 10 working days 0-5 days =82.8% 6-15=10.8% 16-20=1.9% 20+=4.45%
Assist and facilitate the Council's Corporate Priorities to ensure that East Cambridgeshire continues to be a fantastic place to live, work and visit.						



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Support the local property market.		Ensure continuous service delivery for the Local Land Charges Service <ul style="list-style-type: none"> 100% of Local Land Charge searches within 10 working days; 95% within 5 working days 	100% of searches within 10 working days. 74% of searches responded to within 5 working days. Average turnaround time 5 working days	Maggie Camp- Legal Services Manager Paula Holmes- Local Land Charges & Senior Legal Support Officer Emily Wright – Paralegal Victoria Higham - Information Officer	  	100% of searches within 10 working days 93% of searches responded to within 5 working days Average turnaround time 4 working days
To provide a comprehensive and qualitative legal service		Provide legal support for committees when necessary. 100% attendance at committees where necessary	100% supported	Maggie Camp- Legal Services Manager Angela Tyrrell – Senior Legal Assistant Russell Wignall – Legal Assistant		100% supported
		Ensure car parking appeals and enforcement comply with the following timescales; 80% of appeals responded to within 10 working days 100% within 20 working days First letters to be sent within 29 working days	98% of appeals responded to within 10 working days. 100% of first letters sent in 29 working days.	Maggie Camp- Legal Services Manager Paula Holmes – Local Land Charges & Senior Legal Support Officer		96% of Appeals responded to within 10 working days 100% first letters sent in 29 working days
To provide a comprehensive and qualitative legal service	Delivering a financially sound and well managed Council	Ensure that the timescales set out in the Transparency Code are complied with and manage information data on the Council's website: Open data, Disclosure log and Officer Decisions 100% annually or quarterly for datasets and as soon as completed disclosure log and officer decisions.	100% annually or quarterly for datasets and as soon as completed for disclosure log and officer.	Maggie Camp- Legal Services Manager Paula Holmes – Local Land Charges & Senior Legal Support Officer Victoria Higham – Information Officer		100% annually or quarterly for datasets and as soon as completed.



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		<p>Deliver an effective, accurate and transparent FOI/EIR service.</p> <p>100% of responses within 10 working days (unless the FOI request involves further in-depth research but the service will ensure that the customer is kept informed)</p>	<p>91% responses in 20 working days</p> <p>68% responses in 10 working days</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Victoria Higham - Information Officer</p> <p>Paula Holmes – Local Land Charges & Senior Legal Support Officer</p>	<p>↑</p> <p>↔</p>	<p>Requests: 273 to 30/09/2019</p> <p>Days to respond:</p> <p>0-7 - 71.4%</p> <p>8-14 - 7.32%</p> <p>15-20 - 3.1%</p> <p>20+ - 3%</p> <p>68% within 10 working days</p> <p>91% responded within 20 working days</p>
Ensure that staff have all the necessary skills to maximise their input service delivery		<p>To support the continued professional development of the team to ensure that they are meeting with personal and professional career development opportunities</p> <p>100% compliance and with an average of 16 hours professional development per member of the team</p>	<p>The service continues to meet with the professional and statutory requirements for CPD.</p>	<p>Maggie Camp- Legal Services Manager</p> <p>Tim Driver – Planning Lawyer (pt)</p> <p>Paula Holmes- Local Land Charges & Senior Legal Support Officer</p> <p>Victoria Higham - Information Officer</p>	<p>↔</p>	<p>100% CPD compliant</p>
		<p>100% of appraisals completed by June 2019</p>	<p>100% of appraisals completed.</p>	<p>Maggie Camp- Legal Services Manager</p>	<p>↔</p>	<p>Completed</p>
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.	Delivering a financially sound and well managed Council	<p>To regularly review corporate risks associated with the Council's legal requirements. The current risks to the Authority are as follows:</p> <p>Implementation of General Data Protection Regulations</p>		<p>Maggie Camp- Legal Services Manager</p> <p>Paula Holmes – Local Land Charges & Senior Legal Support Officer</p> <p>Victoria Higham – Information Officer</p>	<p>↔</p>	<p>All front facing elements for GDPR completed by 25th May 2018</p>



Commitments towards our Vision



Leisure Services 2019-2020 Six month update report

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To lead the modernisation of the district's leisure facility network	A fantastic place to live, work and visit	To work with facility-providers to identify potential developments in their facilities, programmes and services, operations and organisational arrangements Annual review	Works at Burwell Sports Centre (roof) completed Positive operational and programming developments at Littleport Leisure Centre Further discussions required to develop options and approach to Ross Peers Sports Centre	Victor Le Grand, Senior Leisure Services Officer		Grants agreed as below Further facility improvements currently under consideration at two sites, timeframes not yet clear Work continuing with Ross Peers Sports Centre to develop long-term strategy
		To optimise the long-term impact and effectiveness of the Council's grant funding and other financial support to leisure centres and programmes	Grants agreed for equipment at Bottisham and Ellesmere; and for new programme at Littleport. Proposed improvements at Ross Peers Sports Centre subject to review	Victor Le Grand, Senior Leisure Services Officer		Grants agreed to support facility improvements at Bottisham and Ross Peers Sports Centre

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Funding approvals to fit bid submissions and committee cycles Review six-monthly	Process, criteria and objectives to be further reviewed for 2019-20			Work continuing
		To support bids for external funding and investment as appropriate Annual review	Renewal of hockey pitch surface completed, works at Burwell completed Further projects to be supported as appropriate	Victor Le Grand, Senior Leisure Services Officer		Work continuing
To extend active leisure opportunities across the District in collaboration with partner agencies and local stakeholders	A fantastic place to live, work and visit	Implementation of Public Health funded Physical Activity ('Let's Get Moving') programme (2017-19) Six-monthly	Wide range of activities and marketing initiatives including walking, running, chair-based exercise, walking netball, after-school exercise club, and try-out fitness developed and supported in various locations across the district. Funding (County) extended to June 2020 Community-led Local Activity Partnership model to be developed and tested in Littleport, subject to partner commitments	Sophie Edwards, Physical Activity Coordinator Victor Le Grand, Senior Leisure Services Officer		Work continuing Littleport Partnership Model to be developed as part of the Think Communities strand

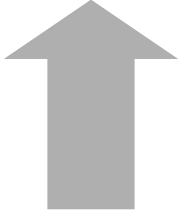



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
		Development of programmes, services and facilities in accordance with the ECDC Sport & Physical Activity strategy Annual review	Programmes developing across work areas including support to facility network, Let's Get Moving and Hive operation	Sophie Edwards, Physical Activity Coordinator Victor Le Grand, Senior Leisure Services Officer		Work continuing
		Monitor and pursue external resource opportunities in collaboration with partner agencies and authorities as appropriate Six-monthly	Countywide programme (development-led) currently focused outside of district, but some potential input in subsequent years.	Victor Le Grand, Senior Leisure Services Officer Sophie Edwards, Physical Activity Coordinator		Work continuing

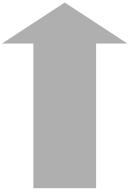
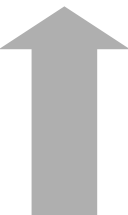



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To support the operation of the Hive to ensure that it meets the Council's strategic objectives	A fantastic place to live, work and visit	<p>Develop and implement contract management, operational arrangements and service plans in consultation with the appointed operator</p> <p>Ensure continuing high performance & service standards compliance</p> <p>Six-monthly</p>	<p>Centre fully operational on schedule transfer of operations from Paradise generally successful</p> <p>Usage programmes well developed including supportive arrangements for key clubs and junior development programmes; growing links to Let's Get Moving and ECDC strategic objectives</p> <p>Service standards kept under review and discussion as required - responses provided to user and media enquiries as necessary</p>	Victor Le Grand, Senior Leisure Services Officer		Work continuing
		<p>Engagement with build and design teams to monitor and address any building issues</p> <p>Six-monthly</p>	<p>Construction completed; post-build snagging continues as necessary</p>	<p>Sally Bonnett, Infrastructure & Strategic housing Manager</p> <p>Victor Le Grand, Senior Leisure Services Officer</p>		Work continuing

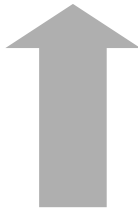
Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact	Delivering a financially sound and well managed Council	To regularly review higher level corporate risks, including: <ul style="list-style-type: none"> • Loss of facilities or services of trust-operated centres • Regulatory breaches at Council- or trust-operated facilities 	Hive completed; other risks remain under review through normal work processes noted above	Victor Le Grand, Senior Leisure Services Officer		Work continuing
To ensure trained staff	Delivering a financially sound and well managed Council	To support the professional development and work programming of the Physical Activity Coordinator	Continuing through regular informal review; training undertaken as required for the role	Victor Le Grand, Senior Leisure Services Officer		Work continuing

Commitments towards our Vision

Open Spaces- six month update report 19/20

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Six month update
Maximise the Council's income by offering services to partners/agencies as part of the Councils' commercialism agenda.	Delivering a Financially Sound and Well Managed Council	To maintain contact with all parishes' and schools within Cambridgeshire, continuing to offer grounds maintenance services.	To increase of 5% income from last year (equating to approximately £880,066 in total from the previous baseline of approximately £838,158)	Open Spaces & Facilities Manager- Spencer Clark Open Spaces & Facilities support Officer- Carol Dunn Team Leader Parks and Open Spaces- Shaun Bradshaw		We are on target to meet a 5% increase from last year.
		To develop website information page to promote services to Parish / Town Councils Working in partnership with our PR contractor to develop website. Numbers of hits on the site will be recorded for evidence at the end of the financial year to determine success.	Website wasn't developed in the last financial year due to capacity problems	Open Spaces & Facilities Manager- Spencer Clark Open Spaces & Facilities support Officer- Carol Dunn Team Leader Parks and Open Spaces- Shaun Bradshaw		This element is still very much in the development stages
Retain Green Flag accreditation for the Country Park and Jubilee Garden	A fantastic place to live, work and visit	Ensure that Green flag standards are used across all parks and open spaces in the district Carry out monthly quality checks on public open spaces to ensure they meet the Green Flag standard. (Welcoming, clean, safe , free usable green space)	Retained - ongoing commitment to meeting the standards	Open Spaces & Facilities Manager – Spencer Clark Team Leader Parks and Open Spaces- Shaun Bradshaw		Green Flags have been awarded again this year and the work continues to maintain the high standards not only in these parks but across the district.
		Annually produce a desk top assessment for both the Country Park and Jubilee gardens, to be inspected annually by Green Flag judges.	Completed	Open Spaces & Facilities Manager – Spencer Clark Team Leader Parks and Open Spaces – Shaun Bradshaw Communities & Partnerships Manager- Lewis Bage		The service is on target to meet this performance measure at the end of the year

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Six month update
		Carry out monthly quality checks on the parks and maintenance service.	Completed	Open Spaces & Facilities Manager – Spencer Clark Team Leader Parks and Open Spaces- Shaun Bradshaw		The service continues to carry out the monthly quality checks as part of the ongoing commitment that East Cambs offers (welcoming, clean, safe and usable open spaces).
Maintain ECDC Assets to a safe, useable and legal standard for our customers' enjoyment	A fantastic place to live, work and visit	Ensure that ECDC buildings portfolio and assets are maintained to the correct legal standards through the Council's assets maintenance programme.	On-going	Open Spaces & Facilities Manager- Spencer Clark Open Spaces & Facilities Support Officer – Carol Dunn		Ongoing- As and when the service is advised of changes in leasing agreements, the purchase of new land, land sold or licenses of ECDC assets, the required legal obligations are adhered to through the Council's assets maintenance programme.
Wherever possible protect our environment keeping Biodiversity at the forefront of our operations		Work with external partners, including The Wildlife Trust and Ely Wildlife Space, to support and protect the biodiversity of East Cambridgeshire. Activities will include ensuring rare plant species and animal habitats are protected.	On-going- Service supports external agencies when required	Open Spaces & Facilities Manager- Spencer Clark Team Leader Parks and Open Spaces- Shaun Bradshaw		The service continues to ensure that our rare plant species and animal habitats are protected and we are regularly engaged with our partners to implement the required interventions to ensure this continues. We have also engaged in the Future Parks programme this year
Trained staff and Service Delivery Champions have a comprehensive understanding of the service		Delivering a financially sound and well managed Council	Using the annual appraisal process, identify individual for specialist training and ensure the broadest range of skills across the team. This will allow the service to run effectively and efficiently	Appraisals are completed in accordance with ECDC requirements	Open Spaces & Facilities Manager – Spencer Clark Team Leader Parks and Open Spaces - Shaun Bradshaw	
		Meet with Service Delivery Champions on a regular basis. At least 4 times per year.	Regular meetings have been held with our Service Delivery Champion. These	Open Spaces & Facilities Manager- Spencer Clark		Service champion is kept updated and informed




Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Six month update
			have been at least 4 times a year			
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.	Delivering a financially sound and well managed Council	To regularly review risks associated with Open Spaces, including: <ul style="list-style-type: none"> • Emergency Planning- • Business Continuity • Health and safety 	Ongoing updating health and safety, Business Continuity and Emergency Planning documents during 2019/20 with focus on risk assessments and COP's.	Spencer Clark- Open Spaces & Facilities Manager Health & Safety Officer – David Vincent		The Rest Centre plan has been completed and distributed. The following COP,s have been updated and are available on the website:- Updated Driving at Work, New Electrical Safety, Updated First Aid at work, Updated Corporate Health & Safety Policy, New PPE COP, Updated Manual Handling COP, Updated Security Threat COP. Service leads have received Business Continuity Training and Health & Safety Induction E-learning with HR. Training has also been provided for Bomb Threats, and Fire Wardens.

Commitments towards our Vision

Six month update - Reprographics Service



Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status at 6 month stage	Outcome or output (6 month stage)
Maximise the effectiveness of the Council's Document Management System and provide high quality customer service.	A customer driven efficient Council with a "can do" attitude and pro business approach and commercially focused to ensure financial self-sufficiency for the tax payer	(99%) Documents to be scanned and indexed within 24 hours from receipt.	99%	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Officer		99% 8,740 items
		(99%) Mail to be sorted, franked and ready for collection each day by 3:45p.m.	99%	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Support Officer		99% 31,723 items. <i>(Reduction of 2,843 items on same period last year)</i>
		(100%) printing agenda for Council/Committees within 5 working days of a meeting (statutory requirement).	100%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Officer		100% Agendas printed for 20 meetings. All on time.
		98% Design and print job for internal and external clients.	98%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Officer		98% 271 jobs
		Extend opportunities within the digitisation and archiving of documents across the authority to help contribute to reducing internal paperwork.	N/A	Andy Dicks- Reprographics Manager Claire Parker- Reprographics Support Officer Miranda Rogers- Reprographics Support Officer Helen Clark – Reprographics Support Officer		Awaiting further corporate guidance on digitising
		Provide reprographic support to the leisure centres in the district within their required timeframes.	N/A	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Officer Sharron Pearson – Reprographics Officer		ongoing

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status at 6 month stage	Outcome or output (6 month stage)
Support the outcomes of the priorities within the Corporate Plan		(99%) Provide back-end reprographics support to the Local Authority Trading Company when required in the following areas; Printing agendas and minutes of meetings design & print requests etc, all within their required timeframes.	99%	Andy Dicks- Reprographics Manager Marta Lotysz-Veiga- Reprographics Office Sharron Pearson – Reprographics Officer		99% 132 jobs designed & printed within timescales. PGH, Markets, Street Scene & CLT
To identify training needs across the service by following effective performance management Processes.		(100%) Appraisals to be completed annually and maintain an effective workforce.	100%	Andy Dicks- Reprographics Manager		100%
		(100%) Ensure Service Delivery Champion is kept up to date with service development through awareness briefings.	100%	Andy Dicks- Reprographics Manager		100%
Ensure that the Council's corporate risks are managed effectively and mitigations are put in place to reduce impact.		To regularly review risks associated with Reprographic Services, including: <ul style="list-style-type: none"> A full power outage and associated risk of not meeting legal requirements to print committee papers on time- this could also lead to reputation risk A suspect package in the print room would mean evacuation for all of the Council- which would impact on organisations delivery 				Business Impact Analysis completed
						X-ray machine installed in post room and advanced suspect package training completed by staff.

Notes:

External income target for 2019/20 £16,178 pa
External income April – September 2019 £14,813




Commitments towards our Vision

Six Month Update - Strategic Planning SDP 19/20



East Cambridgeshire
District Council

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
Maintain a clear planning policy framework which will help facilitate the creation of safe, vibrant, inclusive and sustainable communities	(2)A Fantastic Place to Live, Work and Visit	Continually review all existing service web pages to ensure that only up to date, accurate and relevant information is live on the Council's website. Ongoing.	Thorough update took place 2017/18, and again in February 2019	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer	↑	Ongoing process. Website content regularly reviewed and updated.
	(3)Genuinely affordable housing					
	(4) New Jobs and Funding	Publication of an Authority's Monitoring Report (AMR) covering period to 31 March 2019, which reports on the performance of the previous year in terms of planning matters (statutory item). By 31 December 2019, but aim for September 2019.	AMR last published in Dec 2018	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer	↑	AMR published in August 2019, ahead of schedule.
	(5)Improved Infrastructure.					
To keep our planning policy framework up-to-date, clear and in line with corporate priorities	(2)A Fantastic Place to Live, Work and Visit	Present to Members options in terms of commencing a Local Plan Review. July 2019	Local Plan adopted 2015 A subsequent emerging Local Plan was withdrawn in February 2019.	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer	↓	Options presented to October 2019 Full Council, alongside wider planning policy matters, rather than original intention of July 2019.
	(3)Genuinely affordable housing					
	(4) New Jobs and Funding	Review Supplementary Planning Documents and put any updated / new ones to Full Council for approving for the purpose of public consultation. Details to be confirmed.	N/A	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer	↔	On going process. Anticipate publication of consultation SPDs in second half of year.
	(5)Improved Infrastructure.					
	(6)Improving Local Transport.	Work with those communities wishing to undertake Neighbourhood Planning, ensure ECDC meets its statutory requirements. Timing and demand uncertain, due to lead being Parish Councils. Ongoing.	Advice regularly given to communities, and especially parish councils. Eight Parish Councils are designated as Neighbourhood Areas, one of which, Fordham, has a 'made' (adopted) Neighbourhood Plan.	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer	↑	Continued support and advice to a large number of Parish Councils, and positive feedback received. Support will continue in second half of year.

Performance Measure	Link to Corporate Plan Priority	Target and reporting timescale (i.e. 6 monthly or annually)	Baseline from previous year/output from previous year	Owner and co-owners	Status (at 6 month stage)	Outcome or output (at 6 month stage)
To influence, for the benefit of East Cambs, the sub-regional strategic planning framework	(2)A Fantastic Place to Live, Work and Visit (3)Genuinely affordable housing (4) New Jobs and Funding (5)Improved Infrastructure. (6)Improving Local Transport.	Play an active role in sub-regional strategic planning work, including attendance at Cambridgeshire and Peterborough Planning Policy Forum (every 6 weeks) and contributing to Combined Authority strategic planning activities. Ongoing.	Mostly Ongoing, though the Combined Authority is a new area with the potential for considerable new Strategic Planning activities	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Target being met. Ongoing activity. Combined Authority proposals expected in greater detail in second half of year.
Maintain high quality working relationship with Members	(1) Delivering a Financially Sound and Well Managed Council	To provide regular updates to Members on the work of the Strategic Planning Service and to provide an opportunity to work in partnership on key issues/areas of work.	Briefings as required.	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		Target met.
Ensure that the Council's Corporate risks are managed effectively and mitigations are put in place to reduce impact	(1) Delivering a Financially Sound and Well Managed Council	To regularly review higher level corporate risks including: <ul style="list-style-type: none"> • New legislation, impacting on work in progress • New legislation, resulting in a resource pressure to implement • Status of policies within the Local Plan, resulting in resource implications, reputational risks, and unplanned for development. 	Ongoing	Strategic Planning-Richard Kay- Strategic Planning Manager Edward Dade-Strategic Planning Officer Harj Kumar-Strategic Planning Officer		On going matter. New national planning policy (NPPF) issued in July 2018. Further amendments expected this autumn (post national Budget)

TITLE: EAST CAMBS TRADING COMPANY ACCOUNTS 2018/19

Committee: Finance & Assets Committee

Date: 28 November 2019

Author: Director Commercial

[U125]

1.0 ISSUE

1.1 To receive the East Cambs Trading Company Accounts 2018/19.

2.0 RECOMMENDATION

2.1 Members are requested to note the East Cambs Trading Company Accounts 2018/19 as set out in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1 Appendix 1 sets out the East Cambs Trading Company Accounts that have been submitted to Companies House.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implication arising from this report.

4.2 EIA not required.

5.0 APPENDICES

5.1 Appendix 1- East Cambs Trading Company Accounts 2018/19.

Background Documents

None

Location

The Grange,
Ely

Contact Officer

Emma Grima
Director Commercial
(01353) 616960
E-mail:
emma.grima@eastcambs.gov.uk

Registration No. 10061867

EAST CAMBS TRADING COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019



EAST CAMBS TRADING COMPANY LIMITED

COMPANY INFORMATION

Directors	P J Remington J Hill E L Grima C G J Roberts (resigned 2 May 2019) A M Bailey D Ambrose-Smith (appointed 30 May 2019)
Company number	10061867
Registered office	The Grange Nutholt Lane Ely Cambridgeshire CB7 4EE
Auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ

EAST CAMBS TRADING COMPANY LIMITED

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Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10-20

EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the audited financial statements of the company for the year ended 31 March 2019.

Directors

The directors who served during the year were:

P J Remington
J Hill
E L Grima
C G J Roberts
A M Bailey

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The auditors, Price Bailey LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on July 18th 2019 and signed on its behalf.


J Hill
Director

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

Opinion

We have audited the financial statements of East Cambs Trading Company Limited for the year ended 31 March 2019 on pages 6-21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemptions in preparing the Director's Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

EAST CAMBS TRADING COMPANY LIMITED


INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EAST CAMBS TRADING COMPANY LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Cullen FCCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date:

 11/10/19

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue from services		1,185,584	1,077,268
Revenue from construction contracts		22,336	842,411
Revenue from property development		4,896,223	-
Grant income		520,000	-
		<u>6,624,143</u>	<u>1,919,679</u>
Cost of sales		(5,055,064)	(1,409,091)
Gross profit		<u>1,569,079</u>	<u>510,588</u>
Administrative expenses		(906,046)	(677,762)
Operating profit/(loss)		<u>663,033</u>	<u>(167,174)</u>
Interest receivable		417	-
Interest payable	5	-	(138,156)
Profit/(Loss) before taxation		<u>663,450</u>	<u>(305,330)</u>
Tax on profit	6	-	-
Profit/(Loss) and total comprehensive income for the year		<u><u>663,450</u></u>	<u><u>(305,330)</u></u>

There were no recognised gains and losses from 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 10 - 20 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

REGISTERED NUMBER: 10061867

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	7	134,190	-
Current assets			
Inventories	8	3,121,683	3,348,472
Trade and other receivables	9	255,373	330,460
Cash at bank and in hand	10	1,411,785	34,187
		<u>4,788,841</u>	<u>3,713,119</u>
Current Liabilities			
Trade and other payables	11	(350,720)	(1,279,258)
		<u>4,438,121</u>	<u>2,433,861</u>
Net Current Assets			
		4,438,121	2,433,861
Total assets less current liabilities			
		4,572,311	2,433,861
Non-Current Liabilities			
Financial Liabilities – borrowings	11	(4,620,000)	(3,145,000)
		<u>(47,689)</u>	<u>(711,139)</u>
Net liabilities			
		(47,689)	(711,139)
Equity			
Called up share capital	13	1	1
Retained earnings		(47,690)	(711,140)
		<u>(47,689)</u>	<u>(711,139)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J Hill
Director

Date: 18 JULY 2019

The notes on pages 10-21 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £	Retained earnings £	Total equity £
Balance as at 31 March 2017	1	(405,810)	(405,809)
Comprehensive income			
Loss for the year	-	(305,330)	(305,330)
Total comprehensive income	-	(305,330)	(305,330)
Balance as at 31 March 2018	1	(711,140)	(711,139)
Comprehensive income			
Profit for the year	-	663,450	663,450
Total comprehensive income	-	663,450	663,450
Balance as at 31 March 2019	1	(47,690)	(47,689)

EAST CAMBS TRADING COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash outflow from operating activities	17	<u>874,127</u>	<u>(1,885,183)</u>		
Net cash inflow from operating activities		874,127	(1,885,183)		
Cash flows from investing activities					
Purchase of fixed assets		(146,264)	-		
Cash flows from financing activities					
Interest received		417	-		
Interest paid		(135,682)	(138,156)		
Loans advanced		1,475,000	2,100,000		
Loans repaid		<u>(690,000)</u>	<u>(25,000)</u>		
Net cash from financing activities		<u>649,735</u>	<u>1,936,844</u>		
Net increase in cash and cash equivalents		1,377,598	51,661		
Cash and cash equivalents at beginning of year		34,187	(17,474)		
Cash and cash equivalents at end of year	10	<u>1,411,785</u>	<u>34,187</u>		

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Statutory information

East Cambs Trading Company Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The address of the registered office is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE.

The company is primarily involved in property development and management of council services.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

1.2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the statement of financial position date. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year is the valuation of work in progress and allocation of costs to each period.

Costs directly attributable to the projects have been included in the work in progress figure accordingly. When calculating the work in progress the directors consider the stage of completion of the project and the likelihood of all costs being recovered, applying this in accordance with applicable framework.

1.3 Compliance with accounting standards

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to reporting entities under IFRS.

The financial statements have been prepared under the historical cost convention.

1.4 Going concern

The company is reliant on the continued financial support of its sole shareholder and ultimate parent, East Cambridgeshire District Council, which is expected to continue for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

The Company provides a grounds maintenance service predominantly to local authorities and educational establishments. For larger contracts invoices are issued on a monthly basis or as the work is completed for smaller contracts. Payment is usually received within a month of the invoice being issued.

The Company also operates street markets on behalf of the local council and collects revenue from the individual stallholders. Invoices are issued on a weekly basis and payments are made via direct debits.

Revenue from a construction contract is recognised when:

- It is probably that the economic benefits associated with the contract will flow to the entity.
- The contract costs attributable to the contract can be clearly identifiable and measured reliably.

The company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the company. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. The consideration is due when legal title has been transferred.

1.6 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	25% straight line
Leasehold improvements	16.67% straight line
Office equipment	16.67% straight line
Computer equipment	33.33% straight line

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (continued)

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase and includes labour.

At each balance sheet date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Trade and other receivables

Short term receivables are measured initially at fair value, and are measured subsequently at amortised costs.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

1.11 Operating profit

Operating profit is stated before investment income and finance costs.

1.12 Financial Instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

- Cash and cash equivalents comprise cash held at bank and short term deposits
- Trade payables are not interest bearing and are stated at their nominal value
- Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

1.11 Trade and other payables

Short term payables are measured fair value, and subsequently at amortised cost. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.14 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position.

1.15 New IFRS standards and interpretations not yet adopted

In preparing these financial statements the Company has reviewed all new standards and interpretations.

New Standards, Interpretations and Amendments effective from 1 April 2018

The following new and revised Standards and Interpretations have been adopted in these financial statements but their adoption has not had any significant impact on the amounts reported in these financial statements:

- IFRS15 Revenue from Contracts with Customers (issued 2016)
- IFRS9 Financial Instruments (issued 2014)

The other new and revised Standards and Interpretations are not considered to be relevant to the Company's financial reporting and operations and are not detailed in these financial statements.

New Standards, Interpretations and Amendments that are not yet effective and have not been adopted early

The following new and revised Standards and Interpretations are relevant to the Company but not yet effective for the year commencing 1 April 2018 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (amended 2018)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amended 2018)
- IAS 12 Income Taxes (amended 2017)
- IAS 19 Employee Benefits (amended 2018)
- IAS 23 Borrowing Costs (amended 2017)
- IFRS 3 Business Combinations (amended 2017 and 2018)
- IFRS 9 Financial Instruments (amended 2017)

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

In addition, IFRS 16 Leases is effective for financial periods commencing on or after 1 January 2019 and will bring all operating leases onto the balance sheet in line with the accounting treatment for finance leases. This will increase the value of gross assets and both current and non-current liabilities but is not expected to have a material effect on the consolidated income statement or the statement of financial position.

2. Operating profit

Operating profit is stated after charging

	2019 £	2018 £
Operating leases	59,464	25,904
Depreciation of owned fixed assets	12,074	-
Auditors' remuneration	15,750	12,000

3. Employees and directors

	2019 £	2018 £
Wages and Salaries	471,551	317,789
Social security	52,693	35,313
Other pension costs	58,454	27,586
	<u>582,698</u>	<u>380,688</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Directors	5	5
Administration	11	8
	<u>16</u>	<u>13</u>

4. Directors' remuneration

	2019 £	2018 £
Directors' remuneration	12,000	12,530
Directors' pension contributions to a defined benefits pension scheme	960	1,100
	<u>12,960</u>	<u>13,630</u>

During the year 1 directors (2018 – 1) was accruing benefits under defined benefit pension schemes.

5. Finance costs

	2019 £	2018 £
Loan interest payable	-	138,156

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

6. Income tax

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 March 2019 nor the year ended 31 March 2018.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit (Loss) per accounts	663,450	(305,330)
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	126,056	(58,013)
Effects of:		
Deferred taxation on losses for prior year	(126,056)	58,013
Tax expense	-	-

The company has estimated tax losses of £54,000 (2018 £711,000) to carry forward against future profits.

7. Property, plant and equipment

	<i>Plant & Machinery</i>	<i>Leasehold Improvement</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Total</i>
Cost					
As at 1 April 2018	-	-	-	-	-
Additions	19,071	35,526	54,969	36,698	146,264
Disposals	-	-	-	-	-
As at 31 March 2019	19,071	35,526	54,969	36,698	146,264
Depreciation					
As at 1 April 2018	-	-	-	-	-
Charge for the year	533	1,402	6,916	3,223	12,074
On disposals	-	-	-	-	-
As at 31 March 2019	533	1,402	6,916	3,223	12,074
Net Book Value					
As at 31 March 2019	18,538	34,124	48,053	33,476	134,190
As at 31 March 2018	-	-	-	-	-

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8. Inventories		
	2019	2018
	£	£
Work In progress	3,121,683	3,348,472
	<u> </u>	<u> </u>
9. Trade and other receivable		
	2019	2018
	£	£
	£	£
Trade receivables	155,307	270,960
Other receivables	73,622	45,003
Prepayments and accrued income	26,444	14,499
	<u> </u>	<u> </u>
	255,373	330,460
	<u> </u>	<u> </u>
10. Cash and cash equivalents		
	2019	2018
	£	£
	£	£
Cash at bank and in hand	1,411,785	34,187
	<u> </u>	<u> </u>
11. Trade and other payable		
	2019	2018
	£	£
Current		
Trade payables	188,824	324,575
Other taxation and social security	30,968	51,560
Other payables	81,458	14,764
Accruals and deferred income	49,470	198,359
Amounts owed to parent undertakings	-	690,000
	<u> </u>	<u> </u>
	350,720	1,279,258
	<u> </u>	<u> </u>
Non-Current:		
Amounts owed to parent undertakings	4,620,000	3,145,000
	<u> </u>	<u> </u>

Included in creditors are amounts due to parent undertaking totalling £4,620,000 (2018: £3,835,000) which are secured against the company assets up to the value of the outstanding loans.

The amounts are repayable in full within 5 years of initial drawdown. There are no set repayment terms up to this time.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12. Financial Instruments

Financial assets and liabilities

The carrying value of the company's financial assets and liabilities as recognised at the balance sheet date of the years under review may also be categorised as follows:

	Amortised cost £	Other financial liabilities £	Total carrying amount £
As 31 March 2019			
Cash and cash equivalents	1,411,785	-	1,411,785
Trade receivables	155,307	-	155,307
Other receivables	73,622	-	88,610
Loans	-	(4,620,000)	(4,620,000)
Trade payables	-	(188,824)	(188,824)
Other payables - current	-	(130,928)	(130,928)
Total	<u>1,640,714</u>	<u>(4,939,725)</u>	<u>(3,284,050)</u>

	Amortised Cost £	Other financial liabilities £	Total carrying amount £
As 31 March 2018			
Cash and cash equivalents	34,187	-	34,187
Trade receivables	270,960	-	270,960
Other receivables	45,003	-	45,003
Loans	-	(3,835,000)	(3,835,000)
Trade payables	-	(324,575)	(324,575)
Other payables - current	-	(213,123)	(213,123)
Total	<u>350,150</u>	<u>(4,372,698)</u>	<u>(4,022,548)</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12. Financial Instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and balances at financial institutions.

The company's exposure to credit risk in the property development division is limited as title to any property sold does not pass until funds are received.

For the grounds maintenance division, the major customer is a local authority and the sole shareholder of the company so the risk is perceived to be low. The remaining customers are predominantly also local authorities.

For the markets division, the customers are individual market stall vendors and each debt is relatively small. Most vendors have been trading with the company, and its local authority predecessor for a number of years.

The company held cash and cash equivalents of £1.4 million at 31 March 2019 (£0.03 million at 31 March 2018). The cash and cash equivalents are held at NatWest Bank which is rated A- to A at leading credit rating agencies and so the company considers these to have a low credit risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

	Less than one year	More than one year	Total
	£	£	£
2019			
Trade and other payables	350,720	-	350,720
Borrowings	-	4,620,000	4,620,000
	<u>350,720</u>	<u>4,620,000</u>	<u>4,970,720</u>
2018			
Trade and other payables	589,258	-	589,258
Borrowings	690,000	3,145,000	3,835,000
	<u>1,279,258</u>	<u>3,145,000</u>	<u>4,424,258</u>

Fair values

The carrying amounts of all financial assets and liabilities of the company as disclosed in the notes to the financial information are approximately their fair values.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital with an appropriate level of leverage for the size of the business so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the company may return capital to shareholders, issue new shares or sell assets to reduce debt.

On initial application of IFRS 9, the company has not recognised any additional impairment allowance at the start or during the financial year due to the low level of credit risk it is exposed to.

13. Share capital

	2019 £	2018 £
Share classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

14. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £58,454 (2018 - £27,586).

Contributions totalling £4,528 (2018 - £4,565) were payable to the fund at the balance sheet date and are included in creditors.

15. Related Party Transactions

In line with paragraph 25 of IAS24, the company has taken advantage of the exemption from the requirement to disclose transactions with East Cambridgeshire District Council (ECDC) and connected companies due to the control exercised by ECDC by virtue of it being the only shareholder.

The company has a loan of £4,620,000 due to ECDC (2018 £3,145,000) on March 31 2021. Interest on this loan is fixed at 5.22%.

Key management personal compensation totalled £13,453 (2018: £13,630)

16. Details of Parent Undertaking

The Ultimate parent undertaking is East Cambridgeshire District Council, registered address The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17. Note to the cash flow statement

	2019 £	2018 £
Profit / (Loss) before tax	663,450	(305,330)
Depreciation	12,074	-
Interest received	(417)	-
Interest expense	135,682	138,156
	<u>810,789</u>	<u>(167,174)</u>
Decrease/(Increase) in inventories	226,789	(2,007,640)
Decrease/(Increase) in trade and other receivables	75,087	(177,082)
(Decrease)/Increase in trade and other payables	(238,538)	466,713
Net cash outflow from operating activities	<u><u>874,127</u></u>	<u><u>(1,885,183)</u></u>

18. Leasing agreement

	2019 £	2018 £
Future minimum lease payments under non-cancellable operating costs fall due as follows:		
Within 1 year	54,255	30,000
Between 1 and 5 years	217,020	120,000
After 5 years	144,255	150,000
	<u><u>415,530</u></u>	<u><u>300,000</u></u>

18. Reserves

The following is a description of each of the reserve accounts that comprise equity shareholders' funds:

Share capital	The share capital comprises the issued ordinary shares of the company at par.
Retained earnings	Retained earnings comprise the group's cumulative accounting profits and losses since inception.

TITLE: FINANCE REPORT

Committee: Finance & Assets Committee

Date: 28th November 2019

Author: Finance Manager

[U126]

1. ISSUE

1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

2.1 Members are requested to note:

- This Committee has a projected yearend underspend of £398,500 when compared to its approved revenue budget of £5,181,667.
- That overall the Council has a projected yearend underspend of £351,000 when compared to its approved revenue budget of £13,445,801.
- That the overall position for the Council on Capital is a projected outturn of £3,773,185, which is an underspend of £7,362,620 when compared to its revised budget.

3. BACKGROUND / OPTIONS

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the second report for the 2019-20 financial year and details actual expenditure incurred as at 30th September 2019 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then, the position for the Operational Services Committee shown in summary.

3.4 The detailed revenue budget position for the Operational Services Committee is shown in appendix 2. A report explaining the variances for this Committee

in more detail was presented to the Operational Services Committee on the 18th November.

- 3.5 In summary however, at this point there are two outturn forecast variances being projected within Operational Services Committee, these being in relation to Planning, where an overspend is forecast as a result of the volume and type of applications being received, two agency workers have been employed to ensure the level of customer service continues and that target deadlines for dealing with applications and any subsequent appeals is being met. And then an underspend in Homelessness as a consequence of the District not being required to put anybody up in hotel accommodation during the first six months of the year.
- 3.6 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of September 2019, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Financial Services	(48,733)	There remains an outstanding accrual for work on the statutory accounts for 2018/19 as a consequence of the delayed audit. A saving on staffing has occurred, but this will be used to pay for the CivicaPay upgrade.
Sports & Recreation	(£12,927)	Grants have been allocated but not yet paid.
Local Plans	(85,647)	We have received £25,000 of income from DCLG for supporting the development of Neighbourhood Plans, but the main reason for the underspend is that we have not yet been invoiced by Peterborough City Council for their work in this area.
Parks & Gardens	£114,703	The quarter 2 invoice to the trading company to recover the cost of seconded staff has not yet been raised.
Public conveniences	£13,003	An overspend on salary costs as a result of needing to cover sickness.
Register of Electors	(41,021)	This relates to income received in advance for individual electoral registration, this will be used in year.

3.7 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Economic Development	(£27,000)	This relates to an increase in the rental income during the first two quarters of the year. However, because of the short-term nature of many of the leases at the Council's business centres, it is difficult to determine whether this will continue, we have therefore made a prudent estimate for the yearend position.
Housing Benefit	(£130,000)	The Housing Benefit budget was built using information as at August 2018, the most up-to-date information available at the time. However, more up-to-date information is now available and the outturn forecast has been adjusted to reflect this.
Legal	(£15,000)	There was an underspend on the staff budget in the first half of 2019/20. There is now a full complement of staff within the Legal Team, so no further underspends are expected during the remainder of the year.
Management Team	(£100,000)	The Council's budget will benefit from charging the Combined Authority for management support during 2019/20.
Mepal Outdoor Centre	30,000	The overspend is currently at £30,000. When the budget was constructed it was expected that a contractor would be taking over the management of the centre, as this has not happened ECDC are having to pick up the utility and insurance costs for the site.
Registration of Elections	(£3,500)	Savings will be made on printing and stationary in this budget.
Member and Committee Support	£37,000	Savings will be made on members training (£3,000), how this will be outweighed by an increase in Members special responsibility allowance backdated to April 1 st of £40,000.

Miscellaneous Finance	(190,000)	The Council remained in a cash surplus position at the end of the 2018/19 financial year, which meant that no external borrowing was needed. It is now expected that external borrowing will not be required until, at the earliest, early 2020, resulting in a saving on the external interest budget. The amount of Minimum Revenue Provision (MRP) contribution has also been reduced as more CIL was allocated to the scheme in 2018/19 than forecast, reducing the amount of borrowing required and also MRP is now being paid over 25 years, rather than 20 years, as detailed in the Treasury Management Report.
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Capital

- 3.8 The Council's capital programme for 2019/20 (appendix 3) has now had the slippage from 2018/19 applied, and we have also been notified of the value of Disabled Facilities Grant that we will be receiving this year. These two changes result in the total capital programme value for 2019/20 being £11,135,805.
- 3.9 It is currently expected that the Council will underspend its revised budget by £7,362,620. This relates to the Soham Eastern Gateway project, where the County Council have decided that they no longer wish to apply for the Housing Infrastructure Fund funding for the development in Soham. And, further the Trading Company is not now expected to require the remaining £380,000 available from its original loan agreement with the Council.
- 3.10 There is also an underspend on Operational Services capital as a consequence of delays with the improvements on the Depot at Littleport as further costings are obtained to ensure that best value for money is achieved.

Reserves

- 3.11 The Council's forecast movements in Reserves for the year are detailed in appendix 4, this shows that the General Fund will be increased to remain at the 10% of the net budget as agreed at Council. Other Earmarked Reserves (excluding CIL) reduce by £1,272,029, which is mainly a consequence of the planned use of the Surplus Savings Reserve in 2019/20.

Budget

- 3.12 Work has started on building the budget for 2020-21, with detail discussions with budget holders having taken place during October and November.
- 3.13 A National Spending Review was supposed to have taken place during 2019, to be implemented in April 2020, but this has not happened, with instead a Spending Round announcement being made on the 4th September 2019. This is a one-year announcement for 2020-21 only, which to the most part rolls

forward the 2019-20 position. It is believed in practice this means that the Council will continue to receive Revenue Support Grant and Rural Services Grant at the same level as in 2019-20. It had been expected that these grants would stop in 2020-21.

- 3.14 A full Spending Review is now expected in 2020, to start in April 2021. At the same time, Government intend to implement the results of the Fair Funding Review and revised arrangement for Business Rates retention, moving the amount retained within Local Government from 50% to 75%. Both of these changes had originally been planned for April 2020.
- 3.15 From an East Cambs perspective, this is believed to good news. Because the intention is to do a full base reset of Business Rates at this point, we expect to lose all the benefit that we have gained from Business Rates growth in the District since April 2013. By the process being delayed, we will retain the benefit of this growth for a further year.
- 3.16 Government further published its technical consultation on the 2020-21 Local Government Finance Settlement on the 3rd October 2019. The two main points to note from this, are that Government will continue to recognise four years' worth of housing growth in determining New Homes Bonus grant for 2020-21, although this reduces to two years in 2021-22 and one year in 2022-23. And that the referendum limit for district councils is likely to be the higher of 2% or £5.
- 3.17 With Parliament now closed for the General Election, the timing of the Provisional Local Government Finance Settlement is far from clear, so final clarification as to the actual level of grants we will receive in 2020/21 is unclear. No announcement will be made until after the Election and it will then be at the determination of whoever is in power to determine the timetable, although promises have been made that the Final Settlement will be made in line with statutory timetable for councils being required to set Council Tax.
- 3.18 On our more detailed budget build arrangements, while the local government pay negotiations for 2020/21 have not yet started, we have made an assumption that the inflationary rise for pay will be 2% and have also made some allowance for potential increments being awarded to staff from April 2020. Most other budgets have been left at the same cash value, but major contracts and utility costs have had the same 2% added for inflation.
- 3.19 Members will be aware that the MTFs approved in February 2019, already had a balanced budget for 2020/21 based on the use of reserves from the Surplus Savings Reserve. While final information (as discussed above) is not yet available, the delays in the Spending Review and Fair Funding Review, are expected to provide an up-side for East Cambs, and as such, I remain confident that a balanced budget (after the allocation of funding from the Surplus Saving Reserve) will be achieved for that year.

3.20 At this point in the budget preparation process no additional capital schemes, to those detailed for 2020/21 in last years' budget, have been identified to be included in the 2020/21 programme.

4 ARGUMENTS / CONCLUSIONS

4.1 The projected net revenue expenditure for the Council is forecast to be £13,094,801 in 2019/20. This would give an underspend of £351,000 compared to the Council's approved budget.

4.2 The projected Capital Outturn for the Council stands at £3,773,185. This reflects an underspend of £7,362,620 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There is a revenue underspend of £351,000 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.

5.2 Equality Impact Assessment (INRA) not required

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – September 2019
Appendix 2 – Operational Services Budget Monitoring – September 2019
Appendix 3 – Capital Budget Monitoring – September 2019
Appendix 4 – Reserve Accounts – September 2019

Background Documents

Council Budget as approved by
Council on the 21st February
2019

Location

Room 104
The Grange
Ely

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FINANCE & ASSETS COMMITTEE BUDGET MONITORING REPORT - 30th September 2019

	Total Budget 2019-20	Profiled Budget to 30 September 2019	Actual to 30 September 2019	Variance	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£		£	£	£	£	£
Asset Management	191,918	--	184	(184)	191,918	--	--
Award Ditches	8,829	4,415	353	(4,062)	8,829	--	--
Civic Relations	13,292	6,653	3,746	(2,906)	13,292	--	--
Closed Churchyards	29,086	(0)	(6,354)	(6,354)	29,086	--	--
Community Safety	--	--	--	--	--	--	--
Community Transport	15,000	--	--	--	15,000	--	--
Corporate Management	173,016	40,137	39,434	(703)	173,016	--	--
Cost of Other Elections	--	--	663	663	--	--	--
Council Tax Accounting	402,508	173,754	176,198	2,444	402,508	--	--
Data Management	95,352	47,680	45,796	(1,884)	95,352	--	--
Depot Services	--	--	1,230	1,230	--	--	--
Economic Development	23,006	(19,830)	(42,119)	(22,289)	(3,994)	(27,000)	(20,000)
Financial Services	329,265	162,330	113,597	(48,733)	329,265	--	--
General Gang	111,987	57,099	51,587	(5,512)	111,987	--	--
Health & Safety (Work)	14,000	7,000	8,012	1,012	14,000	--	--
Housing Benefits	338,516	250,195	185,294	(64,901)	208,516	(130,000)	(100,000)
Housing Strategic	244,191	67,300	61,208	(6,091)	244,191	--	--
Human Resources	186,195	109,497	100,504	(8,994)	186,195	--	--
Interest & Financial Transactions	(225,916)	(90,241)	(108,897)	(18,656)	(225,916)	--	--
Internal Audit	71,710	17,845	16,745	(1,100)	71,710	--	--
Land Charges Admin	(97,602)	(46,110)	(52,300)	(6,190)	(97,602)	--	--
Legal	241,452	119,185	103,162	(16,023)	226,452	(15,000)	(13,000)
Leisure Centre	(311,937)	10,125	(3,285)	(13,410)	(311,937)	--	--
Local Elections	22,500	82,309	(45,021)	(127,329)	22,500	--	--
Local Plans	91,000	45,500	(40,147)	(85,647)	91,000	--	--
Management Team	447,732	167,149	67,219	(99,930)	347,732	(100,000)	(100,000)
Member & Committee Support	481,990	236,592	231,629	(4,964)	518,990	37,000	--
Mepal Outdoor Centre	--	--	29,985	29,985	30,000	30,000	30,000
Miscellaneous Properties	(19,009)	(20,137)	(24,496)	(4,359)	(19,009)	--	--
Miscellaneous Finance	1,170,878	442,128	416,305	(25,823)	980,878	(190,000)	(50,000)
Movement in Corporate Reserves	(58,006)	--	39,470	39,470	(58,006)	--	--
Museums - Old Gaol House	--	--	41,102	41,102	--	--	--
NNDR Collection Costs	36,867	(27,949)	(28,041)	(92)	36,867	--	--
Office Accommodation	332,163	235,052	228,573	(6,479)	332,163	--	--
Oliver Cromwell House	--	--	(1,319)	(1,319)	--	--	--
Out Of Hours call out Service	20,000	10,000	818	(9,182)	20,000	--	--
Parking Of Vehicles	(33,610)	44,603	17,383	(27,220)	(33,610)	--	--
Parks And Gardens Team	384,896	182,448	297,151	114,703	384,896	--	--
Payroll	53,833	26,917	33,074	6,158	53,833	--	--
Public Conveniences	145,367	81,854	94,857	13,003	145,367	--	--
Refuse Collection	--	--	292	292	--	--	--
Registration of Electors	58,431	38,793	(2,228)	(41,021)	54,931	(3,500)	--
Reprographics	106,121	53,167	55,292	2,125	106,121	--	--
Sport & Recreation	86,646	30,725	17,798	(12,927)	86,646	--	--
Finance & Assets Committee Total	5,181,667	2,546,184	2,124,453	(422,099)	4,783,167	(398,500)	(253,000)
Operational Services Committee	5,516,770	2,142,865	82,450	(2,060,415)	5,564,270	47,500	50,000
Other Spend							
Parish Precepts	2,255,224	2,255,224	2,255,224	(0)	2,255,224	--	--
Internal Drainage Boards	492,140	250,224	250,224	0	492,140	--	--
Revenue Budget Total	13,445,801	7,194,497	4,712,352	(2,482,514)	13,094,801	(351,000)	(203,000)
Funding							
Council Tax	(6,562,114)	(6,562,114)	(6,562,114)	--	(6,562,114)	--	--
Revenue Support Grant	(11,576)	(6,020)	(6,020)	--	(11,576)	--	--
Business Rates	(4,599,026)	(9,737,783)	(9,737,783)	--	(4,599,026)	--	--
Other Government Grants (NHB / RSG etc.)	(734,287)	(459,962)	(459,962)	--	(734,287)	--	--
Budgeted draw from Surplus Savings Reserve	(1,538,798)	(1,538,798)	(1,538,798)	--	(1,538,798)	--	--
	(13,445,801)	(18,304,677)	(18,304,677)	--	(13,445,801)	--	--
Revenue Total	--	(11,110,180)	(13,592,325)	(2,482,514)	(351,000)	(351,000)	(203,000)

OPERATIONAL SERVICES COMMITTEE REVENUE MONITORING REPORT - 30th September 2019

Revenue	Total Budget 2019-20	Profiled Budget to 30 September 2019	Actual to 30 September 2019	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
	£	£	£	£	£	£	£
Building Regulations	18,280	9,142	(1,250)	(10,391)	18,280	--	--
CIL	(0)	--	(2,034,338)	(2,034,338)	(0)	--	--
Civic Amenities Act	11,102	5,551	4,239	(1,312)	11,102	--	--
Community Projects & Grants	221,424	87,083	92,829	5,746	221,424	--	--
Community Safety	46,346	24,673	(1,645)	(26,318)	46,346	--	--
Cons.Area & Listed Buildings	59,701	29,851	33,047	3,197	59,701	--	--
Customer Services	359,094	172,166	166,476	(5,691)	359,094	--	--
Dog Warden Scheme	40,317	20,410	16,968	(3,442)	40,317	--	--
Ely Markets	(0)	--	2,672	2,672	(0)	--	--
Emergency Planning	27,808	6,958	9,480	2,522	27,808	--	--
Environmental Issues	85,609	35,523	40,643	5,120	85,609	--	--
Health - Admin. & Misc.	379,249	190,235	199,670	9,435	379,249	--	--
Homelessness	337,757	(427,326)	(457,264)	(29,938)	315,257	(22,500)	--
IT	833,281	477,890	411,840	(66,050)	833,281	--	--
Licencing	1,848	(5,076)	(24,939)	(19,863)	1,848	--	--
Marketing & Grants	66,119	4,998	(44,653)	(49,651)	66,119	--	--
National Practitioner Support Programme	--	41,575	161,230	119,655	--	--	--
Parish Conferences	2,000	1,000	--	(1,000)	2,000	--	--
Nuisance Investigation	65,201	32,600	32,951	351	65,201	--	--
Performance Management	56,486	28,243	22,116	(6,127)	56,486	--	--
Pest Control	8,055	4,027	2,808	(1,220)	8,055	--	--
Planning	(80,821)	(40,356)	10,138	50,493	(10,821)	70,000	50,000
Public Relations	74,435	37,218	30,786	(6,432)	74,435	--	--
Refuge Recycling	840,750	420,375	447,443	27,068	840,750	--	--
Refuse Collection	1,370,393	637,697	580,565	(57,131)	1,370,393	--	--
Renovation & Grants	1,300	650	363	(287)	1,300	--	--
Street Cleansing	609,548	304,774	338,726	33,952	609,548	--	--
Street Naming & Numbering	3,062	(4,469)	(12,253)	(7,784)	3,062	--	--
Town Centres	--	--	157	157	--	--	--
Travellers Sites	(20,000)	(1,761)	7,996	9,757	(20,000)	--	--
Tree Preservation	98,426	49,213	45,649	(3,564)	98,426	--	--
Revenue Total	5,516,770	2,142,865	82,450	(2,060,415)	5,564,270	47,500	50,000

CAPITAL BUDGET MONITORING 2019/20

Capital	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Actual at 30th September 2019 £	Forecast Outturn £	Variance between Revised Budget & Forecast Outturn £
OPERATIONAL SERVICES							
Conservation Area Schemes - 2nd round		27,506		27,506		27,506	0
Refuse & Cleansing Vehicles	52,450			52,450		52,450	0
Depot	795,950	50,000		845,950	21,089	200,000	(645,950)
Mandatory Disabled Facilities Grants	697,299	368,231	15,278	1,080,808	316,345	1,080,808	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000	3,619		78,619	20,832	78,619	0
Vehicle Etc Replacements	29,000	89,187		118,187		118,187	0
Leisure Centre					-210,697	0	0
Ely Country Park	6,670			6,670		0	(6,670)
FINANCE & ASSETS							
East Cambs Trading Company - original	380,000			380,000		0	(380,000)
East Cambs Trading Company - MOD	1,500,000			1,500,000		1,500,000	0
Riverside Moorings		289,500		289,500		289,500	0
Internet / HR / Payroll System		26,115		26,115	2,395	26,115	0
Commuter Car Park - Ely (additional)	400,000			400,000		400,000	0
Soham Eastern Gateway	6,330,000			6,330,000		0	(6,330,000)
Total	10,266,369	854,158	15,278	11,135,805	149,964	3,773,185	(7,362,620)

SOURCES OF FINANCING	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Operational Services						
Grants / Contributions (DFG)	511,299		15,278	526,577		526,577
Revenue Contribution		89,187		89,187		89,187
Capital Receipts	261,000	371,850		632,850		632,850
Borrowing - Waste	848,400	50,000		898,400	(645,950)	252,450
Section 106 / CIL	35,670	27,506		63,176	(6,670)	56,506
Operational Services Total	1,656,369	538,543	15,278	2,210,190	(652,620)	1,557,570
Finance & Assets						
Capital Receipts		315,615		315,615		315,615
Section 106 / CIL	400,000	0		400,000		400,000
Grants (Housing Infrastructure Fund)	6,330,000	0		6,330,000	(6,330,000)	0
Borrowing - Company	1,880,000	0	0	1,880,000	(380,000)	1,500,000
Finance & Assets Total	8,610,000	315,615	0	8,925,615	(6,710,000)	2,215,615
Capital Funding Total	10,266,369	854,158	15,278	11,135,805	(7,362,620)	3,773,185

Capital Resources Forecast	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Balance Brought Forward	720,787	640,851		1,361,638		1,361,638
Add receipts from Sales of Assets	50,000			50,000		50,000
Less Capital Receipts Applied	(261,000)	(687,465)		(948,465)		(948,465)
Capital Reserves Carried Forward	509,787	(46,614)	0	463,173	0	463,173

Borrowing	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Balance Brought Forward	15,386,292	(899,763)		14,486,529		14,486,529
Less MRP Applied	(627,470)			(627,470)	134,240	(493,230)
Add additional Borrowing Applied	2,728,400	50,000		2,778,400	(1,025,950)	1,752,450
Borrowing Carried Forward	17,487,222	(849,763)	0	16,637,459	(891,710)	15,745,749

Reserve Accounts

Description	2019/20			
	Opening Balance 1 April	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31 March
	£	£	£	£
District Elections	73,185		(73,185)	0
Historic Buildings Grants	6,190			6,190
Housing Conditions Survey	35,000	5,000		40,000
Building Control	23,155			23,155
Change Management	284,015		(34,849)	249,166
Crematorium Feasibility Study	100,000		(60,000)	40,000
Asset Management	26,690			26,690
Leisure	0			0
Surplus Savings Reserve	6,234,651	351,000	(1,538,798)	5,046,853
Vehicle Replacements	89,187			89,187
New Homes Bonus	577,682			577,682
Leisure Centre - sinking fund	(42,953)		(119,702)	(162,655)
Insurance	16,343			16,343
IT	0	40,000		40,000
CIL	1,690,698	5,101,000	(5,008,000)	1,783,698
CIL Admin	267,681	255,000	(100,000)	422,681
Care and Repair	45,000			45,000
Wheeled Bins Reserve	10,000			10,000
Community Fund Reserves	14,884			14,884
Housing	79,547			79,547
Affordable Housing	294,070	52,080		346,150
General Fund Balance	1,010,837	34,849		1,045,686
MTFS Reserve	0			0
Commercial Invest to Save	20,000			20,000
External Elections	0			0
CLT Grant Applications	19,000			19,000
Weekly Waste Collection Grant	0			0
Travellers' Sites	0	23,283		23,283
Enterprise Zone NNDR	75,600	70,460	(43,818)	102,242
Economic Development	98,500		(98,500)	0
Business Rates Retention Pilot	0			0
Other				
Section 106 Agreements	2,392,542		(500,000)	1,892,542
Internal Borrowing	(14,486,530)	2,493,230	(1,752,450)	(13,745,750)
Total Reserves	(1,045,023)	8,425,902	(9,329,302)	(1,948,423)

Reserves for Statement of Accounts	11,048,964	5,932,672	(7,076,852)	9,904,784
General Fund	1,010,837	34,849	0	1,045,686
CIL	1,690,698	5,101,000	(5,008,000)	1,783,698
Earmarked Reserves	8,347,429	796,823	(2,068,852)	7,075,400
Reduction in Earmarked Reserves				1,272,029

TITLE: ASSETS UPDATE

Committee: Finance & Assets Committee

Date: 28 November 2019

Author: Director Commercial and Open Spaces & Facilities Manager

[U127]

1.0 ISSUE

1.1 To receive an update on Council owned assets.

2.0 RECOMMENDATION

2.1 Members are requested to note the update on Council owned assets.

3.0 BACKGROUND/OPTIONS

3.1 On 26 September 2019 (Agenda Item 16) Finance & Assets Committee received a report detailing Council owned assets which provided a summary of each asset.

3.2 The Director Commercial undertook to update Members on the assets at each meeting. Other than the items already on the agenda (in the EXEMPT session) there have been no significant changes to report to Members.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implication arising from this report.

4.2 EIA not required.

5.0 APPENDICES

5.1 None

Background Documents

Finance & Assets
Committee- Agenda Item
16

Location

Room 106,
The Grange,
Ely

Contact Officer

Spencer Clark
Open Spaces & Facilities Manager
(01353) 616960
E-mail:
spencer.clark@eastcambs.gov.uk

TITLE: Community Infrastructure Levy and Section 106 Update

Committee: Finance & Asset Committee

Date: 28 November 2019

Author: Director Commercial

[U128]

1.0 ISSUE

1.1 To receive an update on Community Infrastructure Levy and Section 106 income and expenditure.

2.0 RECOMMENDATION(S)

2.1 Members are requested to note the contents of this report.

3.0 SECTION 106

3.1 On 30 June 2019 the Council held £2,459,980.64 in Section 106 contributions.

3.2 Please note: None of the contributions that are held are outside of the clawback period. Most contributions do not have a clawback period, however, the Council is committed to working with the relevant interested parties to ensure that the contributions are spent for the purposes they have been secured for in a timely manner.

3.3 **Income**

3.3.1 In the period of 1 April 2019 to 30 June 2019 there was no income from Section 106 Agreements.

3.3.2 There are currently no payments that are overdue to the Council.

3.4 **Expenditure**

3.4.1 In the period of 1 April 2019 to 30 June 2019 the Council spent £42,610.23 from contributions secured by Section 106 Agreements.

3.4.2 A schedule of expenditure:

Purpose	Area	Spent
Barton Road, PC Tiling	Ely	£5,815.50
Sutton Open Space Fencing	Sutton	£765.00
POS Maintenance Equipment	District	£36,000

County Park Toilets	Ely	£29.73
		£42,610.23

3.5 Refunds

3.5.1 The Council has not refunded any Section 106 contributions.

4.0 CIL

4.1 Since 1 February 2013 the Council has collected £12,117,341.43 from Community Infrastructure Levy (CIL) liable development.

4.2 In October 2019, the meaningful proportion (for funds received between 1 April 2019- 30 October 2019) has been transferred to the relevant city/town/parish Council. Appendix 1 provides details of the most recent transfer.

4.3 In October 2019, Council approved new arrangement for how CIL is allocated. The table below provides detail on the new allocations.

Under Old Arrangements

Project	Allocation	Spend
District Leisure Centre	4,253,706.21	2,894,070.60
Littleport Schools	1,192,437.73	734,442.82
Ely Southern Bypass	1,000,000.00	714,442.82

Under New Arrangements for payments received after 18 October 2019

CIL Paid	379,749.32
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Project	Received	Max Allocation
District Leisure Centre	75,949.86	7,246,293.79
Littleport Schools	37,974.93	3,827,562.27
Children's Centre (North Ely)	3,797.49	79,083.00
Health (North Ely)	37,974.93	1,813,786.00
Ely Country Park	18,987.47	1,000,000.00
Meaningful Proportion	56,962.40	0.00
Administration	9,493.73	0.00
Other (includes carry over from old arrangement)	1,337,831.92	0.00

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications arising from this report.

5.2 Equality Impact Assessment (INRA) not required.

6.0 APPENDICES

6.1 Appendix 1- Meaningful Proportion Transfers

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	The Grange, Ely	Emma Grima Director Commercial (01353) 616960 E-mail: emma.grima@eastcambes.gov.uk

Parish	Planning	District	Meaningful Proportion
Burrough Green	17/01083/RMA	6,958.00	1,043.70
Burrough Green Total			1,043.70
Burwell	14/00162/FUL	13,226.43	1,983.96
Burwell Total			1,983.96
Cheveley	18/0094/VAR	50,000.00	7,500.00
Cheveley	18/0094/VAR	18,275.30	2,741.30
Cheveley	18/00058/FUL	17,279.21	2,591.88
Cheveley Total			12,833.18
Dullingham	19/00428/VAR	21,433.48	3,215.02
Dullingham Total			3,215.02
Ely	16/01794/RMM	293,749.85	44,062.48
Ely	16/00943/FUL	16,397.89	2,459.68
Ely	17/01722/RMM	379,514.74	56,927.21
Ely	18/00008/FUL	14,892.04	2,233.81
Ely (Prickwillow)	18/00312/RMA	3,216.32	482.45
Ely	17/01722/RMM	569,272.12	85,390.82
Ely Total			191,556.44
Fordham	18/00571/VAR	11,665.11	1,749.77
Fordham	18/00571/VAR	11,665.11	1,749.77
Fordham	17/00146/FUL	36,802.47	5,520.37
Fordham*	18/01414/RMA	23,597.96	5,899.49
Fordham	18/00902/FUL	5,000.00	750.00
Fordham Total			15,669.39
Haddenham	18/00922/FUL	7,008.37	1,051.26
Haddenham	16/00663/FUL	20,275.02	3,041.25
Haddenham Total			4,092.51
Isleham	18/00819/FUL	10,964.27	1,644.64
Isleham	18/01401/FUL	8,562.69	1,284.40
Isleham	17/00848/FUL	3,825.20	573.78
Isleham	16/01459/FUL	19,183.08	2,877.46
Isleham	18/01092/FUL	25,303.36	3,795.50
Isleham Total			10,175.79
Kirtling	17/01773/VAR	35,680.44	5,352.07
Kirtling	17/01383/RMA	23,141.80	3,471.27
Kirtling Total			8,823.34
Little Downham	17/01440/FUL	10,000.00	1,500.00
Little Downham	17/01440/FUL	14,407.64	2,161.15
Little Downham Total			3,661.15
Little Thetford	15/01072/FUL	7,750.00	1,162.50
Little Thetford Total			1,162.50
Littleport	16/00631/VAR	3,764.41	564.66
Littleport	17/02033/RMA	24,000.00	3,600.00
Littleport	17/02033/RMA	24,315.07	3,647.26
Littleport	18/00766/FUL	1,875.24	281.29
Littleport	16/01535/FUL	172.22	25.83
Littleport Total			8,119.04
Mepal	13/00977/FUL	29,609.64	4,441.45
Mepal Total			4,441.45
Soham	17/00355/FUL	3,666.61	549.99
Soham	18/00070/FUL	10,761.48	1,614.22
Soham	15/00921/FUL	1,679.37	251.91
Soham	17/00358/FUL	7,358.59	1,103.79
Soham	17/01398/ARN	5,984.14	897.62
Soham Total			4,417.53
Stretham	18/00476/FUL	11,000.00	1,650.00
Stretham	18/00476/FUL	11,000.00	1,650.00
Stretham	15/00986/FUM	106,302.68	15,945.40

Stretham Total			19,245.40
Sutton	16/01772/FUM	161,946.48	24,291.97
Sutton Total			24,291.97
Wicken	17/00376/RMA	20,000.00	3,000.00
Wicken	17/00376/RMA	19,702.49	2,955.37
Wicken	18/01757/RMA	7,186.52	1,077.98
Wicken Total			7,033.35
Wilburton	18/00249/FUL	20,848.28	3,127.24
Wilburton	19/00212/RMA	13,868.72	2,080.31
Wilburton Total			5,207.55
Witcham	17/01361/FUL	13,702.20	2,055.33
Witcham Total			2,055.33
Witchford	17/00362	13,534.94	2,030.24
Witchford	18/00883/FUL	3,000.00	450.00
Witchford	18/00782/RMM	268,038.91	40,205.84
Witchford	16/01127/FUL	5,000.00	750.00
Witchford	18/00883/FUL	2,000.00	300.00
Witchford Total			43,736.08
Woodditton	18/00813/RMA	31,830.86	4,774.63
Woodditton Total			4,774.63

*25% due to NP

FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

AGENDA ITEM NO 16

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Meeting on: Thursday 28 November 2019 4.30pm			Meeting on: Monday 27 January 2020 4.30pm			Meeting on: Thursday 26 March 2020 4.30pm		
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:		
Pre-meeting briefing:			Pre-meeting briefing:			Pre-meeting briefing:		
Deadline for reports/dispatch:	4pm Monday 18 November 2019	Wednesday 20 November 2019	Deadline for reports/dispatch:	4pm Wednesday 15 January 2020	Friday 17 January 2020	Deadline for reports/dispatch:	4pm Monday 16 March 2020	Wednesday 18 March 2020
<ul style="list-style-type: none"> Chairman's Announcements External Audit Annual Audit Letter Six Month Performance Monitoring Service Delivery Plans Treasury Operations Mid Year Report Finance Report ARP Joint Committee Minutes Write-Off of Unrecoverable Debt Forward Agenda Plan ECTC Accounts 2018/19 Assets Update Local Council Tax Reduction Scheme 2019-20 Review 	Chair External Audit Service Leads Finance Manager & S151 Officer Finance Manager & S151 Officer Dir Commercial Finance Manager & S151 Officer DSO Director Commercial Open Spaces & Facilities Manager Finance Manager & S151 Officer	<ul style="list-style-type: none"> Chairman's Announcements External Audit – Annual Certification Report External Audit Annual Audit and Inspection Plan Internal Audit Update Medium Term Financial Strategy, Revenue Budget and Capital Programme 2018/19 Annual Treasury Management Strategy/MRP/AIS Corporate Risk Register Update Finance Report ARP Joint Committee Minutes Assets Update ECTC Business Plan Natural Environment SPD – Draft for Consultation 	Chair External Audit External Audit Internal Audit Finance Manager & S151 Officer Finance Manager & S151 Officer Internal Audit Fin Manager & S151 Officer Dir Commercial Open Spaces & Facilities Manager Director Commercial Strat Planning Mgr	<ul style="list-style-type: none"> Chairman's Announcements External Audit Progress Report External Audit Local Govt Sector Briefing & Finance Manager's Response End of Year Reports & Draft Service Delivery Plans Internal Audit Charter and Work Plan 2019/20 Internal Audit Progress Report Action taken by the Chief Executive on the Grounds of Urgency Assets Update Refreshed Equality & Diversity Policy Developer Contributions – Draft for Consultation 	Chair External Audit External Audit /Fin Mnger & S151 Officer Perf Mgmt Officer Internal Audit Internal Audit DSO Open Spaces & Facilities Manager HR Manager/Neighborhood Support Officer Strat Planning Mngr			

**[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items/possible items for future meetings]**

FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Thursday 28 November 2019 4.30pm [continued]			Meeting on: Monday 27 January 2020 4.30pm [continued]			Meeting on: Thursday 26 March 2020 4.30pm [continued]		
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:		
Pre-meeting briefing:			Pre-meeting briefing:			Pre-meeting briefing:		
Deadline for reports/dispatch:	4pm Monday 18 November 2019	Wednesday 20 November 2019	Deadline for reports/dispatch:	4pm Wednesday 15 January 2020	Friday 17 January 2020	Deadline for reports/dispatch:		
<ul style="list-style-type: none"> Appointment to the Padnal & Waterden Internal Drainage Board CIL & S106 Update Asset Management Item Asset Management Item 	Director Commercial Open Spaces & Facilities Manager Finance Manager & S151 Officer Director Commercial Director Commercial	<ul style="list-style-type: none"> Self and Custom Build SPD – Draft for Consultation <i>Appointments, Transfers, Resignations [EXEMPT]</i> <i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i> Forward Agenda Plan 	Strat Planning Mgr HR Manager DSO DSO					

[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
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FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Meeting on:			Meeting on:			Meeting on:		
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:		
Pre-meeting briefing:			Pre-meeting briefing:			Pre-meeting briefing:		
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FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Meeting on: Thursday 26 March 2020										
Meeting on: 4.30pm [continued]			Meeting on:			Meeting on:				
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:				
Pre-meeting briefing:			Pre-meeting briefing:			Pre-meeting briefing:				
Deadline for reports/dispatch:			Deadline for reports/dispatch:			Deadline for reports/dispatch:				
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