

Public Document Pack



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23 November 2016

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **GOVERNANCE COMMITTEE** will be held in the HMS Brave Room at these Offices on Thursday 1 December 2016 at 6.00 pm when the following business will be transacted.

Members of the public who require further information are asked to contact Jemma Duffield on (01304) 872305 or by e-mail at jemma.duffield@dover.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to be "Nicky", written over a white background.

Chief Executive

Governance Committee Membership:

P G Heath (Chairman)
D Hannent (Vice-Chairman)
P I Carter
S J Jones
A S Pollitt
A F Richardson

AGENDA

1 **APOLOGIES**

To receive any apologies for absence.

2 **APPOINTMENT OF SUBSTITUTE MEMBERS**

To note appointments of Substitute Members.

3 **DECLARATIONS OF INTEREST** (Page 4)

To receive any declarations of interest from Members in respect of business to be

transacted on the agenda.

4 **MINUTES** (Pages 5 - 8)

To confirm the attached Minutes of the meeting of the Committee held on 29 September 2016.

5 **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 9 - 31)

To consider the attached report of the Head of Audit Partnership.

6 **QUARTER TWO TREASURY MANAGEMENT REPORT** (Pages 32 - 48)

To consider the attached report of the Director of Finance, Housing and Community.

7 **ANNUAL AUDIT LETTER 2015/16** (Pages 49 - 60)

To consider the attached report of Grant Thornton.

8 **REVIEW OF THE CONSTITUTION 2016** (Pages 61 - 64)

To consider the attached report of the Director of Governance.

The Constitution of the Council is attached as a supplement to this agenda.

9 **EXCLUSION OF THE PRESS AND PUBLIC** (Page 65)

The recommendation is attached.

MATTERS WHICH THE MANAGEMENT TEAM SUGGESTS SHOULD BE CONSIDERED IN PRIVATE AS THE REPORT CONTAINS EXEMPT INFORMATION AS DEFINED WITHIN PART 1 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AS INDICATED AND IN RESPECT OF WHICH THE PROPER OFFICER CONSIDERS THAT THE PUBLIC INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE PUBLIC INTEREST IN DISCLOSING THE INFORMATION

10 **ANNUAL DEBT COLLECTION REPORT - EAST KENT SERVICES** (Pages 66 - 78)

To consider the attached report of the Director of Finance, Housing and Community and Dominic Whelan, Director of Shared Services, EKS.

11 **ANNUAL DEBT COLLECTION REPORT - EAST KENT HOUSING** (Pages 79 - 84)

To consider the attached report of the Director of Finance, Housing and Community and Deborah Upton, Chief Executive, East Kent Housing.

Access to Meetings and Information

- Members of the public are welcome to attend meetings of the Council, its Committees and Sub-Committees. You may remain present throughout them except during the consideration of exempt or confidential information.
- All meetings are held at the Council Offices, Whitfield unless otherwise indicated on the front page of the agenda. There is disabled access via the Council Chamber entrance and a disabled toilet is available in the foyer. In addition, there is a PA system and hearing loop within the Council Chamber.
- Agenda papers are published five clear working days before the meeting. Alternatively, a limited supply of agendas will be available at the meeting, free of charge, and all agendas, reports and minutes can be viewed and downloaded from our website www.dover.gov.uk. Minutes will be published on our website as soon as practicably possible after each meeting. All agenda papers and minutes are available for public inspection for a period of six years from the date of the meeting.
- If you require any further information about the contents of this agenda or your right to gain access to information held by the Council please contact Jemma Duffield, Democratic Support Officer, telephone: (01304) 872305 or email: jemma.duffield@dover.gov.uk for details.

Large print copies of this agenda can be supplied on request.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 29 September 2016 at 6.00 pm.

Present:

Chairman: Councillor P G Heath

Councillors: P I Carter
D Hannent
S J Jones
A S Pollitt
A F Richardson

Also Present: Liz Jackson, Grant Thornton

Officers: Director of Governance
Director of Finance, Housing and Community
Head of Audit Partnership (East Kent Audit Partnership)
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Head of Finance
Democratic Support Officer

14 APOLOGIES

There were no apologies for absence received from Members.

15 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute Members appointed.

16 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

17 MINUTES

The Minutes of the meeting of the Committee held on 30 June 2016 were approved as a correct record and signed by the Chairman.

18 RISK MANAGEMENT REPORT

The Director of Governance presented the Risk Management Report to Members. The Risk Management Framework was reviewed annually and the Governance Committee was asked to review its processes and provide assurances that sound risk management strategies were in place.

RESOLVED: That the Risk Management report be noted and accept the Council's current risk management procedures.

19 QUARTERLY INTERNAL UPDATE REPORT

The Deputy Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Audit Update report. There had been twelve internal audits undertaken during the period of which four were classified as providing Substantial Assurance, three as Reasonable Assurance and one as Limited Assurance. The remaining audits relating to EK Services Quarterly Benefit Testing (Quarter 4 of 2015-16 and Quarter 1 of 2016-17) were not applicable to an assurance level.

The Limited Assurance awarded to EK Services Payment Card Industry Data Security Standards (PCIDSS) was reviewed against new, more robust industry standards. Despite the good work carried out across the three authorities (Dover District, Canterbury City and Thanet District Councils) the review concluded a Limited Assurance due to the Council not being fully compliant with the latest legislation. It was anticipated that the Council would become compliant and sustain compliance by the end of 2016/17.

There were six follow up reviews completed during the period. Two audits which had previously received Limited Assurances, following sufficient management action were awarded Reasonable Assurances.

Members were advised that in order to allow the current digitalisation work in Regulatory Services to be completed, 50 audit days had been postponed from that service area and 50 days reassigned, brought forward from the draft 2017/18 plan.

RESOLVED: That the Quarterly Internal Update report be noted.

20 TREASURY MANAGEMENT YEAR END REPORT

The Head of Finance introduced the Treasury Management Year End report to the Committee. The Committee was advised that as at 31 March 2016 the Council's in-house investment portfolio totalled £32.5m. Following Investec's withdrawal, additional accounts were opened during Quarter 3 in order to deal with the higher level of in-house funds available for investment and whilst performance for the year was £313k (£20k below the Council's budget), it was better than the £29k estimated shortfall reported at the end of December.

The Council had remained within its Treasury Management guidelines, except following the return of funds as a result of Investec's withdrawal, and within the Prudential Code guidelines during the period.

RESOLVED: That the Treasury Management Year End Report be received.

21 TREASURY MANAGEMENT QUARTER ONE REPORT 2016/17

The Head of Finance introduced the Treasury Management report for Quarter One, advising the Committee that the Council had remained with its Treasury Management and Prudential Code guidelines during the period.

The Council's investment return for the quarter was 0.59% which outperformed the benchmark by 0.23%. Performance for the full year was estimated to be on budget, and officers would be looking at other opportunities for investing money wisely and carefully.

RESOLVED: That the Treasury Management Quarter One Report 2016/17 be noted.

22 AUDIT FINDINGS REPORT

The Engagement Lead – Grant Thornton presented the Audit Findings report which highlighted the key matters arising from the audit of financial statements for the year ended 31 March 2016.

The opinion on the Council's Financial Statements and the conclusion on Value for Money were unqualified. Three internal control weaknesses were identified which were not fundamental and management had agreed to put in place the recommendations.

Members expressed their thanks to the officers and external auditors for their work in producing the report.

RESOLVED: That the Audit Findings report be noted.

23 FINANCIAL OUTTURN REPORT 2015/16

The Head of Finance presented the report on the Financial Outturn 2015/16 to the Committee, advising Members that it needed to be considered in conjunction with both the Statement of Accounts and the Audit Findings Report. Members were advised of the key points in the financial outturn for the year as set out in the report.

RESOLVED: That the Financial Outturn Report 2015/16 be received and noted.

24 STATEMENT OF ACCOUNTS

The Head of Finance presented the report on the Statement of Accounts 2015/16. The auditors, Grant Thornton had awarded the Council an unqualified opinion in respect of the Statement of Accounts for 2015/16.

RESOLVED: (a) That the audited Statement of Accounts for 2015/16 be approved and signed by the Chairman of the committee.
(b) That the Committee authorise the Chairman to sign the Letter of Representation.

25 AUDIT COMMITTEE UPDATE REPORT

The Engagement Lead – Grant Thornton presented the update to the Committee which provided Members with the progress of the external auditors, Grant Thornton, in delivering their responsibilities.

RESOLVED: That the Audit Committee Update report be noted.

The meeting ended at 6.38 pm.

Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 1st December 2016

Report of: Christine Parker – Head of Audit Partnership

Decision Type: Non-key

Classification: Unrestricted

Purpose of the report: This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016

Recommendation: That Members note the update report.

1. Summary

This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016.

2. Introduction and Background

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to each member of Corporate Management Team, as well as an appropriate manager for the service reviewed.
- 2.2 Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Annex 2 to the EKAP report.
- 2.5 The purpose of the Council's Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit

reports and follow-up reviews since the report submitted to the last meeting of this Committee.

SUMMARY OF WORK

- 2.7 There have been seven Internal Audit reports that have been completed during the period, of which one review was classified as providing Substantial Assurance, one review was classified as providing Substantial/Reasonable Assurance, four as Reasonable Assurance, and one as Limited.
- 2.8 In addition nine follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the six-month period to 30th September 2016, 138.19 chargeable days were delivered against the planned target of 284.10, which equates to 49% plan completion.

3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2016-17 revenue budgets.
- 3.2 The financial performance of the EKAP is currently on target at the present time.

Appendices

Appendix 1 – Internal Audit update report from the Head of the East Kent Audit Partnership.

Background Papers

- Internal Audit Annual Plan 2016-17 - Previously presented to and approved at the 24th March 2016 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP.

1. INTRODUCTION AND BACKGROUND

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Electoral Registration and Election Management	Substantial	C H M L	0 0 0 0
2.2	EK Services – ICT Disaster Recovery	Substantial/ Reasonable	C H M L	0 5 1 1
2.3	Cemeteries	Reasonable	C H M L	0 1 0 0
2.4	Business Continuity & Emergency Planning	Reasonable	C H M L	0 2 2 5
2.5	Equality & Diversity	Reasonable	C H M L	0 0 3 2
2.6	EK Services – Business Rates Relief	Reasonable	C H M L	0 0 3 2
2.7	Playgrounds	Limited	C H M L	0 5 7 1

2.1 Electoral Registration & Election Management – Substantial Assurance.

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by the Council's Electoral Registration Officer (ERO) and Returning Officer (RO) to ensure that the and electoral registration functions together with its management of all elections is administered in an efficient and effective manner in accordance with all prevailing legislation.

2.1.2 Summary of Findings

The Electoral Registration Officer (ERO) and Returning Officer (RO) at Dover District Council organises elections and referendums using guidance and resources provided by the Electoral Commission. The ERO/RO is the primary recipient of this report. The Electoral Commission monitors the performance of all local authority ERO's and RO's using its performance framework. The latest performance data (2013) taken from the Electoral Commission's website, shows that Dover District Council has met, or is above, standards in all of the performance criteria. It also shows a canvass return rate of 96%. The Electoral Registration Officer is currently leading Kent authorities through the planning process for the forthcoming Kent Police and Crime Commissioner election in May, and European referendum in June of this year.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Planning has been commended by the Electoral Commission and the Electoral Registration Officer is the lead planner for elections in Kent;
- The full electoral register is published on the 1st of December each year and updates are published on the 1st of every month;
- Copies of the electoral register are securely distributed to entitled recipients;
- Contract Standing Orders are complied with;
- Canvassers are briefed on personal safety;
- The Council's internet pages are up to date and provide information to residents about how to vote;
- A post election review was undertaken in 2015;
- A separate bank account for elections is maintained with authorised signatories; and
- Parish Councils are appropriately recharged for elections.

2.2 EK Services ICT Disaster Recovery – Substantial/Reasonable Assurance.

2.2.1 Audit Scope

To ensure that the controls over the administration of disaster recovery regarding the EK Services ICT function are robust and sufficient to enable the partner councils to place reliance upon them for this service.

2.2.2 Summary of Findings

EK Services maintains three data centres that support around 1500 users across the partner councils. The EK Services ICT annual budget is £2.4m and the total spend on IT across the partnership is around £4.5m.

Information systems can fail and the only way to protect valuable data from being lost is to have an appropriate backup and recovery system in place. In order for disaster recovery processes to be effective management must provide commitment:

- In terms of providing appropriate resources.
- To the identification of requirements and the planning and implementation of standby arrangements.
- To the testing of the disaster recovery arrangements and the need to report on the results and make changes to the plan as appropriate.
- To the need to update the plan in the light of changing systems, people, responsibilities and external events.

Management can place Substantial Assurance on the system of internal controls in operation within EK Services. However; Management can only place Reasonable Assurance on the internal controls in operation at each of the partner councils whilst the Business Continuity Plans are fully developed in liaison with EK Services.

The primary findings giving rise to this assurance opinion are as follows:

- EK Services ICT has an up to date Business Continuity Plan and Emergency Plan in place. It is the requirement of the partner councils to determine their own Business Continuity Plans and Impact Risk Assessments which remain ongoing and require further consultation with EK Services.
- EK Services ICT hold secure copies of their BCP, Emergency Plan and associated key device configurations, guidance and procedures securely and are accessible from any location in the event of a major disaster.
- Back-ups are taken and held securely off site.
- Where ever possible EK Services ICT have built resilience into the network within the resources constraints available.

Scope for improvement was however identified in the following areas:

- The partner councils Business Continuity Plans and Impact Risk Assessments have either just been documented, and require consultation with EK Services ICT or are out of date and in the process of being reviewed.
- There is a lack of identification and prioritisation of critical systems, by the partner councils, for restore in the event of a major incident.
- Resource implications for effective disaster recovery require consideration in liaison with EK Services ICT.
- Constraints placed on EK Services ICT have limited the level and effectiveness of testing of system restores.

2.3 Cemeteries – Reasonable Assurance.

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's cemetery activities are undertaken efficiently and effectively in accordance with Council policy and procedures.

2.3.2 Summary of Findings

The Council operated burial arrangements at 7 sites across the district In 2015-16 there were 161 burials and total income under the E6000 cost centre was £141,563.00p with expenditure of £171,808.42p (Excluding central recharges).

Grave digging processes need to be extremely robust because the smallest failure can damage the reputation of the Council. The main areas of risk are graves not being dug at all, graves being dug in the wrong place, graves being dug too small for the size of the coffin or graves being dug too big which impacts on capacity within the cemeteries.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is an established `booking to grave digging` process in place (that has been in place for many years) that is carried out to ensure that when a grave is dug or reopened then it is done in the correct location.
- A new burial system has been put in place since May 2015 that had some initial teething problems with interfacing into EFINS but this has now been addressed. Also a data cleansing exercise is still ongoing on old grave plots reference numbers but the number of entries that need investigating has gone from approximately 5,000 to 2,000 over the last few months.
- Established income and payment processes are in place to ensure that monies are collected from the funeral directors and also made to the contractors.

Scope for improvement was however identified in the following areas:

- There is a need to ensure that the inspection programme for headstones and memorials are factored into the programme of works when the grounds maintenance function comes back in house and that staff are adequately trained to carry out this work.
- Website information needs to be updated each April to reflect any changes to the fees and charges and when the next annual invoice routine for planting and maintenance is carried out the correct rates should be used. It is hoped that the BACAS system will be used for this in January 2017.

2.4 Business Continuity & Emergency Planning – Reasonable Assurance.

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has adequate arrangements to enable it to continue providing core services in the event of a loss of data and/or facilities (ICT provision, telephony and accommodation etc) at the main Whitfield Offices and to fulfil its statutory obligations under the Civil Contingencies Act 2004 in planning for and responding to emergencies.

2.4.2 Summary of Findings

The Civil Contingencies Act 2004 is a UK Act of Parliament that gives the government wide ranging powers in an emergency. It provides a statutory framework for civil protection at a local level.

Dover District Council has correctly identified itself as a Category 1 responder and the Emergency Plan adequately details the responsibilities placed upon District Councils as such responders.

The Act identifies the primary person responsible as the Chief Executive and although it does not provide the powers for delegated authority the Council's Constitution does; as such there are appropriately delegated members of staff overseeing both the Council's Business Continuity and Emergency Planning arrangements. Furthermore, there is a three year service level agreement in place with an external agent which aims to provide the Council with expert advice in the service delivery, planning functions, report writing and to provide relevant training of staff.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Business Continuity & Emergency Planning Plans are in place, easily accessible and the majority are up to date;
- The plans are tested on a regular basis and learning outcomes identified and appropriately actioned;
- There is a Mutual Aid Agreement in place with neighbouring authorities to cover loss of emergency contact centre and additional resources should the need arise; and
- Training needs are being identified and actioned.

Scope for improvement was however identified in the following areas:

- Financial Procedure Rules & Procurement processes need to be followed and evidenced for the current and future service agreement;
- A data sharing protocol/agreement needs to be put in place when liaising with or services being provided by external agencies and voluntary groups; and
- Monitoring of all plans and Business Impact Assessments needs to be undertaken to ensure they are actioned or updated within the agreed timescales.

2.5 Equality & Diversity – Reasonable Assurance.

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Council complies with the public sector equality duties in accordance with the provisions of the Equality Act 2010.

2.5.2 Summary of Findings

The Equality Act 2010 replaces the previous anti-discrimination laws with a single Act. Under the Act the Council is required to set and monitor Equality Objectives and comply with the Public Sector Equality Duty (PSED). The PSED is in place to ensure that public bodies consider, by demonstrating due regard, the needs of the individuals in their day to day work in shaping policy, delivering services and in relation to their own employees.

'Having due regard to the aims of the general equality duty is about using good equality information and analysis, at the right time, as part and parcel of your decision making process'. Equality and Human Rights Commission – Meeting the equality duty in policy and decision making.

The aim of the Equality Duty is to support good decision-making by ensuring public bodies consider how different people will be affected by their activities, helping them to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs.

Compliance with the duty should result in:

- Better- informed decision making and policy development;
- A clearer understanding of the needs of service users, resulting in better quality services which meet varied needs;
- More effective targeting of policy, resources and the use of regulatory powers;
- Better results and greater confidence in, and satisfaction with, public services; and
- A more effective use of talent in the workforce and a reduction in instances of discrimination and resulting claims.

Ensuring due regard is a continuous process and it should not be assumed that once assessed whether the duty is relevant to a particular function that this need not be considered again. The relevance of the duty to a function (or a particular protected characteristic) may change over time.

Publishing relevant equality information will make public bodies transparent about their decision-making processes, and accountable to their service users. It will give the public the information they need to hold public bodies to account for their performance on equality.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- The Council has an up to date and approved Equality Policy in place.
- The Council has agreed measureable equality objectives that link to the Corporate Plan.
- A good level of equality and stakeholder engagement information is published.
- Management have identified the lack of update training for staff and included compulsory equality training in the Corporate Training Plan for 2016/2017.
- Use of Equality Impact Assessments is made to ensure consideration of equality issues in the decision making process.

Scope for improvement was however identified in the following areas:

- The level of staff completing the compulsory equality training in the required timescale should be monitored.
- The frequency and level of reporting for the measurable tasks linked to the equality objectives should be determined and responsibility for each task assigned.
- Customer Equality data should only be held where use of the data has been determined and the data should be held securely.

2.6 EK Services Business Rates Relief – Reasonable Assurance.

2.6.1 Audit Scope

To ensure that the partner councils' Business Rate accounts are administered by EK Services on their behalf correctly, to ensure the accurate documentation, proper approval and allocation of relevant reliefs from liability in compliance with government legislation.

2.6.2 Summary of Findings

For each property in the rating list for their area, the local authority calculates and issues a bill, which it is responsible for collecting, with powers to pursue payment. The ratable value which is prescribed by the Valuation Office is multiplied by the Uniform Business Rate, referred to in legislation as the non-domestic rating multiplier, to arrive at an annual bill. This function has been delegated to EK Services by the three local Councils: Canterbury City Council, Dover District Council & Thanet District Council by the implementation of a Collaboration Agreement and Service Level Agreements.

Some properties are eligible for discounts from the local council on their business rates. This is called 'business rates relief' and an application will need to be made to the relevant Council. The reliefs can be mandatory, discretionary or both and are:

- Charitable and non-profit making organisation relief
- Empty and partly occupied relief
- Rural property relief
- Small Business Rate Relief (SBRR)
- Transitional relief
- Hardship relief
- Enterprise Relief

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is a policy in place that governs the discretionary relief process;
- There is comprehensive information made available to the public via each authority's website, and;
- There is an efficient management regime in place and all partner councils are kept up to date.

Scope for improvement was however evidenced in the following areas:

- Procedures that govern the reliefs process need to document the daily roles; responsibilities and routines for the NNDR functions;
- The training regime being offered needs to be adequately documented to ensure that CPD is kept up to date and training opportunities are maximised;
- The discretionary reliefs policy needs to be applied and adhered to when processing all types of reliefs, and;
- Evidence in support of the application process needs to be placed on file for all applications.

2.7 Playgrounds – Limited Assurance.

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the service provision regarding playgrounds and the equipment located within them ensures that they are safe, well maintained and are robust to meet their intended use for the future.

2.7.2 Summary of Findings

The Council is responsible for managing and monitoring 20 sites containing a combination of playgrounds, skate parks and multi-use game areas (MUGAs) in accordance with the Health and Safety at Work Act 1974; the Children Act 1989 and the Management of Health and Safety at Work Regulations 1999. Some of the play areas are looked after by the Council on behalf of East Kent Housing.

The operational and inspection framework in place is based upon best standards set out by ROSPA (Royal Society for the Prevention of Accidents). The system in place is called a three tier system (i.e. three levels of inspection). The three tier inspection framework is widely recognised as a good working model to have in place in line with best practice. This framework helps the Council comply with the European Playground Equipment Standard EN 1176 and EN 1177. The framework also helps provide a certain level of assurance that playgrounds and playground equipment is being monitored adequately.

The primary findings giving rise to the Limited Assurance opinion in this area are as follows:

- There were weaknesses in all three tier inspection routines which increases the risk of a claim being made against the Council which the insurer may decide could affect the validity of the public liability insurance in place;
- There are three high risk defects identified by the insurer as part of the third tier annual inspection in June 2016 which remain unresolved.
- The majority of the tier one and tier two inspections are being carried out by one operative whose certificate to carry out inspections expired in January 2016;
- Approved actions and responsibilities need to be recorded;
- There are a number of amendments that need to be made to the inspection sheets to ensure adequate information is being consistently recorded;
- Two play areas in Deal which were fenced off during the annual inspection by the insurer are now currently in use, one of which has a bolt missing from a piece of equipment; and,
- Policies and procedures should be introduced to support the strategic objectives and help improve the effectiveness of any new playground maintenance contract.

Effective control was however evidenced in the following areas:

- The three tier inspection framework is widely recognised as best practice;
- The Council has a good strategy in place which was approved in 2013;
- Budgetary controls are working effectively;
- The insurance processes in place with Zurich are good; and
- The Council has not yet had a successful claim made against it and the likelihood of a claim being made now as the autumn approaches is small.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, nine follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations previously made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
a)	Printing & Post	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	2	L	0
b)	Employee Health & Safety	Reasonable	Substantial	C	0	C	0
				H	3	H	0
				M	3	M	0
				L	0	L	0
c)	East Kent Housing – Repairs, Maintenance & Void Mgmt.	Limited	Limited	C	0	C	0
				H	6	H	0
				M	9	M	2
				L	3	L	0
d)	Dog Warden & Environmental Crime Enforcement	Reasonable	Reasonable	C	0	C	0
				H	3	H	1
				M	4	M	0
				L	1	L	0
e)	Your Leisure	Reasonable	Reasonable	C	0	C	0
				H	4	H	0
				M	0	M	0
				L	1	L	0
f)	Risk Management	Reasonable	Reasonable	C	0	C	0
				H	1	H	0
				M	3	M	0
				L	0	L	0
g)	Environmental Protection Service Complaints	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	0	L	0
h)	Building Control	Reasonable	Substantial	C	0	C	0
				H	4	H	0
				M	4	M	1
				L	1	L	1
i)	EK Services – ICT Physical & Environmental	Reasonable	Reasonable	C	0	C	0
				H	1	H	1
				M	4	M	1

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
				L	0	L	0

3.2 Details of each of the individual high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Governance Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

c) East Kent Housing – Repairs Maintenance & Void Management:

The main issues, identified at the time of the initial review, that needed to be addressed were surrounding:

- A significant number of variations to job costs at Dover by the contractor without documented approval from EKH.
- High numbers of repairs older than 30 days not being investigated.
- Quotes were not being received for work undertaken outside of the *Price Per Property* (PPP) contract with a value in excess of £1,000 at Canterbury.
- A lack of defined procedures in place for the post inspection of planned maintenance work resulting in confusion over roles and responsibilities. In terms of both informing officers of the work requiring inspection and then the reporting of inspection results.
- Charges for rechargeable works are not being raised and collected in 3 areas

Whilst progress has been made in most of the areas where weaknesses were identified, there remains a number of recommendations which are either not yet fully implemented, or have been implemented so recently that they are not yet fully embedded in standard practices, an example of which surrounds the post inspection of planned maintenance work which was only implemented in May 2016.

Variations to job costs were identified in the original review as an area requiring improvement, our review of job costs varied by more than £150 for jobs completed in April & May 16 identified 96 jobs varied by more than £150, but the correct authorisation had only been granted by EKH officers for 25 of the jobs.

Our testing of repairs undertaken outside of the *Price Per Property* (PPP) contract at Canterbury with a value in excess of £1,000 during April and May 16 identified 34 jobs with a cost in excess of £1,000 per job. Officers had not obtained quotes for 11 of the jobs which had a combined value of £26,895.

The procedures surrounding the inspection of planned maintenance work were identified in the original review as having weaknesses evident. Our testing confirms that revised procedures were introduced in May 2016 which have resulted in inspections being better documented, however it was also identified that no post inspections have been recorded for kitchens and bathrooms in both the Thanet and Canterbury areas. Therefore while procedures for post inspections of planned maintenance work are now being better documented, weaknesses continue to be evident.

Similarly post inspections of repairs at Dover are now subject to management review, however approximately 20% of work post inspected continues to fail post inspection, yet there is no evidence to show that procedures for post inspections have been revised to attempt to reduce the proportion of work failing post inspections.

4.0 WORK-IN-PROGRESS:

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Tenancy & Estate Management, Performance Management, Treasury Management, Budgetary Control, Main Accounting System, Garden Waste & Recycling Income, and Insurance and Inventories of Portable Assets.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2016-17 Audit plan was agreed by Members at the meeting of this Committee on 24th March 2016.

5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

6.0 FRAUD AND CORRUPTION:

6.1 There were no other new or recently reported instances of suspected fraud or irregularity that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

7.0 INTERNAL AUDIT PERFORMANCE

7.1 For the six-month period to 30th September 2016, 138.19 chargeable days were delivered against the planned target of 284.10, which equates to 49% plan completion.

7.2 The financial performance of the EKAP is currently on target at the present time.

7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators is attached as Annex 4.

- 7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

Attachments

- Annex 1 Summary of High priority recommendations outstanding after follow-up.
Annex 2 Summary of services with Limited / No Assurances
Annex 3 Progress to 30th September 2016 against the agreed 2016/17 Audit Plan.
Annex 4 EKAP Balanced Scorecard of Performance Indicators to 30th September 2016.
Annex 5 Assurance statements

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>Dog Warden Service & Environmental Crime Enforcement – September 2016:</i>		
Advice and guidance should be sought from legal services and S151 officer on the Council's obligations under clause 1v) of the kennelling contract, as back payments may be claimed and a breach of contract may have occurred	<p>Legal services contacted awaiting advice on clause</p> <p>Proposed Completion Date – (Various)</p> <p>June 2016 - chase legal services Matter to be resolved by end of contract in March 2017</p> <p>Responsibility - Environmental Crime Team Leader</p>	<p>Need to chase and arrange for new amended version of contract to be signed by both parties. To arrange meeting with Kennels to discuss clause.</p> <p>Outstanding</p> <p>New estimated completion date January 2017.</p>
EK Services – Physical & Environmental Controls:		
To install a gaseous fire suppressant system (DDC) in line with other local authorities.	<p>This issue will be raised at the next DDC Client meeting.</p> <p>Proposed Completion Date March 2016</p> <p>Responsibility Head of ICT</p>	<p>The issue of fire suppressant was raised by the Head of ICT with the DDC Client Officer in 2015 and at subsequent meetings; no agreement has been reached.</p> <p>Outstanding.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
EKS – PCI DSS	September 2016	Limited	Spring 2017
Playgrounds	December 2016	Limited	Spring 2017

PROGRESS AGAINST THE AGREED 2016-17 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
FINANCIAL SYSTEMS:				
Treasury Management	5	5	0.17	Work-in-Progress
Main Accounting System	10	10	0.17	Work-in-Progress
Budgetary Control	10	10	0.17	Work-in-Progress
Insurance & Inventories of Portable Assets	10	10	7.32	Work-in-Progress
RESIDUAL HOUSING SYSTEMS:				
Homelessness	10	10	0.25	Quarter 4
HRA Business Plan	10	10	0	Quarter 4
GOVERNANCE RELATED:				
Data Protection, FOI, and Information Records Management	10	10	11.41	Finalised – Reasonable
Officers' Code of Conduct & Gifts and Hospitality	10	0	0.24	Postpone until 2017-18; replace with unplanned reviews
Anti-Fraud & Corruption	10	10	0	Quarter 4
Performance Management	10	10	0.89	Work-in-Progress
Corporate Advice/CMT	2	2	1.73	Work-in-Progress throughout 2015-16
s.151 Meetings and support	9	9	6.28	Work-in-Progress throughout 2015-16
Governance Committee Meetings and Reports	12	12	8.36	Work-in-Progress throughout 2015-16
2017-18 Audit Plan Preparation and Meetings	9	9	0.54	Quarter 4
CONTRACT RELATED:				
Receipt & Opening of Tenders	8	8	0	Quarter 4
SERVICE LEVEL:				
Cemeteries	10	10	8.22	Finalised - Reasonable
Safeguarding Return to KCC (s11)	1	1	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Food Safety	10	0	0	Postpone until 2017-18; replace with unplanned reviews
Port Health	10	0	1.11	Postpone until 2017-18; replace with unplanned reviews
Contaminated Land	10	0	.21	Postpone until 2017-18; replace with unplanned reviews
Business Continuity & Emergency Planning	10	10	15.31	Finalised - Reasonable
Disabled Facilities Grants	10	10	10.78	Finalised - Reasonable
Land Charges	10	10	0	Quarter 4
Licensing	10	0	0.3	Postpone until 2017-18; replace with unplanned reviews
Members Allowances	10	10	4.67	Finalised - Substantial
Planning Applications, Income & s.106 Agreements	12	12	0.22	Quarter 4
OTHER				
Liaison with External Auditors	2	0	0	Work-in-Progress throughout 2016-17
Follow-up Work	10	10	12.82	Work-in-Progress throughout 2016-17
FINALISATION OF 2015-16- AUDITS				
Grounds Maintenance	5	5	0.68	Finalised - Limited
Shared Service Monitoring			3.95	Finalised – Reasonable
Commercial Properties and Concessions			8.7	Finalised - Reasonable
Dog Warden & Litter Enforcement			3.96	Finalised - Reasonable
Electoral Registration & Election Management			2.63	Finalised - Substantial
Equality & Diversity			9.6	Finalised - Reasonable
Recruitment			5.43	Work-in-Progress
Procurement			0.27	Finalised - Reasonable
Days under delivered in 2015-16	0	14.1	0	Completed
UNPLANNED WORK:				

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Cash Counting Arrangements	0	2	1.9	Finalised
Right to Buy	0	8	0.17	Work-in-Progress
Playgrounds	0	8	9.09	Finalised - Limited
Garden Waste & Recycling Income	0	8	0.17	Work-in-Progress
Inward Investment, External Funding & Project Management	0	26	0.47	Quarter 3
EK HUMAN RESOURCES				
Payroll	5	5	0	Quarter 3
Employee Benefits in Kind	5	5	0	Quarter 4
Leavers and Disciplinary	5	5	0	Quarter 4
TOTAL	270	284.10	138.19	49% as at 30th September 2016

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Planned Work:				
Governance	15	0	0	Postponed to future audit plan
Finance Systems and ICT Controls	15	0	0	Postponed to future audit plan
Audit Ctte/EA Liaison/Follow-up	6	6	7.84	Work-in-progress throughout 2016-17
Rent Accounting & Collection	15	15	0	Quarter 4
Tenancy & Estate Management	29	29	9.27	Work-in-Progress
Days over delivered in 2015-16	0	-18.15	0	Completed
Unplanned Work:				
Procurement	0	15	14.31	Finalised
Repairs and Maintenance Contract Query	0	0	0.37	Finalised
Single System Controls	0	15	2.08	Work-in-Progress
Total	80	61.85	33.87	55% at 30-09-2016

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Planned Work:				
Housing Benefit Overpayments	15	15	13.85	Finalised - Substantial
Fraud Investigations	15	0	0.64	No longer required
Housing Benefit Subsidy	15	15	0.26	Quarter 3
Council Tax	30	20	0.10	Quarter 3
Customer Services	15	15	15.31	Finalised - Substantial
ICT Change Controls	12	12	0.20	Quarter 2
ICT Software Licensing	12	12	0	Quarter 3
ICT Network Security	12	12	0	Quarter 4
Corporate/Committee	8	8	3.23	Ongoing
Follow-up	6	6	1.26	Work-in-progress throughout 2016-17
DDC / TDC Quarterly Housing Benefit Testing	20	20	9.28	Work-in-progress throughout 2016-17
Finalisation of 2015-16 work-in-progress	0	25.00	25.96	Completed
Days under delivered in 2015-16	7.33	7.33	7.33	Completed
Total	167.33	167.33	77.42	46% at 30-09-2016

BALANCED SCORECARD – QUARTER 2

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Original Budget</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	87%	80%	• Cost per Audit Day	£	£326.61
Chargeable days as % of planned days			• Direct Costs	£	£419,42
CCC	59%	50%	• + Indirect Costs (Recharges from Host)	£	0
DDC	49%	50%	• - 'Unplanned Income'	£	£11,700
SDC	45%	50%	• = Net EKAP cost (all Partners)	£	Zero
TDC	58%	50%	• Saving Target	£	£431,12
EKS	46%	50%			0
EKH	55%	50%			
Overall	51%	50%			
Follow up/ Progress Reviews;					10%
• Issued	44	-			
• Not yet due	28	-			
• Now due for Follow Up	29	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

BALANCED SCORECARD – QUARTER 2

<u>CUSTOMER PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>
	Quarter 2			Quarter 2	
Number of Satisfaction Questionnaires Issued;	37		Percentage of staff qualified to relevant technician level	83%	75%
Number of completed questionnaires received back;	20 = 54%		Percentage of staff holding a relevant higher level qualification	36%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	28%	N/A
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Number of days technical training per FTE	0.61	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	32%
	100%	100%			

Definition of Audit Assurance Statements & Recommendation Priorities

Assurance Statements:

Substantial Assurance - From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

Reasonable Assurance - From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

Limited Assurance - From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

No Assurance - From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

Priority of Recommendations Definitions:

Critical – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation’s ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

High – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

Medium – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

Low – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.

Subject:	TREASURY MANAGEMENT QUARTER TWO REPORT 2016/17
Meeting and Date:	Governance – 1st December 2016
Report of:	Mike Davis – Director of Finance, Housing & Community
Portfolio Holder:	Councillor Mike Connolly – Portfolio Holder for Corporate Resources and Performance
Decision Type:	Non-Key Decision
Classification:	Unrestricted

Purpose of the report:	To provide details of the Council's treasury management for the quarter ended 30 September 2016 (Q2) and an update of activity to date.
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Recommendation:	That the report is received
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1. Summary

The Council has remained within its Treasury Management and Prudential Code guidelines during the period.

The Council's investment return for the quarter was 0.60% (YTD), which outperformed the benchmark¹ by 0.32% although this return is expected to reduce slightly by the year-end as interest rates on new and rolled over deposits come down. However, the Council's budgeted investment return for 2016/17 is £329k, and performance for the full year is estimated to be £335k, which is slightly ahead of budget. This takes into account expected reductions in interest rates on assumed rollover of term deposits on maturity, but not any further reduction in the bank base rate which could impact performance by the end of year.

2. Introduction and Background

CIPFA (the Chartered Institute of Public Finance and Accountancy) issued the revised Code of Practice for Treasury Management in November 2009; it recommends that members should be updated on treasury management activities at least twice a year, but preferably quarterly. This report therefore ensures this council is implementing best practice in accordance with the Code.

Council adopted the 2016/17 Treasury Management Strategy (TMS) on 2nd March 2016 as part of the 2016/17 Budget and Medium Term Financial Plan. The Treasury Management Strategy (TMS) for 2016/17 was approved by Council as part of its MTFP on 2nd March 2016. An update of the TMS was approved at Council on 28th September 2016, with a further version being considered by Cabinet and Council on 21st and 30th November respectively to increase borrowing limits for the purpose of property investment.

¹ The "benchmark" is the interest rate against which performance is assessed. DDC use the London Inter-Bank Bid Rate or LIBID, as its benchmark.

In order to comply with the CIPFA code referred to above a brief summary is provided below and Appendix 1 contains a full report from the Council's Treasury Management Advisers, Capita.

Members are asked to note that in order to minimise the resource requirements in producing this report, Capita's report has been taken verbatim. Capita generally use a more journalistic style than is used by our officers, but in order to avoid changing the meaning or sense of Capita's work, this has not been edited out.

As at 30th September 2016, the Council's investment portfolio totalled £44.6m (see Appendix 2). However, some of this may be shorter term, as significant funds sitting in the Dover Regeneration and Economic Development Reserve are earmarked for spending during 2016/17 and 2017/18 on the new Dover leisure centre and town hall refurbishment (subject to project approvals).

An additional £8m was transferred from cash flow funds into the investment portfolio during October (increasing its value to £52.6m), by adding £3m to a Barclays term deposit (now £8m) when it rolled over on 4th October (taken from NatWest SIBA monies) and by depositing £5m with Leeds Building Society on 6th October for six months by reducing the size of the Council's stake in the Goldman Sachs Money Market Fund (MMF). This has resulted in an improved rate of 0.46% being secured with Leeds compared to the 0.26% from the MMF. Similarly, the Barclays deposit achieves 0.451% compared to the NatWest SIBA rate of 0.25%.

The post-Brexit reduction in bank base rate, the on-going pressure on interest rates generally, and the reduction in deposit durations permissible for part nationalised banks following reductions in the Government's stakes in them, continue to place pressure on returns from banks and building societies. However, keeping funds with such highly credit-rated institutions for the currently recommended maximum six-month deposit durations remains a low risk strategy that maintains security of capital as far as possible in the uncertain post-Brexit economic climate.

3. Annual investment strategy

The investment portfolio, as at the end of September, is attached at Appendix 2. Core balances for investment are £44.6m. Since the end of the quarter, two deposits have matured and been reinvested for six months with the same banks, being: £5m with Barclays on 4th October (rate decrease 0.64% to 0.451%), and £1m with Lloyds on 9th November (rate decrease 0.8% to 0.6%). Additionally, a further £8m was transferred from short term cash and placed with Barclays (£3m) and Leeds Building Society (£5m) as mentioned in (2) above, increasing core balances for investment to £52.6m, albeit potentially on a temporary basis depending on capital requirements.

Additionally, following the Brexit vote and the reduction in bank base rate, interest rates have dropped with all institutions. A further expected base rate cut is no longer predicted to happen and, while the "on budget" forecast for the year includes allowance for deposits rolling over at the new lower rates, if there are further interest rate cuts with individual institutions these could put pressure on investment income for 2016/17 and beyond.

The Gilt holding of £1.9 million transferred to King and Shaxson following Investec's withdrawal from the segregated funds market will be held until its maturity date of July 2018.

Cash flow funds had increased from 30th June (£16.4m) to 30th September (£18.3m - see Appendix 2), but have decreased at the end of October to £10.4m (see Appendix 4) following the decision to transfer £8m into the investment portfolio to generate better rates of return.

4. Economic background

The report attached (Appendix 1) contains information up to the end of September 2016; since then we have received an update from Capita, and the abbreviated highlights are included below. Please note that their reference to quarters is based on *calendar* years. The full update from Capita can be made available on request:

Introduction

UK growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%).

The referendum vote for Brexit in June 2016 delivered an immediate shock fall in 'confidence indicators' and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

Bank Rate

The Monetary Policy Committee (MPC) meeting of 3 November left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations.

The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

BANK RATE	Est. now	Est. previously
Q1 2017	0.25%	0.10%
Q1 2018	0.25%	0.10%
Q1 2019	0.25%	0.25%
Q1 2020	0.75%	-

Inflation

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015. In addition, the GfK consumer confidence index has recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result.

Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of 3.2% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, (16% down against the US dollar and 11% down against the Euro); this will feed through into a sharp increase in the cost of imports and materials used in production in the UK.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure for October surprised by under shooting forecasts at 0.9%. However, producer output prices rose at 2.1% and core inflation was up at 1.4%, confirming the likely future upwards path.

Employment

Employment has been growing steadily during 2016, despite initial expectations that the referendum would cause a fall in employment. However, the latest employment data in November, (for October), showed a distinct slowdown in the rate of employment growth and an increase in the rate of growth of the unemployment claimant count. House prices have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

US Data

Despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

The result of the presidential election in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

The election does not appear likely to have much impact on the Fed. in terms of holding back further on increasing the Fed. Rate. Accordingly, the next rate rise is still widely expected to occur in December 2016, followed by sharper increases thereafter, which may also cause Treasury yields to rise further. If the Trump package of policies is fully implemented, there is likely to be a significant increase in inflationary pressures which could, in turn, mean that the pace of further Fed. Rate increases will be quicker and stronger than had been previously expected.

Europe

EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.6% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ:

- ***Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.*
- ***Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.*
- *The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.*

- **German Federal election August – 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU (note, not just the Eurozone currency area) principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

5. **Net Borrowing**

The Council's borrowing portfolio is attached at Appendix 3. No new borrowing was undertaken during the quarter.

Council approved a revised TMS on 28th September to increase borrowing limits to enable the borrowing to support the Dover Leisure Centre project to be undertaken, subject to project approval. A further update is being considered by Cabinet and Council on 21st and 30th November respectively to approve a further increase in borrowing limits to fund the separate property investment strategy, which itself will require consideration for approval at the same meetings. Details of any specific borrowing will be advised to Members as part of the quarterly update reports when it is undertaken.

6. **Debt Rescheduling**

At this time it is not of benefit to the Council to consider rescheduling of its long-term debt, as advised by Capita.

7. **Compliance with Treasury and Prudential Limits**

The Council has operated within the treasury limits and Prudential Indicators and in compliance with the Council's Treasury Management Practices.

Appendices

Appendix 1 – Capita treasury management report for quarter two

Appendix 2 – Investment portfolio as at 30 September 2016

Appendix 3 – Borrowing portfolio as at 30 September 2016

Appendix 4 – Investment portfolio as at 31 October 2016

Background Papers

Medium Term Financial Plan 2016/17 – 2019/20

Contact Officer: Stuart Groom, extension 2072

Date: 18th November 2016

Treasury Management Update

Quarter Ended 30 September 2016

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

1. Economic Background

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international

scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in their economies and economic growth.

Japan is still bogged down in anaemic growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

2. Interest Rate Forecast

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2016/17, which includes the Annual Investment Strategy, was approved by the Council on 02/03/2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will also aim to achieve the optimum return (yield) on its 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 cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 September 2016.

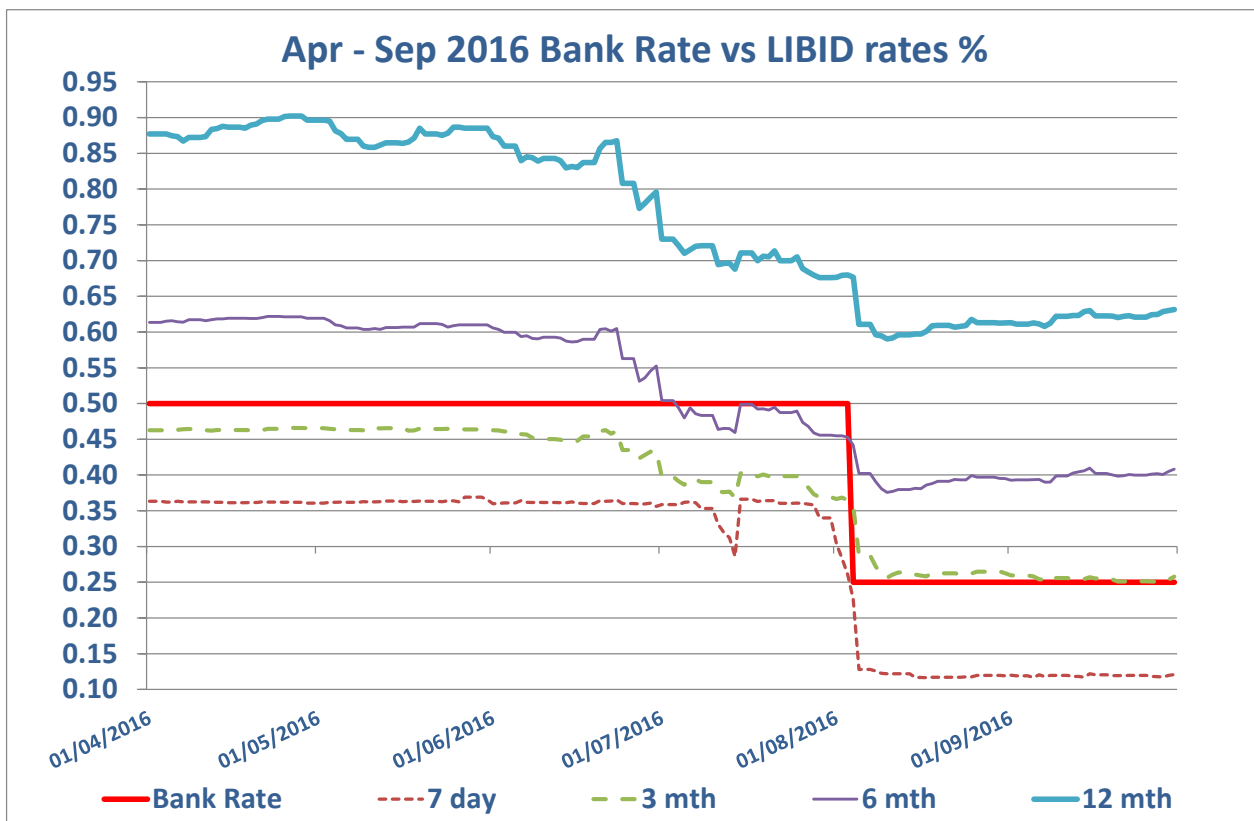
Investment rates available in the market were broadly stable during the first half of the quarter but then took a slight downward path in the second half concluding with a significant drop after the referendum on a sharp rise in expectations of an imminent cut in Bank Rate and "lower for longer" expectations thereafter.

The average level of funds available for investment purposes during the quarter following a review of cashflow needs was **£42.9m**. 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. The Council held **£44.6m** core cash balances for investment purposes at 30 September 2016 (i.e. funds available for more than one year).

Investment performance for the financial year to date as at 30th September 2016

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.28%	0.60%	£178k YTD

As illustrated, the Council outperformed the benchmark by 32 **bps**. The Council's budgeted investment return for 2016/17 is **£329k**, and performance for the year is estimated to be **£335k**, which is **£6k** above budget.



4. New Borrowing

There has been significant volatility in PWLB rates during quarter 1 culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an 'IN' result for the referendum, followed by a sharp rise in the run up to the referendum day as the polls swung the other way, followed by a sharp fall to the end of the month in anticipation that there is likely to be further quantitative easing purchases of gilts in the coming months.

During the year to date, the 50 year PWLB target (certainty) rate for new long term borrowing started at 3.10% and ended at 2.10%.

No borrowing was undertaken during the quarter. However, further borrowing may be undertaken during this financial year. Details of any specific borrowing will be advised to Members as part of the quarterly update reports when it is undertaken.

PWLB certainty rates for the financial year to 30th September 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.81%	0.95%	1.42%	2.08%	1.87%
Date	07/09/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.99%	1.33%	1.92%	2.69%	2.46%

Borrowing in advance of need

This Council has not borrowed in advance of need during the quarter ended 30 September 2016.

5. Debt Rescheduling

No debt rescheduling was undertaken during the quarter ended 30 September 2016.

6. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown after point (7) below.

7. Other

Treasury Management Strategy (TMS)

An update of the TMS was approved at Council on 28th September 2016, with a further version being considered by Cabinet and Council on 21st and 30th November respectively to increase borrowing limits for the purpose of property investment.

Changes in credit rating methodology

The recent post referendum change in the UK sovereign rating (downgraded from 'AA+' to 'AA' by Fitch) has no direct impact on the Council's ability to invest, as it has excluded the UK from its sovereign rating criteria overlay.

Prudential and Treasury Indicators as at 30 September 2016

Treasury Indicators	2016/17 Budget £'000	Quarter 2 (Jul-Sep) Actual £'000
Authorised limit for external debt ¹	113,500	138,500
Operational boundary for external debt ²	108,000	133,000
Maturity structure of fixed rate borrowing - budgeted/projected year-end position		
Under 12 months	2,154	2,154
12 months to 2 years	2,223	2,223
2 years to 5 years	7,104	7,104
5 years to 10 years	13,442	13,442
10 years and above	62,745	62,745
Prudential Indicators		
	2016/17 Budget £'000	Quarter 2 (Jul-Sep) Actual £'000
Capital expenditure	15,845	3,392
Capital Financing Requirement (CFR)	87,964	89,008

¹ Approval is being sought to increase the **authorised limit** to £338,500 in a further revision to the TMS, which goes before Cabinet and Council on 21st and 30th November 2016 respectively, to fund the new 'Property Investment Strategy' which itself goes to the same meetings for approval.

² Approval is also being sought to increase the **operational boundary for external debt** to £333,000 in the revised TMS, which goes to Cabinet and Council on 21st and 30th November respectively, for the same reason.

In-house as at 30/09/16

APPENDIX 2

Organisation	Type of investment	Current rating	Issue Date	Maturity date	Market yield %	Book cost	Government Sovereign Debt rating	Options available
Held in Custody at Kings and Shaxon								
United Kingdom	Gilt		24/05/2013	22/07/2018	1.250	950,000		
United Kingdom	Gilt		11/06/2013	22/07/2018	1.250	960,000		
						1,910,000		
<u>In-house Investments - Portfolio:</u>								<i>Duration</i>
Barclays	Fixed term deposit	A/F1/5	04/04/2016	04/10/2016	0.640	5,000,000	UK - Gov 'AA'	183 days
Lloyds	Fixed term deposit	A+/F1/5	09/05/2016	09/11/2016	0.800	1,000,000	UK - Gov 'AA'	184 days
Lloyds	Fixed term deposit	A+/F1/5	17/06/2016	19/12/2016	0.800	3,000,000	UK - Gov 'AA'	185 days
Bank of Scotland	Fixed term deposit	A+/F1/5	28/06/2016	28/12/2016	0.800	7,400,000	UK - Gov 'AA'	183 days
Lloyds	Fixed term deposit	A+/F1/5	28/06/2016	28/12/2016	0.800	2,000,000	UK - Gov 'AA'	183 days
Nationwide	Fixed term deposit	A/F1/5	04/07/2016	04/01/2017	0.550	1,000,000	UK - Gov 'AA'	184 days
Lloyds	Fixed term deposit	A+/F1/5	29/07/2016	30/01/2017	0.800	2,000,000	UK - Gov 'AA'	185 days
Nationwide	Fixed term deposit	A/F1/5	01/08/2016	01/02/2017	0.470	3,000,000	UK - Gov 'AA'	184 days
Nationwide	Fixed term deposit	A/F1/5	24/08/2016	24/02/2017	0.400	3,000,000	UK - Gov 'AA'	184 days
HSBC (Evergreen)	Notice Savings Account	AA-/F1+/1	26/02/2016		0.390	7,511,138	UK - Gov 'AA'	90 days notice required to withdraw funds
Santander	Notice Savings Account	A/F1/2	02/04/2016		0.650	7,836,871	UK - Gov 'AA'	95 days notice required to withdraw funds

42,748,009

Total Portfolio

44,658,009

46

Cashflow:

Call Accounts/MMF (as at 30/09/16)

Rate

Global Treasury Fund (Goldman Sachs Money Market Fund)	4,550,106	0.27%
Standard Life Investments (Money Market Fund)	5,000,000	0.37%
Natwest SIBA	8,537,004	0.25%
Natwest SIBA - SEEDA (DTIZ)	56,066	0.25%
Natwest SIBA - EP (HCA)	47,753	0.25%
Natwest SIBA - ASDA	7	0.25%
Santander	502	0.15%
Bank of Scotland (BOS)	3,603	0.15%
HSBC Business Acc	10,840	0.00%
Barclays	99,140	0.10%
Total Cash flow	18,305,021	
Total Portfolio and Cashflow	62,963,030	

Dover District Council Borrowing - 2016/17

APPENDIX 3

Interest Type	Date Loan Taken Out	Date Loan Matures	Repayment Dates	Loan Number	Principal Balance 01-Apr-16	Interest Rate %	Principal To Be Repaid 2016/17	Annual Interest 2016/17	Lender	Type of loan
Fixed	02/10/1997	02/10/2057	APR-OCT	479961	1,000,000	6.75		67,500	PWLB	Principal due on Maturity
Fixed	28/05/1997	28/05/2057	MAY-NOV	479542	2,000,000	7.38		147,500	PWLB	Principal due on Maturity
Fixed	23/08/1946	23/06/2026	JUNE-DEC	131582	468	2.50	44.64	13	PWLB	Equal Instalment of Principal (EIP)
Fixed	27/09/1946	27/06/2026	JUNE-DEC	131583	87	2.50	8.40	2	PWLB	Equal Instalment of Principal (EIP)
Fixed	16/11/2001	30/09/2026	SEPT-MAR	486237	1,000,000	4.75		47,500	PWLB	Principal due on Maturity
Variable	16/12/2002	16/12/2042	JUNE-DEC	N/A	3,000,000	4.75		142,500	KA Finanz AG Bank	Repayable if called by Bank
Fixed	26/03/2012	26/03/2042	SEPT-MAR	499853	82,754,565	3.18	2,086,670.69	2,615,137	PWLB	Annuity
Fixed	01/05/2012	01/11/2027	MAY-NOV		95,806	0.00	8,709.60	0	Lawn Tennis Association	Interest free
					89,850,927		2,095,433	3,020,152		

HRA Financing

In-house as at 31/10/16

APPENDIX 4

Organisation	Type of investment	Current rating	Issue Date	Maturity date	Market yield %	Book cost	Government Sovereign Debt rating	Options available
Held in Custody at Kings and Shaxon								
United Kingdom	Gilt		24/05/2013	22/07/2018	1.250	950,000		
United Kingdom	Gilt		11/06/2013	22/07/2018	1.250	960,000		
						1,910,000		
<u>In-house Investments - Portfolio:</u>								<i>Duration</i>
Lloyds	Fixed term deposit	A+/F1/5	09/05/2016	09/11/2016	0.800	1,000,000	UK - Gov 'AA'	184 days
Lloyds	Fixed term deposit	A+/F1/5	17/06/2016	19/12/2016	0.800	3,000,000	UK - Gov 'AA'	185 days
Bank of Scotland	Fixed term deposit	A+/F1/5	28/06/2016	28/12/2016	0.800	7,400,000	UK - Gov 'AA'	183 days
Lloyds	Fixed term deposit	A+/F1/5	28/06/2016	28/12/2016	0.800	2,000,000	UK - Gov 'AA'	183 days
Nationwide	Fixed term deposit	A/F1/5	04/07/2016	04/01/2017	0.550	1,000,000	UK - Gov 'AA'	184 days
Lloyds	Fixed term deposit	A+/F1/5	29/07/2016	30/01/2017	0.800	2,000,000	UK - Gov 'AA'	185 days
Nationwide	Fixed term deposit	A/F1/5	01/08/2016	01/02/2017	0.470	3,000,000	UK - Gov 'AA'	184 days
Nationwide	Fixed term deposit	A/F1/5	24/08/2016	24/02/2017	0.400	3,000,000	UK - Gov 'AA'	184 days
Barclays	Fixed term deposit	A/F1/5	04/10/2016	05/04/2017	0.451	8,000,000	UK - Gov 'AA'	183 days
Leeds BS	Fixed term deposit	A-/F1/5	06/10/2016	06/04/2017	0.460	5,000,000	UK - Gov 'AA'	182 days
HSBC (Evergreen)	Notice Savings Account	AA-/F1+/1	26/02/2016		0.390	7,511,138	UK - Gov 'AA'	90 days notice required to withdraw funds
Santander	Notice Savings Account	A/F1/2	02/04/2016		0.650	7,836,871	UK - Gov 'AA'	95 days notice required to withdraw funds

48

50,748,010

Total Portfolio

52,658,010

Cashflow:

Call Accounts/MMF (as at 31/10/16)

Rate

Global Treasury Fund (Goldman Sachs Money Market Fund)	550,106	0.26%
Standard Life Investments (Money Market Fund)	5,000,000	0.35%
Natwest SIBA	4,740,011	0.25%
Natwest SIBA - SEEDA (DTIZ)	56,066	0.25%
Natwest SIBA - EP (HCA)	47,753	0.25%
Natwest SIBA - ASDA	0	0.25%
Santander	502	0.15%
Bank of Scotland (BOS)	3,603	0.15%
HSBC Business Acc	0	0.00%
Barclays	16,044	0.10%

Total Cash flow

10,414,084

Total Portfolio and Cashflow

63,072,094



The Annual Audit Letter for Dover District Council

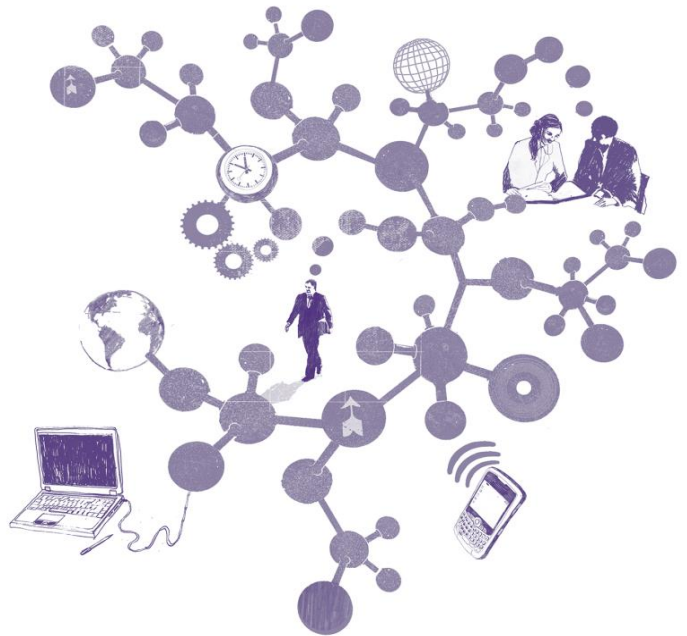
Year ended 31 March 2016

26 October 2016

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2. Audit of the accounts	5
3. Value for Money conclusion	7

Appendices

A Reports issued and fees

Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Dover District Council (the Council) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Governance Committee as those charged with governance in our Audit Findings Report on 29 September 2016.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISA(UK&I)s) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 29 September 2016.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 29 September 2016.

Certificate

We certified that we had completed the audit of the accounts of Dover District Council in accordance with the requirements of the Code on 29 September 2016.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2016

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £1,320,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for certain areas such as cash and senior officer remuneration for example due to increased public interest. We set a lower threshold of £66,000, above which we reported errors to the Governance Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISA(UK&I)s and the NAO Code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and was risk based. We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 29 September 2016.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of the Council to the Council's Governance Committee on 29 September 2016.

The key messages arising from our audit of the Council's financial statements are:

- the draft accounts were prepared to a high standard
- improvements could be made in the retention of records to support capital accounting entries.

A small number of amendments to disclosures were agreed, with no impact on the Council's reported financial position.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Valuation of property, plant and equipment The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> • A walkthrough of the council's processes and controls over this area to gain an understanding of these. • Verification of the existence and ownership of material assets and a sample of those remaining. • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review of the internal revaluation of any Council owned assets and challenge the assumptions made in arriving at the valuation. • Testing of the significant movements in the year such as additions, depreciation, transfers and disposals to ensure that these amounts are valid. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. <p>Our audit work did not identify any significant issues in relation to the risk identified. However, we noted the following control weakness:</p> <ul style="list-style-type: none"> • The findings of the valuer were not subject to adequate oversight by management, for example instructing the valuer on the assets to be reviewed and documenting consideration of the validity of the assumptions used. <p>The Council agreed the following recommendation:</p> <ul style="list-style-type: none"> • Issue instructions for the valuer's annual review of the Council's assets and document management's consideration of the validity of the valuer's assumptions.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p>Employee remuneration expenses not correct</p>	<p>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</p> <p>Trend analysis on the council's Monthly Payroll Figures to identify any months where there were outliers present which may have indicated issues with the completeness of the figures included within the GL from the Payroll System.</p> <p>Testing of a sample of employees across the year to agree pay back to the relevant supporting records..</p> <p>We did not identify any issues to report</p>
<p>Creditors understated or not recorded in the correct period</p>	<p>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</p> <p>Detailed substantive testing over the operating expenditure incurred by the Council, during the year, including payments made post-period end.</p> <p>Trend analysis of the month-on-month spend on Operating Expenses to identify any months where amounts may have been omitted.</p> <p>Testing was also performed on the Creditors included within the Accounts at year end to ensure that these amounts were valid.</p> <p>We did not identify any issues to report</p>
<p>Property, plant and equipment activity not valid</p>	<p>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</p> <p>Verification of the existence and ownership of material assets and a sample of those remaining.</p> <p>Test of significant movements in the year such as additions, depreciation, transfers and disposals to ensure that these amounts are valid.</p> <p>We did not identify any issues to report</p>
<p>Valuation of the pension fund assets and liabilities incorrectly valued</p>	<p>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</p> <p>Document our understanding of the qualifications, experience and expertise of the actuary in reaching the valuation of the pension fund's assets and liabilities.</p> <p>Test the completeness and appropriateness of the data sent to the pension fund by the council.</p> <p>Review the assumptions used by the actuary in arriving at their valuation for reasonableness.</p> <p>Test the input of the valuation data from the actuary to the financial statements, and review disclosures made under IAS 19.</p> <p>We did not identify any issues to report</p>

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code, following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate which was that:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

As part of our Audit Findings report agreed with the Council in September 2016, we agreed one recommendation to address our findings, that the Council ensures the funding gap projected in the Council's medium term financial plan and the measures in place to address it are kept under active review to address any slippage.

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Value for Money

Risk identified	Work carried out	Findings and conclusions
<p>Medium term financial plan The local government settlement has placed further pressure on the Council's finances and the Council's medium term financial plan includes the need for significant savings over the next four years.</p>	<p>Review the Council's plans to deliver savings over the course of the medium term financial plan.</p>	<p>The Council has sound arrangements for developing, updating and implementing its medium term financial plan (MTFP). Focus on achievement of corporate priorities is evident through the financial planning process, and the MTFP ensures that resources are focused on priorities. Service and financial planning processes are well integrated, and the MTFP is consistent with other key strategies, including workforce plans. There is regular review of the MTFP and the assumptions made within it, and the Council has performed sensitivity analysis on its financial model using a range of economic assumptions. The Council responds to changing circumstances and manages its financial risks effectively.</p> <p>Within the MTFP, there is a cumulative savings and income growth target of £1 million per annum for the three years from 2017/18. The cumulative target of £3 million represents a significant challenge which if not achieved could result in a shortfall of £1 million on the General Fund by 2019/20.</p> <p>Recommendation: Ensure the funding gap projected in the Council's medium term financial plan and the measures in place to address it are kept under active review to address any slippage.</p> <p>On this basis we have concluded that the risk was sufficiently mitigated and has proper arrangements but the Council needs to take action to maintain financial balance.</p>
<p>HRA Business Plan The rent reduction required by central government will reduce HRA income by £6.9 million against previous forecasts over the next 4 years. This will have a significant impact on the HRA Business Plan.</p>	<p>Update our understanding of the Council's HRA business planning.</p>	<p>The Council has updated the HRA Business Plan to take full account of the required rent reductions. Over the four year period of the reductions, the HRA balance is projected to remain at £1 million to £1.028 million while making a £6.5 million cumulative contribution to reserves. Although the capacity to invest in HRA capital projects has inevitably been adversely affected, the Council has rightly planned to ensure that the HRA balance remains at a prudent level.</p> <p>On this basis we have concluded that the risk was sufficiently mitigated and the Council has proper arrangements.</p>

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and the provision of non-audit services.

Fees

	Budget £	Actual £
Council audit	53,685	53,685
Grant certification	12,341	TBC
Total audit fees (excluding VAT)	65,926	TBC

Fees for other services

Service	Fees £
Audit related services:	
• Pooling Housing Capital Receipts return	1,500

Reports issued

Report	Date issued
Audit Plan	March 2016
Audit Findings Report	September 2016
Annual Audit Letter	October 2016

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Subject: REVIEW OF THE CONSTITUTION 2016

Meeting and Date: Governance Committee – 1 December 2016
 Planning Committee – 15 December 2016
 Council – January 2017

Report of: Director of Governance

Classification: UNRESTRICTED

Purpose of the report: Article 15 of the Constitution requires the Monitoring Officer to conduct regular reviews of the Constitution. A 2016 review has been undertaken proposing changes to Part 3 – Responsibility for Functions at Section 1, 2 and 6.

Article 15, paragraph 15.02 (a) requires that amendments to the Constitution will only be approved by Council (or its committees) after consideration of the proposal by the Governance Committee.

Article 15, paragraph 15.02 (d) enables proposed changes to the Constitution relating to the amendment of the title of an officer to be approved by the Monitoring Officer.

Part 3, Section 6, Sub section A Paragraph 12 of the Constitution allows for the Scheme of Officer Delegations (Part 3, Section 6) to be amended from time to time by the Council.

Recommendation:

Governance Committee:

That it be recommended to Council:

- (1) That it be recommend to Council that the proposed changes in the Review of the Constitution 2016, specifically relating to Part 3, Responsibility for Functions, Section 1 (Responsibility for Local Choice Functions), Section 2 (Responsibility for Council Functions) and Section 6, Sub Section C (Scheme of Officer Delegations) that relate to Council functions be approved and incorporated into the Council’s Constitution, issue no. 20
- (2) That it be recommend to Council that the proposed changes in the Review of the Constitution 2016, specifically relating to Part 3, Section 6, Sub Section C (Scheme of Officer Delegations) that relate to executive functions be approved.

Council:

- (1) That that the proposed changes in the Review of the Constitution 2016, specifically relating to Part 3, Responsibility for Functions, Section 1 (Responsibility for Local Choice Functions), Section 2 (Responsibility for Council Functions) and Section 6, Sub Section C (Scheme of Officer Delegations) that relate to Council functions be approved and incorporated into the Council’s Constitution,
-

- (2) That the proposed changes in the Review of the Constitution 2016, specifically relating to Part 3, Section 6, Sub Section C (Scheme of Officer Delegations) that relate to executive functions be approved

Note: The Leader of the Council will be asked separately to approve any changes relating to executive functions but the Council is asked to approve the Scheme of Officer Delegations in its totality in the event that there has been an erroneous misclassification of functions.)

Planning Committee:

That Committee note the proposed changes in the Review of the Constitution 2016 issue no. 20, specifically relating to Part 3, Responsibility for Functions, Section 1 (Responsibility for Local Choice Functions), Section 2 (Responsibility for Council Functions) and Section 6, Sub Section C (Scheme of Officer Delegations) which are planning functions.

1. Summary

- 1.1 Article 15 of the Council's Constitution makes provision for the regular review of the Constitution by the Monitoring Officer on an annual and ad-hoc basis. This 2016 review incorporates a number of changes to the functions of the Planning Committee (Part 3, Responsibility for Functions, Sections 1 and 2) and to the Scheme of Officer Delegations (Part 3, Section 6, Sub Section C).
- 1.2 The purpose of the proposed changes to Sections 1 and 2 are to make the functions more transparent and easy to understand and don't attempt to change the balance of power between the Planning Committee and those delegated to the officers through the Scheme of Officer Delegations. They are intended to make the document more accessible.
- 1.3 The purpose of the proposed changes within Sections 6 are to mirror the changes in sections 1 and 2 and also to reflect changes in structures and responsibilities within the Council. They are also intended to make the document more accessible.

2. Introduction and Background

- 2.1 Since the introduction of the first version of the Constitution in 2002, the Council has revised the Constitution nineteen times. The Review of the Constitution 2016, which has been undertaken by the Director of Governance / Monitoring Officer in conjunction with the Solicitor to the Council and the Team Leader - Democratic Services, will be the twentieth revision resulting in the proposed draft version 20.
- 2.2 Due to the size of the Council's Constitution, it is not practical to conduct a detailed analysis of nearly 500 pages on an annual basis and instead specific areas are selected each year for review. This year's review has concerned itself with improving transparency and accessibility, reflecting structural changes to the Council's

organisational structure and the collation of changes made by decision-making bodies such as the Cabinet or Council during the course of the previous year.

2.3 The focus of the 2016 review was as follows:

- (a) Part 3 Responsibility for Functions.
- (b) Part 9 Appendix 1(Proper Officer Appointments)

3. **Approval of Amendments to the Constitution**

3.1 The changes to the Constitution come in three types – changes requiring Executive approval, changes delegated to the Monitoring Officer to approve and changes requiring Council approval.

3.2 The detail of the changes are set out below:

- (a) **Part 3, Sections 1 and 2.** Changes to Sections 1 and 2 intend to make the Responsibility for Local Choice and Council Functions more transparent and easy to understand Delegations. Changes within Sections 6 mirror the changes in sections 1 and 2 and also to reflect changes in structures and responsibilities within the Council. The changes are intended to make the document more accessible, without significantly affecting distribution of functions between the Planning Committee and those delegated to the officers through the Scheme of Officer Delegation.

It should be noted that the Leader of the Council will be asked separately to approve any changes to the Scheme of Officer Delegations relating to the powers of the executive as the Council is not legally able to do this. Notwithstanding this, the Council is asked to approve the Scheme of Officer Delegations in its' entirety (including those delegations relating to executive functions). This is because the classification of functions between executive and non-executive functions is not entirely straightforward and we now know from decided legal cases that if a delegation is approved by the wrong body it is likely to be of no legal effect. If the entire Scheme of Officer Delegations is approved by both the Council and the executive Leader, the Council should be better placed to answer any legal challenge that the individual delegations have not been properly approved.

Part 9, Appendix 1. Proper Officer Appointments for Specified Statutory Purposes and for Specified Purposes. These changes relate to the amendment of the title of two proper officers and has been approved by the Monitoring Officer.

4. **Identification of Options**

- 4.1 Option 1 - To approve the 2016 Review of the Constitution as submitted.
- 4.2 Option 2 – To not approve the 2016 Review of the Constitution as submitted.
- 4.3 Option 3 – To amend the Constitution in some other way

5. **Evaluation of Options**

- 5.1 Option 1 is the preferred option as it enables the efficient operation of the authority to continue.
- 5.2 Option 2 is not the preferred option as it will significantly impede the day-to-day operation of the authority as the Constitution will no longer be able to operate as a definitive reference for officers.
- 5.3 Option 3 is not recommended as it will not be possible for the Governance Committee or the Council to make any significant changes to the proposals at their meeting. Should members be minded to pursue this option they would need to instruct the Director of Governance/Monitoring Officer as to their wishes and require him to report to future meetings of the Governance Committee and the Council.

6. **Resource Implications**

There are no resource implications arising from the Review of the Constitution.

7. **Appendices**

Appendix A – Draft Constitution of the Council (Version 20)

8. **Background Papers**

Local Government Act 2000 and the regulations made under that Act.

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DOVER DISTRICT COUNCIL

GOVERNANCE COMMITTEE – 1 DECEMBER 2016

EXCLUSION OF THE PRESS AND PUBLIC

Recommendation

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting for the remainder of the business on the grounds that the item(s) to be considered involve the likely disclosure of exempt information as defined in the paragraph of Part 1 Schedule 12A of the 1972 Act set out below:

<u>Item</u>	<u>Report Title</u>	<u>Paragraphs Exempt</u>	<u>Reason Exempt</u>
10	Annual debt Collection Report – EKS	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information.)
11	Annual Debt Collection Report – EKH	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

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

Agenda Item No 10

Document is Restricted

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

Agenda Item No 11

Document is Restricted