

Committee: Accounts, Audit and Risk Committee
Date: Wednesday 4 December 2013
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Trevor Stevens (Chairman)	Councillor Mike Kerford-Byrnes (Vice-Chairman)
Councillor Andrew Beere	Councillor Ray Jelf
Councillor Nicholas Mawer	Councillor Lawrie Stratford
Councillor Rose Stratford	Councillor Barry Wood

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. **Minutes** (Pages 1 - 6)

To confirm as a correct record the Minutes of the meeting of the Committee held on 18 September 2013.

6. **Chairman's Announcements**

To receive communications from the Chairman.

7. **External Audit - Annual Audit Letter** (Pages 7 - 30)

Report of Interim Head of Finance and Procurement

Purpose of report

To receive Ernst Young's Annual Audit Letter summarising their external audit work for 2012-13.

Ernst Young will provide a verbal update on progress to date.

Recommendations

The meeting is recommended:

1.1 To note the contents of the Annual Audit Letter

1.2 To note the Ernst Young's local government audit committee briefing.

8. **Internal Audit Progress Report** (Pages 31 - 42)

Report of Interim Head of Finance and Procurement

Purpose of report

To receive PriceWaterhouseCooper's progress report summarising their internal audit work to date.

Recommendations

The meeting is recommended:

1.1 To note the contents of the progress report.

9. **Anti Fraud and Corruption plus Whistle Blowing Update**

Verbal Update from Interim Head of Finance and Procurement and Fraud Manager.

10. Q2 Treasury Management Report and Draft Treasury Management Strategy 2014/15 (Pages 43 - 48)

Report of Interim Head of Finance and Procurement

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2013-14 for Quarter 2 including an update for position as at 31 October 2013 as required by the Treasury Management Code of Practice.

To provide a review of the draft Treasury Management Strategy 2014-15

Recommendations

The meeting is recommended:

1.1 To note the contents of the Quarter 2 (Q2) Treasury Report

1.2 To note the draft Treasury Management Strategy 2014/15

11. Committee Work Programme 2013/14 (Pages 49 - 50)

To review the work programme.

12. Exclusion of Press and Public

The following item contains exempt information as defined in the following paragraphs of Part 1, Schedule 12A of the Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers. Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of that Act.”

13. Q2 Treasury Management Report and Draft Treasury Management Strategy 2014/15 - Exempt Appendices 1, 2 and 3 (Pages 51 - 98)

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwellandsouthnorthants.gov.uk , 01295 221554 or 01295 221589 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Sharon Hickson / Natasha Clark, Democratic and Elections
sharon.hickson@cherwellandsouthnorthants.gov.uk, 01295 221554 /
natasha.clark@cherwellandsouthnorthants.gov.uk, 01295 221589

Sue Smith
Chief Executive

Published on Tuesday 26 November 2013

Agenda Item 5

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 18 September 2013 at 6.30 pm

Present: Councillor Mike Kerford-Byrnes (Vice-Chairman, in the Chair)

Councillor Andrew Beere
Councillor Ray Jelf
Councillor Nicholas Mawer
Councillor Lawrie Stratford
Councillor Rose Stratford

Substitute Members: Councillor Ken Atack (In place of Councillor Barry Wood)

Guests: Alastair Rankine, Ernst & Young, External Audit
Maria Grindley, Ernst & Young, External Audit
Chris Bastion, Ernst & Young, External Audit

Apologies for absence: Councillor Trevor Stevens
Councillor Barry Wood

Officers: Martin Henry, Director of Resources / Section 151 Officer
Nicola Jackson, Corporate Finance Manager
Denise Taylor, Corporate Accountant
Chris Dickens, Chief Internal Auditor
Claire Taylor, Corporate Performance Manager
Natasha Clark, Team Leader, Democratic and Elections
Sharon Hickson, Assistant Democratic and Elections Officer

16 **Declarations of Interest**

There were no Declarations of Interest

17 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

18 **Urgent Business**

There was no urgent business.

19 **Minutes**

The Minutes of the meeting of the Committee held on 26 June 2013 were agreed as a correct record and signed by the Chairman.

20 **Statement of Accounts 2012/13**

The Committee considered a report of the Interim Head of Finance and Procurement which sought agreement of the audited Statement of Accounts 2012 – 13.

In introducing the report, the Corporate Finance Officer explained that 2012/13 was the first year that the accounts had been prepared by a shared finance team. All statutory deadlines had been met and it was anticipated that an unqualified audit opinion would be received.

The Committee was advised that the majority of changes to the “subject to audit” version of the accounts were presentational with the only major change being the change of the asset date to 31 March 2013.

Resolved

- (1) That the amendments to the 2012/13 financial statement be approved.
- (2) That the 2012/13 Financial Statements be approved, and the Statement of Accounts be duly signed by the Chairman and the Director of Resources.
- (3) That it be noted that the 2012/13 Summary Accounts were currently being prepared and, when finalised, would be circulated to Members in due course.

21 **External Audit Results Report**

The Committee considered a report of the Interim Head of Finance and Procurement which sought consideration of the Ernst and Young LLP Results Report which included comments on the audit of the 2012/13 Statement of Accounts.

In introducing the report, the External Auditors reported that the audit had been carried out over a number of areas with no irregularities to report. The external auditors thanked the Finance team for the quality of work and assistance given informing the Committee that the same quality of work had been maintained throughout the successful first joint CDC & SNC year-end process.

The Committee was advised that all outstanding actions had now been completed and once the Letter of Representation had been received, an unqualified audit opinion would be issued. An unqualified value for money

conclusion would be issued as the external auditor was satisfied the arrangements were adequate and the criteria met.

In response to Members' requests for clarification on the External Auditor assessment of the Councils Managing Finances as adequate, the Corporate Finance Manager informed the Committee that recommendations had been given by the External Auditor which would assist the Council in improving the assessment. It was agreed that these recommendations would be brought to the next meeting.

Resolved

- (1) That the matters raised in the External Audit Results Report be noted, prior to approval of 2012/13 financial statements.
- (2) That the adjustments to the financial statements be noted.
- (3) The letter of representation on behalf of the Council be approved.

22

Risk Management - First Quarter Review of Risk

The Committee considered a report by the Corporate Performance Manager which updated the committee on the management of strategic, corporate and partnership risks during the first quarter of 2013/14 and highlighted any emerging issues.

The Corporate Performance Manager circulated a copy of a Risk Heat map and Full Risk log which covered both CDC and South Northamptonshire Council. The Committee was advised that a number of entries on the Heat Map had been assessed as joint risks therefore may not be a true indication of the severity level at each individual authority. It was agreed that future reports to the Committee would only highlight CDC risks and identify change within the risk.

Resolved

- (1) That the quarter 1 Strategic, Corporate and Partnership Risk Register be noted.

23

Q1 Treasury Management Report

The Committee considered a report of the Interim Head of Finance and Procurement on the Council's treasury management performance and compliance with the treasury management policy for the first quarter of 2013 – 14 including an update for position as at 31 August 2013 as required by the Treasury Management Code of Practice.

Resolved

- (1) That the Quarter 1 (Q1) Treasury Report be noted.

- (2) That the 2012/13 Annual Treasury Report which was presented to Council in July 2013 be noted.

24 **Use of Purchase Orders**

The Committee considered a report of the Interim Head of Finance and Procurement on the Council's use of Purchase Orders.

In introducing the report the Corporate Accountant reported that there had been improvement in the use of Purchase Orders but further improvement was still required. A service analysis would highlight sections that were proficient identify those areas where further training was required. The Corporate Accountant reported that the move to "no tolerance" no Purchase Order no payment, would impact on the speed of the payment of invoices.

The committee requested that a further report be submitted to the December meeting.

Resolved

- (1) That the report on the progress the Council is making to improve the use of purchase orders be noted

25 **Internal Audit Progress Report**

The committee considered a report of the Chief Internal Auditor which provided an update of the work of Internal Audit since the last meeting.

The Chief Internal Auditor reported that the profiled work was on track with discussion with the areas in the Council that would be audited underway.

Resolved

- (1) That the report be noted

26 **Review of Work Programme**

The Committee considered its Work Programme 2013-14. The Corporate Finance Manager reported that Purchase Orders & IT access issues would be added to the agenda for the December meeting.

Resolved

- (1) That the work programme 2013-14 be noted

27 **Exclusion of Public and Press**

Resolved

That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of that Act.

28 **Q1 Treasury Management Report - Exempt Appendix 1 and 2**

The Committee considered the exempt annexes to the report of the Interim Head of Finance and Procurement on the Council's Quarter 1 Treasury Management Report.

Resolved

(1) That the exempt appendices be noted.

29 **Karen Curtin, former Head of Finance & Procurement**

The Committee noted that Karen Curtin, former Head of Finance and Procurement, had been appointed to the new post of Director (Bicester) at Cherwell District Council.

Members thanked Karen Curtin for her hard work in the finance department and support to the Committee and wished her all the best in her new role.

The meeting ended at 7.55 pm

Chairman:

Date:

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Cherwell District Council

Accounts, Audit and Risk Committee

4 December 2013

External Audit – Annual Audit Letter

Report of the Head of Finance and Procurement

This report is public

Purpose of report

To receive Ernst Young's Annual Audit Letter summarising their external audit work for 2012-13.

Ernst Young will provide a verbal update on progress to date.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Annual Audit Letter
- 1.2 To note the Ernst Young's local government audit committee briefing.

2.0 Introduction

- 2.1 External Audit undertakes its work in line with their Audit Plan and the Audit Commission's Code of Audit Practice.

3.0 Report Details

- 3.1 External Audit gave an unqualified opinion on the Council's financial statements audit on 20 September 2013. At the same time, they gave an unqualified opinion on the value for value conclusion.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Annual Audit Letter summarises the key issues from External Audit's work.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information from the External Auditor.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by:

Nicola Jackson, Corporate Finance Manager, 01295 221731

Nicola.Jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

Kevin Lane, Head of Law & Governance 0300 0030107

Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

7.3 There are no risk management implications arising directly from any outcome of this report.

Comments checked by:

Nicola Jackson, Corporate Finance Manager, 01295 221731

Nicola.Jackson@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	Annual Audit Letter
Appendix 2	Local Government Audit Committee Briefing
Background Papers	
None	
Report Author	Tim Madden Interim Head of Finance and Procurement
Contact Information	Tim.Madden@Cherwellandsouthnorthants.gov.uk 0300 003 0106

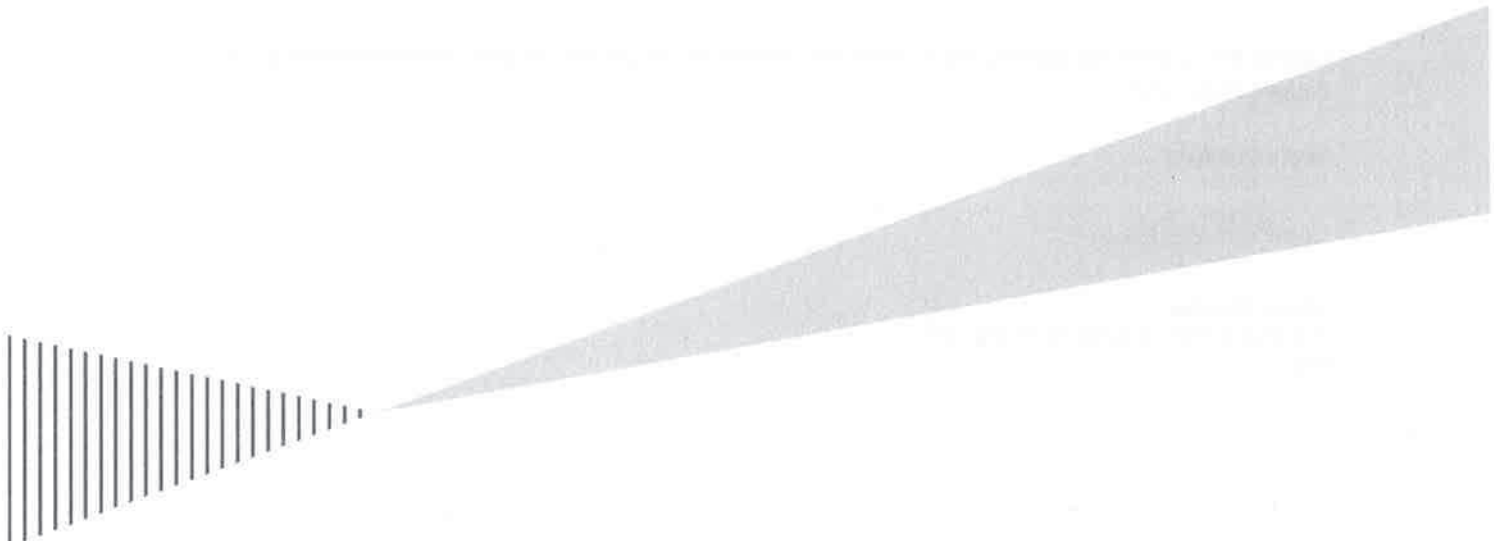
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Cherwell District Council Annual Audit Letter

Year ending 31 March 2013

Date: 3 October 2013

Ernst & Young LLP





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INVESTOR IN PEOPLE

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Cherwell District Council
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OX15 4AA

3 October 2013

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Cherwell District Council (the Council) and external stakeholders, including members of the public, the key issues arising from our work which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with the governance of the Council in the Audit Results Report dated 18 September 2013.

The matters reported here are the most significant for the Council.

I would like to take this opportunity to thank the officers of the Council for their assistance during the course of our work.

Yours faithfully

Maria Grindley
For and behalf of Ernst & Young LLP
Enc

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter 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.

1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan issued on 12 March 2013 and conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement, in which it reports publicly on the extent to which it complies with its own code of governance. This includes how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. It is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of the Council for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 20 th September 2013 we issued an unqualified audit opinion for the Council.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 20 th September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with the governance of the Council (the Accounts, Audit and Risk Committee) communicating significant findings from our audit.	On 18 th September 2013 we issued our Audit Results Report for the Council.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 20 th September 2013.
Consider the completeness of disclosures in the Annual Governance Statement, identify any inconsistencies with other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.

Consider whether, in the public interest, we should make a report on any matter coming to our notice during the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report.
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 20th September 2013 we issued our audit completion certificate.
Issue a report to those charged with the governance of the Council summarising our certification (grant claims and returns) work.	We will issue the Annual Certification Report for 2012/13 in December 2013.

2. Key findings

2.1 Financial statement audit

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 20 September 2013.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit were:

Key findings:

Risk of misstatement due to fraud and error:

- ▶ This is a general risk we consider for the public sector bodies we audit.
- ▶ We obtained assurance that the risk of material misstatement due to fraud and error has been mitigated.

Preparation of year end accounts :

- ▶ The Council's closedown plan was fit for purpose and implementation of the plan was effectively managed and co-ordinated across the two workstreams (Cherwell District Council and South Northamptonshire Council) with good results. The Council produced its draft accounts well in advance of the statutory deadline of the 30 June 2013 and without any discernible impact on quality.
 - ▶ Working papers presented to audit were produced on time and to a high standard; good quality working papers coupled with our reliance on management controls over the financial closedown process provided added assurance which assisted the efficient conduct of the audit.
 - ▶ We have obtained adequate assurance over the year end closedown of accounts and there are no issues to report.
-

2.2 Value for money conclusion

We are required to carry out enough work to conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements for securing financial resilience.
- ▶ It has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 20 September 2013. We noted the following issues as part of our audit.

Key findings :

Joint management and shared service arrangements:

- ▶ Management assessed the outcomes and delivery of its change programme against each of the original business case objectives.
- ▶ The assessment demonstrated clear outcomes to date; an awareness of the opportunities and challenges inherent in the process and the Council's future plans.
- ▶ We were satisfied that the Council is taking forward its change agenda in an effective and measured manner.
- ▶ Our review of comparative performance information produced by the Audit Commission did not raise concerns that the introduction of joint management and shared service arrangements had impacted adversely on service delivery.
- ▶ We also assessed and concluded on the Council's handling of an employment tribunal claim arising as a consequence of its joint management restructure. We determined that the Council's actions were reasonable and that the outcome and associated costs did not impact on the value for money conclusion.
- ▶ In its response the Council has revised relevant personnel policies and procedures to reduce its exposure in the future.

Managing finances:

- ▶ The Council has taken appropriate action to manage the financial challenges it faces over the medium term.
- ▶ It has achieved its financial targets for the year and has adequate plans in place to meet its key financial targets for 2013/14.
- ▶ The Council has a robust process for reviewing and updating its medium term financial plans which includes close collaboration with members.
- ▶ A refreshed five year medium term financial plan has been prepared.

Changes to arrangements for council tax support and business rates:

- ▶ The Council assessed the impact of the changes in preparing its 2013/14 budget and financial plans and has consulted with local residents.
 - ▶ Arrangements for managing the implementation of the Government's welfare reforms are adequate.
-

2.3 Objections received

We have received no objections to the 2012/13 accounts from members of the public.

2.4 Whole of government accounts

The Council is required to prepare a consolidation pack for the whole of government accounts. On 20 September we reported to the National Audit office the results of our work on its accuracy. We did not identify any areas of concern.

2.5 Annual governance statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA/SOLACE guidance. We completed this work and did not identify any areas of concern.

2.6 Certification of grants claims and returns

We will issue the Annual Certification Report for 2012/13 in December 2013.

3. Control themes and observations

As part of our audit of the financial statements, we obtained sufficient understanding of internal control to plan our audit and determine the nature, timing and extent of testing. Although our audit was not designed to express an opinion on the effectiveness of internal control, we communicated significant deficiencies to those charged with governance at the Council as required.

The matters reported are shown below and are limited to those we identified during the audit and that we concluded are important enough to report.

Description	Impact
We carried out work to obtain assurances over the design and operation of the IT general controls within the Council's general ledger system (Agresso). The scope of our work covered change management and logical access controls.	We obtained adequate assurance over the design and operation of the Council's change management controls. We identified opportunities for improvements to logical access controls which would reduce the risk of unauthorised or inappropriate access to data and programmes within Agresso which management have agreed to implement.

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Local Government Audit Committee briefing

Contents at a glance

Sector and economic news

Accounting, auditing and governance

Regulation news

Find out more

Introduction

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.





Sector and economic news

Proposals for the use of capital receipts from asset sales to invest in reforming services

On 25 July 2013 the Government launched a consultation on 'Proposals for the use of capital receipts from asset sales to invest in reforming services'. The consultation aimed to gather views from the Local Government sector on proposals to allow part or even the whole of a capital receipt from new asset sales to be used for one-off revenue purposes.

The broad aims of the proposed policy are to:

- ▶ Encourage good asset management planning and incentivise the appropriate sale of local authority assets so that they are put into productive use and support growth.
- ▶ To enable additional resources, from local authority asset sales, to give a capital receipt flexibility for the one-off cost of reforming, integrating or restructuring services.

Views were sought to gauge the level of support for the proposed policy, as well as comments on how it would work in practice and the mechanisms for delivery.

A competitive bidding process is the preferred mechanism for approving such use of capital receipts. It is proposed that any application under a bid based process should set out a cost/benefit analysis to demonstrate value for money.

The criteria to evaluate competing applications from local authorities could include:

- ▶ Amount of expenditure and proposed use of that revenue
- ▶ The reduction of ongoing/long-term costs
- ▶ How you plan to transform your services
- ▶ Working across the wider public sector
- ▶ Asset to be sold
- ▶ Possible forward use of an asset

The consultation also considered how any approved proposals would be implemented, highlighting two possible methods:

- ▶ A Direction from the Secretary of State, allowing specified revenue expenditure to be treated as capital expenditure
- ▶ Through the existing provisions in The Local Authorities (Capital Finance and Accounting) Regulations 2003 (SI: 2003/3146).

The preferred option set out in the consultation documented is through a letter of Direction from the Secretary of State, as this would more closely fit with the competitive bid process.



Sector and economic news

The consultation closed on 24 September, and it is expected that there will be a response to the consultation in Autumn setting out the finalised proposals. The indicative timeline set out in the consultation document is set out below.

Event	Timing
Bid process commences	Winter 2013
Bid process decisions	Spring 2014
Direction letter issued	Spring 2014
Disposal of Asset	August 2013-March 2016
Revenue Expenditure	April 2015-March 2016

Economic outlook

The ITEM Club, one of the UK's foremost independent economic forecasting groups, sponsored by EY, published its Autumn Forecast in October 2013. It recognises that the UK economy is improving with GDP now projected to grow by 1.4% this year and 2.4% next year after a 0.1% rise in 2012. It notes that this is supported by the encouraging outlook for exports and business investment. It warns, however, that unforeseen events could disrupt this positive outlook, not least new external shocks such as the US budget deadlock. It believes that the view that the UK government's initiatives to support the housing market will result in a housing bubble is strongly overplayed. It states that the current rises in prices and transactions are from a historically very low base, and remain way below pre-crisis levels. With the housing recovery knocking on into wider consumer spending, and virtually all surveys of business confidence trending upwards, the economic outlook for the UK is continuing to brighten – despite the inevitable risks.



Accounting, auditing and governance

Audit Commission briefing on the Local Audit and Accountability Bill

On 4 September 2013 the Audit Commission released a briefing paper on the Local Audit and Accountability Bill, which is currently passing through Parliament.

The briefing provides an up-to-date view of where the Commission believes that amendments and refinements could further improve and strengthen the Bill.

Eight areas are identified in the briefing, where the Commission believes improvements to the bill could be made:

1. Including an option for optional collective procurement arrangements.
2. Strengthening the arrangements for the appointment of auditors, by having external members on audit committees rather than separate audit panels.
3. Expanding the data collected as part of the National Fraud Initiative.
4. Allowing more time to develop a proportionate audit regime for small bodies, by allowing current arrangements to be extended to 2020.
5. Ensuring that there continues to be central returns and publications to support accountability to Parliament and the public.
6. Including reporting on arrangements to secure value for money.
7. Updating the legislative framework governing local public audit.
8. Considering the transitional issues to the new regime, given that contracts under the current framework end in 2016/17 (with potential extensions to 2020), but the Commission, who manage the contracts, is due to be fully abolished in 2015.

Minimum Revenue Provision (MRP)

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) became effective from March 2008. These regulations replaced the formula-based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new requirement was for an authority to:

'Determine for the current financial year an amount of minimum revenue provision which it considers to be prudent'.

No definition of 'prudent' was given, although DCLG issued statutory guidance in 2008, which authorities had to take account of, setting out their interpretation. This was updated in 2012 to take account of HRA self-financing and the implications of IFRS regarding PFI schemes. For authorities with a positive Capital Financing Requirement (CFR) the guidance set four out options, but indicated that any alternatives that met the basic criteria included within the statutory guidance was acceptable. The four options are briefly described below:

1. Regulatory Method (for expenditure incurred before 1st April 2008, and supported expenditure incurred after that date):
 - ▶ MRP is charged at 4% of the Authority's capital financing requirement (or underlying need to borrow for a capital purpose) which has been reduced by Adjustment A (calculated in 2004 under previous regulations).
2. CFR Method (for expenditure incurred before 1 April 2008, and supported expenditure incurred after that date):
 - ▶ MRP is simply charged at 4% of the Authority's capital financing requirement at the end of the preceding financial year (with no technical adjustment).



Accounting, auditing and governance

3. Asset Life Method (for unsupported capital expenditure incurred on or after 1st April 2008):
 - ▶ An MRP provision is made over the estimated life of the asset for which the borrowing (or other long-term financing) has been undertaken. This will be based either on the 'equal instalment method' or the 'annuity method'.
4. Depreciation Method (for unsupported capital expenditure incurred on or after 1st April 2008):
 - ▶ An MRP provision is calculated in accordance with the standard rules for calculating depreciation provision.

The use of a broad framework rather than the formulaic approach has resulted in incorrect interpretation and calculation of MRP at a number of authorities in the past. Our audit work during the last year identified examples where authorities were not following their own accounting MRP policy or were, in a number of cases, overstating the amount of MRP that they set aside. Detailed work at selected sites identified that these non-compliance and calculation errors had accumulated overstatements of MRP of more than £10mn which could be reversed. Similar in-depth reviews can be incorporated within the 2013/14 audit programmes.



Regulation news

Pensions Regulator to have oversight of public sector pensions

The 2013 Public Service Pensions Act which received royal assent in April afforded the Pensions Regulator an enhanced role – broadening its remit to include oversight of public sector pensions from April 2015. It will set standards of governance and administration for public sector schemes in response to the Independent Public Service Pensions Commission's 2011 recommendations make improvements to both of these areas.

The schemes include approximately 22,000 employers and 12.6mn members (2012 figures taken from the Pensions Regulator website), and span Local Government, NHS, Police, Fire, Teachers, Civil Service, Armed Forces and Judicial pension schemes.

The Pensions Regulator has published a report, together with the supporting research, which documents current practice in these eight categories of public sector pension schemes.

The Pensions Regulator has promised to 'take action if necessary' to ensure public sector pension schemes are run to high standards following government reforms that will see it assuming oversight of the public sector.

Following the passage of the 2013 Public Service Pensions Act the regulator will set standards of governance and administration for public sector schemes from April 2015 including Police and Fire.

On September 6, the Pensions Regulator produced a report summarising current practice in eight categories of civil service pension schemes.

The survey of current schemes found room for improvement but also highlighted areas of good practice.

Local Government Pension Scheme findings:

- ▶ The survey noted that governance and administration had been on the agenda for these schemes for several years, and that this was evident in the survey findings, which demonstrated greater awareness of these matters.
- ▶ Ninety eight percent had a governance board in place. The majority of schemes also had a risk register in place, with risks and internal controls being reviewed at least annually; a conflict of interests policy and a register of members' interests.
- ▶ Eighty one percent of LGPS arrangements are administered in-house and the majority have service standards which are documented and reported against.
- ▶ LGPS schemes when compared the others in the survey had the most active member communication.

The Regulator is now working on producing code of practice as well as the regulatory strategy, and has plans to monitor and report on the progress of public sector schemes each year.



Regulation news

Local Government Pension Scheme Structural Reform

In addition to the review of investment regulations noted in the previous sector update, a wide ranging consultation was announced by Brandon Lewis MP (Minister for Local Government) in a speech at the National Association of Pension Funds local authority conference in May 2013. The consultation was launched by DLG and the LGA in June 2013 and aimed to identify reforms that will both improve investment performance and reduce fund management costs, in advance of the implementation of the new scheme in April 2014.

The consultation closed at the end of September, and the analysis of submissions is expected to inform a further consultation on options for change, which is to be released in early 2014.

At the same time, further detail has been provided about the proposed governance arrangements for the new LGPS in the DCLG discussion paper 'Local Government Pension Scheme (England and Wales) New Governance arrangements, also issued in June 2013.

The paper set out the proposed response to five specific sections of the Public Service Pensions Act 2013 which impact on the governance arrangements of the new scheme:

1. Responsible authority
2. Scheme manager
3. Pension board
4. Pension board information
5. Scheme Advisory board

The intention is for new regulations to be in place before April 2014, which will require new scheme advisory boards and local pension boards to become operational later in the year. In the intervening period between the commencement of the new LGPS scheme and the governing bodies becoming operational, existing governance arrangements under Section 101 of the Local Government Act 1972 will continue to apply.

This consultation closed at the end of August.



Find out more

To find out more on the articles above, please follow the links below:

Proposals for the use of capital receipts from asset sales to invest in reforming services

Full details can be found at:
<https://www.gov.uk/government/consultations/proposals-for-the-use-of-capital-receipts-from-asset-sales-to-invest-in-reforming-services>.

Economic outlook

For the full analysis go to:
<http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Audit Commission briefing on the Local Audit and Accountability Bill

The full briefing can be found at:
<http://www.audit-commission.gov.uk/2013/09/public-briefing-on-the-local-audit-and-accountability-bill/>

Minimum Revenue Provision

For more information, please see the DCLG guidance at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11297/2089512.pdf
For more details on calculating MRP, please refer to Chapter 6 of the Practitioners' Guide to Capital Finance in Local Government (CIPFA 2008).

For details on incorporating a more in-depth review of MRP into your 2013/14 audit programmes, contact your audit team.

Pensions Regulator to have oversight of public sector pensions

For more information see the Pensions Regulator website at:
<http://www.thepensionsregulator.gov.uk/index.aspx>
and the civil service pension schemes report at:
<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary.pdf>

Local Government Pension Scheme Structural Reform:

For further detail on the consultation, and to view all available consultations and consultation outcomes within the Local Pension series please visit:
<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-government-pensions>

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ED None

1377228.indd (UK) 10/13. Artwork by Creative Services Group Design.



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Cherwell District Council

Accounts, Audit and Risk Committee

4 December 2013

Internal Audit – Progress Report

Report of Interim Head of Finance and Procurement

This report is public

Purpose of report

To receive PriceWaterhouseCooper's progress report summarising their internal audit work to date.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the progress report.

2.0 Introduction

- 2.1 Internal Audit undertakes its work in line with their Audit Plan issued June 2013.

3.0 Report Details

- 3.1 Internal Audit is on track to deliver its planned programme of work for the year.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The progress report summarises the progress of internal audit's work.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not applicable as this report is for information. However, members may wish to request further information from the Chief Internal Auditor.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by: Nicola Jackson, Corporate Finance Manager
01295 221731 Nicola.Jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by: Kevin Lane, Head of Law & Governance
0300 0030107 Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

- 7.3 There are no risk management implications arising directly from any outcome of this report.

Comments checked by: Nicola Jackson, Corporate Finance Manager
01295 221731 Nicola.Jackson@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	PriceWaterhouseCooper's Progress Report
Background Papers	
None	
Report Author	Nicola Jackson, Corporate Finance Manager
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Internal Audit Progress Report

Update to the Accounts, Audit and
Risk Committee on Internal Audit
activity

Cherwell District
Council

December 2013

Introduction

We are committed to keeping the Audit Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the committee and to bring to your attention matters that are relevant to your responsibilities as members of the committee.

We have also attached again for reference some of the latest publications that might be of interest to you as members of the committee (these are included in Appendix 1).

2013/14 audit plan update

We have undertaken work in accordance with the 2013/14 Internal Audit Plan which was approved by the Audit Committee at its meeting in June 2013.

Please find a summary of the latest position against the plan. We remain on course to deliver the plan by the 31 March 2014, with the exception of the year end support which is scheduled for June 2014 when the draft statement of accounts are prepared and does not form a review of the control environment.

Reporting activity and progress

A summary of the 2013/14 Audit Plan and amendments made are included in the summary below.

Ref	Auditable Unit	Original Plan Days	Updated Plan Days	Update
A	Cross-cutting Processes			
A.1	General Ledger and Creditors **	6	7	<p>We have combined the General Ledger and Creditors review into a combined review.</p> <p>The review took place w/c 18 November 2013. We have allocated resource to pick up follow up points and any outstanding testing and we expect these reviews to be finalised presently.</p> <p>There are no matters which we need to draw to your attention from initial findings and are in internal review process.</p>
A.2	Collection Fund and Debtors**	6	7	<p>We have combined the Collection Fund and Debtors review into a combined review.</p> <p>The review took place w/c 11 November 2013. We have allocated resource to pick up follow up points and any outstanding testing and we expect these reviews to be finalised presently.</p> <p>There are no matters which we need to draw to your attention from initial findings and are in internal review process.</p>
A.3	Treasury Management	2	4	<p>We had originally combined the Treasury and Budget reviews as a 5 day review. These have been separated out due to the timing of these reviews and therefore we have utilised 3 contingency days overall to reflect the additional planning, on site and reporting work to deliver these reviews.</p> <p>The review is scheduled to take place w/c 2 December 2013.</p>
A.4	Payroll	3	4	<p>Due to the change in system from October 2013 where Cherwell has moved onto the same system as South Northamptonshire, we have agreed with Management that the payroll review should be moved into quarter 4 to allow sufficient assessment of the new system and process in place for Cherwell.</p> <p>We have therefore also moved the South Northamptonshire in order to gain the efficiencies of a shared system from 1 October for both councils.</p> <p>We have utilised a contingency day for additional scoping and planning required.</p> <p>The review is scheduled to take place w/c 20 January 2014.</p>

A.5	Budgetary Control	3	4	<p>We had originally combined the Treasury and Budget reviews as a 5 day review. These have been separated out due to the timing of these reviews and therefore we have utilised 3 contingency days overall to reflect the additional planning, on site and reporting work to deliver reviews.</p> <p>The review is scheduled to take place w/c 10 February 2014.</p>
A.9	Housing Benefits	4	4	<p>No change.</p> <p>The review is scheduled to take place w/c 2 December 2013.</p>
A.13	Risk Management **	8	5	<p>In discussions with management we have re-allocated 3 days between risk management and performance management.</p> <p>We have held scoping meetings and in the process of finalised the terms of reference</p> <p>The review is scheduled to take place w/c 20 January 2014</p>
A.14	IT Transition Arrangements (Specialist)**	5	10	<p>These reviews have been combined and we have undertaken the review in late quarter 2, looking at the transition arrangements for IT.</p>
A.14	IT Policies and Procedures (Specialist)**	5		<p>Initial findings are at draft stage.</p>
A.14	Disaster Recovery and Business Continuity (Specialist)**	3	3	<p>No change.</p> <p>This reviewed is scheduled for early quarter 4 and is a follow up on high risk report from 12/13.</p>
A.14	IT Risk Management Access and Recovery (Specialist)**	5	5	<p>No change.</p> <p>This reviewed is scheduled for quarter 4.</p>
	TOTAL	50	53	
B	Department Level			
B.1	Finance and Procurement – Year end support ** (Specialist)	4	4	<p>No change.</p> <p>We will confirm with management what year end support is required.</p> <p>Expected to be delivered early June 2014.</p>
B.2	Performance – Performance Management	5	8	<p>In discussions with management we have re-allocated 3 days between risk management and performance management.</p> <p>We have held scoping meetings and finalised the terms of reference.</p> <p>The review is scheduled to take place w/c 25 November 2014.</p>

B.3	Community Services – Grant Allocation	5	5	We have held initial scoping meeting and are in the process of agreeing the scope of the reviews across both Councils. The review is scheduled to take place w/c 3 February 2014.
B.4	Programme Management - Project and Programme Management ** (Specialist)	20	22	We continue to have on going interaction with the Councils Programme Manager. We have completed Programme Risk Management Review We have reviews planned through November to March covering both Councils on various projects and programmes covering: <ul style="list-style-type: none"> • Welfare reform • Resource planning • Gateway planning • Moat lane • Bicester • Banbury We have used 2 contingency days to reflect a wider review over welfare reform project.
B.5	Human Resources – Workforce Planning and Performance Management ** (Specialist)	5	10	This has been combined into 1 review looking at the overall programme and project management around Resource Link Project. The review is scheduled to be delivered in quarter 4.
B.6	Payroll Implementation** (Specialist)	5		
B.7	Environmental Services	5	5	We have held initial scoping meeting and are in the process of agreeing the scope of the reviews across both Councils. The review is scheduled to take place w/c 24 February 2014.
B.8	Human Resources – Employment Contracts ** (Specialist)	5	5	No change. Review expected to be scoped and delivered in quarter 4.
	TOTAL	54	59	
VE	Value Enhancement			
VE.1	Joint Working Arrangements**	10	10	We are in the process of agreeing specific areas of focus. The review is scheduled to take place w/c 6 January 2014.
VE.2	Joint Working Arrangements**	10	10	We are in the process of agreeing specific areas of focus. The review is scheduled to take place w/c 17 March 2014.
VE.3	Contingency	10	2	See days utilised above.
	TOTAL	30	22	
PM	Project Management			
PM1	Follow up	5	5	No change.

PM 2	Audit Management	23	23	No change.
	TOTAL	28	28	
	TOTAL PROPOSED DAYS	162	162	

Appendix 1 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre (‘PSRC’) produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be read in full at www.psrc.pwc.com/



The Local State We're In PwC's annual local government survey, 2013

This PwC publication finds that UK local authorities have once again successfully delivered against an ambitious programme of financial savings over the last year without impacting the quality or quantity of services. But the survey points to nervousness about meeting rising demands for services and protecting the frontline in future in the face of further public spending cuts.



Gaming the Cuts: Local government in 2018

Local authority decision makers in the UK are attempting to bridge a widening financial gap. Against this backdrop this report sets out the potential implications of future spending reviews out to 2018. The purpose is not to add more detail to an already fatalistic picture but to recommend new policies and approaches that can be applied to future fiscal challenges.



At risk? Dealing with failure

No government wants a provider of public services to fail. But as public services are opened up to more competitive pressures, it is likely that under performance will no longer be hidden and provider failure will then appear to occur more frequently.



Brave new world? Different ways of working

Today's pressures will significantly impact on the way public services are delivered in future, whether by public sector organisations or by a mix of other providers. Here we examine how public sector organisations need to re-define their purpose and future ways of working by becoming more agile and managing demand more effectively.



Opening out? New approaches to service delivery

The UK Government has committed to opening up public services to a diverse range of providers competing to offer a better service for users. But why is opening up public services to new providers such a priority? Does a new market for 'public service partnerships' exist yet? Here we discuss the implications for the partnership models needed to deliver public services.

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Cherwell District Council

Accounts, Audit and Risk Committee

4 December 2013

<p>Q2 Treasury Management Report and Draft Treasury Management Strategy 2014/15</p>
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Report of the Interim Head of Finance and Procurement

This report is public

Appendices 1, 2 and 3 are exempt from publication by virtue of paragraph 3 of Schedule 12A of Local Government Act 1972

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2013-14 for Quarter 2 including an update for position as at 31 October 2013 as required by the Treasury Management Code of Practice.

To provide a review of the draft Treasury Management Strategy 2014-15

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Quarter 2 (Q2) Treasury Report
- 1.2 To note the draft Treasury Management Strategy 2014/15

2.0 Introduction

- 2.1 As part of our investment strategy and governance arrangements this committee considers the investment performance to date and our compliance with counterparties being used.
- 2.2 The Code of Practice on Treasury Management approved by the Chartered Institute of Public Finance and Accountancy (CIPFA) and adopted in full by the Council in 2004, requires that a Treasury Management Strategy is produced prior to the beginning of the financial year to which it relates. The Treasury Management

Strategy is the cornerstone of proper treasury management, and is central to the operation, management reporting and performance assessment. The annual strategy for Cherwell District Council was approved at full Council on 25 February 2013. The Council re-appointed Sector as its Treasury Management advisor in January 2013.

- 2.3 The highest standard of stewardship of public funds remains of the utmost importance to the Council. This document details the Council's management of investments and treasury management activities during the first 6 months of 2013/14.

3.0 Report Details

2013-14 Performance

- 3.1 As at the end of September the Council had £11.8m invested with fund manager Investec. In addition it has around £57m managed in-house (including Eco Town funds of £13.5m) which fluctuates during the year. The Council regularly reviews each of these funds in light of the current economic climate, reducing balances in investments planned to fund the Capital Programme, and the need to contribute to efficiency savings.

Update on Cherwell's Treasury Performance

- 3.2 The Treasury Management Strategy for 2013-14, which includes the Annual Investment Strategy, was approved by the Council on 25 February 2013. It sets out the Council's investment priorities as being: Security of Capital; Liquidity; and Yield
- 3.3 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover short term cash flow needs. However, the Council also seeks out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions. The Council uses Sector's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Sector (this applies in particular to nationalised and semi nationalised UK banks).
- 3.3 During the quarter ended 30th September, Sector highlighted: -
- Indicators suggested that the economic recovery accelerated;
 - Household spending growth remained robust;
 - Inflation fell back towards the 2% target;
 - The Bank of England introduced forward guidance.
 - 10-year gilt yields rose to 3% at their peak and the FTSE 100 fell slightly to 6460;

- The Federal Reserve decided to maintain the monthly rate of its asset purchases

3.4 Investment rates available in the market have continued at historically low levels. The average level of funds available for investment purposes up to September 2013 was £68.8m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme and ECO Bicester.

3.5 It is worth noting that the revenue budget for 2013-14 has been prepared utilising only £150,000 of investment income. However, total investment income within 2013-14 is budgeted as £550,000. The balance of £400,000 will be used to replenish reserves after transferring interest received in respect of Eco Town funds to the Eco Town reserve.

Investment performance for quarter ended 30th September 2013 was:

Fund	Amount at 30th September 2013	Interest Budget	Actual Interest	Variance	Rate of return %
Investec	£11,840,069	£28,750	£2,095	(£26,655)	0.02%
In House	£57,005,123	£246,517	£314,224	£67,707	1.05%
Total	£68,845,192	£275,267	£316,319	£41,052	

3.6 At this point in the year the Council is currently projecting to be on target. The variance shown above has arisen through the timing of interest received. Although there is currently a negative balance against budget on the funds managed by Investec, this has arisen through the month end valuation showing an unrealised loss to date.

3.7 Moving forward however the gross redemption yield between now and maturity will accrue at an annual yield. While it shows a loss today over the life of the bond it will average out to produce a positive return per year.

3.8 The negative balance at 30 September 2013 has not yet corrected itself but is improving, with performance as at the **31 October** as follows.

Fund	Amount at 31st October 2013	Interest Budget	Actual Interest	Variance	Rate of return %
Investec	£11,840,069	£33,541	£14,996	(£18,545)	0.13%
In House	£60,337,479	£287,603	£351,412	£63,809	1.01%
Total	£72,177,548	£321,144	£366,408	£45,264	

- 3.9 For Quarter 2, Appendices 1 and 2 show the counterparties that the Council has invested with.

Treasury Management Strategy 2014-15

- 3.10 The proposed draft strategy for 2014-15 is based upon the views of the Council's Treasury Management Team. This is informed by market forecasts provided by the Council's treasury advisor, Sector.
- 3.11 In consultation with Sector and with full reference to the CIPFA Code of Practice, the Council has reviewed its risk appetite and associated priorities in relation to security, liquidity and yield in respect of returns from various financial instruments.
- 3.12 The draft strategy meets the requirements included within the CLG's Guidance on local government investments.

Icelandic Investments

- 3.13 There is currently no further update in respect of funds remaining within Iceland. As reported previously, out of the £6.5m original capital investment £5.7m has been returned to the Council. The remaining capital balance of £729,000 along with associated interest relating to the investment is still held within Iceland and is accruing interest on an annual basis.
- 3.14 The Council continues to work with the LGA and Bevan Brittan on the potential for transfer to the UK.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report details the Treasury Performance for the Council for the quarter ended 30 September 2013

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information on the performance reported.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by:

Nicola Jackson, Corporate Finance Manager, 01295 221731

Nicola.Jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Presentation of this report is in line with the CIPFA Code of Practice.

Comments checked by:

Kevin Lane, Head of Law & Governance 0300 0030107

Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

- 7.3 It is essential that this report is considered by AARC as it demonstrates that the risk of not complying with the Council's Treasury Management Policy has been avoided

Comments checked by:

Nicola Jackson, Corporate Finance Manager, 01295 221731

Nicola.Jackson@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	Treasury Advisor Q2 Report – Inhouse RESTRICTED
Appendix 2	Treasury Advisor Q2 Report – Investec RESTRICTED
Appendix 3	Treasury Management Strategy 2014-15 RESTRICTED

Background Papers	
None	
Report Author	Tim Madden Interim Head of Finance and Procurement
Contact Information	Tim.Madden@Cherwellandsouthnorthants.gov.uk 0300 003 0106

2013/14 Work Programme

Topic	Lead	4-12-13	22-1-14	26-3-14	25-6-13
1. Apologies for Absence and Notification of Substitute Members	Chairman of AARC	Standing Agenda Item			
2. Declarations of Interest	Chairman of AARC	Standing Agenda Item			
3. Petitions and Requests to Address the Meeting	Chairman of AARC	Standing Agenda Item			
4. Urgent Business	Chairman of AARC	Standing Agenda Item			
5. Minutes of the previous meeting	Chairman of AARC	Standing Agenda Item			
Training Session	Chairman of AARC and Head of Finance & Procurement		✓		
Review of Work Programme	Chairman of AARC and Head of Finance & Procurement	Standing Agenda Item			
External Audit Annual Certification of Claims Report	Ernst Young		✓		
External Audit Progress Update	Ernst Young	✓		✓	✓
External Audit Fee Letter	Ernst Young		✓		
External Audit Annual Results Report	Ernst Young				
External Audit Annual Audit Letter	Ernst Young	✓			
Audit Committee Annual Report	Chairman of AARC and Head of Finance & Procurement				✓
Internal Audit Progress Report	Chief Internal Auditor	✓		✓	✓
Follow up on Internal Audit Report	Chief Internal Auditor	As required			
Internal Audit Annual Plan	Chief Internal Auditor			✓	
Internal Audit Annual Report	Chief Internal Auditor				✓
Corporate Risk Register and Risk Strategy	Corporate Performance Manger and Head of Finance & Procurement			✓	
Risk Management Update	Corporate Performance Manger and Head of Finance & Procurement	✓		✓	✓
Anti Fraud and Corruption plus Whistle blowing Update (verbal update at every meeting)	Head of Finance & Procurement and Fraud Manager	✓	✓	✓	✓
Review of the Anti Fraud and Corruption Strategy	Head of Finance & Procurement and Fraud Manager			✓	
Accounting Policies	Head of Finance & Procurement			✓	
Annual Governance Statement Review	Head of Finance & Procurement				✓
Statement of Accounts Review	Head of Finance & Procurement				
Statement of Accounts Approval***	Head of Finance & Procurement				
Treasury Management Budget Monitoring & Compliance	Head of Finance & Procurement	✓	✓		✓
Treasury Management Strategy	Head of Finance & Procurement	✓	✓		
IT access - follow up to EY report	Head of Finance & Procurement		✓		
Purchase Orders - Update	Head of Finance & Procurement	✓			

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Agenda Item 13

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