

# AGENDA SUPPLEMENT



- Committee - **GOVERNANCE AND AUDIT**
- Date & Time - Thursday, 3 December 2015 at 6.30 pm
- Venue - Meeting Room 1, Council Offices, Priory Road, Spalding

**Membership of the Governance and Audit:**

Councillors: G R Aley (Chairman), C J T H Brewis, T A Carter, P C Foyster, A Harrison (Vice-Chairman), C N Johnson and M J Pullen

**Revised quorum 3.**

Persons attending the meeting are requested to turn off mobile telephones

Democratic Services  
Council Offices, Priory Road  
Spalding, Lincs PE11 2XE

Date: 1 December 2015

---

Please ask for Christine Morgan: Telephone 01775 764454  
e-mail: [cmorgan@sholland.gov.uk](mailto:cmorgan@sholland.gov.uk)

## AGENDA

**PLEASE NOTE TIMINGS  
ARE APPROXIMATE**

**TIME**

- |         |     |  |                   |
|---------|-----|--|-------------------|
| 6.35 pm | 4.  | HRA Medium Term Financial Plan 2016/17 – 2019/20 - To give consideration to the HRA Medium Term Financial Plan 2016/17 – 2019/20 (report of the Executive Director Commercialisation enclosed)                   | (Pages 133 - 134) |
| 8.30 pm | 11. | Quarterly Risk Report - To inform the Committee of the current status of the Council's strategic risks (report of the Executive Director for Strategy and Governance enclosed)                                   | (Pages 135 - 140) |
| 8.47 pm | 15. | Internal Audit Service Provision - To detail the approach proposed for Internal Audit Services at South Holland District Council from 1 April 2016 (report of the Executive Director Commercialisation enclosed) | (Pages 141 - 146) |

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Julie Kennealy – Shared Executive Director, Commercialisation (S151)

**To:** Governance & Audit – 3 December 2015

**Author:** Ken Trotter-Interim Chief Accountant (SHDC)

**Subject:** Housing Revenue Account Medium Term Financial Plan 2016/17 to 2019/20

**Purpose:** This report provides information on the forecast financial position of the Housing Revenue Account which will be included in the Budget report to be submitted to Council in February 2016. For information and to approve recommendations

### **Recommendations:**

1. That the report and Appendix 1 be noted;
2. That the forecast position at Quarter 2 on the 2015-16 revenue budget be noted:
3. To recommend acceptance or otherwise of available options in respect of Rent policy and Asset management; and
4. To recommend that the HRA Medium Term Financial Plan, which is an integral part of the Overall Financial plan of the council, should be included in the Annual Budget report to Council in February 2016.

### **1.0 BACKGROUND**

- 1.1 The appendices to this report outline the draft 2016-17 to 2019 – 20 revenue and capital estimates for the Housing Revenue Account. This Medium Term Financial Plan when adopted will then further inform revisions to the 30 year business plan.
- 1.2 These estimates incorporate adjustments to National Rent Policy as announced in the summer, based on headline data only as final detail is not yet available. This is expected late December 2015.
- 1.3 Asset management information is currently under review and a change in the management system is in progress. Provisional adjustments to the Useful life of individual components of dwellings (e.g. Kitchen) and financial implications are included in the appendix for discussion.

### **2.0 OPTIONS**

- 2.1 To note the report and to approve the recommendations detailed in appendix 1 with amendments;
- 2.2 To note the report and not approve the recommendations detailed in appendix 1.
- 2.3 Do Nothing

### 3.0 REASONS FOR RECOMMENDATIONS

3.1 To comply with the budget and policy framework

### 4.0 EXPECTED BENEFITS

4.1 To provide an early view of the financial position of the Housing Revenue Account with due regard to the options available in respect of National Rent Policy

### 5.0 IMPLICATIONS

#### 5.1 Financial

5.1.1 The report is of a financial nature and financial details are included within the appendix.

#### 5.2 Risk Management

5.2.1 Risks are highlighted within the appendix.

#### 5.3 Staffing

5.3.1 It is the opinion of the Report Author that there are no implications at this time

### 6.0 WARDS/COMMUNITIES AFFECTED

6.1 Budget implications affect all wards.

### 7.0 ACRONYMS

7.1 None

---

Background papers:- None

---

#### **Lead Contact Officer**

Name and Post: Ken Trotter (Interim Chief Accountant (Deputy S151))

Telephone Number: 01775 761161

Email: [ktrotter@sholland.gov.uk](mailto:ktrotter@sholland.gov.uk)

#### **Director / Officer who will be attending the Meeting:**

Ken Trotter

**Key Decision:** No

**Exempt Decision:** No

**This report refers to both Mandatory Services and Discretionary Services**

Appendices attached to this report:

Appendix 1 – Medium Term Financial Plan 2016/17 to 2019/20 of the Housing Revenue Account (to be tabled at the meeting)

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Maxine O'Mahony - Executive Director for Strategy and Governance

**To:** Governance and Audit Committee – 3 December 2015

**Author:** Greg Pearson, Corporate Improvement & Performance Manager  
Christopher Dean, Business Intelligence Officer

**Subject:** Quarterly Risk Report

**Purpose:** To inform the Committee of the current status of the Councils' strategic risks

### **Recommendation:**

- 1) That the contents of the report are noted

### **1.0 BACKGROUND**

- 1.1 The last risk report to the Governance and Audit Committee was in September 2015 and covered the position of strategic risks up to the end of quarter 1, 2015-16. This followed a period where routine performance and risk reporting had been temporarily suspended to allow for the review of performance and risk frameworks and the implementation of a new corporate performance and risk monitoring system, known as Covalent.
- 1.2 This report is the second risk report to be generated using the new system, which contains status updates on strategic risks for quarter 2, 2015/16. Future quarterly reports will also contain details of high scoring operational risks, which are still in the process of being implemented on the new Covalent system. It had been hoped to present operational risks this quarter – while the risks have been transferred to the new system not all service managers have been trained in the use of the risk module.
- 1.3 Strategic risks have been reviewed and updated with responsible members of the Executive Management Team (EMT). The strategic risk register includes 7 strategic risks (see Appendix A). These cover the over-arching risks that may affect the strategic direction of the council, rather than risks linked to business continuity or those that affect discreet service areas. Current there are no strategic risks that are rated as high risks and there are appropriate mitigations in place to ensure that these risks are appropriately managed.
- 1.4 Strategic risks are captured on the Corporate Dashboard and reviewed by EMT quarterly. In addition, risks are reviewed monthly at the officer-led Performance, Risk & Audit Board chaired by the Executive Director of Strategy and Governance.
- 1.5 Strategic risks typically affect the whole of the organisation and not just one or more parts of it. Strategic risks can potentially involve very high stakes and often affect the ability of the organisation to survive, e.g. impact on the ability of the Council to achieve its corporate plan objectives and purpose. Strategic risks are managed at Board (EMT) Level.
- 1.6 The Risk Framework is currently under review, alongside the implementation of the new ICT system. As part of this review the risk matrix has been changed from a 3 x 3 to a 5 x 5 matrix, based on best practice in comparable organisations. This provides a more comprehensive assessment and understanding of risk likelihood and impact. The matrix

results in a numerical score which combines the impact of the risk occurring with the likelihood of it happening.

	Unlikely (1)	Possible (2)	Plausible (3)	Likely (4)	Certain (5)
Critical (5)					
High (4)					
Medium (3)					
Low (2)					
Minimal (1)					

1.7 Risks fall into High, Medium or Low categories depending on their rating

High	
Medium	
Low	

## 2.0 OPTIONS

2.1 That the contents of the report are noted

## 3.0 REASONS FOR RECOMMENDATION

3.1 Not applicable

## 4.0 EXPECTED BENEFITS

4.1 That the Committee is made aware of the Council's strategic risks and understands that they are being managed and mitigated effectively.

## 5.0 IMPLICATIONS

### 5.1 Corporate Priorities

5.1.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities.

### 5.2 Financial

5.2.1 The report contains information on strategic risks relevant to the Council's budgets and financial management.

### 5.3 Risk Management

5.3.1 The report provides details the Council's strategic risks

### 5.4 Staffing

5.4.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities.

### 6.0 WARDS/COMMUNITIES AFFECTED

6.1 No wards/communities are affected

### 7.0 ACRONYMS

7.1 EMT – Executive Management Team

7.2 ICT – Information & Communication Technology

---

Background papers:- None

---

#### Lead Contact Officer

Name and Post: Christopher Dean, Business Intelligence Officer  
Telephone Number: 01362 656881  
Email: christopher.dean@breckland-sholland.gov.uk

**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

#### Appendices attached to this report:

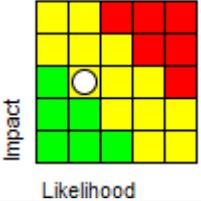
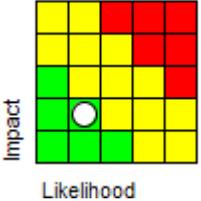
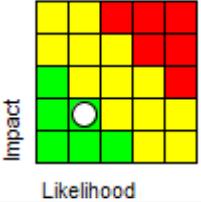
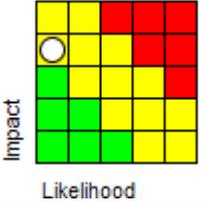
Appendix A South Holland District Council Strategic Risk Register  
(December, 2015-16)

This page is intentionally left blank

## SHDC Strategic Risk Register



Title	Description	Impact	Likelihood	Risk Score	Latest Note
Medium Term Financial Plan Not Delivered	The council's medium term financial strategy has identified a budget gap in the next 5 years, the transformation programme will need to make this level of saving for the organisation over that period to balance the budget.	3	3	9	The situation has improved as we are allowing a longer time to achieve the plan and therefore likelihood of success if improved. Plan has now been agreed.
Uncertainty over future government funding settlement	Conservatives indicated further cuts to unprotected public services during election campaign, exact impact on council unknown	3	3	9	New financial plan being considered which reflects reduced dependency on government settlement
Business rate retention scheme	Business rate retention scheme leaves the Council exposed to changes in the council tax base and collection performance. Loss of rates through refund if decision to re-rate power stations is upheld.	3	3	9	A financial provision has been made to cover risk of current appeals and collection rates and growth

Title	Description	Impact	Likelihood	Risk Score	Latest Note
Failure to maximise trading opportunities	Failure to maximise trading opportunities could result in lack of commercial exploitation of assets or income from trading arms	3	2	<b>6</b> 	Commercial strand of transformation under way, programme manager recruited, opportunities identified.
Failure to deliver the council's Corporate Priorities	Would lead to missed targets and failure to deliver objectives and may result in the Council suffering reputational damage and a failure to deliver priorities to residents.	2	2	<b>4</b> 	The transformation programme provides mitigation against this risk
<b>Page 110</b> Staff recruitment and retention at all levels within both organisations	Staff recruitment and retention issues could undermine the effectiveness of the organisations though loss of experience and knowledge	2	2	<b>4</b> 	There are no specific issues currently.
Failure to effectively implement corporate business continuity plan	Failure could lead to an impact on delivery of services, loss of IT systems, ineffective communication, a failure to provide suitable premises or a failure to provide suitable premises	4	1	<b>4</b> 	The council's business continuity plans and risk mitigations are being regularly reviewed. Coordination arrangements with other authorities are in place.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank