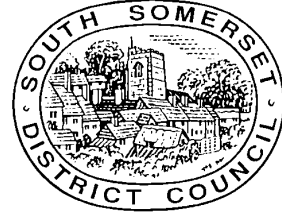


**South Somerset District Council**

*Notice of Meeting*



# Audit Committee

*Making a difference where it counts*

**Thursday 23rd February 2017**

**10.00 am**

**Chamber B, Council Offices,  
Brympton Way, Yeovil BA20 2HT**

(disabled access and a hearing loop are available at this meeting venue)



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The following members are requested to attend the meeting:

**Chairman:** Derek Yeomans  
**Vice-chairman:** Tony Lock

Jason Baker  
Mike Beech  
Mike Best

Carol Goodall  
Val Keitch  
Graham Middleton

David Norris  
Colin Winder

If you would like any further information on the items to be discussed, please contact the Democratic Services Officer on 01935 462596 or [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk)

This Agenda was issued on Tuesday 14 February 2017.

*Ian Clarke, Assistant Director (Legal & Corporate Services)*

This information is also available on our website  
[www.southsomerset.gov.uk](http://www.southsomerset.gov.uk) and via the mod.gov app



INVESTORS IN PEOPLE

## **Information for the Public**

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny 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.

The Audit Committee should review the Code of Corporate Governance seeking assurance where appropriate from the Executive or referring matters to management on the scrutiny function.

The terms of reference of the Audit Committee are:

### **Internal Audit Activity**

1. To approve the Internal Audit Charter and annual Internal Audit Plan;
2. To receive quarterly summaries of Internal Audit reports and seek assurance from management that action has been taken;
3. To receive an annual summary report and opinion, and consider the level of assurance it provides on the council's governance arrangements;
4. To monitor the action plans for Internal Audit reports assessed as "partial" or "no assurance;"
5. To consider specific internal audit reports as requested by the Head of Internal Audit, and monitor the implementation of agreed management actions;
6. To receive an annual report to review the effectiveness of internal audit to ensure compliance with statutory requirements and the level of assurance it provides on the council's governance arrangements;

### **External Audit Activity**

7. To consider and note the annual external Audit Plan and Fees;
8. To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken;

### **Regulatory Framework**

9. To consider the effectiveness of SSDC's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action is being taken;
10. To review the Annual Governance Statement (AGS) and monitor associated action plans;
11. To review the Local Code of Corporate Governance and ensure it reflects best governance practice. This will include regular reviews of part of the Council's Constitution and an overview of risk management;
12. To receive reports from management on the promotion of good corporate governance;

### **Financial Management and Accounts**

13. To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised;

14. To provide a scrutiny role in Treasury Management matters including regular monitoring of treasury activity and practices. The committee will also review and recommend the Annual Treasury Management Strategy Statement and Investment Strategy, MRP Strategy, and Prudential Indicators to Council;
15. To review and recommend to Council changes to Financial Procedure Rules and Procurement Procedure Rules;

### **Overall Governance**

16. The Audit Committee can request of the Assistant Director – Finance and Corporate Services (S151 Officer), the Assistant Director – Legal and Corporate Services (the Monitoring Officer), or the Chief Executive (Head of Paid Services) a report (including an independent review) on any matter covered within these Terms of Reference;
17. The Audit Committee will request action through District Executive if any issue remains unresolved;
18. The Audit Committee will report to each full Council a summary of its activities.

Meetings of the Audit Committee are usually held monthly including at least one meeting with the Council's external auditor, although in practice the external auditor attends more frequently.

Agendas and minutes of this committee are published on the Council's website at [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

### **Members questions on reports prior to the Meeting**

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

### **Recording and photography at council meetings**

Recording of council meetings is permitted, however anyone wishing to do so should let the Chairperson of the meeting know prior to the start of the meeting. The recording should be overt and clearly visible to anyone at the meeting, but non-disruptive. If someone is recording the meeting, the Chairman will make an announcement at the beginning of the meeting. If anyone making public representation does not wish to be recorded they must let the Chairperson know.

The full 'Policy on Audio/Visual Recording and Photography at Council Meetings' can be viewed online at:

<http://modgov.southsomerset.gov.uk/documents/s3327/Policy%20on%20the%20recording%20of%20council%20meetings.pdf>

# Audit Committee

**Thursday 23 February 2017**

## Agenda

### *Preliminary Items*

**1. Minutes**

To approve as a correct record the minutes of the previous meeting held on 26 January 2017.

**2. Apologies for absence**

**3. Declarations of Interest**

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the agenda for this meeting.

**4. Public question time**

**5. Date of next meeting**

Councillors are requested to note that the next Audit Committee meeting is scheduled to be held at 10.00am on 23 March 2017 in the Main Committee Room, Brympton Way, Yeovil.

### *Items for Discussion*

**6. Certification of Claims Report** (Pages 5 - 11)

**7. SWAP Internal Audit - Quarter 3 2016/17 Update** (Pages 12 - 26)

**8. Treasury Management Performance to December 2016** (Pages 27 - 38)

**9. Risk Registers for the Transformation and Westlands Projects** (Pages 39 - 50)

**10. Audit Committee Forward Plan** (Pages 51 - 52)

# Agenda Item 6

## **Certification of Claims Report**

*Assistant Director: Donna Parham, Finance and Corporate Services*

*Lead Officer: As above*

*Contact Details: Donna.parham@southsomerset.gov.uk or (01935) 462225*

## **Purpose of the report**

This report introduces the annual report from our external auditors Grant Thornton on their findings from the signing off of the Housing Benefit Subsidy Claim for 2015/16.

## **Recommendation**

The Audit Committee is asked to note the contents of the Certification of Claim Report for 2015/16.

## **Introduction**

The Certification of Claims Report is included within the remit of the Audit Committee under its terms of reference as follows:

“To consider the effectiveness of SSDC’s risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action has been taken”

“To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken”

## **Subsidy Claim**

The external auditors certify the subsidy claim for the Housing Benefit Scheme. The report from Grant Thornton is attached at Appendix A. The total claim was £45,903,608 and through the audit process £274,211 is required as an amendment to the claim. This sum is due to be paid to the Department for Work and Pensions (DWP).

The areas where errors were found were:-

- Earned income.
- Self Employed income
- Savings credits
- Tax credits
- Classification of overpayments

Where errors were found and it was possible to identify and check all of the claims which may be affected by the same error all the claims were checked and the claim was amended to take into the result of the checking. However, where 100% checking was not possible due to the number of claims that needed to be checked extrapolation takes effect. Extrapolation is where a % error rate found when testing a sample of 40 claims for that error is applied to the total amount which may be affected by the error.

The errors found, where 100% checking couldn't be carried out, totalled £3,703 and the total sample value was £899,942. As we were unable to do 100% checking for the errors the % error rates were extrapolated and the overall impact on SSDC will be £274,211. An example of how extrapolation works is shown below:-

| Sample                           | Movement / brief note of error:   | Sub population total | Sample error  | Sample value    | Percentage error rate | Cell adjustment  |
|----------------------------------|---|----------------------|---------------|-----------------|-----------------------|------------------|
|                                  |   | [SP]                 | [SE]          | [SV]            | [SE/SV]               | [SE/SV times CT] |
| <b>Combined sample- 60 cases</b> | 6 errors where claims were overstated due to incorrect calculation of earned income | <b>£11,249,534</b>   | <b>(£160)</b> | <b>£176,307</b> | <b>0.091%</b>         | <b>(£10,209)</b> |

So, in the example above when testing earned income 6 errors were found where benefit had been overpaid. The errors totalled £160, which is 0.091% of the total value of benefits in the sample. The error rate i.e. the 0.091% has then been extrapolated against the sub population value of £11.25 million and the resulting £10,209 is the amount the claim has to be adjusted for in respect of the error.

Whilst we owe the DWP £274,211 we already have £148,876 of this in reserves. This is because the DWP provide an incentive to Local Authorities, (LA), whereby depending on the amount of the LA overpayments on the final subsidy claim when compared to the 100% expenditure on the final claim form we receive either nil, 40% or a 100% of the LA overpayments. At the end of the 15/16 year our LA overpayments were such that we received 100% subsidy in respect of them and the sum was put into a reserve account pending the outcome of the audit.

Ideally when an error is found we would carry out a 100% check of the claims that may be affected so that the subsidy claim can be amended and the amount that is either owed to/or by the DWP is a 'true figure'. However, when considering whether to do 100% checking the number of claims and the complexity of the error needs to be taken into account along with the time that would be needed to do checking. This is because whilst doing the extra testing for a previous years subsidy claim may produce a more accurate 'end figure' the time spent doing the testing reduces the time that is available for testing, and correcting claims, within the current year before the final claim is submitted.

For the auditing of the subsidy claim all the claims tested have to be 100% accurate, there is no materiality amount that the auditors are able allow for.

### **Risk of error**

Housing Benefit has an extensive and complex legislative framework which sits within the Social Security Benefit System.

This is highlighted within the risk assessment of the budget as:-

"There remains however some key risks inherent in the 2016/17 Revenue Budget since the budget is a financial plan based on assumptions. The current key risks will be managed by the individual officers as shown in italics below:

Housing Benefit Subsidy is administered on behalf of Central Government by SSDC and a grant reimburses for expenditure incurred. Approximately £44m in benefit is paid out and the grant

normally accounts for 100% of this, however adjustments reducing the grant are made for local authority errors. (*Assistant Director – Finance and Corporate Services*)”

Over the last couple of years there has been a shift in the make-up of the Housing Benefit Caseload as the economy has improved. There are increasing numbers of customers who have moved in to work, or become self-employed but who remain entitled to Housing Benefit support. These cases are not only more complex to administer than an unemployed claim thus increasing the risk of error, but also require many more amendments to their claim throughout the year increasing the risk still further.

### **Risk mitigation measures**

Currently 10% + of claims are checked internally for accuracy. In order to mitigate further some of the increased risk the following actions have been agreed

- *An assessment will be carried out to check if errors are similar and therefore highlighting a training need. Training will be carried out where need is identified*
- *Process maps have been amended to add in further checks*
- *Feedback from the audit has been given at the team meeting*
- *Information received through Atlas for one off Tax Credit awards is now checked by an assessor before processing*
- *A group has been set up to improve accuracy*
- *SWAP are carrying out an audit to see if there are further improvements that can be made*

### **Financial Implications**

A proportion of identified overpayments is being or will be recovered and any final payment will be found from the Housing Benefit Reserve which was set up for this purpose.

### **Background Papers**

Housing Benefit Subsidy Claim.

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# Grant Thornton

An instinct for growth™

Donna Parham  
Assistant Director – Finance and Corporate Service  
South Somerset District Council  
Brympton Way  
Yeovil  
BA20 2HT

Grant Thornton UK LLP  
Hartwall House  
55-61 Victoria Street  
Bristol BS1 6FT  
T +44 (0)117 305 7600  
F +44 (0)117 305 7784  
DX 78112 Bristol  
www.grant-thornton.co.uk

20 January 2017

Dear Donna

### **Certification work for South Somerset District Council for year ended 31 March 2016**

We are required to certify the Housing Benefit subsidy claim submitted by South Somerset District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015

We have certified the Housing Benefit subsidy claim for the financial year 2015/16 relating to expenditure of £45.3 million. Further details of the claims certified are set out in Appendix A.

There were issues arising from our certification work which we wish to highlight for your attention and required 40+ testing to be undertaken. These are shown below:

- Testing of rent allowances identified one case where an overpayment was incorrectly classified as a LA error and should have been classified as an eligible error
- Testing of rent allowances identified one case where benefit was overpaid and one case where benefit was underpaid, as a result of the authority inputting the claimant's tax credits incorrectly
- Testing of a prior year issue, where the claimant's weekly income had been incorrectly calculated within rent allowances, identified errors leading to four cases which resulted in an overpayment and two cases which resulted in underpayments
- Testing of a prior year issue, where the claimant's self-employed income had been incorrectly calculated within rent allowances, identified errors leading to one case which resulted in an overpayment and 10 cases which resulted in underpayments
- Testing of a prior year issue, where the claimant's pension credit savings credit had been incorrectly input within rent allowances, identified errors leading to one case which resulted in an overpayment and four cases which resulted in underpayments
- A further three errors were identified that resulted in testing of 100% of the population. The errors were
  - Working tax credits and child tax credits had not been updated within Northgate
  - Non-dependent earned income had been incorrectly calculated for eight cases
  - Self-employed income support was incorrectly calculated in one case




We have made one recommendation within the Audit Findings Report that '... management consider implementing a process for ensuring accuracy of income information entered into the benefits system. Management may consider a quality control process to review new or adjusted claims.' Given the number of errors identified in the audit of the certification claim we would like to re-enforce the recommendation and ensure that management address the issues outlined. With the exception of this we are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely returns for audit certification.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £8,052. This is set out in more detail in Appendix B.

As a result of the number of errors identified as part of the audit, extra resources have been required to ensure that the statutory deadline was met and that complete and appropriate testing has been undertaken to provide assurance over the accuracy of the figures to the Council and to the fee paying body. Therefore, a fee variation of £3,802 is proposed and will require approval by PSAA before it can be confirmed.

Yours sincerely



For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

| Claim or return                | Value       | Amended? | Amendment (£) | Qualified? | Comments  |
|--------------------------------|-------------|----------|---------------|------------|---|
| Housing benefits subsidy claim | £45,903,608 | Yes      | 0             | Yes        | See issues identified in letter above<br><br>The claim has been amended and this has no impact in the total subsidy claimed as the amendment is a reclassification of subsidy between cells |

Appendix B: Fees for 2015/16 certification work

| Claim or return                        | 2013/14 fee (£) | 2015/16 indicative fee (£) | 2015/16 actual fee (£) | Variance (£) | Explanation for variances   |
|--|-----------------|----------------------------|------------------------|--------------|---|
| Housing benefits subsidy claim (BEN01) | 10,736          | 8,052                      | 11,854                 | 3,082        | <p>Additional time required to carry out five lots of additional 40+ testing and three lots of 100% testing due to initial discovery sampling errors and continued errors identified in testing of prior year issues.</p> <p>This is compared to three lots of 40+ testing required in 13/14 on which the indicative fee is based</p> |
| Total                                  | 10,736          | 8,052                      | 11,854                 | 3,082        |   |

# Agenda Item 7

## **SWAP Internal Audit - Quarter 3 2016/17 Update**

*Head of Service:* Gerry Cox, Chief Executive - SWAP  
*Lead Officer:* Moya Moore - Assistant Director  
*Contact Details:* moya.moore@southwestaudit.co.uk

### **Purpose of the Report**

This report provides an update on the position of the Internal Audit Plan at the end of Quarter 3 2016/17.

### **Recommendation**

To note the progress made.

### **Background**

The Audit Committee agreed the 2016/17 Internal Audit Plan at its March 2016 meeting. This report is to inform the Audit Committee of progress against the Audit plans for 2016/17.

### **Financial Implications**

There are no financial implications associated with these recommendations.

***Background Papers:*** None

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# South Somerset District Council

Report of Internal Audit Activity

Plan Progress 2016/17 Quarter 3

Page 13

# Contents

## The contacts at SWAP in connection with this report are:

**Gerry Cox**  
Chief Executive  
Tel: 01935 848 540  
[gerry.cox@southwestaudit.co.uk](mailto:gerry.cox@southwestaudit.co.uk)

**David Hill**  
Director of Planning  
Tel: 01935 848 540  
[david.hill@southwestaudit.co.uk](mailto:david.hill@southwestaudit.co.uk)

**Moya Moore**  
Assistant Director  
Tel: 01935 848 540  
[moya.moore@southwestaudit.co.uk](mailto:moya.moore@southwestaudit.co.uk)

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## Our audit activity is split between:

- Operational Audit
- School Themes
- Governance Audit
- IT Audit
- Grants
- Other Reviews



## Role of Internal Audit

The Internal Audit service for the South Somerset District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 24 March 2016.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- IT Audits
- Grants
- Other Special or Unplanned Reviews

## Internal Audit Plan Progress 2016/17 Quarter 3

### Outturn to Date:

**We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action**



### Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2016/17.

It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 7 and 8 of this document.

In the period Quarter 3 work has progressed on the following audits from the 2016/17 Audit Plan:

- IT Skills –In Progress
- Healthy Organisation – the eight themes of: Corporate Governance, Risk Management, Financial Management, Programme and Project Management, Information Management, Commissioning and Procurement, People and Asset Management and Performance Management – all In Progress
- Key Income Streams – to cover Car Parks – In Progress
- Key Financial Controls – to cover Capital Accounting, Debtors and Housing Benefit Subsidy Accuracy Checks – In Progress
- Local Council Tax Support Scheme – In Progress
- Safeguarding – Draft Report
- Land Charges – Final Report
- Delivering Cost Savings and Increasing Income – Final Report



## Internal Audit Plan Progress 2016/17 Quarter 3

### Outturn to Date:

**We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action**



### Internal Audit Work Programme Continued

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised in Appendix D.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. These items will remain on this schedule for monitoring by the Committee until the necessary management action is taken and appropriate assurance has been provided that the risks have been mitigated / addressed.

### Added Value

**Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.**



### Added Value

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”.

The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Examples in Quarter 2 include the following:

- We provided SSDC with examples of risk management strategies and policies provided by SWAP Partners.
- We have shared a report on comparisons in the different methodologies used for setting fees and charges across SWAP Partners.
- A review of Audit Committee work plans has been shared across SWAP Partners.
- A report comparing the approach to Equality Impact Assessments of 12 partners was shared.
- We attended Management Board and led a session on Strategic Risk Identification.
- We provided contact details for an officer at South Hams District Council to share lessons learned on their transformation programme.
- We provided some documents to the S151 officer relating to the appointment of External Auditors.
- We shared a document called “The Little Book of Cyber Scams”.
- We shared a diagram showing the sources of assurance for the S151 officer and the audit committee.

# Internal Audit Plan Progress 2016/17 Quarter 3

The Assistant Auditor for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



## SWAP Performance

SWAP now provides the Internal Audit service for 23 bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for South Somerset District Council for the 2016/17 year (as at 2 Feb 2017) are as follows;

| Performance Target  | Average Performance                     |
|---|---|
| <p><b><u>Audit Plan – Percentage Progress</u></b><br/>                     Final, Draft and Discussion<br/>                     In progress</p> | <p>30%<br/>                     48%</p> |
| <p><b><u>Draft Reports</u></b><br/>                     Issued within 5 working days</p>  | <p>83%</p>                              |
| <p><b><u>Final Reports</u></b><br/>                     Issued within 10 working days of discussion of draft report</p>                         | <p>80%</p>                              |
| <p><b><u>Quality of Audit Work</u></b><br/>                     Customer Satisfaction Questionnaire</p>   | <p>80%</p>                              |

## Internal Audit Plan Progress 2016/17 Quarter 3

We keep our audit plans under regular review so as to ensure that we auditing the right things at the right time.



### Approved Changes to the Audit Plan

The following changes have been made to the audit plan in Quarter 3 to ensure internal audit resources are focused on the key risks faced by the Council. All changes are made in agreement or at the request of the Section 151 Officer:

- Culture – The audit on Culture was removed at the request of the client as the Council is currently undergoing a transformational change process and it was felt that the timing of the work would not be appropriate. This was agreed by the Chief Executive and the Strategic Director and the Audit Committee was informed.
- A Strategic Risk Workshop was held with Management Board on 23<sup>rd</sup> January, as a replacement for the Procurement Card audit that had been pulled forward into the previous year's audit plan.

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

|                    |         |   |
|--------------------|---------|---|
| <b>Substantial</b> | ▲ ★ ★ ★ | I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.                                     |
| <b>Reasonable</b>  | ▲ ★ ★ ★ | I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| <b>Partial</b>     | ▲ ★ ★ ★ | I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.   |
| <b>None</b>        | ▲ ★ ★ ★ | I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.                       |

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time. Recommendation are prioritised from 1 to 5 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

| Risk      | Reporting Implications   |
|-----------|--|
| Low       | Issues of a minor nature or best practice where some improvement can be made.                                  |
| Medium    | Issues which should be addressed by management in their areas of responsibility.                               |
| High      | Issues that we consider need to be brought to the attention of senior management.                              |
| Very High | Issues that we consider need to be brought to the attention of both senior management and the Audit Committee. |

| Audit Type           | Audit Area   | Quarter | Status      | Opinion             | No of Rec | 5= Major ← → 1 = Minor |   |   |   |   |
|----------------------|--|---------|-------------|---------------------|-----------|------------------------|---|---|---|---|
|                      |  |         |             |                     |           | Recommendation         |   |   |   |   |
|                      |  |         |             |                     |           | 5                      | 4 | 3 | 2 | 1 |
| <b>2016/17</b>       |  |         |             |                     |           |                        |   |   |   |   |
| Advice               | Strategic Risk Workshop for Management Board                 | 1       | Complete    | Advice              | 0         | 0                      | 0 | 0 | 0 | 0 |
| Follow Up            | Property Services  | 3       | Final       | N/A - Follow Up     | 0         | 0                      | 0 | 0 | 0 | 0 |
| ICT                  | IT Skills Audit  | 1       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Operational          | Culture  | 1       | Removed     |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Operational          | Yeovil Cemetery & Crematorium Annual Accounts                | 1       | Final       | N/A - Certification | 0         | 0                      | 0 | 0 | 0 | 0 |
| Grant Certification  | Boden Mill & Chard Regeneration Scheme Statement of Accounts | 1       | Final       | N/A - Certification | 0         | 0                      | 0 | 0 | 0 | 0 |
| Operational          | Safeguarding   | 2       | Draft       |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Corporate Governance   | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Financial Management   | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Risk Management  | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Performance Management                                       | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Commissioning & Procurement                                  | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Programme & Project Management                               | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | Information Management                                       | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |
| Healthy Organisation | People & Asset Management                                    | 2       | In Progress |                     | 0         | 0                      | 0 | 0 | 0 | 0 |

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| Audit Type  | Audit Area                              | Quarter | Status      | Opinion    | No of Rec | 5= Major Recommendation ← → 1 = Minor |   |   |       |            |
|-------------|---|---------|-------------|------------|-----------|---------------------------------------|---|---|-------|------------|
|             |   |         |             |            |           | 5                                     | 4   | 3 | 2     | 1          |
|             |   |         |             |            |           | Operational                           | Delivering Cost Savings & Increasing Income | 2 | Final | Reasonable |
| Operational | Land Charges                            | 2       | Final       | Reasonable | 4         | 0                                     | 0   | 4 | 0     | 0          |
| Operational | Key Income Streams                      | 3       | In Progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Corporate Health & Safety               | 3       | In Progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Key Control | Provision - Key Financial Control Audit | 3       | In Progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Local Council Tax Support Scheme        | 3       | In Progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Scheme of Delegation                    | 3       | Not Started |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Leisure East Devon                      | 4       | Not Started |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Data Protection                         | 4       | In Progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Elections                               | 4       | Not Started |            | 0         | 0                                     | 0   | 0 | 0     | 0          |
| Operational | Lufton Vehicle Workshop                 | 4       | In progress |            | 0         | 0                                     | 0   | 0 | 0     | 0          |

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Summary of key points related to 'Partial Assurance' reviews

| Audit Tittle  | Significant Audit Findings | Key Actions Agreed by Service | Dates of Agreed Implementation | Date of programmed follow up |
|---|----------------------------|-------------------------------|--------------------------------|------------------------------|
| No Partial Assurance reviews were issued in the period. |                            |                               |                                |                              |

# Agenda Item 8

## **Treasury Management Performance to December 2016**

*Assistant Director: Donna Parham, Finance and Corporate Services*  
*Service Manager: Catherine Hood - Finance*  
*Lead Officer: Karen Gubbins, Principal Accountant*  
*Contact Details: Karen.gubbins@southsomerset.gov.uk or (01935) 462456*

### **Purpose of Report**

1. To review the treasury management activity and the performance against the Prudential Indicators for the nine months ended 31st December 2016.

### **Recommendations**

2. The Audit Committee are asked to:
  - Note the Treasury Management Activity for the nine-month period ended 31<sup>st</sup> December 2016.
  - Note the position of the individual prudential indicators for the nine-month period ended 31<sup>st</sup> December 2016.

### **The Investment Strategy for 2016/17**

3. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. The Council reports six monthly to Full Council against the strategy approved for the year. The scrutiny of treasury management policy, strategy and activity is delegated to the Audit Committee.
4. Treasury management in this context is defined as:  
"The management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks".
5. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
6. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
7. The transposition of European Union directives into UK legislation places the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors through potential bail-in of unsecured bank deposits.
8. Given the increasing risk and continued low returns from short-term unsecured bank investments, it is the Authority's aim to further diversify into more secure and/or higher yielding asset classes. The Authority invested in covered bonds, and non-financial corporate bonds. The Authority is also invested in bond and property funds which provide diversification of investment risk. This represents a continuation of the strategy adopted in 2015/16.

## Interest Rates 2016/17

9. Base rate began the financial year at 0.5% but this was reduced to 0.25% in August.
10. Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short/medium term than previously expected.
11. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a low possibility of a drop to close to zero, with a very small chance of a reduction below zero.

|                          | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate       |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Upside risk              | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   |
| Arlingclose Central Case | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   | 0.25   |
| Downside risk            | 0.25   | 0.25   | 0.25   | 0.25   | 0.50   | 0.50   | 0.50   | 0.50   | 0.50   | 0.50   | 0.50   | 0.50   | 0.50   |

12. Gilt yields have risen over the past quarter, but remain at relatively low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

## Counterparty Update

13. At the end of November, the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies (Barclays, HSBC, Lloyds/Bank of Scotland, Santander UK, HSBC, RBS/Natwest and Nationwide BS). The 2016 stress tests were more challenging and designed under a new Bank of England framework, which tested the resilience of banks to tail risk events. Royal Bank of Scotland, Barclays and Standard Chartered Bank were found to be the weakest performers.
14. The stress tests were based on banks' financials as at 31st December 2015; one of the main short-comings of these tests is that by the time the results are published, they are 11 months out of date for most banks. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority deposits, in a stressed scenario.

## Investment Portfolio

15. The table below shows the Council's overall investments as at 31<sup>st</sup> December 2016:

|  | Value of<br>Investments<br>at 01.04.16<br>£ | Value of<br>Investments<br>at 31.12.16<br>£ | Fixed/<br>Variable<br>Rate |
|--|---|---|----------------------------|
| <b>Investments advised by Arlingclose</b>    |   |   |                            |
| Money Market Fund (Variable Net Asset Value) | 997,565                                     | 997,565                                     | Variable                   |
| Property Fund                                | 4,494,168                                   | 4,387,409                                   | Variable                   |
| <b>Total</b>                                 | <b>5,491,733</b>                            | <b>5,384,974</b>                            |                            |
| <b>Internal Investments</b>                  |   |   |                            |
| Certificates of Deposit                      | 5,513,212                                   | 9,507,202                                   | Fixed                      |
| Corporate Bonds                              | 6,706,395                                   | 7,934,130                                   | Fixed                      |
| Floating Rate Notes (FRNs)                   | 10,025,398                                  | 10,008,424                                  | Variable                   |

|   |                   |                   |          |
|---|-------------------|-------------------|----------|
| Short Term Deposits (Banks)   | 9,000,000         | 17,000,000        | Variable |
| Short Term Deposits (Other LAs)   | 11,000,000        | 12,000,000        | Variable |
| Money Market Funds (Constant Net Asset Value) & Business Reserve Accounts | 1,490,000         | 1,790,000         | Variable |
| Total   | <b>43,735,005</b> | <b>58,239,756</b> |          |
| <b>TOTAL INVESTMENTS</b>  | <b>49,226,738</b> | <b>63,624,730</b> |          |

## Returns for 2016/17

16. The returns to 31<sup>st</sup> December 2016 are shown in the table below:

|   | <b>Actual<br/>Income<br/>£'000</b> | <b>% Rate<br/>of<br/>Return</b> |
|---|------------------------------------|---------------------------------|
| <b>Investments advised by Arlingclose</b>             |                                    |                                 |
| Payden Money Market Fund (VNAV)                       | 6                                  |                                 |
| Property Fund (CCLA)                                  | 155                                |                                 |
| Total   | <b>161</b>                         | <b>4.28%</b>                    |
| <b>Internal Investments</b>                           |                                    |                                 |
| Certificates of Deposit (CD's)                        | 41                                 |                                 |
| Corporate Bonds                                       | 71                                 |                                 |
| Floating Rate Notes (FRNs)                            | 52                                 |                                 |
| Fixed Term Deposits                                   | 118                                |                                 |
| Money Market Funds (CNAV) & Business Reserve Accounts | 19                                 |                                 |
| Total   | <b>301</b>                         |                                 |
| <b>Other Interest</b>                                 |                                    |                                 |
| Miscellaneous Loans                                   | 16                                 |                                 |
| Total   | <b>16</b>                          |                                 |
| <b>TOTAL INCOME TO 31<sup>st</sup> DECEMBER 2016</b>  | <b>478</b>                         |                                 |
| <b>PROFILED BUDGETED INCOME</b>                       | <b>372</b>                         |                                 |

17. The table above shows investment income for the year to date compared to the profiled budget. The annual budget is set at £496,020. We currently estimate that the position at the end of the financial year will be an overall favourable variance in the order of £109,750. This is assuming SSDC receive a dividend of 3p per unit for the final quarter of 16/17 for its investment in the property fund.

18. We currently hold £4m nominal value in the CCLA fund, this converts to 1,558,527 units and £1m in Payden which converts to 98,990.299 shares.

19. The outturn position is affected by both the amount of cash we have available to invest and the interest base rate set by the Bank of England. Balances are affected by the timing of capital expenditure and the collection of council tax and business rates.

## Investments

20. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17. New investments can be made with the following institutions:

- Other Local Authorities;
- AAA-rated Money Market Funds;
- Certificates of Deposit (CDs) and Term Deposits with UK Banks and Building Societies systemically important to the UK banking system and deposits with select non-UK Banks (Australian, Canadian and American);
- T-Bills and DMADF (Debt Management Office);
- Bonds issued by Multilateral Development Banks, such as the European Investment Bank;
- Commercial Paper
- Other Money Market Funds and Collective Investment Schemes meeting the criteria in SI 2004 No 534, SI 2007 No 573 and subsequent amendments.

21. The graph shown in Appendix A shows the performance of the in-house Treasury team in respect of all investments for the quarter ending 31<sup>st</sup> December 2016 in comparison to all other clients of Arlingclose.

22. The graph shows that SSDC is in a satisfactory position in terms of the risk taken against the return on investments.

### **Borrowing**

23. An actual overall borrowing requirement (CFR) of £9.7 million was identified at the beginning of 2016/17. As interest rates on borrowing exceed those on investments the Council has used its capital receipts to fund capital expenditure. As at 31<sup>st</sup> December 2016 the Council had no external borrowing.

### **Breakdown of investments as at 31st December 2016**

| <b>Date Lent</b> | <b>Counterparty</b>                  | <b>Principal Amount</b> | <b>Rate</b> | <b>Maturity Date</b> |
|------------------|--------------------------------------|-------------------------|-------------|----------------------|
| 9 Mar 16         | United Overseas Bank Ltd             | 2,000,000               | 0.82        | 8 Mar 17             |
| 21 Mar 16        | Bank of Scotland                     | 1,000,000               | 1.05        | 20 Mar 17            |
| 17 Feb 16        | Rabobank International               | 1,000,000               | 0.75        | 17 Feb 17            |
| 30 Aug 16        | Bank of Scotland                     | 1,000,000               | 0.65        | 28 Feb 17            |
| 19 Sep 16        | Nationwide Building Society          | 1,000,000               | 0.36        | 17 Feb 17            |
| 29 Jun 16        | Eastleigh Borough Council            | 2,000,000               | 0.52        | 20-Feb-17            |
| 13 Dec 16        | North Tyneside Council               | 2,000,000               | 0.48        | 12 Dec 17            |
| 31 Mar 16        | Greater London Authority             | 2,000,000               | 0.60        | 30 Mar 17            |
| 7 Sep 16         | Telford & Wrekin Council             | 1,000,000               | 0.25        | 6 Jan 17             |
| 9 May 16         | Bank of Scotland                     | 1,000,000               | 0.93        | 24 Mar 17            |
| 2 Jun 16         | North Wales Fire Authority           | 2,000,000               | 0.56        | 20 Mar 17            |
| 10 Jun 16        | DBS Bank Ltd                         | 2,000,000               | 0.68        | 6 Mar 17             |
| 28 Jul 16        | Commonwealth Bank of Australia       | 2,000,000               | 0.52        | 28 Feb 17            |
| 8 Aug 16         | IPA SCB TD Incoming (Santander)      | 1,000,000               | 0.45        | 8 Feb 17             |
| 13 Sep 16        | Nationwide Building Society          | 1,000,000               | 0.38        | 24 Feb 17            |
| 6 Oct 16         | DBS Bank Ltd                         | 1,000,000               | 0.38        | 17 Feb 17            |
| 1 Nov 16         | Barclays Bank Plc                    | 1,000,000               | 0.31        | 6 Feb 17             |
| 9 Nov 16         | Goldman Sachs International Bank     | 2,000,000               | 0.40        | 17 Feb 17            |
| 11 Nov 16        | Northumberland County Council        | 1,000,000               | 1.00        | 11 Nov 20            |
| 7 Dec 16         | London Borough of Barking & Dagenham | 2,000,000               | 0.29        | 19 Jan 17            |

|           |   |                   |      |           |
|-----------|---|-------------------|------|-----------|
|           | <b>Corporate Bonds/Eurobonds</b>  |                   |      |           |
| 4 Aug 14  | Leeds Building Society (Covered)  | 500,000           | 2.13 | 17 Dec 18 |
| 22 Oct 14 | Yorkshire Building Society (Covered)                                    | 1,500,000         | 1.56 | 12 Apr 18 |
| 18 Aug 16 | Svenska Handelsbanken   | 1,000,000         | 0.60 | 29 Aug 17 |
| 20 Oct 16 | Santander UK Plc (Covered)  | 1,000,000         | 1.04 | 14 Apr 21 |
| 20 Oct 16 | Coventry Building Society (Covered)                                     | 500,000           | 0.62 | 19 Apr 18 |
| 10 Nov 16 | National Australia Bank (Covered)                                       | 1,000,000         | 1.10 | 10 Nov 21 |
| 17 Nov 16 | BMW Finance   | 1,000,000         | 0.63 | 2 Oct 17  |
| 25 Nov 16 | Daimler AG  | 1,000,000         | 0.72 | 1 Dec 17  |
|           | <b>Certificates of Deposit (CDs)</b>                                    |                   |      |           |
| 29 Jan 16 | Toronto Dominion  | 1,000,000         | 0.90 | 27 Jan 17 |
| 3 May 16  | Bank of Montreal  | 500,000           | 0.83 | 2 May 17  |
| 4 May 16  | Toronto Dominion  | 1,000,000         | 0.91 | 4 May 17  |
| 16 Jun 16 | Rabobank  | 1,000,000         | 0.65 | 16 Mar 17 |
| 22 Jul 16 | Rabobank  | 1,000,000         | 0.47 | 3 Feb 17  |
| 16 Aug 16 | Toronto Dominion  | 1,000,000         | 0.55 | 16 May 17 |
| 5 Oct 16  | Svenska Handelsbanken   | 1,000,000         | 0.29 | 5 Jan 17  |
| 11 Oct 16 | Canadian Imperial Bank of Commerce                                      | 1,000,000         | 0.53 | 10 Oct 17 |
| 18 Oct 16 | Canadian Imperial Bank of Commerce                                      | 500,000           | 0.61 | 18 Oct 17 |
| 29 Nov 16 | Nordea AB   | 1,000,000         | 0.30 | 28 Feb 17 |
|           | <b>Floating Rate Notes (FRNs)</b>                                       |                   |      |           |
| 22 Oct 14 | Abbey National Treasury Services *Covered*                              | 1,000,000         | 0.72 | 5 Apr 17  |
| 21 Nov 14 | Barclays Bank Plc *Covered*   | 1,000,000         | 0.68 | 15 Sep 17 |
| 27 Mar 15 | Lloyds Bank Plc *Covered*   | 2,000,000         | 0.65 | 16 Jan 17 |
| 29 Apr 15 | Toronto Dominion *Covered*  | 1,000,000         | 0.66 | 20 Nov 17 |
| 26 Jun 15 | Nationwide Building Society *Covered*                                   | 1,000,000         | 0.68 | 17 Jul 17 |
| 7 Mar 16  | Commonwealth Bank of Australia *Covered*                                | 1,000,000         | 0.87 | 24 Jan 18 |
| 16 May 16 | Bank of Nova Scotia   | 1,000,000         | 0.82 | 2 Nov 17  |
| 23 Sep 16 | Barclays Bank Plc *Covered*   | 2,000,000         | 0.47 | 15 Sep 17 |
|           | <b>Pooled Funds, Money Market Funds &amp; Business Reserve Accounts</b> |                   |      |           |
|           | Payden Fund VNAV  | 1,000,000         |      |           |
|           | CCLA Property Fund  | 4,000,000         |      |           |
|           | Blackrock   | 930,000           |      |           |
|           | Federated   | 130,000           |      |           |
|           | Invesco Aim   | 500,000           |      |           |
|           | Santander Business Reserve  | 230,000           |      |           |
|           | <b>TOTAL</b>  | <b>62,290,000</b> |      |           |

Note: Money Market Funds are instant access accounts so the rate displayed is a daily rate

## **Prudential Indicators – Quarter 3 monitoring**

### **Background:**

24. In February 2016, Full Council approved the indicators for 2016/17, as required by the Prudential Code for Capital Finance in Local Authorities. The Local Government Act 2003 allowed local authorities to determine their own borrowing limits provided they are affordable and that every local authority complies with the code.

### **Prudential Indicator 1 - Capital Expenditure:**

25. The revised estimates of capital expenditure to be incurred for the current year compared to the original estimates are:

|                          | <b>2016/17<br/>Original<br/>Estimate<br/>£'000</b> | <b>Expected<br/>Outturn<br/>£'000</b> | <b>2016/17<br/>Variance<br/>£'000</b> | <b>Reason for Variance</b>   |
|--------------------------|--|---------------------------------------|---------------------------------------|--|
| Approved capital schemes | 7,382  | 5,721                                 | (1,661)                               | The variance against the original estimate is due to the reduction in loan to the SWP of £203k and re-profiling of spend to future years within the rest of the programme. |
| Reserves                 | 2,298  | 119                                   | (2,179)                               | This has reduced in the current year due to re-profiling of spend to future years.   |
| <b>Total Expenditure</b> | <b>9,680</b>                                       | <b>5,840</b>                          | <b>(3,840)</b>                        |  |

26. The above table shows that the overall estimate for capital expenditure in the current year has reduced.

### **Prudential Indicator 2 - Ratio of Financing Costs to Net Revenue Stream:**

27. A comparison needs to be made of financing capital costs compared to the revenue income stream to support these costs. This shows how much of the revenue budget is committed to the servicing of finance.

| <b>Portfolio</b>   | <b>2016/17<br/>Original<br/>Estimate<br/>£'000</b> | <b>Expected<br/>Outturn<br/>£'000</b> | <b>2016/17<br/>Variance<br/>£'000</b> | <b>Reason for Variance</b>   |
|--------------------|--|---------------------------------------|---------------------------------------|--|
| Financing Costs*   | (489)  | (512)                                 | (23)                                  | Additional investment income from the Property Fund (CCLA) which is currently yielding 4.98%   |
| Net Revenue Stream | 16,904   | 17,564                                | 660                                   | The original estimate was picked up from an early report of the MTFS which was subsequently changed. The actual budget approved at Full Council was £17,291. The increase is due to carry forwards |
| <b>%*</b>          | <b>(2.9)</b>                                       | <b>(2.9)</b>                          |                                       |  |

\*figures in brackets denote income through receipts and reserves



28. The financing costs include interest payable, notional amounts set aside to repay debt, less, interest on investment income. The figure in brackets is due to investment income outweighing financing costs significantly for SSDC but is nevertheless relevant since it shows the extent to which the Council is dependent on investment income.

**Prudential Indicator 3 - Capital Financing Requirement:**

29. The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. Estimates of the year-end capital financing requirement for the authority are:

|                                | <b>2016/17<br/>Original<br/>Estimate<br/>£'000</b> | <b>Expected<br/>Outturn<br/>£'000</b> | <b>2016/17<br/>Variance<br/>£'000</b> | <b>Reason for Variance</b>   |
|--------------------------------|--|---------------------------------------|---------------------------------------|--|
| Opening CFR                    | 9,299  | 9,342                                 | 43                                    |  |
| Capital Expenditure            | 8,067  | 9,093                                 | 1,026                                 | See explanation for Prudential Indicator 1 above   |
| Capital Receipts*              | (7,382)  | (5,721)                               | 1,661                                 |  |
| Grants/Contributions*          | (685)  | (3,372)                               | (2,687)                               |  |
| Minimum Revenue Position (MRP) | (87)   | (94)                                  | (7)                                   | Estimated figures were taken prior to being finalised at 2015/16 year end which has shown an amendment to the expected outturn |
| <b>Closing CFR</b>             | <b>9,212</b>                                       | <b>9,248</b>                          | <b>36</b>                             |  |

\*Figures in brackets denote income through receipts or reserves.

**Prudential Indicator 4 – Gross Debt and the Capital Financing Requirement:**

30. The Council is also required to ensure that any medium term borrowing is only used to finance capital and therefore it has to demonstrate that the gross external borrowing does not, except in the short term exceed the total of capital financing requirements over a three year period. This is a key indicator of prudence.

|                   | <b>2016/17<br/>Original<br/>Estimate<br/>£'000</b> | <b>2016/17<br/>Qtr 3<br/>Actual<br/>£'000</b> | <b>2016/17<br/>Variance<br/>£'000</b> | <b>Reason for Variance</b>  |
|-------------------|--|---|---------------------------------------|---|
| Borrowing         | 0  | 0   | 0                                     |   |
| Finance Leases    | 99   | 136   | 37                                    | Additional finance leases taken out on vehicles at the end of 2015/16 |
| <b>Total Debt</b> | <b>99</b>  | <b>136</b>                                    | <b>37</b>                             |   |

31. Total debt is expected to remain below the CFR.

**Prudential Indicator 5 - Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:**

32. The Council must set three years of upper limits to its exposure to the effects of changes in interest rates. As a safeguard, it must ensure that its limit would allow it to have up to 100% invested in variable rate investments to cover against market fluctuations. For this purpose, term

deposits of less than 365 days are deemed to be variable rate deposits. Fixed rate deposits are investments in Eurobonds, Corporate Bonds and term deposits exceeding 365 days.

|          | 2016/17<br>% Limit | 2016/17<br>Qtr 3<br>Actual % | 2016/17<br>Variance<br>% | Reason for Variance |
|----------|--------------------|------------------------------|--------------------------|---------------------|
| Fixed    | 80                 | 8.83                         | (71.17)                  | Within limit        |
| Variable | 100                | 91.17                        | (8.83)                   | Within limit        |

33. The Council must also set limits to reflect any borrowing we may undertake.

|          | 2016/17<br>% Limit | 2016/17<br>Qtr 3<br>Actual % | 2016/17<br>Variance<br>% | Reason for Variance             |
|----------|--------------------|------------------------------|--------------------------|---------------------------------|
| Fixed    | 100                | 0                            | 100                      | SSDC currently has no borrowing |
| Variable | 100                | 0                            | 100                      | SSDC currently has no borrowing |

34. The indicator has been set at 100% to maximise opportunities for future debt as they arise.

**Prudential Indicator 6 - Upper Limit for total principal sums invested over 364 days:**

35. SSDC must also set upper limits for any investments of longer than 364 days. The purpose of this indicator is to ensure that SSDC, at any time, has sufficient liquidity to meet all of its financial commitments.

| Upper Limit for total principal sums invested over 364 days | 2016/17<br>Maximum<br>Limit<br>£'000 | 2016/17 Qtr<br>3 Actual<br>(Principal<br>amount)<br>£'000 | Reason for Variance |
|---|--------------------------------------|---|---------------------|
| Between 1-2 years   | 25,000                               | 3,500   | Within limit        |
| Between 2-3 years   | 20,000                               | 0   | Within limit        |
| Between 3-4 years   | 10,000                               | 1,000   | Within limit        |
| Between 4-5 years   | 10,000                               | 2,000   | Within limit        |
| Over 5 years  | 5,000                                | 0   | Within limit        |

36. The table above shows that the Council adopts a policy of safeguarding its investments by minimising investments that are redeemable more than five years ahead.

**Prudential Indicator 7 – Credit Risk:**

37. The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign

- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals, such as a country's net debt as a percentage of its GDP
- Corporate developments, news articles, markets sentiment and momentum
- Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

#### Prudential Indicator 8 - Actual External Debt:

38. This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities (this represents our finance leases). This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

| <b>Actual External Debt as at 31/03/2016</b> | <b>£'000</b> |
|--|--------------|
| Borrowing                                    | 0            |
| Liabilities arising from finance leases      | 230          |
| <b>Total</b>                                 | <b>230</b>   |

#### Prudential Indicator 9 - Authorised Limit for External Debt:

39. The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy. Borrowing will arise as a consequence of all the financial transactions of the Council not just arising from capital spending.

40. This limit represents the maximum amount that SSDC may borrow at any point in time during the year. If this limit is exceeded the Council will have acted ultra vires. It also gives the Council the responsibility for limiting spend over and above the agreed capital programme. A ceiling of £12 million was set to allow flexibility to support new capital projects over and above the identified borrowing requirement.

|  | <b>2016/17<br/>Estimate</b> | <b>2016/17<br/>Qtr 3<br/>Actual</b> | <b>2016/17<br/>Variance</b> | <b>Reason for Variance</b>               |
|--|-----------------------------|-------------------------------------|-----------------------------|--|
|  | <b>£'000</b>                | <b>£'000</b>                        | <b>£'000</b>                |  |
| Borrowing  | 11,000                      | 0                                   | (11,000)                    | SSDC currently has no external borrowing |
| Other Long-term<br>Liabilities (Finance<br>Leases) | 1,000                       | 136                                 | (864)                       | Within limit                             |
| <b>Total</b>                                       | <b>12,000</b>               | <b>136</b>                          | <b>(11,864)</b>             |  |

#### Prudential Indicator 10 – Operational Boundary for External Debt:

41. The operational boundary sets the limit for short term borrowing requirements for cash flow and has to be lower than the previous indicator, the authorised limit for external debt. A ceiling of £10 million was set.

|   | <b>2016/17<br/>Estimate</b> | <b>2016/17<br/>Qtr 3<br/>Actual</b> | <b>2016/17<br/>Variance</b> | <b>Reason for Variance</b>               |
|---|-----------------------------|-------------------------------------|-----------------------------|--|
|   | <b>£'000</b>                | <b>£'000</b>                        | <b>£'000</b>                |  |
| Borrowing                                       | 9,200                       | 0                                   | (9,200)                     | SSDC currently has no external borrowing |
| Other Long-term Liabilities<br>(Finance Leases) | 800                         | 136                                 | (664)                       | Within limit                             |
| <b>Total</b>                                    | <b>10,000</b>               | <b>136</b>                          | <b>(9,864)</b>              |  |

#### **Prudential Indicator 11 - Maturity Structure of Fixed Rate borrowing:**

42. This indicator is relevant to highlight the existence of any large concentrations of fixed rated debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest changes in any one period. When we borrow we can take a portfolio approach to borrowing in order to reduce interest rate risk. This indicator is shown as the Council has set limits in anticipation of future borrowing.

| <b>Maturity structure of fixed rate borrowing</b> | <b>2015/16<br/>Actual</b> | <b>2016/17<br/>Qtr 3<br/>Actual</b> | <b>Lower<br/>Limit</b> | <b>Upper<br/>Limit</b> |
|---|---------------------------|-------------------------------------|------------------------|------------------------|
|   | <b>%</b>                  | <b>%</b>                            | <b>%</b>               | <b>%</b>               |
| Under 12 months                                   | 0                         | 0                                   | 0                      | 100                    |
| 12 months and within 24 months                    | 0                         | 0                                   | 0                      | 100                    |
| 24 months and within 5 years                      | 0                         | 0                                   | 0                      | 100                    |
| 5 years and within 10 years                       | 0                         | 0                                   | 0                      | 100                    |
| 10 years and within 20 years                      | 0                         | 0                                   | 0                      | 100                    |
| 20 years and within 30 years                      | 0                         | 0                                   | 0                      | 100                    |
| 30 years and within 40 years                      | 0                         | 0                                   | 0                      | 100                    |
| 40 years and within 50 years                      | 0                         | 0                                   | 0                      | 100                    |
| 50 years and above                                | 0                         | 0                                   | 0                      | 100                    |

As the council doesn't have any fixed rate external borrowing at present the above upper and lower limits have been set to allow flexibility.

#### **Prudential Indicator 12 - Incremental Impact of Capital Investment Decisions:**

43. SSDC must show the effect of its annual capital decisions for new capital schemes on the council taxpayer. Capital spend at SSDC is financed from additional receipts so the figure below actually shows the possible decreases in council tax if all capital receipts were invested rather than used for capital expenditure.

| <b>Incremental Impact of<br/>Capital Investment<br/>Decisions</b> | <b>2016/17<br/>Estimate</b> | <b>2017/18<br/>Estimate</b> | <b>2018/19<br/>Estimate</b> |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | <b>£</b>                    | <b>£</b>                    | <b>£</b>                    |
| Decrease in Band D Council Tax                                    | 0.12                        | 0.22                        | 0.16                        |

**Prudential Indicator 13 - Adoption of the CIPFA Treasury Management Code:**

44. This indicator demonstrates that the Council has adopted the principles of best practice.

|   |
|---|
| Adoption of the CIPFA Code of Practice in Treasury Management |
|---|

|  |
|--|
| The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 18 <sup>th</sup> April 2002. |
|--|

**Conclusion**

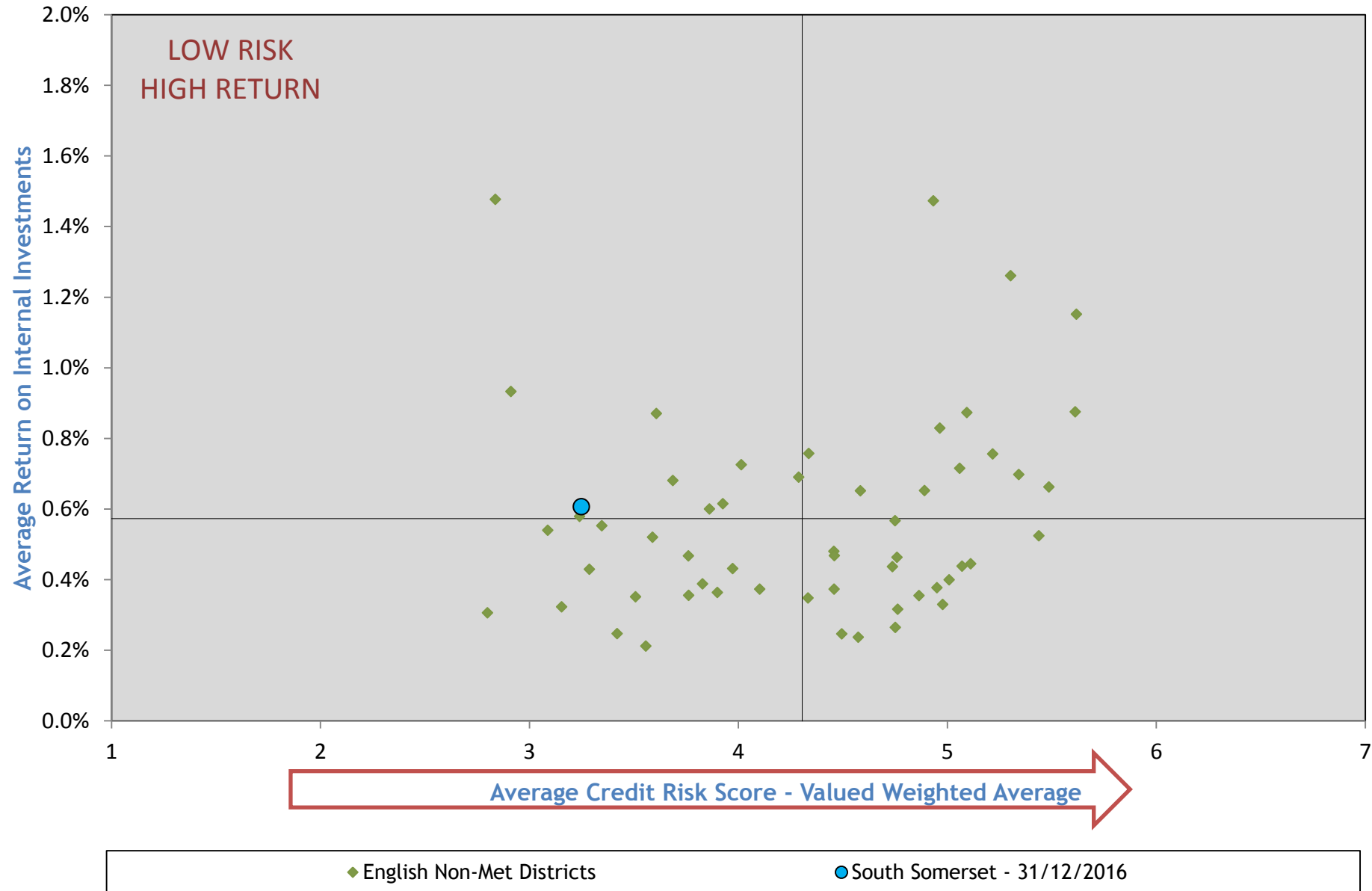
45. The council is currently within all of the Prudential Indicators and is not forecast to exceed them.

Background Papers: Prudential Indicators Working Paper, Treasury Management Strategy Statement 2016/17, Quarter 3 2016/17 Capital Programme.

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## Average Rate vs Credit Risk (value-weighted) - Client Type

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# Agenda Item 9

## **Risk Registers for the Transformation and Westlands Projects**

*Assistant Director:* Donna Parham, Finance and Corporate Services

*Lead Officer:* Donna Parham

*Contact Details:* Donna.parham@southsomerset.gov.uk or (01935) 462225

### **Purpose of the report**

Members of the Audit Committee requested that a copy of the “Risk Registers” for both the Transformation and Westlands projects were presented at a future meeting.

### **Recommendations**

The Audit Committee is asked to note the risk registers as attached.

### **Introduction**

The review of risk is included within the remit of the Audit Committee under its terms of reference as follows:

“To consider the effectiveness of SSDC’s risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action has been taken”

### **The Risk Registers**

Both of the risk registers as attached are monitored through the respective Boards and as a result there may be some questions around context and detail. If Members wish to ask more detail around any of the risks as set out before the meeting please contact:

Charlotte Jones on 01935 462565 or [charlotte.jones@southsomerset.gov.uk](mailto:charlotte.jones@southsomerset.gov.uk)

Steve Joel on 01935 462278 or [steve.joel@southsomerset.gov.uk](mailto:steve.joel@southsomerset.gov.uk)

### **Financial Implications**

There are no financial implications attached to the Audit Committee reviewing the documents.

### **Background Papers**

None.



# Westlands Leisure Complex

## PROJECT RISK REGISTER

**CONFIDENTIAL - Subject to Project Team Review**

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Version: 0.6 - 7 Feb 2017

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|   | High Risk > 20   |

| PROBABILITY | Very High | 9 |
|-------------|-----------|---|
|             | High      | 7 |
|             | Medium    | 5 |
|             | Low       | 3 |
|             | Very Low  | 1 |

| IMPACT      | Cost              | Time        | Rating |
|-------------|-------------------|-------------|--------|
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|             | £10,000 - £20,000 | 1 - 2 mths  | 4      |
|             | £5,000 - £10,000  | 2wk - 1 mth | 2      |
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| £0 - £2,500 | 0 - 1 wk          | 0.5         |        |

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| ID | Facility | Category     | Description of Risk   | Comments  | Owner   | Prob. | Impact |      | Rating |      | Mitigation Actions   | To Action by (date) | Status | Revised Analysis |        |      |                |      |
|----|----------|--------------|---|---|---------|-------|--------|------|--------|------|--|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |              |   |   |         |       | Cost   | Time | Cost   | Time |  |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |              |   |   |         |       |        |      |        |      |  |                     |        |                  | Cost   | Time | Cost           | Time |
| 1  | WLC      | Organisation | Delays in SSDC Decision Making.                                       | Increases cost to AW and SSDC. Increases risk of unoccupied facility damage.  | RP      | 5     | 5      | 4    | 25     | 20   | Project Board to understand associated costs and manage risk.  | On-going            | C      | 3                | 1      | 2    | 3              | 6    |
| 2  | WLC      | Organisation | Delays in obtaining Finmeccanica AW approvals.                        | Increases cost to AW and SSDC. Increases risk of unoccupied facility damage.  | SJ      | 5     | 5      | 4    | 25     | 20   | 1) Project Board establish clear proposal. 2) AW to pre-brief Finmeccanica AW CE to facilitate decision.   | March               | C      | 0                | 5      | 4    | 0              | 0    |
| 3  | WLC      | Organisation | Finmeccanica approval not provided.                                   | Design cost risk - circa £25K.  | SJ      | 3     | 4      | 1    | 12     | 3    | 1) Prioritise detailed design work. 2) Push for early decision.  | November            | C      | 0                | 5      | 4    | 0              | 0    |
| 4  | WLC      | Legal        | Delays in the negotiating the legal documents.                        | AW set deadline of 31st May 2016.   | IC      | 5     | 5      | 4    | 25     | 20   | 1) Develop contract exchange conditions / back stop clauses. 2) Encourage AW to progress lease work whilst awaiting FAW decision to help minimise their cost exposure. | Complete            | C      | 0                | 5      | 4    | 0              | 0    |
| 5  | WLC      | Organisation | Insufficient internal project team design and refurbishment capacity. |   | SJ      | 5     | 5      | 4    | 25     | 20   | Contract in design and refurbishment project management expertise.   | Complete            | C      | 0                | 4      | 4    | 0              | 0    |
| 6  | WLC      | Organisation | No procurement plan in place.   |   | SJ / GG | 3     | 5      | 5    | 15     | 15   | 1) Project team to review options with GR. 2) PB to agree plan.  | Complete            | C      | 0                | 5      | 5    | 0              | 0    |
| 7  | WLC      | Organisation | Delays in obtaining key stage approvals.                              |   | SJ      | 5     | 4      | 4    | 20     | 20   | 1. Project Board meetings structured around key stage approval dates.  | Complete            | C      | 3                | 2      | 2    | 6              | 6    |
| 8  | WLC      | Organisation | Loss of organisational capacity.                                      | VS, DP and SJ are leaving the organisation. This leaves a significant gap in the knowledge, expertise and capacity required to successfully deliver the business plan. Next to transformation, this represents the biggest risk to SSDC in 2017-18. | VS      | 5     | 2      | 8    | 10     | 40   | 1) Risk is CEO responsibility.   | On-going            | A      | 5                | 8      | 8    | 40             | 40   |
| 9  | WLC      | Organisation | Loss of key staff.  | Holiday, sickness, departure or need to focus on other corporate projects.  | VS      | 5     | 1      | 8    | 5      | 40   | 1) Build in PB / PT resilience. 2) Monitor at Project Board Meetings.  | On-going            | L      | 3                | 2      | 8    | 6              | 24   |





# Westlands Leisure Complex

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|-------------|-------------------|-------------|--------|
|             | £20,000 +         | > 2mths     | 8      |
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| £0 - £2,500 | 0 - 1 wk          | 0.5         |        |

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|----|----------|----------|---|--|-------|-------|--------|------|--------|------|---|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |          |   |  |       |       | Cost   | Time | Cost   | Time |   |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |          |   |  |       |       |        |      |        |      |   |                     |        |                  | Cost   | Time | Cost           | Time |
| 10 | Sport    | Finance  | SE Improvement Fund Stage 1 Application unsuccessful.   | Funding secured of £492,463.   | SJ    | 5     | 8      | 8    | 40     | 40   | 1) Gain support from SE South West. 2) Gain support from Clubs / NGBs. 3) Test Checklist and EOI Submission with SE SW. 4) Review Other Funding Sources. 5) Prioritise Sport Hall and Squash Court Works, Phase Pavilion Works. | Complete            | C      | 0                | 8      | 8    | 0              | 0    |
| 11 | Sport    | Finance  | SE Improvement Fund Stage 2 Application unsuccessful.   | Funding secured of £492,463.   | SJ    | 5     | 8      | 8    | 40     | 40   | 1) Test Stage 2 Application Submission with SE SW. 2) Prepare Stage 2 Peer Review Meeting - 5th April 2016. 3) Review Other Funding Sources. 4) Prioritise Sport Hall and Squash Court Works, Phase Pavilion Works.             | Complete            | C      | 0                | 8      | 8    | 0              | 0    |
| 12 | Sport    | Finance  | Unbanked S106 contributions may not be received prior to commencement of works.                                   | Majority have now been received and paid. £28,342 outstanding, and a further £63,832 which will become available in the course of 2017-18. | LP    | 5     | 8      | 8    | 40     | 40   | 1) LP to review sums received monthly. 2) Review other funding opportunities. 3) Structure works contract to reflect cash available. 4) Plan future improvements to allow enhancements as sums come through.                    | Ongoing             | A      | 7                | 2      | 8    | 14             | 56   |
| 13 | Sport    | Finance  | Need to agree variation with YHG to enable S106 sum from Greenhill Rd, Yeovil development to be used for project. | Sum amounts to £23,441.  | LP    | 1     | 8      | 4    | 8      | 4    | 1) NW to seek variation agreement from YHG to use at Westlands.   | Complete            | C      | 0                | 0.5    | 0.5  | 0              | 0    |
| 14 | Sport    | Finance  | No finance for health and fitness equipment.  | Equipment purchased for £115,000 exc VAT. Internal Loan policy to be applied during Feb 2017 given the high cost of leasing.               | SJ    | 5     | 8      | 8    | 40     | 40   | 1) Resource Technogym equipment through 5 year lease. Add costs to Business Plan. 2) Seek for LED to operate.   | 24-Feb-17           | L      | 3                | 4      | 4    | 12             | 12   |
| 15 | WLC      | Finance  | Failure to deliver or comply with grant obligations.  |  | SM    | 3     | 8      | 8    | 24     | 24   | 1) Assess grant conditions. 2) Review grant condition risks as part of PB risk register review.   | Complete            | L      | 1                | 8      | 8    | 8              | 8    |
| 16 | WLC      | Finance  | Lack of clarity or accuracy in project budget.  |  | VS    | 5     | 8      | 8    | 40     | 40   | 1. Finance update in every project team/board meeting. 2. Clarity about spend authorisations.   | On-going            | A      | 3                | 8      | 4    | 24             | 12   |
| 17 | WLC      | Finance  | Risk of losing S106 monies due to time periods.   | Exercise complete. S106 sums will be transferred upon approval of Lease.   | LP    | 1     | 8      | 8    | 8      | 8    | 1) LP to review sums time periods. 2) Add to risk register where relevant.  | Complete            | C      | 0                | 1      | 1    | 0              | 0    |
| 18 | WLC      | Finance  | Budget estimated, still subject to detailed design process.   | Detailed design process complete for the Complex and Sporting Facilities. Stage 2 of Tender process complete.                              | PB    | 3     | 8      | 4    | 24     | 12   | 1) Appoint Designer(s) post FC decision. 2) Design scheme to budget. 3) PB to approve design and cost report.   | Complete            | C      | 0                | 4      | 4    | 0              | 0    |



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|----|----------|-------------|--|---|---------|-------|--------|------|--------|------|--|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |             |  |   |         |       | Cost   | Time | Cost   | Time |  |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |             |  |   |         |       |        |      |        |      |  |                     |        |                  | Cost   | Time | Cost           | Time |
| 19 | WLC      | Design      | Design proposal may not meet user group expectations.                            | Uptake small scale testing events with existing users groups.   | SJ      | 5     | 8      | 4    | 40     | 20   | 1) Form user group. 2) Consult as part of design process. 3) Ensure group understands budget parameters.   | Complete            | C      | 0                | 4      | 2    | 0              | 0    |
| 20 | WLC      | Design      | AW delay or refuse design proposals through lease controls.                      | Designs all approved as part of Lease.  | SJ      | 3     | 4      | 8    | 12     | 24   | 1) Consult and involve AW in the design process.   | Complete            | C      | 0                | 4      | 4    | 0              | 0    |
| 21 | Sport    | Planning    | New pavillion / rifle club would be subject to planning approval.                | Application to be submitted once SE grant approved.   | SJ      | 5     | 8      | 4    | 40     | 20   | 1) Assess planning requirements of proposals with Development Control. 2) Add to project programme.  | Complete            | C      | 1                | 4      | 4    | 4              | 4    |
| 22 | WLC      | Finance     | Budget based on untendered cost estimates.                                       | Adopted 2 Stage Tender Process to control costs and accelerate Value Engineering element of the Programme.  | SJ / GG | 5     | 8      | 4    | 40     | 20   | 1) Tender work. 2) Prioritise final scope to deliver to agreed budget.   | Complete            | C      | 3                | 8      | 4    | 24             | 12   |
| 23 | WLC      | Finance     | Vandalism or thefts during the closure period increase scope of works.           | Issues experienced throughout August. 24 x 7 security deployed in conjunction with the contractor, costs shared.  | SJ      | 5     | 4      | 8    | 20     | 40   | 1) Discuss mitigations with AW. 2) Publicise security measures to deter.   | On-going            | A      | 7                | 4      | 4    | 28             | 28   |
| 24 | WLC      | Finance     | Project cost over-runs.  | Fixed price tender. Maintain 5% contingency.  | VS      | 1     | 8      | 4    | 8      | 4    | 1) Accountant to lead budget monitoring process for PT / PB. 2) Maintain cost risk options register to contain costs within available resources. | On-going            | A      | 3                | 8      | 4    | 24             | 12   |
| 25 | WLC      | Finance     | Clubs / user groups decide they cannot afford hire charges after works commence. | Prices agreed.  | LP      | 5     | 2      | 2    | 10     | 10   | 1) Agree hire contracts prior to commencement of works.  | Complete            | C      | 0                | 2      | 2    | 0              | 0    |
| 26 | WLC      | Planning    | Failure to achieve planning permission.  |   | SJ      | 3     | 2      | 8    | 6      | 24   | 1. Submit revised planning application.  | June                | C      | 1                | 2      | 8    | 2              | 8    |
| 27 | WLC      | Legal       | Failure to comply with the terms of the AW lease.                                |   | SJ      | 1     | 2      | 8    | 2      | 8    | 1) Schedule regular meetings to keep AW updated through development phase of the project.  | On-going            | L      | 1                | 1      | 4    | 1              | 4    |
| 28 | WLC      | Procurement | Failure to agree bar fit out deal as part of alcohol supply contract.            | SSDC budget assumes bar fit out will be finished through 3 year alcohol supply deal. Contract to cover WLC and the Octagon. There is very strong interest from Suppliers. | AB      | 1     | 4      | 4    | 4      | 4    | 1) Combine WLC and Octagon (will be largest contract in the area). 2) Tender early.  | Complete            | C      | 1                | 4      | 4    | 4              | 4    |



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|----|----------|----------------------|--|--|-------|-------|--------|------|--------|------|--|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |                      |  |  |       |       | Cost   | Time | Cost   | Time |  |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |                      |  |  |       |       |        |      |        |      |  |                     |        |                  | Cost   | Time | Cost           | Time |
| 29 | WLC      | Procurement          | Failure to appoint suitable contractors.                   | 6 Stage 1 Tender submissions. 2 shortlisted for Stage 2.   | GG    | 5     | 1      | 8    | 5      | 40   | 1) Identify contractors. 2) Raise awareness of contract. 3) Ascertain willingness to submit tenders prior to invitation to tender. 4) Suitable contractors selected for type of works involved. Financial analysis to be carried out on receipt of tenders | Complete            | C      | 0                | 0.5    | 0.5  | 0              | 0    |
| 30 | WLC      | Procurement          | Appointed contractors cannot deliver to required schedule. | 35wk Programme Stated. Project plan has been revised accordingly. Final programme will be negotiated at Stage 2 with preferred contractor. | GG    | 3     | 4      | 2    | 12     | 6    | Required times scales and programme of works identified within tender documents. Contractor to submit his own programme if different to that stated on return of tender.   | Complete            | C      | 0                | 2      | 2    | 0              | 0    |
| 31 | WLC      | Procurement          | Failure to appoint service suppliers.                      |  | PH    | 5     | 2      | 2    | 10     | 10   | Instigate pre-contract meetings to establish points of communications and establish critical path programming.   | Complete            | C      | 2                | 1      | 1    | 2              | 2    |
| 32 | WLC      | Procurement          | Tender price inflation.                                    |  | SJ    | 5     | 8      | 8    | 40     | 40   | 1. Clear project budget. 2. Value engineer works to contain costs within available resources.  | Complete            | C      | 3                | 4      | 4    | 12             | 12   |
| 33 | WLC      | Construction and H&S | Insufficient resourcing from contractors.                  | Delay in completing works, impacting new bookings.   | GG    | 3     | 2      | 2    | 6      | 6    | Tender details and drawings identified works required, timescales and penalties involved.  | On-going            | A      | 3                | 8      | 4    | 24             | 12   |
| 34 | WLC      | Construction and H&S | Inclement weather.   | Delay in programme for roof replacement and new pavillion. Other works unaffected.   | GG    | 3     | 2      | 2    | 6      | 6    | Details of inclement weather to be recorded. Contractor allowed extension of time at no additional cost to all parties   | On-going            | A      | 3                | 2      | 2    | 6              | 6    |
| 35 | WLC      | Construction and H&S | Dispute with contractors threatening delivery,             | Delay in programme   | GG    | 3     | 4      | 2    | 12     | 6    | Project risks and environment details stated in tender documents.  | On-going            | L      | 1                | 2      | 2    | 2              | 2    |
| 36 | WLC      | Construction and H&S | Delay in supplying retractable seating.                    | 20 week lead in time. Tender process complete. Preferred Contractor Identified.  | AB    | 3     | 4      | 2    | 12     | 6    | Chosen contractor needs to be chosen on ability to deliver on time   | Complete            | C      | 0                | 2      | 2    | 0              | 10   |
| 37 | WLC      | Construction and H&S | Contractor liquidation.                                    | Default in contractor completing works. Alternative contractor to be appointed   | GG    | 3     | 8      | 4    | 24     | 12   | Financial standing of contractors checked prior to invite to tender. Payments made monthly for works done in arrears   | On-going            | L      | 1                | 2      | 2    | 2              | 10   |
| 38 | WLC      | Construction and H&S | Failure to sign up lease delays work.                      |  | IC    | 5     | 2      | 2    | 10     | 10   | 1) Obtain licence / letter of intent approval to enable works to proceed. 2) Complete new lease agreements.  | Complete            | C      | 0                | 2      | 2    | 0              | 10   |



# Westlands Leisure Complex

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| ID | Facility | Category             | Description of Risk  | Comments   | Owner | Prob. | Impact |      | Rating |      | Mitigation Actions   | To Action by (date) | Status | Revised Analysis |        |      |                |      |
|----|----------|----------------------|--|--|-------|-------|--------|------|--------|------|--|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |                      |  |  |       |       | Cost   | Time | Cost   | Time |  |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |                      |  |  |       |       |        |      |        |      |  |                     |        |                  | Cost   | Time | Cost           | Time |
| 39 | WLC      | Construction and H&S | Delays in club / user group 'decant' delays work.  | Premises need to be emptied prior to works commencing.                         | LP    | 5     | 2      | 2    | 10     | 10   | 1) Assess decant issues. 2) Set up decant programme and agreements with clubs / user groups. 3) Oversee decant on site.                                | On-going            | C      | 0                | 2      | 2    | 0              | 10   |
| 40 | WLC      | Construction and H&S | Accident on site stops site works.   |  | GG    | 3     | 8      | 8    | 24     | 24   | 1) Design complies with CDM regulations. 2) Health and safety aspects considered as part of tender process. H & S issues monitored throughout process. | On-going            | L      | 1                | 4      | 4    | 4              | 4    |
| 41 | WLC      | Construction and H&S | Works on site undercover an unexpected problem.  | Asbestos, building regulation and fire assessment issues have been identified. | PB    | 5     | 2      | 4    | 10     | 20   | 1) Condition surveys completed across all site areas. 2) Contingency provision.  | On-going            | A      | 3                | 4      | 4    | 12             | 12   |
| 42 | WLC      | Construction and H&S | Asbestos contamination on site site is more extensive than initially thought.                                      | Last roof cut scheduled for stage ventilation.                                 | GG    | 3     | 8      | 2    | 24     | 6    | 1) Asbestos survey completed. 2) Works assessed and costed. 3) Contingency provision.  | On-going            | C      | 3                | 4      | 4    | 12             | 10   |
| 43 | WLC      | Construction and H&S | Security on site of tools, plant and machinery.  |  | GG    | 3     | 1      | 1    | 3      | 3    | Contractor to assess requirements as part of tender process.   | On-going            | L      | 1                | 1      | 1    | 1              | 1    |
| 44 | WLC      | Construction and H&S | Contractor communication during construction phase   | Delay in programme completion, issues with users or members of the public.     | GG    | 3     | 4      | 2    | 12     | 6    | Management and supervision team in place. Contractor responsible for communications with sub contractors and suppliers.                                | On-going            | L      | 3                | 4      | 2    | 12             | 6    |
| 45 | WLC      | Construction and H&S | Vandalism during construction.   |  | GG    | 3     | 8      | 2    | 24     | 6    | Monitor contractor site security arrangements.   | On-going            | L      | 3                | 8      | 4    | 24             | 12   |
| 46 | WLC      | Construction and H&S | BT fail to deliver 1Gb fibre link  |  | BW    | 5     | 1      | 4    | 5      | 20   | 1. Order early. 2. Track deliver.  | On-going            | A      | 3                | 1      | 4    | 3              | 12   |
| 47 | WLC      | Construction and H&S | Kitchens need to be recommissioned. Further work may be required should issued be identified by the actering team. | Commissionign test to be completed in Feb 2017.                                | SW    | 3     | 2      | 4    | 6      | 12   | LC to arrange commissioning.   | On-going            | A      | 3                | 2      | 4    | 6              | 12   |
| 48 | WLC      | Licence              | Police object to the Licence.  | Prevents alcohol being sold, results in business plan being unviable.          | SW    | 5     | 8      | 8    | 40     | 40   | SW to consult all parties, submit licence and broker conditions.   | On-going            | A      | 5                | 8      | 8    | 40             | 40   |



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|----|----------|-------------|---|---|---------|-------|--------|------|--------|------|---|---------------------|--------|------------------|--------|------|----------------|------|
|    |          |             |   |   |         |       | Cost   | Time | Cost   | Time |   |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |             |   |   |         |       |        |      |        |      |   |                     |        |                  | Cost   | Time | Cost           | Time |
| 49 | WLC      | Operational | Handover date uncertain.  | Currently being finalised through Stage 2. Business plan estimates need to be matched to programme. | SJ / AB | 5     | 8      | 8    | 40     | 40   | 1) Prepare and test programme. 2) Financially re-model BP transition year to reflect programme.   | Complete            | C      | 3                | 4      | 4    | 12             | 12   |
| 50 | WLC      | Operational | AW may seek to transfer site to SSDC earlier under 'Letter of Intent' whilst legals progress.     | May mitigate vandalism.   | SJ / IC | 7     | 4      | 4    | 28     | 28   | 1) Assess implications of AW seeking to transfer the risk. 2) Assess options and prepare plans. 3) Consider timing and terms that would be acceptable for SSDC.                           | Complete            | C      | 0                | 4      | 4    | 0              | 0    |
| 51 | WLC      | Operational | Accuracy of supplied information.   | Period of closure presents more significant challenge.  | SJ      | 5     | 8      | 2    | 40     | 10   | 1) Allocate contingency within BP.  | On-going            | A      | 3                | 4      | 4    | 12             | 12   |
| 52 | WLC      | Operational | AW negotiation and settlement for Sodexo owned assets has not been concluded.                     | Concluded as part of the Lease. Valued at circa £200K.  | SJ      | 5     | 8      | 2    | 40     | 10   | 1) Review Sodexo inventory only seeking assets our operating plan requires. 2) Confirm requirements to AW. 3) Monitor AW negotiation and its financial impact to SSDC.                    | October             | C      | 0                | 8      | 2    | 0              | 0    |
| 53 | WLC      | Operational | Extent of revenue impact stemming from prolonged closure.   |   | SJ      | 7     | 8      | 8    | 56     | 56   | 1) Sign up clubs prior to works commencement. 2) Establish marketing plan. 3) Launch website. 4) Deliver campaigns in tandem with works.  | On-going            | L      | 5                | 8      | 2    | 40             | 10   |
| 54 | WLC      | Operational | Extent of revenue impact associated with the phased refurbishment could be greater than forecast. | Finalise once Lease and Stage 2 Tenders is agreed.  | SJ      | 5     | 4      | 2    | 20     | 10   | 1) Mobilise operation according to programme. 2) Build programme penalties into works contracts. 3) Assess mitigation options to minimise costs.  | On-going            | L      | 3                | 4      | 2    | 12             | 6    |
| 55 | WLC      | Operational | Secure insufficient artists during the first post refurbishment year.                             | Less ticket sale income.  | AB      | 5     | 8      | 1    | 40     | 5    | 1) Seek to contract artists as soon as Letter of Intent agreed.   | Ongoing             | L      | 5                | 8      | 1    | 40             | 5    |
| 56 | WLC      | Operational | Facility levy receipts are less than expected.  | Levy scheme fully implemented and performing well. Impacts loan repayment.                          | AB      | 3     | 8      | 1    | 24     | 3    | 1) Introduce scheme to start Sept 2016. 2) Maintain healthy loan to receipt ratio. 3) Include WLC as part of S106 / CIL regime. 5) Monitor introduction and ticket sale receipts monthly. | Complete            | C      | 1                | 8      | 1    | 8              | 1    |
| 57 | WLC      | Reputation  | Failure to deliver enhancements and transformation residents expect.                              | Reactions have been very positive on the Sport and Fitness Centre, and tours to date.               | VS      | 5     | 1      | 1    | 5      | 5    | 1) Manage expectations through website. 2) Allow residents / hirers to explore design room by room. 3) Clear project plan. 4) Contingency budget.   | Complete            | C      | 1                | 1      | 1    | 1              | 1    |
| 58 | WLC      | Reputation  | Failure to deliver the project and meet requirements of SE.                                       |   | VS      | 3     | 1      | 4    | 3      | 12   | 1. Board meeting monitoring.  | On going            | L      | 1                | 1      | 1    | 1              | 1    |



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|    |          |               |   |   |       |       | Cost   | Time | Cost   | Time |   |                     |        | Prob.            | Impact |      | Revised Rating |      |
|    |          |               |   |   |       |       |        |      |        |      |   |                     |        |                  | Cost   | Time | Cost           | Time |
| 59 | WLC      | Political     | Poor communication to Members.  |   | SS    | 1     | 1      | 4    | 1      | 4    | 1) Sylvia to keep Cllrs abreast of progress through Policy Panel Meetings. 2) DX report 4 Monthly. 3) Area South / YTC Report 4 Monthly. 5) Ward Member update bi-monthly.  | On-going            | L      | 1                | 0.5    | 2    | 1              | 2    |
| 60 | WLC      | Communicate   | Failure to communicate to Clubs / Sections.   | Use agreements, prices and licences now in place.     | LP    | 3     | 0.5    | 2    | 2      | 6    | 1) Form User Forum. 2) Hold regular User forum updates.   | Complete            | C      | 1                | 0.5    | 2    | 0.5            | 2    |
| 61 | WLC      | Communication | Failure to communicate properly to members of the Project Team and Project Board.                                     |   | SJ    | 3     | 2      | 2    | 6      | 6    | 1. Regular project team and project board meetings. 2. Project highlight reports. 3. Baseline information system.   | On-going            | L      | 1                | 2      | 2    | 2              | 2    |
| 62 | WLC      | Communication | Failure to communicate properly to Ward Members.  |   | SJ    | 1     | 0.5    | 1    | 1      | 1    | 1. Bi-monthly update reports.   | On-going            | L      | 1                | 0.5    | 0.5  | 1              | 1    |
| 63 | WLC      | Communication | Failure to communicate properly to Area South Committee and Yeovil Town Council.                                      |   | SJ    | 3     | 1      | 1    | 3      | 3    | 1. Update and Advise 4 Monthly.   | On-going            | L      | 1                | 1      | 1    | 1              | 1    |
| 64 | WLC      | Communication | Negative perception on spending money on an area people feel should not be supported.                                 |   | DH    | 3     | 1      | 2    | 3      | 6    | 1. Deliver project to budget and schedule. 2. Maintain high external profile.   | On-going            | L      | 1                | 0.5    | 1    | 1              | 1    |
| 65 | WLC      | Finance       | AW refuses to accept annual accounts and therefore the £35k contribution is not received                              | Invoice issued. Payment expected within next 60 days. | DP    | 7     | 8      | 8    | 56     | 56   | Example now an Appendix to the lease and cost headings now agreed   | On-going            | L      | 3                | 8      | 2    | 24             | 6    |
| 66 | WLC      | Finance       | Over time SSDC will lose the contributions from the Town and Parish Councils, and AW as the profit generates a profit |   | DP    | 7     | 8      | 8    | 56     | 56   | Example now an Appendix to the lease and cost headings now agreed. Will need to review spend each year and keep business plan up to date to ensure if contributions are lost that the complex has a sustainable profit. Have factored in a reduction by year 4.   | On-going            | A      | 5                | 8      | 2    | 40             | 10   |
| 67 | WLC      | Finance       | If AW enact the break clause SSDC may not have sufficient funding to repay the loan.                                  |   | DP    | 9     | 8      | 8    | 72     | 72   | Changes made in the side agreement mean that SSDC will not have to calculate this as per their published accounts. This risk will be minimised through the final Financial Statement and will require ongoing monitoring in order to minimise any financial difference between the cap and return from AW if the break is acted upon. | On-going            | A      | 7                | 8      | 8    | 56             | 56   |



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|    |          |          |   |                     |       |       |        |      |        |      |  |                     |        |                  | Cost   | Time | Cost           | Time |
| 68 | WLC      | Finance  | The business plan is not realised over time                   |                     | SJ    | 5     | 8      | 8    | 40     | 40   | The Business Plan is based on past figures and data received from running the center. This has been supplemented by SSDC knowledge of running the Octagon and SSDC sports facilities. By year 3 it is expected that overall there will be a surplus of approx £100k - the MTFP reflects an ongoing loss of £62k and therefore the business case could have a considerable reduction in net profit before affecting other SSDC services | On-going            | A      | 3                | 8      | 4    | 24             | 12   |
| 69 | WLC      | Finance  | Financial close not completed before delayed key staff leave. |                     | CEO   | 7     | 8      | 8    | 56     | 56   | Financial close is unlikely to be completed before the end of May 2017. Mitigation measure currently provides 5 days of key officer time.  | On-going            | A      | 7                | 8      | 4    | 56             | 28   |
| 70 | WLC      | Finance  | Insurance claim for roof is unsuccessful.                     | Budget impact £74K. | LC    | 3     | 8      | 8    | 24     | 24   | Initial claim response is positive, but insurer unlikely to meet full costs. Claim seeks interior aspects as well as roof.   | On-going            | A      | 7                | 8      | 4    | 56             | 28   |



# Westlands Leisure Complex

## PROJECT RISK REGISTER

















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|             |   |        |   |    |    |    |
|-------------|---|--------|---|----|----|----|
| PROBABILITY | 9 | 4.5    | 9 | 18 | 36 | 72 |
|             | 7 | 3.5    | 7 | 14 | 28 | 56 |
|             | 5 | 2.5    | 5 | 10 | 20 | 40 |
|             | 3 | 1.5    | 3 | 6  | 12 | 24 |
|             | 1 | 0.5    | 1 | 2  | 4  | 8  |
|             |   | 0.5    | 1 | 2  | 4  | 8  |
|             |   | IMPACT |   |    |    |    |







|        |   |
|--------|---|
| 0 - 7  | L |
| 8 - 20 | M |
| 21 -   | H |



3d) Transformation Programme – Risk Register as at 2<sup>nd</sup> February 2017

| <b>Risk</b>  | <b>Score</b> |      | <b>Controls</b>   | <b>Actions</b>   | <b>New Score</b> |     |   |
|--|--------------|------|---|--|------------------|-----|---|
| R 46 - TP budget overspends  | 20           | High |  C 046.1 - Detailed business case<br>C 046.2 - Robust contractual arrangements<br>C 046.3 - Detailed monitoring  | A 46.1 - Prepare and present detailed business case<br>A 46.2 - Contracts<br>A 46.3 - Monitoring | 14               | Med |    |
| R 47 - TP Unexpected external cost   | 20           | High |  C 047.1 - Review level of corporate priority against the new cost pressure.   | A 47.1 - Review  | 14               | Med |    |
| R 48 - TP ICT solutions fail to deliver to expectations  | 20           | High |  C 048.1 - Achieve “fit for purpose” specification<br>C 048.2 - Use “tried and tested” innovation<br>C 048.3 - Review business continuity / disaster recovery plans        | A 048.1 - Complete IT specification  | 14               | Med |    |
| R 49 - TP Insufficient capacity to deliver the TP  | 19           | High |  C 049.1 - Programme identified as a key corporate priority<br>C 049.2 - Commission external support as required to ensure the TP is delivered in line with the timetable. | A 49.1 - Complete procurement of external consultancy for blueprinting (detailed design stage)   | 14               | Med |    |
| R 50 - TP The shared vision for the TP during periods of significant changes is not maintained | 15           | Med  |  C 050.1 - Effective communication strategies to engage with members staff and other stakeholders embedded within TP.  | A 050.1 - Implement Communication plan   | 14               | Med |    |
| R 51 - TP Organisation transition to the new operating model is not managed effectively.       | 20           | High |  C 051.1 - Once decision taken to implement TP create sufficient organisation capacity to achieve programme timeframes.<br>C 051.2 - Transition Plans                    | A 051.1 - Complete programme implementation plan with Ignite                                     | 14               | Med |  |
| R 52 - TP Programme management arrangements are not robust or resilient.                       | 20           | High |  C 052.1 - Maintain appropriate Member and officer TP governance arrangements.   | A 052.1 - Continue to review programme governance  | 14               | Med |  |
| R 53 - TP loss of ongoing political commitment   | 20           | High |  C 053.1 - Ongoing liaison with members to maintain shared vision  | A.053. ...As controls  | 14               | Med |  |

3d) Transformation Programme – Risk Register as at 2<sup>nd</sup> February 2017

|  |    |      |   |   |  |    |     |   |
|--|----|------|---|---|--|----|-----|---|
|  |    |      |   | C 053.2 - Raise awareness of the scale of organisation change and the impact on both members and staff.   |  |    |     |   |
| R 54 - TP Reduced capacity and morale during significant corporate change              | 15 | Med  |  | C 054.1 - TP communication strategy<br>C 054.2 - Ensure that key staff are not lost to SSDC<br>C 054.3 - Performance monitoring<br>C 054.4 - Supporting people through change                       | A 54.1 - agree KPIs for Transformation Programme   | 14 | Med |  |
| R 55 - TP New skills and approaches to work styles are not adopted                     | 20 | High |  | C 055.1 - Support cultural change with a comprehensive corporate training and development programme<br>C 055.2 - Ensure new systems are resilient and stable<br>C 055.3 - TP Communication Strategy | A 055.1 - Complete detailed implementation plan including values and behaviours with Ignite<br>A 055.2 - | 9  | Low |  |
| R 56 - TP detailed design fails to meet data privacy/protection or access requirements | 15 | Med  |  | C R 56.1 - Privacy Impact Assessment<br>C R 56.2 - Equalities Analysis  | A 056.1 - Continue to maintain relevant assessments as part of the blueprinting process                  | 8  | Low |  |

# Agenda Item 10

## **Audit Committee Forward Plan**

*Assistant Director: Donna Parham, Finance and Corporate Services*  
*Lead Officer: Becky Sanders, Democratic Services Officer*  
*Contact Details: becky.sanders@southsomerset.gov.uk or 01935 462596*

### **Purpose of the Report**

This report informs Members of the agreed Audit Committee Forward Plan.

### **Recommendation**

Members are asked to comment upon and note the proposed Audit Committee Forward Plan as attached.

### **Audit Committee Forward Plan**

The forward plan sets out items and issues to be discussed over the coming few months and is reviewed annually.

Items marked in italics are not yet confirmed.

***Background Papers:***      *None*

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## Audit Committee – Forward Plan

| Committee Date | Item  | Responsible Officer   |
|----------------|---|---|
| 23 Mar 17      | <ul style="list-style-type: none"> <li>Internal Audit Plan – approve 17/18 plan</li> <li>Internal Audit – Charter</li> <li>Annual Fraud Programme</li> <li>E:Procurement</li> <li>Risk Management Update/Procurement Strategy Update</li> </ul> | Moya Moore<br>Moya Moore<br>Lynda Creek<br>Gary Russ<br>Gary Russ |
| 27 Apr 17      | <ul style="list-style-type: none"> <li>Statement of Accounting Policies for 2016/17 Accounts</li> <li>2016/17 Annual Governance Statement</li> <li>External Audit – Audit Plan</li> <li>Review of Internal Audit</li> </ul>                     | Karen Gubbins<br><br>Donna Parham<br>Donna Parham<br>Donna Parham |
| 25 May 17      | <ul style="list-style-type: none"> <li>Debt Write Offs report</li> <li>Health, Safety and Welfare (Annual Report)</li> <li>Risk Registers for Transformation and Westlands Projects – Quarterly update</li> </ul>                               | Donna Parham<br>Pam Harvey<br>TBC                                 |
| 22 Jun 17      | <ul style="list-style-type: none"> <li>Register of staff interests – annual review</li> <li>Annual Treasury Management Activity Report 2015/16 – <b>Needs to go on to Full Council</b></li> </ul>   | Ian Clarke<br>Karen Gubbins                                       |
| 27 Jul 17      | <ul style="list-style-type: none"> <li>Approve Annual Statement of Accounts</li> <li>Approve Summary of Accounts</li> <li>External Audit - Annual Governance Report</li> <li>External Audit – VFM Conclusion</li> </ul>                         | Karen Gubbins<br>Karen Gubbins<br>Donna Parham<br>Donna Parham    |
| 24 Aug 17      | <ul style="list-style-type: none"> <li>Treasury Management – First Quarter monitoring report</li> <li>Internal Audit – First Quarter Update</li> </ul>  | Karen Gubbins<br><br>Moya Moore                                   |
| 28 Sep 17      | <ul style="list-style-type: none"> <li>Treasury Management Practices</li> </ul>   | Karen Gubbins   |
| 26 Oct 17      | <ul style="list-style-type: none"> <li>Mid-year review of Treasury Strategy – <b>Needs to go on to Full Council</b></li> </ul>  | Karen Gubbins   |
| 23 Nov 17      | <ul style="list-style-type: none"> <li>Treasury Management – Second Quarter monitoring report</li> <li>Internal Audit – second Quarter update</li> <li>Annual Audit Letter</li> </ul>   | Karen Gubbins<br><br>Moya Moore<br>Donna Parham                   |