

Council Forum

Thursday, 05 October 2017

18:00

Council Chamber, Blackburn Town Hall,

AGENDA

PART I: ITEMS FOR CONSIDERATION IN PUBLIC

- 1 Chief Executive to read the notice convening the meeting
- 2 Prayers by the Mayor's Chaplain
- 3 Apologies for Absence
- 4 Minutes of the Council Forum Meeting held on 27th July 2017
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- 5 Declarations of Interest
Form attached
DECLARATIONS OF INTEREST FORM 9 - 10
- 6 Mayoral Communications
- 7 Council Forum
To consider questions from members of the public received under Procedure Rule 10
- 8 **To consider motions submitted under Procedure Rule 12**
One Notice of Motion has been submitted under Procedure Rule 12 as follows:

"Blackburn with Darwen Borough Council reflects the concerns of local residents on the subject of the very worrying events taking place in Myanmar. The targeted killing, abuse, rape, displacement and atrocities are being described by independent Human Rights Organisations as ethnic cleansing and if unchecked then there is a real risk of genocide.

A humanitarian disaster is unfolding by the day. The Myanmar Government has the power to stop this in its tracks. So far Aung Sang Suu Kyi has remained

silent. To remain silent is to be complicit. This Council and the community we represent will not remain silent.

We resolve to ask the Chief Executive to write to the Prime minister Theresa May, Foreign Secretary Boris Johnson, our local MP's Kate Hollern and Jake Berry in seeking action from our government to urge the United Nations to call for an immediate and lasting stop to the violence and killing and to intensify pressure on the Myanmar government to allow both full humanitarian access and aid and a United Nations peacekeeping force, pending a peaceful political solution."

Proposed by: Cllr Shaukat Hussain

Seconded by: Cllr Dave Smith

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PART 2: ITEMS FOR CONSIDERATION IN PRIVATE

Date Published: Wednesday, 27 September 2017
Harry Catherall, Chief Executive

COUNCIL FORUM
Thursday 27th July 2017

PRESENT – *The Mayor Councillor Rigby C (in the Chair), Councillors; Akhtar H., Akhtar P; Ali; Bateson; Casey; Connor; Davies; Fazal; Foster D; Foster K; Gee; Groves; Gibson; Hardman; Humphrys; Hussain F; Hussain I; Jan-Virmani; Johnson; Kay; Khan M; Khan Z; Khonat; Lee; Liddle; Mahmood A; Mahmood Q; Marrow; McFall; McGurk; Mulla; Murray; Nuttall; Oates; Patel; Pearson; Perkins; Rigby J; Riley; Shorrocks; Sidat; Slater Ja; Slater Jo; Slater Ju; Smith D, Smith J; Surve; Talbot; Taylor; Tapp; Vali; Whittle and Wright.*

RESOLUTIONS

14 Notice Convening Meeting

The Chief Executive read the notice convening the meeting.

15 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Gunn, Daley, Desai, Maxfield, Neil Slater, Brookfield, Harling, Hollings and Entwistle.

16 Minutes of the Annual Council Meeting held on 18th May 2017

RESOLVED – That the Minutes of the Annual Council meeting held on the 18th May 2017 be agreed as a correct record.

17 Declarations of Interest

Councillors John Slater, Kevin Connor, Mike Lee, Denise Gee and Ron Whittle declared an interest in Agenda Item 8 (Motion submitted under procedure rule 12 – NJC pay claim).

18 Mayoral Communications

The new Mayor updated Members on a number of events that he had recently attended. One of the events was the opening of a new skills centre at the Olive Tree (for Adults with Learning Difficulties) with the Mayor highlighting the great work of staff and organisers at the centre. The Mayor also stated that it had been a very busy start to his Mayoral year.

19 Council Forum

The Chief Executive advised that no questions had been received from members of the Public under Procedure Rule 10.

20 The Motions Submitted under Procedure Rule 12

The Chief Executive announced that one Notice of Motion had been submitted under Procedure Rule 12 as follows:

NJC PAY TO COUNCILS

This Council calls upon the government to end the unfair policy of pay restraint for public sector workers – if the government can find £1bn to “encourage “ the DUP to support the Conservative Party in Parliament, it can find the money to pay a decent wage to public sector workers who, on a daily basis, work to provide the vital front line services that the country depends on.

In particular, this Council sympathises with the background to the NJC pay claim for 2018, submitted by UNISON, GMB and Unite on behalf of council and school workers. This Council also welcomes the joint review of the NJC pay spine to remedy the turbulence caused by bottom-loaded pay settlements. This Council however is increasingly concerned regarding the impact of the drastic ongoing cuts to local government funding and the tough choices on services that are being left for local councils to make and therefore calls on the Government to provide the additional funding for this pay rise.

The Council fully supports the national bargaining arrangements and considers provision of funds to facilitate meaningful and fair negotiations is a reasonable expectation following years of real time cuts in public sector pay.

The Government needs to take responsibility and fully fund increases in pay; it should not put the burden on public sector employers such as local authorities whose funding has been cut to the bone.

- This Council therefore resolves to ask the Chief Executive to write to the LGA to make urgent representations to Government to provide adequate funding for the NJC pay negotiations and pay spine review and notify us of their action in this regard.
- Write to the Prime Minister and Chancellor calling for an end to further public sector pay cuts and request proper funding for public services.

Proposer: Cllr Jim Shorrock

Seconder: Cllr Ron Whittle

Following debate there then followed a Vote on the Motion.

RESOLVED – That the Motion be carried.

21 Policy and Corporate Resources Committee

In submitting the report of the Policy and Corporate Resources Committee, Councillor Jim Shorrocks advised that the Annual Scrutiny Review had been held on the 28th June 2017 at the same time as the first meeting of the Committee in the new Municipal Year, and had been well attended. Included with the Council Forum Agenda was a report containing a list of work programme items from each of the Scrutiny Committees for 2017/2018.

RESOLVED – That the report of the Policy and Corporate Resources Overview and Scrutiny Committee be noted.

22 Standards Committee Report

Members received a report from the Standards Committee which advised Council of the findings of a Hearing Panel held on 6th July 2017. Members held a discussion in the Chamber around the outcome and implications of the report.

RESOLVED – That Council Forum note the Standards Committee Report.

23 Reports of the Executive Members with Portfolios

Council Forum received and considered reports and updates from the Leader and Executive Member's with portfolios. They were considered as follows: the Leaders report, Children's Services, Environment, Leisure, Culture and Young People, Neighbourhoods and Prevention, Resources, Schools and Education, Regeneration and Health and Adult Social Care.

RESOLVED – That the reports of the Leader and Executive Members for the following portfolios: Children's Services, Environment, Leisure, Culture and Young People, Neighbourhoods and Prevention, Resources, Schools and Education, Regeneration and Health and Adult Social Care be noted.

24 Questions Received from Members under Procedure Rule 11

The Chief Executive reported that one question had been received under Procedure Rule 11 as follows:

For the Executive Member for Regeneration, Councillor Phil Riley from Councillor Roy Davies:

“Given the Planning Committee decision to wave £73,600 section 106 on the former Elizabeth House site can he promise to put in an equivalent amount of money to improve amenities in the Sudell Ward”?

A response to the question was provided by the Executive Member for Regeneration.

Signed at a meeting of the Council
on the day of
(being the next ensuing meeting of the Council) by

MAYOR

**DECLARATIONS OF INTEREST IN
ITEMS ON THIS AGENDA**

Members attending a Council, Committee, Board or other meeting with a personal interest in a matter on the Agenda must disclose the existence and nature of the interest and, if it is a Disclosable Pecuniary Interest or an Other Interest under paragraph 16.1 of the Code of Conduct, should leave the meeting during discussion and voting on the item.

Members declaring an interest(s) should complete this form and hand it to the Democratic Services Officer at the commencement of the meeting and declare such an interest at the appropriate point on the agenda.

MEETING: **COUNCIL FORUM**

DATE: **5th October 2017**

AGENDA ITEM NO.:

DESCRIPTION (BRIEF):

NATURE OF INTEREST:

DISCLOSABLE PECUNIARY/OTHER (delete as appropriate)

SIGNED :

PRINT NAME:

(Paragraphs 8 to 17 of the Code of Conduct for Members of the Council refer)



REPORT to : Council Forum

LEAD OFFICER: Director of Finance and IT

DATE: 5th October 2017

WARD/S AFFECTED: All

Treasury Management Mid-Year Strategy Review for 2017/18 and Annual Report 2016/17

1. PURPOSE

1.1 To update Members with regard to the Treasury Management position to date and proposed Strategy for the remainder of 2017/18, and to formally report the Treasury outturn for 2016/17, as previously reflected in reporting to Audit and Governance Committee, and in the 2016/17 Outturn Corporate Monitoring Report (13th July Executive Board).

2. RECOMMENDATIONS

2.1 The Council is recommended to

- (a) note the Outturn position for 2016-17
- (b) agree to the proposed changes to the Treasury Indicators for the Maturity Structure of Borrowing, and for the Upper Limit on Variable Interest Rate Exposure,
- (c) agree to the continuation of the existing Treasury Management Strategy, and the remaining Treasury and Prudential Indicators for 2017/18, as set at Finance Council in February 2017.

3. BACKGROUND

3.1 In March 2012 the Council adopted CIPFA's 2011 Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, and an updated Treasury Management Policy Statement.

3.2 In February 2017 the Council agreed a Treasury Management Strategy and Minimum Revenue Provision (MRP) Policy for 2017/18.

3.3 The CIPFA Treasury Management Code requires the Council to approve a Treasury Management Strategy (including various Treasury Management indicators) before the start of each financial year, and to consider both the outturn after each year end, and the mid-year position in each current year. The Council has determined to combine the formal outturn report and mid-year review into a single report.

4. KEY ISSUES AND RISKS

4.1 Treasury Priorities

The Council has operated within CIPFA and statutory guidance and requirements in respect of Treasury Management practice. The approved Treasury Management Policy Statement, together with the more detailed Treasury Management Practices and each year's Annual Strategy have all emphasised the importance of security and liquidity over yield.

5. 2016/17 OUTTURN

5.1 Original Strategy for 2016/17

5.1.1 The Strategy for 2016/17 was approved by Council on 29th February 2016. The main aspects of the strategy are outlined below :

- With short-term interest rates expected to continue to be lower than long-term rates it was acknowledged, for another year, that it may continue to be more cost effective not to borrow and instead reduce the level of investments.
- Long-term borrowing would be taken if it became apparent that there was a risk of significantly increased interest rates.
- Any balances over and above those required to maintain basic liquidity could be invested either in the medium term (out to a year) or the longer term (over a year), though it was recognised that long term investment was unlikely. Priority was given to security of funds and liquidity (accessibility) over yield (or return).
- The limits to investment by reference to amount, duration and credit rating were largely unchanged from those applying in previous years

5.2 Economic Review 2016/17

5.2.1 There was significant market volatility across the year, driven by both (a) a slowdown in the Chinese economy in early 2016, and (b) uncertainty over and reactions to political events, including the UK referendum on European Union membership, and United States and European elections. UK inflation had been subdued in the first half of 2016, but falling Sterling exchange rates and rising energy prices resulted in higher inflation, with CPI rising from 0.3% (April 2016) to 2.3 % (April 2016). There was also a decline in household, business and investor confidence. This prompted the Bank of England's Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases.

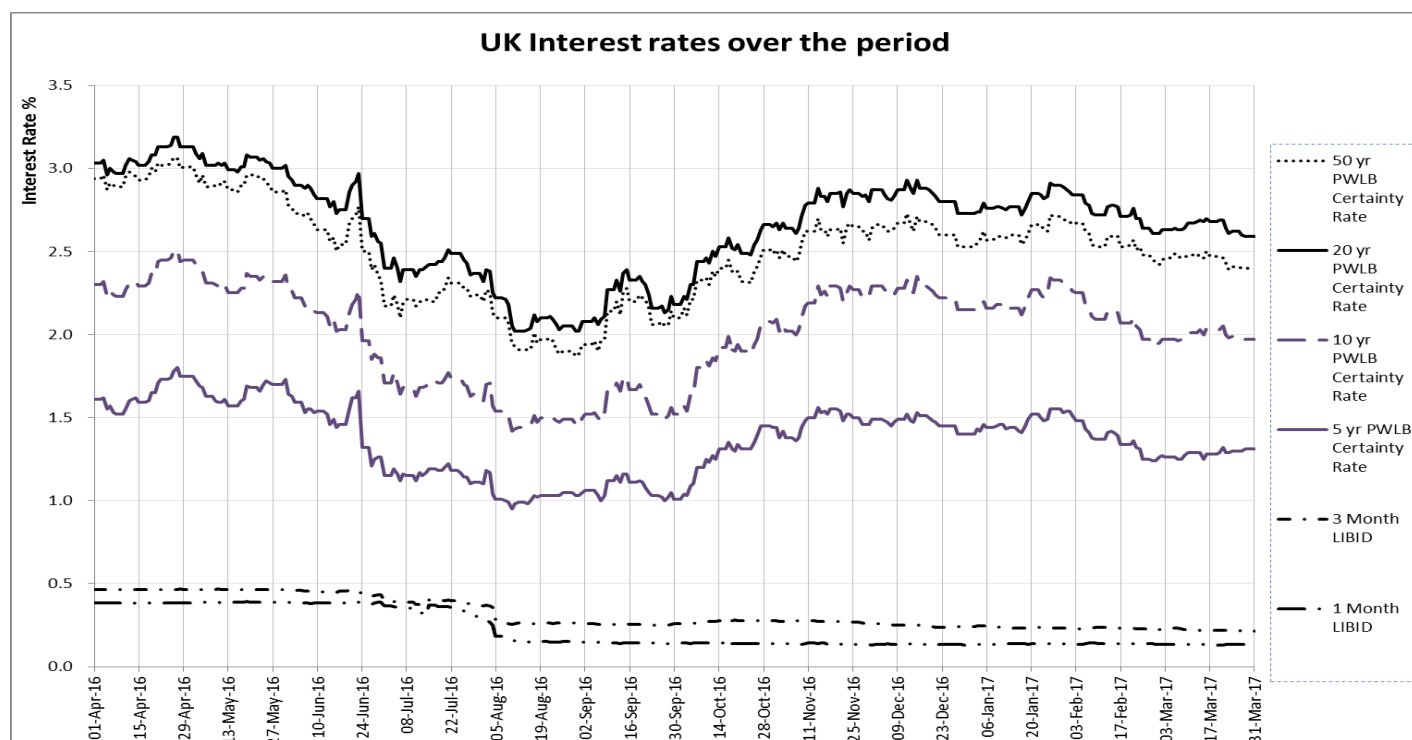
5.2.2 Though growth forecasts were downgraded, UK economic activity was fairly buoyant and unemployment rates fell further, to their lowest for more than a decade. The United States economy strengthened enough to prompt the Federal Reserve to increase rates in December 2016 and March 2017, but the European economy remained stagnant.

5.2.3 After the Referendum result, UK gilt yields – which determine the cost of government borrowing - fell sharply across the maturity spectrum, on the view that Bank Rate would remain extremely low for the foreseeable future. They then went back up in the Autumn, before falling again, in the longer maturities, towards the year end.

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The pattern of interest rates over the year is summarised in the chart below. Local government long

term borrowing costs are set by the Public Works Loans Board (PWLB) - these directly mirror gilt yields. Nominal investment rates, measured through the London Inter-Bank Bid Rate (LIBID), are also shown - these declined slowly across the year, so short run investment returns and the cost of short term borrowing remained stable and low.



5.3 Treasury Management Performance 2016/17

5.3.1 By 31st March 2017, the Council had net borrowing of over £162M, arising from its revenue and capital income and expenditure, up £19M from the previous year.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below.

Balance Sheet Summary	31 March 2016 £M	2016/17 Movement £M	31 March 2017 £M
General Fund CFR	297.5	4.2	301.7
Less CFR re Debt Managed by LCC	-16.6	0.3	-16.3
Less CFR re PFI Debt	-70.1	0.1	-70.0
Loans/Borrowing CFR	210.8	4.6	215.4
Less Usable Reserves	-52.5	3.1	-49.4
Less Working Capital	-15.3	11.6	-3.7
Net Borrowing	143.0	19.3	162.3

The overall increase in **net borrowing** was due to new capital expenditure financed from borrowing being greater than the financing applied (including MRP), and because of a decline in both usable reserves and in working capital.

The Council's new MRP Policy – under which, from 2016/17, for a number of years,
 (a) the MRP charge to the accounts in respect of both PFI debt and debt managed by Lancashire County Council (LCC) will be less than the actual debt repaid, and
 (b) the MRP charge to the accounts in respect of the Council's own capital spend financed from

borrowing will be reduced,

has resulted in the Council's CFR being higher than it otherwise would have been, and will increase borrowing interest costs in the short run.

5.3.2 The following table summarises debt and investments at the start and end of the year:

	31 Mar 2016 Principal (£ M)	Rate / Return	Avg Life (Yrs)	31 Mar 2017 Principal (£ M)	Rate / Return	Avg Life (Yrs)
<u>Fixed rate funding:</u>						
PWLB	112.9	4.44%	22.7	105.3	4.18%	23.5
Market Debt (Long Term)	10.3	4.47%	38.7	10.3	4.47%	37.7
Market Debt (Short Term)	18.5	0.47%		57.0	0.40%	
	132.0			172.6		
<u>Variable rate funding:</u>						
PWLB	0.0			0.0		
Market	11.5	5.38%	18.0	11.5	5.38%	17.0
	13.5			11.5		
Loans taken by BwDBC	153.2	4.52%	23.5	184.1	4.32%	24.0

Debt from PFI arrangements	70.1			68.6		
Debt managed by Lancashire County Council	16.6	2.0%		16.0	2.1%	
Total debt	239.9			268.7		

Total investments	10.5	0.44%		22.2	0.31%	
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No new long term borrowing was taken in 2016/17. The key changes to the Council's overall debt position across the year were:

- a) Principal repayments on PWLB debt:
£1.6M on EIP (Equal Instalment of Principal) loans & a £6M Maturity loan repaid,
- b) An increase in the level of short term borrowing, from £18.5M to £57M,
- c) Repayments of part of the outstanding debt recognised on the balance sheet for Building Schools for the Future the debt, and for debt managed by LCC.

No debt rescheduling was undertaken, because the premiums payable on early repayment of PWLB debt made it uneconomic to do so.

Short term loans were taken for a range of durations at various points across the year. Investments continued to be maintained to ensure sufficient resources to cover day to day cash flow needs, and would be higher when the timing of short term loans taken was not aligned to the immediate cash flow requirements of the Council.

Overall investment balances were significantly lower than they would have been if long term borrowing had been taken to cover the Council's CFR position, and the degree to which long term debt was less than CFR widened, from around £76M to around £88M.

The deliberate strategy of taking short term loans continued to reduce the interest earned on balances, but delivered large savings on borrowing costs.

5.3.3 In summary, the outturn position in respect of interest costs and income, and MRP charges, was as follows:

Outturn 2015/16 £'000		Original Budget 2016/17 £'000	Outturn 2016/17 £'000
6,668	Interest paid on borrowing	6,250	5,917
227	Interest paid on debt managed by LCC	349	289
6,358	PFI interest paid	6,456	6,460
(367)	Interest receipts	(176)	(214)
6,591	MRP on Council borrowing	7,744	4,985
1,441	MRP – PFI debt	1,543	130
694	MRP – debt managed by LCC	666	340

5.3.4 Interest paid on borrowing in 2016/17 was around £0.3M less than the Original Estimate, which had allowed for higher levels of borrowing. As already noted, there was no new long term borrowing taken in the year. Included in the interest paid was that on short term borrowing – the element relating to short term debt went up from around £56,000 to around £124,000.

PFI interest charges did not add to the “bottom line” faced by the Council Taxpayer, as grants covered their cost.

5.3.5 The average investment balance over the year was down, at £20M (£27M in 2015/16). Balances were lowest at the start of the year, along with a brief dips in the early summer (see **Appendix 1**). In turn, overall interest earned was down to £0.21M in 2016/17 (£0.37M in 2015/16). The most significant component was the dividend and interest income from the Council’s BSF PFI holding, at £0.14M (against £0.13M in 2015/16). Interest earned on treasury cash investments fell, and the average rate of return was also down, at 0.3% (against 0.44% in 2015/16).

Interest rates have been low for several years, and the rates available from the limited range of institutions used by the Council remained low across 2016/17. Funds have continued to be invested for short periods, and sometimes with the government’s Debt Management Office, to manage risk – this also contributed to the low returns.

5.3.6 The impact of the new MRP Policy can be seen in the significant MRP savings in 2016/17.

5.3.7 The position with regard to performance against Treasury/Prudential Indicators in 2016/17 is summarised in **Appendix 2**. There were no breaches of the Borrowing Limits. Outturn capital spend was £23M, down on the £29M forecast. The level of capital spend financed from borrowing was also lower than forecast, and the outturn **total** Capital Financing Requirement of £302M (including LCC and PFI debt) was lower than the original forecast.

The high level of short term borrowing by the end of 2016/17 caused two of the Council’s Treasury Indicators to be “breached” in the last two weeks of the year -

- (a) Proportion of Fixed Term Debt Maturing in Less Than a Year was over the 30% Limit
- (b) Variable Interest Rate Exposure was over the £43M Limit

These breaches were warning flags, showing that the Council took more short term borrowing than it had anticipated. These Limits are designed to help the Council recognise and manage its risk appetite, not to act as a block on treasury practices, and their breach is not a significant issue.

5.4 Treasury Management Consultancy

5.4.1 The Council is contracted up to 31st March 2020 to receive treasury management support from Arlingclose Limited. They provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers.

5.4.2 Over the period, in providing support to the Council, Arlingclose have reviewed the Council's Treasury management procedures and activities. They have provided member training; ongoing officer training; support for and review of treasury decisions, reports and strategies; feedback on accounting for treasury activities; benchmarking with other authorities; guidance on borrowing and investment opportunities; forecasts of interest rates; and regular updates on credit ratings and other information on credit quality. The quality of the support provided has been of a high standard.

5.5 Counterparty Update

5.6.1 Various indicators of credit risk reacted negatively to the result of the EU Referendum. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

None of the banks on the Council's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests.

5.6.3 The Authority's treasury advisor, Arlingclose, monitored the changing circumstances across the year, issuing frequent guidance on investment risks. As part of its creditworthiness research and advice, it undertook regular analysis of relevant ratios to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

In general terms, the limited range of investments used, day to day, by the Council, meant that there were no significant implications for us. (One building society was removed from the Council's investment list in July due to deterioration in credit indicators.)

6. STRATEGY REVIEW 2017/18

6.1 Original Strategy for 2017/18

6.1.1 The Treasury Management Strategy for 2017/18 was approved by Council on 27th February 2017. The Council adopted the latest (2011) edition of the CIPFA Code of Practice on Treasury Management in March 2012. [Page 16 of 84](#)

6.1.2 The broad strategy set at the start of 2017/18 continued the approach set for 2016/17, recognising a widening, significant long-term under-borrowing against the Council's accumulated Capital Financing Requirement. There was uncertainty over the timing of still anticipated future increases in borrowing costs - interest rate increases, if not in 2016/17, were then still expected in the next few years. The availability of cheaper short-term cash still meant, however, that it was still likely that the Council would be able to limit long-term borrowing and generate net interest savings, as it had been doing for a number of years.

6.1.3 **The Original 2017/18 Investment Limits** – were set by reference to amount, duration and credit rating - distinguished between Unsecured Deposits, which would be subject to greater risk of credit loss, and Secured Deposits, where there was less risk. The limits set were largely comparable to those applying in previous years. The medium term intention was that, should investment balances grow, a greater diversity of investments would be used, again with a view to managing risk. **Appendix 3** summarises the investment criteria set for 2017/18.

6.2 Economic Review 2017/18

6.2.1 The UK Consumer Price Inflation (CPI) index grew appreciably early in the year, hitting a maximum in May of 2.9% - it is currently 2.6%. Though fuel prices dipped in the early part of the year, this was more than offset by the continuing impact of the fall in the value of sterling. Employment data remained buoyant, but though GDP continued to grow, the rate of increase appears to have fallen away.

An easing off of the rate of growth in the United States early in 2017 is still expected to be followed by further recovery in their growth rates, and there are recent signs of recovery in a number of European economies.

6.2.2 The UK political and economic uncertainty associated with “Brexit” was exacerbated by the outcome of the June general election. The reaction from the markets was muted, but business confidence now hinges on the progress made (or not) over Brexit negotiations, whether new trade treaties and arrangements are successfully concluded and whether or not the UK continues to remain part of the EU customs union post the country's exit from the EU.

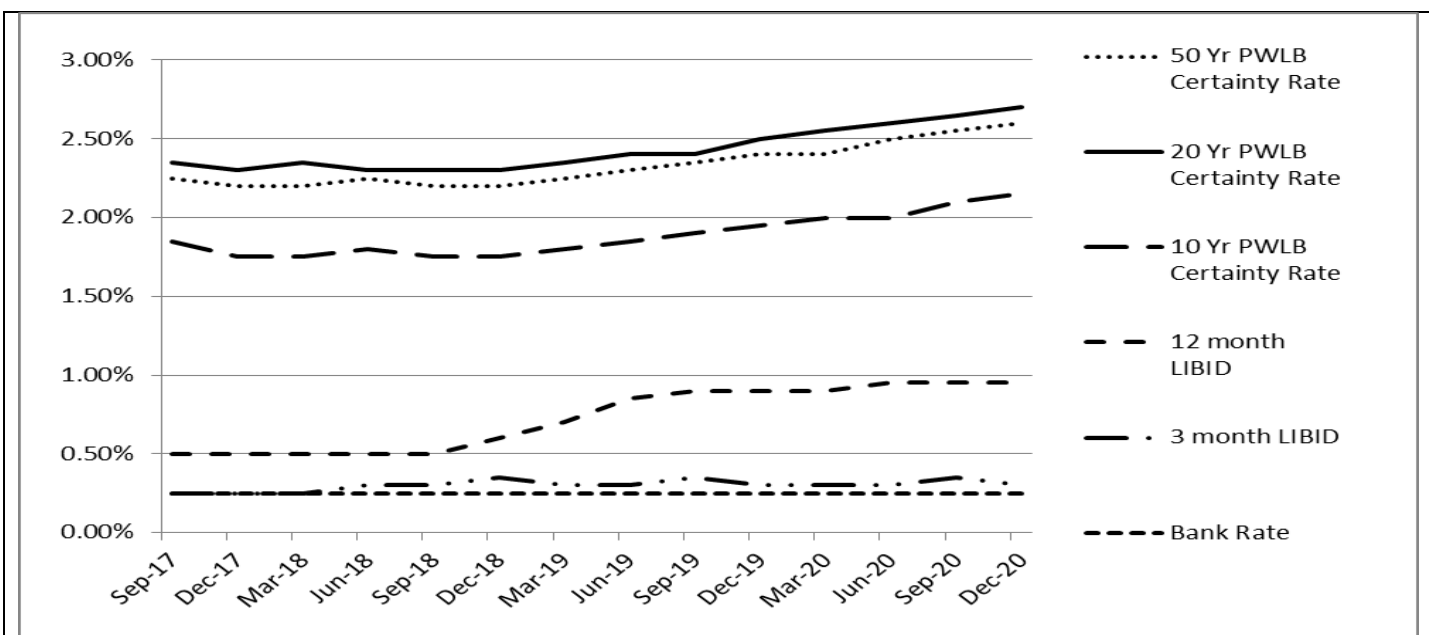
There has been no significant change in the Bank of England's monetary policy over the period. Notwithstanding the uncertainty, Arlingclose project that the Bank of England will “look through” what it expects to be a limited period of higher inflation and maintain its low-for-longer stance on policy interest rates for an extended period.

6.2.3 With regard to UK banks, credit default swap rates – an indicator of confidence in the banking sector - have continued a downward trend, reaching three year lows by the end of June. Bank share prices have not moved in any particular pattern.

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. Arlingclose advised a reduction in the maximum duration of deposits at Bank of Scotland, HSBC Bank and Lloyds Bank, as there is some uncertainty surrounding which banking entities councils will be dealing with once ring-fencing is implemented, or what the balance sheet structures of those banks will be. However, this Council's already limited range of investments was unaffected, as funds were already placed with banks and building societies on a limited time basis, or on an instant access basis.

6.2.4 Market expectations are now for a significant period of low interest rates. The **Council's current projections for interest rates**, based on the latest central forecast from our advisors Arlingclose is summarised in the chart below.

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6.3 Treasury Performance to Date

6.3.1 Thus far, cash balances have typically averaged between £20M and £35M. These levels have been supported by short term borrowing (at low rates, averaging below 0.4%). No long term borrowing has yet been taken, while short term borrowing has fluctuated, but currently stands at around the same level as the start of the year.

	31st March 2017		31st August 2017	
	£M	£M	£M	£M
TEMPORARY DEBT				
Less than 3 months	8.0		0.0	
Greater than 3 months (full duration)	49.0		59.3	
		57.0		59.3
LONGER TERM DEBT				
PWLB	105.3		105.3	
Bonds	21.5		21.5	
Other Market Debt	0.3		0.3	
		127.1		127.1
Lancs County Council transferred debt		16.0		15.8
Recognition of Debt re PFI Arrangements		68.6		67.9
TOTAL DEBT		268.7		270.1
Less: Temporary Lending		-10.5		-22.1
		246.5		248.0

6.3.2 Investments have continued to be made with a limited range of banks, building societies and Money Market Funds, along with other local authorities, and the Government's Debt Management Office (DMO), earning interest at low levels (averaging below 0.25% in the first half of the year). It is likely that investment returns will remain low in the second half of the year.

6.3.4 Net savings of around £0.24M on the Original Estimate for interest and MRP costs have already been reported through corporate monitoring, reflecting lower borrowing last year, and this

year to date. Investment returns remain low, and will fall below the Original Estimate. Further net interest savings are possible, depending upon the Council's cash flow.

It is likely that the Council will be able to continue to borrow short term monies at low rates for the rest of this year, and into future years.

6.4 Investment and Borrowing Strategy for the rest of the year

6.4.1 Though the Council's Investment Criteria allow investment in other organisations and structures, the priority given to maintaining liquidity, and limited opportunities for straightforward trading in Secured Deposits, have meant that simple, tried and tested, and short dated options have been used. Therefore, actual investments have continued to be made in - fixed term deposits and instant access accounts with banks and building societies; instant access Money Market Funds; and fixed term deposits with local authorities and the UK Government's DMO.

It is likely, particularly if material levels of borrowing are taken in future, that at least some investments will be made in a wider range of high grade instruments, such as Treasury bills. The Council's professional treasury advisers, Arlingclose, consider that such widening of the range of the Council's investment instruments is both appropriate and prudent.

6.4.2 It is proposed that the Borrowing Strategy also remain unchanged, with the Council looking to take new borrowing as determined by cash flow requirements and by reference to movements in long term interest rates. However, while it seemed possible that at least some of the Council's ongoing borrowing needs would be covered from longer term and/or PWLB borrowing, it now seems likely that the best value will lie in continuing to take a mix of short term borrowing, at rates of between 0.25% and 0.50%.

It is not currently anticipated that the Council will seek to take funds via the Municipal Bonds Agency (MBA) this year, and any decision to do so would be subject to a separate report to Executive Board. The Council, in 2014/15, supported the creation of the Local Capital Finance Company – which became the MBA - to become an agency which could act as an alternative source of borrowing for local authorities, to ultimately bring down borrowing costs. The MBA has yet to issue its first tranche of borrowing, but hopes to do so soon. It is also looking to position itself to support other forms of borrowing for local authorities.

6.5 Risk Management

6.5.1 The Council's primary objectives for the management of its investments are to give priority to the security and liquidity of its funds before seeking the best rate of return. The majority of its surplus cash is therefore held as short-term investments with the UK Government, highly rated banks and pooled funds. In addition, the Council holds some investments that entail a slightly higher level of risk, including unrated building society deposits (where risks have been mitigated by limiting the amount and duration of exposure).

6.5.2 The Council's primary objective for the management of its debt is to ensure its long-term affordability. The largest part of its loans is from the Public Works Loan Board at long-term fixed rates of interest.

6.5.3 Another significant element of the Council's long term debt is £21.5M of loans from banks and other institutions. Of these, £16.5M worth are "lender's option, borrower's option" (LOBO) loans with initially fixed (and initially low) rates of interest. Under these instruments the Lender can, at certain times, exercise an option to increase the rate payable on the debt, and the Borrower has the choice then either to accept the proposed increase or repay the whole loan (which would mean, effectively, having to live with whatever the market conditions for interest rates were at that point).

This exposes the Council to some risk of rising long-term interest rates, but that is mitigated by the fact that £5M of this debt (forming a large part of the lowest interest rate elements) can only be “called” once in every five years. Recent estimates based on the current projected future interest rates, suggest LOBOs are unlikely to be called in the next 5 years (assuming no extraneous influences).

The other £5M loan is from Barclays Bank, which has chosen to cancel the embedded options in what was a LOBO loan, effectively converting it into a plain fixed rate loan. This has removed the uncertainty on both interest cost and maturity date. This waiver was done by ‘deed poll’; it is irreversible and transferable by Barclays to any new lender.

6.5.4 A combination of short duration investments and long duration debt exposes the Council to the risk of falling investment income during periods of low interest rates. However, the risk of low investment returns is viewed as of lower priority compared to the benefits of optimising the security and liquidity of investments, and the savings made on borrowing costs. Also, though the Council has no long term investments, it is hedged against the investment return risk by its short term debt.

6.5.5 The rapidly expanding part of the debt portfolio - of around £60M in short term loans from other local authorities - does raise new issues. If the medium to long term cost of debt were to move upwards, it may be necessary to restructure the Council’s debt quickly, and cope with an increased cost of borrowing. This issue is kept under review, with regular updates from Arlingclose.

6.6 Treasury and Prudential Indicators

6.6.1 The originally approved Treasury and Prudential Limits and Indicators were set at cautious levels and can largely remain unchanged. However it is proposed to vary two indicators to allow for the ongoing increase in the level of short-term borrowing being undertaken, as follows :

(a) Upper Limit on Variable Interest Rate Exposures	2017/18 £M	2018/19 £M	2019/20 £M
<i>This was originally set as</i>	54.2	58.3	57.3
and it is now proposed to be set as	90.0	90.0	90.0

(b) Maturity Structure of Borrowing – upper/lower limits on fixed rate borrowing were set at :

	Upper	Lower
Under 12 months	35%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	30%	0%
10 years and above	95%	25%

It is **now proposed** to increase the **Upper Limit Under 12 months** from 35% to 45%.

The proportion of fixed rate borrowing with a maturity of Under 12 months has already exceeded the 35% limit set at the start of the year on a number of occasions in this year. This is not a serious matter, as it is merely highlighting the high levels of short term borrowing being taken. Nonetheless it is recommended that the Limit be increased, as set out above.

The proposed increase in the Limits is effectively acknowledging that the Council is prepared to live with the risks of an increase in borrowing costs while looking to keep those costs at a minimum.

6.7 Minimum Revenue Provision (MRP) Policy

6.7.1 The Council's MRP (Minimum Revenue Provision) is the minimum amount which must be charged to revenue each year as a provision for the repayment of debt. The Council, within regulatory guidance, sets its own policy to ensure that the MRP it makes each year is prudent. The charge includes elements relating to "historic debt", acquired before the Prudential Borrowing regime, together with elements relating to more recent "Prudential Borrowing debt".

6.7.2 In setting the 2017/18 MRP Policy, the Council reflected policy changes made in 2016/17, which generated significant savings. No further changes to MRP Policy are now recommended.

7. FINANCIAL IMPLICATIONS

The financial implications arising from the 2016/17 Treasury Outturn and latest position for 2017/18 have been incorporated into Corporate Budget Monitoring Reports.

8. LEGAL IMPLICATIONS

8.1 Under the Local Government Act 2003, local authorities determine locally their levels of capital investment and associated borrowing. The Prudential Code has been developed to support local authorities in taking these decisions, and the Council is required by Regulation to have regard to the Code when carrying out its duties under Part 1 of the Local Government Act 2003.

8.2 The Department for Communities and Local Government issued Guidance on Local Government Investments, under the Local Government Act 2003, effective from 1st April 2010. Authorities must manage their investments within an approved strategy, setting out what categories of investment they will use and how they will assess and manage the risk of loss of investments.

9. POLICY IMPLICATIONS, RESOURCE IMPLICATIONS, CONSULTATIONS

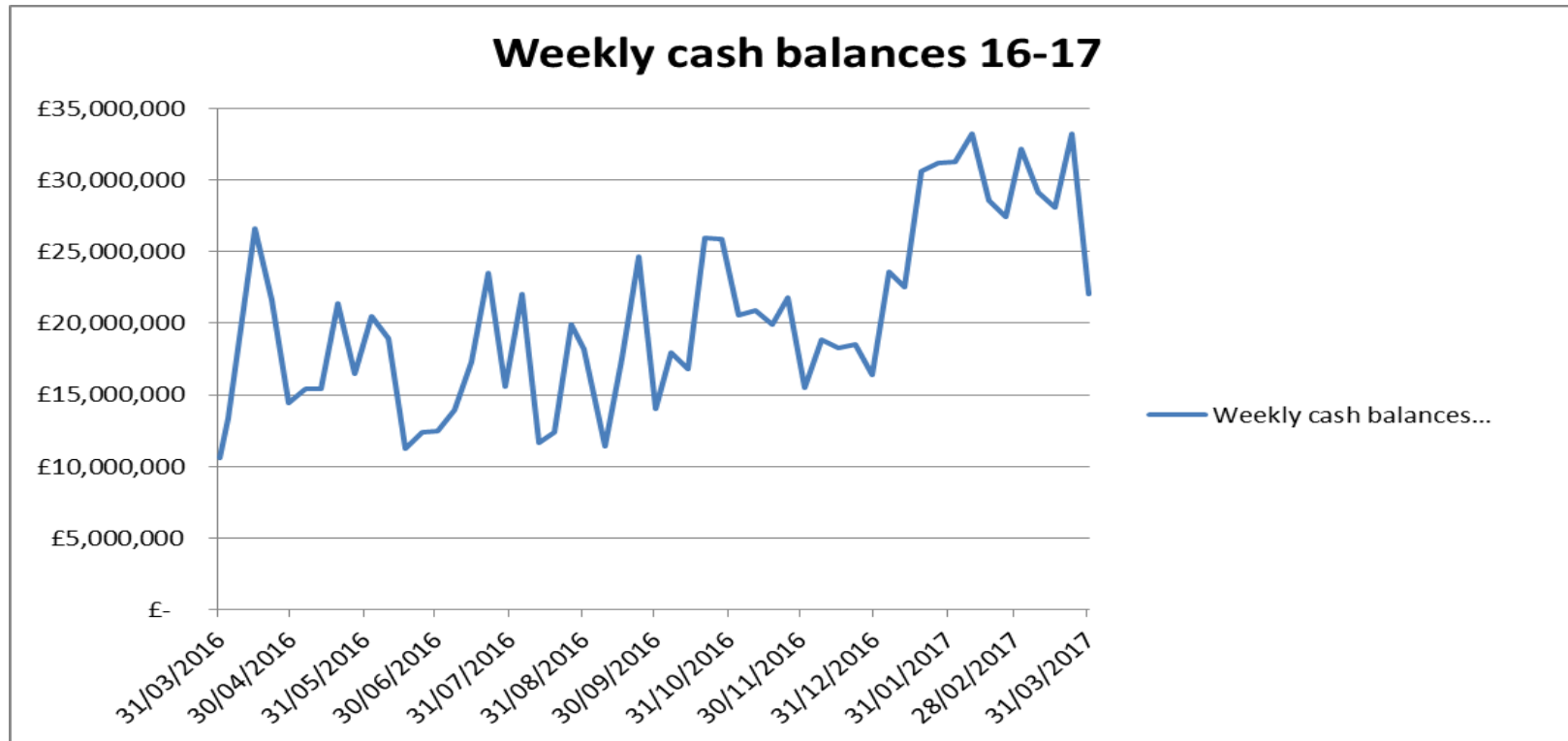
None

10. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

VERSION: 0.05

CONTACT OFFICER:	Ron Turvey - Deputy Finance Manager	extn 5303
	Louise Mattinson - Director of Finance and IT	extn 5600
DATE:	26 th September 2017	
BACKGROUND PAPER:	Treasury Management strategies for 2016/17 and 2017/18 approved at Council 29th February 2016 and 27th February 2017 respectively. Page 21 of 84	



	Indicator 2016/17	As approved Feb 16	Outturn 16/17	Commentary			
	Local Authority has adopted CIPFA 1 Treasury Management Code of Practice	Latest edition of CIPFA TM Code of Practice adopted March 2012					
PRUDENTIAL INDICATORS	2 Estimated Capital Expenditure	£29.1 Million	£22.9 M	cap spend financed from borrowing originally estimated at £15.5M - outturn was £11.6M			
	3 Estimated total Capital Financing Requirement at end of year	£308 Million (incl projections re LCC debt £16M and accumulated PFI / Lease debt £68.6M)	£302 Million (incl LCC debt £16.3M and accumulated PFI / Lease debt £70M)	lower MRP payments have left outturn CFR for LCC debt and PFI debt higher than originally projected			
	4 Estimated incremental impact of capital investment decisions on Council Tax	£0 (Zero after revenue savings allowed for)					
	5 Estimated ratio of financing costs to net revenue stream	17.74% (Main Programme Capital Spend)					
	6 Outturn External Debt prudential Indicators	LCC Debt	16.0M	Borrowing to date	LCC debt & BSF PFI debt both fell across the year, as debt repaid - note that LCC Debt and PFI Debt no longer match their respective CFRs (which formerly they did)		
		PFI elements (no lease)	68.5M	£M			
Remaining elements	229.6M	LCC Debt	16.0				
Operational Borrowing Limit	314.1M	PFI Elements	68.6				
Authorised Borrowing Limit	324.1M	BwD	184.1				
			Total	268.7			
TREASURY	7 Variable Interest Rate Exposure	£43 Million	Exposure to date	£46.4M	Limit breached for the last two weeks of the year		
	8 Fixed Interest Rate Exposure	£223 Million	Exposure to date	£115.6 M	Limit not breached during the year		
	9 Prudential limits for maturity structure of borrowing		Lower Limit	Upper Limit	Period (Years)	Actual maturity structure to date	
					Period (Years)	£M	%
		0	30%	<1	<1	57.0	31.0
		0	15%	1-2	1-2	2.6	1.4
		0	30%	2-5	2-5	7.2	3.9
		0	30%	5-10	5-10	15.8	8.6
	25%	95%	>10	>10	101.5	55.1	

Total	184.1	100.0
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10 Total investments longer than 364 days
£7 Million

NO LONG TERM INVESTMENTS MADE

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in the table immediately below, subject to the cash and time limits shown, AND to any other investment limits also set out in successive paragraphs below.

Approved Investment Counterparties	Specified Investments		Non-specified Investments		
	Cash limit	Time limit	Cash limit	Time Limit > 1 year 1 year +	
Banks and Building Societies – Secured Deposits					
long-term credit ratings no lower than AA (or equivalent)	£5M each	364 days	£5M each	-	6 years
long-term credit ratings no lower than AA- (or equivalent)	£4M each	364 days	£4M each	-	4 years
long-term credit ratings no lower than A- (or equivalent)	£3M each	364 days	£3M each	-	2 years
long-term credit ratings no lower than BBB+ (or equivalent)	-	-	£3M each	6 months	-
long-term credit ratings of BBB or BBB- (or equivalent)	-	-	£3M each	3 months	-
Banks and Building Societies – Unsecured Deposits					
long-term credit ratings no lower than AA (or equivalent)	£5M each	9 months	£3M each	-	3 years
long-term credit ratings no lower than AA- (or equivalent)	£4M each	6 months	£2M each	-	2 years
long-term credit ratings no lower than A- (or equivalent)	£3M each	4 months	£2M each	-	18 months
long-term credit ratings no lower than BBB+ (or equivalent)	-	-	£2M each	2 months	-
long-term credit ratings no lower than BBB (or equivalent)	-	-	£2M each	next day	-
The Council's current account banker - provided long term credit rating no lower than BBB- (or equivalent)	-	-	£3M	next day	-
Corporates or Registered Providers with long-term credit ratings no lower than A- (or equivalent)	£3M each	4 months	£2M each	-	18 months
Unrated institutions , such as some building societies	-	-	£1M each	4 months	-
Company Shares where no direct service benefit arising, for the prudent management of its financial affairs - e.g. LCFC	-	-	£100,000	n/a	
Pooled funds (incl. money market funds)					
long-term credit ratings no lower than A- (or equivalent)	£5M each	n/a	-	-	-
unrated or long-term credit ratings under A- (or equivalent)	-	-	£4M each	-	n/a
UK Government	no limit	364 days	no limit	-	50 years
Other Government with long-term-credit ratings no lower than A- (or equivalent)	£5M each	364 days	£3M each	-	5 years
UK Local Authorities* (irrespective of credit rating)	£5M each	364 days	£3M each	-	5 years
* as defined in the Local Government Act 2003					

Maximum to any one organisation (other than the UK Government) £5 million

Limits also set for Foreign Countries (max £5M per country and minimum sovereign credit ratings of AA+ or better)

Specified and Non-Specified Investments

Specified Investments offer high security and liquidity, and are:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government, local authority, parish council or community council,
OR
 - a body or investment scheme of “high credit quality”.

“High Credit Quality” defined by each authority. This Council defines “high credit quality” organisations as those having a credit rating of A- or higher, if either domiciled in the UK **or** in foreign country with a sovereign rating of AA+ or higher.

For money market funds/pooled funds “high credit quality” is defined as having a credit rating of A- or higher.

Non-specified Investments

- any investment not meeting the definition of a Specified Investment

Only be made in the following categories

- (a) shorter term investments in bodies and schemes with low or no credit ratings –
- (b) long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement (in higher rated counterparties)
- (c) treasury investments defined as capital expenditure by legislation, such as company shares, where there is a potential for a beneficial treasury impact.

Overall limits also apply on Non-specified Investments, as shown the table below.

Non-Specified Investments - Overall Limits	Cash limit
Total long-term investments	£7 M
Total investments without credit ratings or rated below A- Building Societies or Banks (subject to additional overview)	£7 M
Council’s current account bank (in addition to the above)	£3 M
Pooled Funds and Money Market Funds	£15 M
Total non-specified investments	£30 M

Secured and Unsecured Deposits - and Current Account Bankers

Unsecured Deposits: include accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Secured Deposits: include covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Investment in Other Government, Corporate and Registered Providers

Other Government covers loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency.

Equivalent investments with the UK Government may be made in unlimited amounts.

Corporates covers loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Registered Providers covers loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.



REPORT OF:	CHIEF EXECUTIVE
TO:	COUNCIL FORUM
ON:	5th October 2017

INDEPENDENT REMUNERATION PANEL AND MEMBERS ALLOWANCES 2018/19.

1. PURPOSE OF THE REPORT

For Council Forum to consider recommendations relating to the Independent Remuneration Panel for 2018 onwards.

2. BACKGROUND

Independent Remuneration Panel

Council should note that it has been several years since the Council refreshed the Independent Remuneration Panel and recruited members to it. Accordingly Council is now asked to agree that, in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended), recruitment to a refreshed panel is undertaken as soon as possible, (with an invite to existing members to reapply should they wish to continue).

Regulation 20 of the above provides that the panel must be independent, consisting of at least three members none of whom:

“(a) is also a member of an authority in respect of which it makes recommendations or is a member of a committee or sub-committee of such an authority; or

(b) is disqualified from being or becoming a member of an authority. “

Members Allowances Scheme

In accordance with the requirements of the above Regulations, the Council should regularly refresh and adopt a Members Allowances Scheme for monthly payments made to Councillors. It should be noted that consideration will also need to be given to the revised roles and responsibilities of elected Members when the Local Government Boundary Commission for England's (LGBCE) recommendations to reduce the number of wards and councillors are introduced from 2018. It is likely that Members will give further consideration to this matter in Council over the coming months and that this can be considered by the panel once the recruitment has been completed and the new panel is established. The panel will then make recommendations back to Council for consideration.

3. RECOMMENDATIONS

1. That Council agrees to commence the process to recruit and appoint members to a refreshed Independent Remuneration Panel for 2018 onwards in accordance with the Regulations.

Harry Catherall
Chief Executive
5th October 2017

Background Papers:

Contact : Ben Aspinall (Tel 585491)



TO: Audit & Governance Committee

FROM: Director HR, Legal & Corporate Services
Director of Finance & IT

DATE: 13 June 2017

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF BRIEFING PAPER Audit & Governance Committee Annual Report

1. PURPOSE

The draft Audit & Governance Committee Annual Report 2016/17 is attached for consideration and approval (see Appendix A). This summarises the work that the Committee has undertaken during the year to demonstrate that it has fulfilled its agreed terms of reference.

2. RECOMMENDATIONS

The Committee is asked to:

- Consider and approve the Committee’s Annual Report, including the statement on its effectiveness during 2016/17 and the draft effectiveness self-assessment evaluation; and
- Refer the report to Full Council for endorsement.

3. BACKGROUND

The CIPFA ‘Audit Committees: Practical Guidance for Local Authorities and Police’ 2013 edition incorporates CIPFA’s Position Statement on the role and function of view of an audit committee in local authorities. This notes that although no single model of committee is prescribed, all should report regularly on their work and at least annually report an assessment of their performance.

4. RATIONALE

The Audit & Governance Committee is a key component of the maintenance of an adequate and effective governance framework. Through its annual report the Committee can demonstrate its effectiveness in fulfilling its role to provide independent assurance regarding the adequacy of risk management, the overall governance and associated control environment, and also scrutiny of the Council’s financial and non financial performance to the extent that it affects its exposure to risk and weakens the control environment.

5. KEY ISSUES

Having an effective Committee brings many benefits to the Council, such as:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- providing additional assurance through a process of independent and objective scrutiny;
- raising awareness of the need for internal control and the implementation of audit recommendations; and,
- reinforcing the importance and independence of internal audit.

The Committee's activities during 2016/17 were designed to make a positive contribution to the continual improvement of control and governance arrangements across the Council, as well as performing the roles set out for the Committee in the Council's Constitution.

The Committee has had the opportunity to examine and challenge the arrangements for effective governance. The Annual Report also indicates the breadth of the Committee's work in ensuring that every aspect of the Council's work should be compliant with standards and transparent to its stakeholders. The reports received by the Committee during 2016/17 indicate that there has been thorough coverage of the Committee's Terms of Reference. In this way, the Annual Report demonstrates the value of the Committee to the Council and public, ensuring that governance is on a sound footing.

Good practice guidance exists for the effective operation of audit committees across the public sector, including the most recent publication by CIPFA noted above. That guidance includes a Good Practice Self-Assessment which was considered by the Committee at its meeting on 10 January 2017, along with an action plan to make the Committee more effective. Appendix 2 of the attached report sets out the progress of the actions identified. The guidance also included a self-assessment tool for audit committees to evaluate their effectiveness. The results of the assessment are set out in Appendix 3 to the attached report for consideration.

6. POLICY IMPLICATIONS

There are no direct policy implications arising from this report.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

8. LEGAL IMPLICATIONS

There are no direct legal implications from this report.

9. RESOURCE IMPLICATIONS

The resource implications are [Page 34 of 64](#) set out in the report.

10. EQUALITY AND HEALTH IMPLICATIONS

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

11. CONSULTATIONS

Chair of the Audit & Governance Committee, Deputy Chief Executive,
Director of HR, Legal & Corporate Services, Director of Finance & IT.

Contact Officer: Colin Ferguson, Head of Audit & Assurance - Ext 5326
Date: 2 June 2017
Background Papers: CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition).
Audit Committee – Making it Most Effective (CIPFA Practical Guidance on Audit Committees – Action Plan), approved by Committee on 13 January 2015 and reviewed 10 January 2017.

Blackburn with Darwen Borough Council



**Draft
Audit & Governance
Committee
Annual Report
2016/17**

1. Background to the Governance Framework

1.1. What drives governance policy?

- 1.1.1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of control which facilitates the effective exercise of the Council's functions and which includes adequate arrangements for the management of risk.
- 1.1.2. Effective corporate governance is a fundamental feature of any successful public sector organisation. Corporate governance initially became a major issue after several high profile failures in the private sector. As a result there were several reviews (for example the Cadbury and Hempel Committees) directed at improving governance in the private sector.
- 1.1.3. The trend for strengthening governance arrangements spread to the public sector and resulted in the joint Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) document Delivering Good Governance in Local Government – a Framework. The Framework, revised in 2016, was originally structured around the six core principles found in the Good Governance Standard for Public Services drawn up by an independent commission established by CIPFA, the Office for Public Management (OPM), and the Joseph Rowntree Foundation.
- 1.1.4. In 2016 CIPFA/SOLACE published a revised Framework to ensure that local government continues to develop and shape its own approach to governance, taking account of the environment in which it now operates. The new Framework applies to annual governance statements prepared for the financial year 2016/17 onwards. It is based on the International Framework: Good Governance in the Public Sector published by CIFA and the International Federation of Accountants in 2014 and contains seven key principles.
- 1.1.5. The International framework defines governance as follows:

“Governance comprises the arrangements put in place to ensure the intended outcomes for stakeholders are defined and achieved.”
- 1.1.6. It also states that:

“To deliver good governance in the public sector both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and stakeholders.”
- 1.1.7. Blackburn with Darwen Borough Council operates through a governance framework that brings together an underlying set of legislative requirements, governance principles and corporate policies and management processes.
- 1.1.8. The Council recognises the seven core principles of good governance as:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - B. Ensuring openness and comprehensive stakeholder engagement;

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
 - F. Managing risks and performance through robust internal control and strong public financial management; and
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.1.9. The Council's local Code of Corporate Governance was revised during 2016 to ensure that it complies with the latest requirements. The updated Code was approved by full Council in December 2016.
- 2. Blackburn with Darwen Borough Council Audit & Governance Committee**
- 2.1. Why do we need an Audit Committee?**
- 2.1.1. Whilst there is no statutory requirement to have an Audit Committee they are widely recognised as a core component of an effective governance framework and therefore reflect good practise. Regardless of a specific legislative or regulatory framework, Section 151 of the Local Government Act requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those affairs. To be truly effective, the Chief Financial Officer requires an effective Audit Committee to provide support and challenge, as well as an adequate and effective Internal Audit. Both these elements are now enshrined in the 'Public Sector Internal Audit Standards' and the supporting 'Local Government Application Note'. The Audit & Governance Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements in place and advising the Council on the adequacy and effectiveness of these arrangements. This role is formalised in the Committee's terms of reference.
- 2.1.2. The Council's Audit & Governance Committee is properly constituted and is given sufficient authority and resources by the Council. The Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice from both the public and private sectors, the Audit & Governance Committee can report its observations and concerns directly to the Executive Board.
- 2.1.3. Good corporate governance requires independent and effective assurance about the adequacy of financial management and of management arrangements for achieving the organisation's objectives. These responsibilities require an independent and challenging approach. Through these mechanisms, Committee Members are able to use their skills and experiences to influence the Council's governance, internal control processes and risk management arrangements.
- 2.1.4. An effective Committee can bring many benefits to the Council including:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- providing additional assurance through a process of independent and objective scrutiny;
- raising awareness of the need for internal control and the implementation of audit recommendations; and,
- Reinforcing the importance and independence of internal audit.

2.2. What does it do?

- 2.2.1. Audit Committees are a key component of corporate governance. They provide a high-level focus on assurance and the organisation's arrangements for governance, managing risk, maintaining an effective control environment and reporting on financial and non-financial performance.
- 2.2.2. Good practice is contained within CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities and the Police' (2013 Edition). The latest edition of the document updates the core functions of an Audit Committee in relation to governance, risk management, internal control and audit. The introduction of the Public Sector Internal Audit Standards, along with annual governance statements and associated guidance has also been considered in relation to their impact on an Audit Committee.
- 2.2.3. During the year the Audit & Governance Committee consisted of six cross party elected Members. The Committee's purpose, as proscribed in its terms of reference, are to:
- provide independent assurance of the adequacy of the risk management framework, overall governance and the associated control environment and the extent to which these meet the objectives of the Local Code of Corporate Governance;
 - provide independent review of the Council's governance, risk management and control frameworks;
 - oversee the financial reporting and annual governance processes; and
 - oversee internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 2.2.4. The Audit & Governance Committee provides assurance, on behalf of the Council, about the extent to which the objectives of the Local Code of Corporate Governance, as set out in its Constitution, are being met. This purpose is reflected in the Committee's Terms of Reference which are included at Appendix 1 of this report. These were updated during 2015/16 to bring them in line with the core functions set out in the latest guidance for Audit Committees issued by CIPFA. The revised terms of reference were approved by full Council in July 2016.
- 2.2.5. The CIPFA guidance also includes a greater focus on the factors which support improvement. These include the knowledge and skills that Audit Committee members require and a focus on where the Audit Committee adds value. The Publication provides practical support to the Committee in evaluating the existing Committee arrangements and any planned improvements.
- 2.2.6. The new guidance includes a self-assessment checklist of good practice to assist both Members and Officers who are involved in the operation of the Committee. This was completed by Audit & Assurance on behalf of the Committee and presented for consideration at its meeting on 13 January

2015. The Committee noted the key requirements of the CIPFA guidance and approved the action plan for making the Audit & Governance Committee most effective. The actions identified have continued to be progressed during the year and the Committee received an update on progress in January 2017. Details are set out in Appendix 2.

- 2.2.7. The guidance also includes a checklist to evaluate the effectiveness of an Audit Committee. This was completed by Audit & Assurance on behalf of the Committee, in consultation with the Chair of the Committee, and reported to the Committee in January 2017. The results are included at Appendix 3 of this report for consideration.
- 2.2.8. The Audit & Governance Committee met four times during the 2016/17 Municipal Year. Timings of the meeting throughout the year are designed to coincide with the governance timetable, with meetings in June to receive annual opinion and assurance reports, approve the Council's Annual Governance Statement and to receive the draft Statement of Accounts, and in September to receive the draft Treasury Management Annual Report, approve the accounts and receive the external auditor's annual report. Attendance details are set out in Appendix 4. The Committee's work programme (see Appendix 4) is designed to enable its Members to make a positive contribution to the continual improvement of control and governance processes and arrangements across the Council, as well as performing the roles as identified by the Constitution.
- 2.2.9. The details of the Committee's work programme for 2016/17 set out in Appendix 4 of this report demonstrate how the Committee has fulfilled its terms of reference during the year and its commitment to helping improve the Council's risk, control and governance environments' in the year ahead.
- 2.2.10. In addition to these meetings members of the Committee have also attended training workshops that were delivered by Audit & Assurance during the year. These covered the role of internal audit, the internal audit process and a risk management refresher session.

2.3. How do officers support the Committee?

- 2.3.1. The Audit & Governance Committee is supported by:
- The Chief Executive, as Head of the Paid Service with overall responsibility for the Council's management and executive arrangements;
 - The Director of HR, Legal & Corporate Services, as the Monitoring Officer, who is required by law to ensure that the Council acts within its legal powers at all times; and,
 - The Director of Finance and IT, as Section 151 Officer, who is responsible under the law for ensuring the proper administration of the Council's financial affairs.
- 2.3.2. The Director of HR, Legal & Corporate Services leads on constitutional, legal, and human resource issues. The Director of Finance and IT takes the lead on financial, audit, risk management and internal control matters. The Head of Audit & Assurance also has a key role to play in supporting the Committee because of the importance of the Internal Audit Service to governance. These Officers are responsible for making the Committee aware of any relevant changes in regulations, guidance, and codes of practice.

2.4. Effectiveness of the Audit & Governance Committee

- 2.4.1. The purpose of the Committee, as defined in its terms of reference, is set out in 2.2.3 above. Its terms of reference set out a range of activities that would provide appropriate assurance to the Council in terms of how it manages risk, and ensures adequate and effective control and governance arrangements exist and operate effectively to secure the efficiency and effective use of its resources.
- 2.4.2. Training opportunities have been made available during the year to members who wish to update their skills and knowledge to ensure that they are able to fulfil their role as members of the Committee.
- 2.4.3. The Committee has been active during the year in carrying out its duties in monitoring internal and external reports and challenges appropriate officers to ensure that it is satisfied with the effectiveness of controls and the governance and risk management arrangements in place, in accordance with its role and functions set out in its terms of reference in Appendix 1, providing the Council with assurance that effective internal control arrangements were in place during the year. This is evidenced by the details provided in Appendix 4 regarding the various reports received and considered by the Committee at its meetings during the year to support its work programme and how each of these enable the Committee to fulfil its terms of reference.
- 2.4.4. The External Auditor's 2016 Report on Value for Money for Blackburn with Darwen Borough Council confirmed that they were satisfied that the Council has put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended March 2016. The report concluded that the Council has proper arrangements to plan finances effectively and provide reliable financial reporting to support the delivery of its strategic priorities. Overall, the Council has responded appropriately to the challenging financial environment during the year and has set out in the Medium Term Financial Strategy a clear view of what needs to be done in 2016/17 and beyond.

AUDIT & GOVERNANCE COMMITTEE TERMS OF REFERENCE**Statement of Purpose:**

Our Audit and Governance Committee is a key component of Blackburn with Darwen Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Governance Committee is to:

- provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment and the extent to which these meet the objectives of the Local Code of Corporate Governance;
- provide independent review of the Council's governance, risk management and control frameworks;
- oversee the financial reporting and annual governance processes; and
- oversee internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control:

The Audit and Governance Committee will:

1. Assess how fully the Council complies with the statutory responsibilities placed on it by the Accounts and Audit Regulations 2015 or by amendments to the Regulations or by similar formal demands;
2. Review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances;
3. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control;
4. Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements;
5. Consider the framework of assurance (including the Management Accountabilities Framework) and ensure that it adequately addresses the risks and priorities of the Council;
6. Monitor the effective development and operation of risk management in the Council, including information governance arrangements;
7. Monitor progress in addressing risk-related issues reported to the Committee;
8. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions;
9. Review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
10. Ensure that the Council maintains a robust counter fraud culture via the implementation of a counter-fraud strategy backed up by effective controls and procedures, which define the respective roles of management and Internal Audit and monitor the strategy, actions and counter fraud resources; and
11. Receive, from other Committees and other inspection agencies, details of actions and decisions taken which affect, or contribute to, the Council's framework of governance, risk management and control.

Internal Audit

The Audit and Governance Committee will:

1. Approve the internal audit charter;
2. Approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources;
3. Approve significant interim changes to the risk-based internal audit plan and resource requirements;
4. Make appropriate enquiries of both management and the Head of Audit & Assurance to determine if there are any inappropriate scope or resource limitations;
5. Consider reports from the Head of Audit & Assurance on internal audit's performance during the year. These will include:
 - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
6. Consider the Head of Audit & Assurance's annual report, including:
 - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion and the implications of any significant matters identified – these will assist the Committee in reviewing the Annual Governance Statement.
 - c) An annual risk management report
7. Consider summaries of specific internal audit reports as requested.
8. Receive reports outlining the action taken where the Head of Audit & Assurance has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
9. Contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
10. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations; and
11. Support the development of effective communication with the Head of Audit & Assurance.

External Audit

The Audit and Governance Committee will:

1. Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance prior to publication of the annual accounts;
2. Consider specific reports as agreed with the external auditor;
3. Comment on the scope and depth of external audit work and to ensure it is effective and gives value for money;
4. Commission work from internal and external audit, or other consultants, where applicable; and
5. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

The Audit and Governance Committee will:

1. Review the draft annual statement of accounts prior to approval. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council; and
2. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury Management

The Audit and Governance Committee will:

1. Ensure effective scrutiny of the treasury management strategy and policies;
2. Agree proposed changes to the treasury management strategy prior to approval;
3. Receive assurance on treasury management activity;
4. Consider reports on treasury management activity during the year; and
5. Consider the treasury management annual report;

Accountability Arrangements

The Audit and Governance Committee will:

1. Report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
2. Report to full council on an annual basis outlining the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

Authority

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, including those of partner organisations, and all employees are directed to co-operate with any request made by the Committee.

Frequency of Meetings

The Committee will normally meet four times each year to fulfil its requirements.

Membership

The Committee will consist of 6 members appointed by Full Council. In addition the Executive Member for Resources will also attend each Committee meeting.

The Leader of the Council and all Executive Members are precluded from being voting members of the Committee.

A quorum shall be 3 Members.

New Committee members will be required to undertake appropriate induction training to enable them to adequately perform their duties as and when necessary.⁶

Attendance

Committee members are expected to make every effort to attend all meetings, where this is not possible a substitute should be nominated.

To achieve these objectives the Committee will depend principally on the attendance of the Chief Executive or Deputy Chief Executive, Director of Finance & IT, the Director of HR, Legal & Corporate Services and the Head of Audit & Assurance or their nominated representatives. The Council's external auditors, external advisors and Directors may be requested to attend as and when appropriate.

Reporting

Minutes of Audit and Governance Committee will be formally noted by Full Council.

Further reports will be made in those cases where the Committee considers matters must be formally brought to the attention of Full Council.

CIPFA Practical Guidance on Audit Committees – Action Plan

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
1	The reporting arrangements contained within the Audit Committee’s Terms of Reference should be updated to provide for a direct reporting line to full council.	March 2016	Audit Section/Audit Committee	Revised terms of reference were agreed by the Committee which provide for a direct reporting line to full Council. The terms of reference were included in the revised Constitution approved in by full Council in July 2016. Completed
2	The terms of reference for the Audit Committee should explicitly address all of the core areas identified in CIPFA’s Position Statement.	March 2016	Audit Section/Audit Committee	The revised terms of reference approved by full Council address all the core areas identified in CIPFA’s Position Statement. Completed
3	The agenda for Audit Committee meetings should include for consideration, assurance reports issued to the Council by external inspection agencies.	March 2016	Audit Section/Audit Committee	The revised terms of reference provide for the Audit & Governance Committee to receive other reports as required. Completed
4	The Audit Committee must undertake an annual review of its performance and report the findings to full council. This review should include an assessment of the committee’s strengths and weaknesses and an assessment of its effectiveness with an action plan for improvements were identified. Full council should review and comment upon this report.	June 2015	Audit Section/Audit Committee	The Committee carries out an annual self-assessment of its effectiveness and performance, which is considered at its meeting in January and included in its annual report. The revised terms of reference provide for a direct reporting line to full Council. Completed
5	The Audit Committee should ensure that an annual evaluation is undertaken to assess whether it is fulfilling its terms of reference and	June 2015	Audit Section/Audit Committee	An Audit & Governance Committee annual report is presented to the June meeting This includes an assessment of the Committee

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
	that adequate consideration has been given to all core areas identified in CIPFA's Position Statement.			performance against its terms of reference. The report was then submitted to the Council's Executive Board. Implemented
6	The Audit Committee should consider including within its terms of reference the wider areas identified in CIPFA's Position Statement.	March 2016	Audit Section/Audit Committee	The revised terms of reference include some of the wider areas identified in CIPFA's Position Statement i.e. treasury management. Whilst not included in its terms of reference the Committee also receives and annual report on significant partnership arrangements. Completed
7	The composition of the Audit Committee must be reviewed in line with HM Treasury and CIPFA guidance on the inclusion of executive members on the committee.	March 2016	Democratic Services	The revised terms of reference restrict the Leader or any Executive Members being a member of the Committee. Implemented
8	Members of the Audit Committee should review the knowledge and skills framework contained within the CIPFA guidance as part of a self-assessment process designed to identify any training needs.	March 2015	Audit Section/Audit Committee/ Democratic Services	The member self-assessments have been analysed to identify areas for Committee development. The exercise will be repeated for any new members appointed to the Committee following the May elections. Implemented
9	The expected knowledge and skills of Audit Committee members should be outlined in a model job description and person specification.	June 2015	Audit Section/Audit Committee/ Democratic Services	The political groups appoint members to this and other Committees and there is little opportunity to influence this. This area would need to be considered as part of a wider review of member training and development covering all key roles, including Executive Members and Chairs of Committees. It would require wider consultation and agreement.

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
10	A programme of support for Audit Committee members to include specific induction training for their role on the Committee and a formal training programme should be considered.	June 2015	Audit Section/Audit Committee/ Democratic Services	A training programme for members of the Audit & Governance Committee commenced during 2016/17. Training needs will continue to be assessed and identified as part of the self-assessment process. Complete
11	The audit committee should engage with a wider range of officers such as the chief executive, monitoring officer and service directors.	March 2016	Audit Committee Members	During 2016/17 the Committee has invited relevant officers to attend Committee to discuss pertinent agenda items and will continue to do so where appropriate. Implemented
12	An annual work programme for the Audit Committee should be developed and scheduled into a timetable of meetings setting out details of the assurances it requires. The annual programme should be updated throughout the year to include details of reports which are instructed for submission to the Committee along with the due date and responsible officer.	March 2016	Audit Section/Audit Committee	The revised terms of reference includes an annual work programme/timetable for the committee. Complete
13	Committee members should complete the assessment tool at appendix E of the CIPFA guidance in order to evaluate the effectiveness of the Audit Committee and should develop an action plan to improve any areas of weakness identified.	March 2016	Audit Committee	The CIPFA self-assessment tool has been completed by Audit & Assurance on behalf of the Committee. The results have been considered at the January 2017 Committee meeting and will be reviewed on an ongoing basis. Complete

CIPFA'S AUDIT COMMITTEES PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES (2013 EDITION)**Evaluating the Effectiveness of the Audit Committee****Assessment key**

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this

Blackburn with Darwen Borough Council Audit Committee Effectiveness Assessment 2016/17

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it.</p> <p>Working with key members to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review</p>	<p>The Committee reviews the draft AGS prior to approval. Also reviews the Risk Management Annual Report and annual opinions from Internal Audit (IA) and External Audit which support the AGS.</p> <p>Committee approves the IA annual audit plan, which classifies audit reviews by assurance area to ensure adequate coverage of risk, governance and control frameworks. Committee receives key findings and opinions from individual reviews supporting the overall opinion.</p> <p>Partnership arrangements are not covered by the current terms of reference. However the Committee does</p>	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
	governance arrangements in partnerships.	receive a report on the Council's Significant Partnerships Register. The Chair the Committee is a member of the Primary	
		Assurance Group, which reviews the AGS and related assurance reports. Actions: Committee training to be arranged on the new CIPFA/SOLACE Good Governance Framework 2016, Annual Governance Statement and the Council Code of Corporate Governance.	
Contributing to the development of an effective control environment.	Monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising significant concerns over controls with appropriate senior managers.	Regular Internal Audit Progress Report presented to Committee includes percentage of recommendations implemented and commentary re outstanding 'must' level recommendations. The Committee reviews the summary of MAF red priority areas of concern. The Committee requests Directors or senior managers to attend meetings, as and when appropriate, to provide explanations and updates on significant audit concerns. The Committee is also authorised by the Council to investigate any activity within its terms of reference and to seek any information it requires from any employee, including those of partner organisations, and all employees are directed to co-operate with any request made by the Committee.	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements.	The Committee receives the annual risk management report which includes key events and achievements for the previous year and key developments for the next 12 months.	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
manage risks.	Holding risk owners to account for major/strategic risks.	The corporate risk register summary identifies risk owners at Director/senior officer level and tracks changes to risk scores. Regular reports are presented to Committee on the corporate risk register and risk management support activity. Audit & Governance Committee members attended a January 2016 risk management refresher workshop presented by Zurich Municipal and a further session delivered by Audit & Assurance in April 2017.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	Regular reporting of planned and actual coverage by Internal and External Audit. Committee challenge opportunities for reliance on IA work by External Auditors and receives Internal and External Audit and Risk Management progress reports. The IA report includes audits in progress and in-year review of resources and achievement of plan. IA reviewed and provided assurance on risk management arrangements in 2016/17. In addition, from April 2017 the Committee will review and challenge a selection of corporate risk at each meeting.	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements and supporting improvements.	The Head of Audit & Assurance has right of access to and regular briefings for the Chair of Audit & Governance Committee. The Committee receives and approves the IA Charter and annual strategic statement, including reporting and monitoring arrangements, supporting the IA annual plan. Annual External Auditors Audit Findings Report includes commentary re IA as part of assessment of financial control arrangements. The Committee reviewed the Internal Audit Quality Assurance Improvement Plan. The annual Head of Audit Opinion Report includes an assessment of IA	5

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
		performance and quality assurance. Committee approved Peer review approach for external assessment of IA compliance with Public Service Internal Audit Standards and received the overall opinion and a summary of the findings and themes from the Peer review action plan at its April meeting.	
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	<p>Work on this area is included in Internal and External Audit plans on a risk assessment basis. IA reviews are classified under one of the three headings in the plan and the annual report. Plans include reviews of key capital and revenue projects. Additional ad hoc work is carried out during the year on request by Directors.</p> <p>Internal audit progress report includes a summary of MAF red priority areas of concern.</p> <p>Performance management is not specifically identified in the Committee Terms of Reference. There are other processes in place within the Council's governance structure which provide scrutiny and challenge for this area, as part of the Corporate Plan Scorecard monitoring arrangements, to hold Chief Officers and managers to account on a regular basis, such as Management Board and the PAM reporting process as well as Members through PDS, SPT and Executive Board reporting.</p> <p>Internal audit consider performance arrangements as part of any relevant audit and would report on them as part of our progress reporting arrangements.</p> <p>The IA plan also includes specific KPI audits.</p>	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. Considering how performance in value for money is evaluated as part of the AGS.	Standing Financial Instruction 3, Procurement and the Payment of Creditors, and Corporate Contract & Procurement Procedure Rules are in place as part of the control framework to ensure that value for money is considered in procurement activity. Regular Creditors audits consider on compliance with these requirements. The Committee receives the External Audit Combined External Audit Value for Money and Audit Findings Report.	4
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. Assessing the effectiveness of ethical governance arrangements for both staff and members.	A Counter Fraud Policy and Strategy is in place (which was reviewed and updated in 2015/16 in accordance with latest CIPFA guidance) supported by Counter Fraud Policy Framework which includes Fraud Response Plan, Whistleblowing Policy, Anti Money Laundering Policy and Members and Employees' Codes of Conduct. Internal Audit progress report includes oversight of counter fraud activity and results. The Audit & Governance Committee consider and approve the annual fraud risk assessment as part of the External Auditor's enquiries of those charged with governance and have approved the Counter Fraud Plan as part of Internal Audit annual plan 2017/18. Actions: <ul style="list-style-type: none"> • An Annual Fraud Report to be prepared and presented to the Audit & Governance Committee for consideration and approval. • Provide the Committee members with training on the Counter Fraud arrangements and key fraud risks. 	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.	<p>Audit & Governance Committee meetings are held in public with minimal Part 2 items. Agendas and reports are published on Council internet website.</p> <p>Council Committee agendas, reports and minutes are also available on the internet via the Council website along with Executive Members' and Officer decisions. Consideration of Partnership arrangements is not currently included in the Committee's terms of reference. However a corporate Partnership Governance Framework is in place, which includes a Governance Checklist and the Committee receives a report on the Council's Significant Partnerships Register.</p>	4

2016/17 Member Attendance and Committee Work Programme

During the year four meetings were held. The following Member attendance was recorded.

Councillor/Date	14 June 2016	20 September 2016	10 January 2017	11 April 2017
Salim Sidat MBE (Chair)	✓	✓	✓	✓
Andy Kay	✓	A	✓	✓
Ron Whittle	✓	✓	✓	A
Vicky McGurk	✓	A	A	A
David Foster	✓	A	✓	✓
Jim Casey	N/A	✓	✓	✓
Keith Murray	N/A	N/A	✓	✓
Colin Rigby	A	A	N/A	N/A

A=apologies

N/A = During the year Councillor Rigby vacated his seat on the Committee due to other Council responsibilities and was replaced by Councillor Murray.

Blackburn with Darwen Borough Council					
Audit & Governance Committee Work Programme 2016/17					
PROGRAMME ACTIVITY:	TERMS OF REF. NUMBER	JUNE	SEPTEMBER	JANUARY	APRIL
Governance, Risk and Control					
Annual Statement (AGS)	1,2,3	✓			
AGS Progress Report	1,2			✓	
Risk Management Annual Report	3,5,6,7	✓			
Internal Audit Opinion Report	3,5	✓			
External Audit VFM Report	4		✓		
MAF Update	5	✓		✓	
Risk Management Update	5,6,7		✓	✓	✓
Corporate Health, Safety & Wellbeing Annual Report	3,5,6,7	✓			

PROGRAMME ACTIVITY:	TERMS OF REF. NUMBER	JUNE	SEPTEMBER	JANUARY	APRIL
IA Progress & Outcomes Report	8,10	√	√	√	√
Arrangements for the Appointment of the External Auditor	1		√	√	
Management Assurance Report	9	√			
Reports from Other Committees or agencies	11	As Required	As Required	As Required	As Required
Internal Audit					
Annual Plan	1,2,4				√
IA Progress & Outcomes Report	3,4,5,7,8	√	√	√	√
Annual Internal Audit Opinion Report	6,9,10,11	√			
External Audit					
Annual Audit Letter	1,5			√	
Management Assurance Report	1	√			
Annual Plan	2,5				√
Progress Report	2	√	√	√	√
Findings Report	2,5		√		
Grant Certification Report	2				√
Value For Money Conclusion	3,5		√	√	
Fees Letter	4,5			√	
Arrangements for the Appointment of the External Auditor			√	√	
Financial Reporting					
Statement of Accounts	1		√		
Management Assurance Report	1	√			
External Audit Findings Report	2		√		
Treasury Management					
Strategy Report	1,2		√		
Progress Report	1,4	√	√	√	√
Annual Outturn Report	1,3,5		√		

PROGRAMME ACTIVITY:	TERMS OF REF. NUMBER	JUNE	SEPTEMBER	JANUARY	APRIL
Accountability Arrangements					
Committee Annual Report	1,2	√			
Committee Self-Assessment	2			√	

REPORT OF THE POLICY AND CORPORATE RESOURCES COMMITTEE

**COUNCILLORS JIM SHORROCK
KEVIN CONNOR**

**PORTFOLIO CO-ORDINATING
DIRECTOR: DENISE PARK.**

DATE: 5th October 2017

Second round of meetings

All Overview and Scrutiny Committees have now held their second round of meetings for 2017/2018 municipal year. As reported at the July 2018 Council Forum, Members of each Committee have now agreed outline work programmes for 2017–18 and have all actively started progressing their work programmes.

Health and Adults OSC

Since the last meeting of Council the Committee has made good headway with its work programme, with key areas of the prevention agenda scoped in detail by Members. At its September meeting the Committee heard from the Clinical Commissioning Group and held detailed discussions on preventable diseases and immunisations and the ongoing work of the STP. Members will scope this topic further throughout the remainder of the year. A task group will also be formed to explore mental health and social media in October. Members also received an update report on the Healthy Child Programme for their information.

Regeneration and Neighbourhoods OSC

At the second meeting of the Regeneration and Neighbourhoods OCS, Members invited the Executive Member for Regeneration to give them a presentation on one of his portfolios Key risk/priority for the year – Growth Agenda focusing on industry. The Committee has conducted 2 previous reviews on the Council's Growth Agenda, one on town centres and other on housing. The Committee will now form a task group to continue its work.

Children and Young People's OSC

At their second meeting, the Committee received a presentation from the Executive Member for Children's Services on the department's work on prevention. Members recognised the ongoing work of the team to help keep children out of Care and that the new invest to save 'family Group Conference' model that had been successfully piloted was about to be further rolled out. The Committee is keen to receive further updates as the scheme develops. As the OFSTED visit continues the Committee will continue to be a critical friend and will receive ongoing reports from the Corporate Parenting Specialist Advisory Group on their work around Looked After Children.

Policy and Corporate Resources OSC

The Policy and Corporate Resources has just held its second meeting of the year on a key priority for the resources portfolio, Organisational development - how the council will look post May 2018 - pre decision. The meeting focused on what the Council will look like post elections 2018 and what role and support Members will receive.

It was an interesting meeting and highlighted that a lot of key decisions need to be made between now and Council Forum in January 2018.

Jim Shorrocks

Chair

Kevin Connor

Vice Chair

REPORT OF THE LEADER OF THE COUNCIL

COUNCILLOR MOHAMMED KHAN

Date: 5th October 2017

Local Government Boundary Commission update

We have now received the final report on the new ward boundaries from the Local Government Boundary Commission. This will reduce the current number of 23 wards and 64 councillors to 17 wards and 51 councillors. This will be implemented by next May as we prepare for all out elections in May 2018.

I would like to thank all those who contributed to this difficult task and I look forward to the local election in May 2018. The full report can be found via <https://consultation.lgbce.org.uk/node/8907>.

Boundary Commission for England update on Parliamentary Constituency Boundary Review

Members may be aware of the upcoming 2018 Parliamentary Constituency Boundary Review. The Boundary Commission will be publishing its revised proposals for new constituency boundaries on 17th October. The consultation will run for eight weeks until 11th December and this will be the last opportunity to contribute views to the Commission before recommendations are made to Parliament.

The Boundary Commission are seeking views from as many citizens as possible, however there will be no public hearings. Information on the proposals and how to contribute will be on their website from 17th October and we will be publishing this on our own council website soon.

Health and Care

As I outlined at the last Council Forum when discussing health and care changes, I have invited representatives from the Together A Healthier Future programme to come and update councillors on where the programme is up to and how it fits in with the wider regional changes as part of the Lancashire and South Cumbria Sustainability and Transformation Partnership (STP).

As councillors will be aware, there have been several public information and engagement sessions held in Blackburn with Darwen and part of the briefing will focus on what residents have been saying.

The briefing will be delivered by Graham Burgess, Chair of Blackburn with Darwen Clinical Commissioning Group and Dionne Standbridge, Together A Healthier Future's Programme Director.

It will take place on Wednesday, October 11, 5.30pm to 6.30pm in the Council Chamber. I would encourage councillors to make every effort to attend as it is important they are fully up to speed with health and care changes.

Social Integration

Promoting and supporting social integration is a key priority for this Council. I believe the most valuable thing we can do as a Council is to continue to create opportunities for people to interact with one another and as a result break down barriers.

This includes everything from helping schools to create successful partnerships, to supporting high quality events and major cultural activities, to running sports and leisure and youth facilities. Since July's Council Forum, there have been many examples across the Borough and with our partners to showcase social integration. For example, Heritage Open Days, the summer National Citizen Service programme which brought young people together through community and social action, community fun days, intergenerational and older people celebrations events.

I value the importance of social integration, and am aware that it cannot and should not be delivered in isolation. I encourage everyone to recognise social integration as their business, and support the Council and its partnership approach.

As part of our ongoing efforts, a Borough-wide draft social integration strategy has been developed and is available to access at <http://bit.ly/bwd-dsis>

Feedback and contributions received on the draft strategy will inform the Local Strategic Partnership (LSP) approach and the council's strategic priorities at Policy Council 2017.

Blackburn with Darwen Council's 20th Anniversary

In April 2018 it will be the 20th anniversary of Blackburn with Darwen Council becoming a unitary authority.

We will be taking the opportunity to reflect on our achievements, celebrate the various milestones and focus on the highlights from the past two decades. We can showcase the many projects and events which people have put so much effort into and which have made a difference to the communities we serve.

Planning for the anniversary has already started and I would like to see as many people as possible get involved as the date approaches.

Fairer Energy partnership

To help support our residents to save money on their energy bills, we are working on becoming partners alongside Preston City Council and Cheshire East Council to offer our residents access to a new low cost energy tariff.

The not-for-profit partnership has been developed under the brand Fairerpower Red Rose. Once launched, residents will be able to switch to the tariff, supplied by the company OVO, and be guaranteed a fairer and simpler energy tariff, supported by high levels of customer service.

The council with its partners will promote this to residents and I will provide further details on this soon.

NUMBERS OF CHILDREN IN CARE & CHILDREN'S SOCIAL CARE INFORMATION

The number of cases open to Children's Social Care has stabilised over the past 9 months to 1,606, with the support provided by Skylakes proving invaluable through that period. The number of Children in Care is 376 and has remained at this level over the past 6 months which is 30 higher than the equivalent period 12 months ago. The most pronounced rise over the past year has been in the number of children subject to Child Protection plans, which currently stands at 316, but has been as high as 370 during the late Spring. Over 500 children are being supported by Early Help services, with half of the lead professionals co-ordinating support for children and families being drawn from school staff.

OFSTED SINGLE INSPECTION FRAMEWORK

Children's Services are in the midst of their Ofsted inspection of services for children in need of help and protection, children looked after and care leavers under the Single Inspection Framework (SIF). We are currently in the second week of a 4 week inspection; the first week focused on the 'front door' of Children's Social Care and this week, with Ofsted inspectors off-site but in regular contact, senior managers have been auditing 22 cases (selected by Ofsted) and producing a written report. The next two weeks will focus on core field work activity, with 6 inspectors tracking cases, talking to the involved practitioners, meeting key people (including partners) and talking to our children, young people and families. The inspection will conclude on Thursday 19th October, findings will be embargoed until the report is published on Ofsted's website which takes place within 6 weeks of the inspection end date.

FREE 30 HOUR CHILDCARE OFFER

In July 2017, the service launched a campaign to increase awareness of the free 30 hour childcare offer. This has included a 3 week bus stop campaign at 20 bus stops across the borough, advertising on the digital advertising screen, banners at Children's Centres, social media activity and staff awareness through payslips and intranet updates. Additionally the team has attended a Jobcentre Plus parents' event to present and display information in relation to the offer. Plans are underway to send out postcards inviting parents to check their eligibility on the childcare choices website which will be sent out termly to children eligible to start the following term.

As of 6th September, 667 parents have been issued with a valid 30 hour eligibility code and of these, 446 (67%) have been submitted to the Local Authority for validation. 67 providers attended training sessions to enable them to validate the eligibility codes presented and further sessions are planned.

EARLY INTERVENTION AND PREVENTION UPDATE

The Skylakes commission to reduce social worker caseloads has come to a successful end and the department is building on this work by taking early intervention to prevent escalation into statutory services through a number of new approaches. These include the Complex Case Hub Multi-agency Pilot to work with families where there is evidence of high risk, high harm domestic abuse, parental emotional wellbeing issues, parental substance and alcohol misuse. Additionally the Family Group Conference work is being extended with 7 additional practitioners to work intensively with families on the cusp of social care to prevent entry. A new team of 6 Social Work Team Support Officers have also been recruited to support the workload of Social Workers and a review of the work of Troubled Families is underway.

SUMMER PACKED LUNCHES SUCCESS

Across the summer holiday period over 17,000 packed lunches were provided to all children and families across the borough via a charity project Kingdom Outreach. This was supported by volunteers from across the local authority, businesses and community. Children's centres were used as distribution points with a range of family activities running alongside. Any food left at the end of lunch was redistributed to other services supporting families in need.

The offer was well received by children and parents with families feeding back that the project made a difference to their finances over the summer. Volunteers also reported a positive impact on them as it allowed them to give back to the community. There were unanticipated benefits from the work to the service as 10 new children centre volunteers were recruited and 14 families signed up to undertake a parenting programme.

CELEBRATION OF ACHIEVEMENT

The Children in our Care Celebration of Achievement Award Ceremony is an annual event which provides an opportunity to meet together to celebrate the achievements of our children and young people. This year's event will take place on the 25th October at King Georges Hall. Children and young people in care and care leavers who attend have been nominated for awards by their carers, schools and Children's Services and Education staff. Categories are academic achievement and progress, attendance, behaviour, sport, music, the arts and making a positive contribution. In addition there will be a number of special awards for those who have particularly excelled in these areas.

ADOLESCENT STRATEGY

On Wednesday 6th September Dez Homes Director of 'Research in Practice led a masterclass 'Adolescence - Working with Risk and Resilience.'

The event was held at Witton City Learning Centre and attended by more than 60 professionals including senior managers from across all sectors and agencies. The feedback from this event has been overwhelmingly positive - and demonstrates a real commitment and enthusiasm to the development of more effective evidence based ways of working with adolescents in Blackburn with Darwen and also to working together to develop a multi-agency adolescent strategy.

This work is being taken forward by Imran Akuji Head of Service Community, Youth & Governance.

HEALTH VISITOR/ INTEGRATION

NHS health visiting, school nursing and their skill mixed teams are now co-located within Little Harwood, Audley, Darwen and Livesey Children's Centres to work alongside colleagues from Children's Services and the Early Years and Early Help team.

The impact of this move means that front line service delivery for under-fives now takes place in children's centres, alongside children centre activities, rather than in GP surgeries or health clinics. This provides professionals with the opportunity for dynamic conversations with families in the one setting.

Children centre staff now work alongside Health Visitors to deliver family health drop ins and previously two health staff were involved. The integrated approach will ensure better utilisation of skills and expertise and avoid duplication. The next focus for integration will be the support offered to pregnant teenagers and parents.

REPORT OF THE EXECUTIVE MEMBER FOR ENVIRONMENT

COUNCILLOR JIM SMITH

PORTFOLIO CO-ORDINATING
DIRECTOR: MARTIN EDEN
DATE: 5th OCTOBER 2017

YOUR CALL

After a strong start to the year for 'Your Call' environmental clean-up events, number have significantly reduced over the last 2 months, with the figures below clearly demonstrating the impact:-

	Number of Events	Number of Attendees
July 2016	24	493
July 2017	11	195
August 2016	16	205
August 2017	5	71

The Lancashire Volunteer Portal may help with developing numbers, indeed the Council has over 300 volunteer litterpickers across the borough, but whilst the portal is becoming established, a concerted effort to increase numbers is needed.

GREEN WASTE

The number of subscribers to the service has continued to increase, over 14,500 residents have now signed up to the green waste collection service. As expected, green waste tonnages have reduced this year, however the quality has significantly improved, seeing greater recycling. The reduction in tonnages has been by approximately 20% when compared to the tonnage we received from 27,000 properties that had access to a green waste collection service last year. Work on developing the scheme for 2018 is underway, with prices remaining the same.

PUBLIC PROTECTION ENFORCEMENT ACTION

Whilst the Public Protection Service tries to encourage compliance by using informal means whenever possible, there are occasions where formal action is necessary. In the last quarter:

- Five cases have been heard at Blackburn Magistrates Court, all were either found guilty or guilty pleas. Three related to accumulations of rubbish in back yards, one related to the sale of illegal fireworks and one related to the sale of tobacco to a Council underage sales volunteer.
- One food premise has been found to be substandard, and has been closed, pending cleaning and investigation.

- One warrant has been executed to gain entry to residential premises, to seize noise making equipment.
- One licence review has been lodged, in relation to an off licence selling Alcohol to underage volunteers.
- Two licensees have been brought to the Licensing Committee under new licensing powers, following discovery of relevant offences.
- One taxi driver's licence has been revoked due to concerns.

Flytipping Enforcement

The use of CCTV is proving to be successful in the fight against illegal flytipping in the Borough. Officers are using mobile CCTV units at problem locations to catch offenders.

So far this year cameras have been rotated around 30 locations, with 20 fixed penalty notices for fly-tipping being served and three vehicles seized.

Most importantly, the cameras and their warning signs are proving to be very effective in reducing the amount of fly tipping at locations they are being used, with particular success at sites such as Olive Lane and Anyon St Darwen and also Exeter St Blackburn, where flytipping has reduced.

SAFEGUARDING TRAINING FOR TAXI DRIVERS

Safeguarding training is now mandatory for all hackney carriage and private hire drivers in Blackburn with Darwen, with a series of training sessions being held in September, to help drivers comply with this new licence requirement.

The training is being provided by the Council's Safeguarding Team, and each session lasts approximately one hour. All of Blackburn with Darwen's drivers will have completed this course by the end of the financial year.

REPORT OF THE EXECUTIVE MEMBER FOR LEISURE, CULTURE AND YOUNG PEOPLE

COUNCILLOR DAMIAN TALBOT

**PORTFOLIO CO-ORDINATING
DIRECTOR: MARTIN EDEN
DATE: 5 OCTOBER 2017**

YOUNG PEOPLE'S SERVICES

Youthforia Event:

On Sunday 3rd September, almost a 150 young people from Youth Councils across the Northwest attended the regional Youthforia event at Blackburn Town Hall. Feedback was extremely positive and young leaders from across the region participated in valuable debates and discussions on key issues affecting young people.

Cllr Damian Talbot, Cllr Maureen Bateson and Cllr Julie Gunn were in attendance, with Cllr Maureen Bateson opening the event. There are 7 Youthforia events a year which take place across the North West. The recent event in Blackburn also hosted the AGM which allowed young people to stand for election to be members of the Youthforia steering group.

Aliyah Shah, Deputy Youth MP for Blackburn with Darwen was successful in being elected as the Lancashire representative. Aliyah will be the single point of contact between Lancashire and BwD Youth Councils and the steering group. Aliyah will be responsible for facilitating sessions at future youthforia events, leading key debates and carrying young people's voice across key regional and national debates and discussions.

Summer Holiday Programme 2017

Young Peoples Service delivered a wide ranging and comprehensive programme of activities for children and young people of all abilities, aged 5-19 years during the four weeks of August. In addition family fun days were delivered throughout the borough every weekend.

Highlights of the OFF programme included:

- Outdoor adventurous activities such as mountain biking, activity days at the Anderton Residential Centre, water sports at Queens Park Water Recreation Centre.
- 2 and 3 day residential delivered throughout the summer.
- MUGA's were delivered every evening across each of the neighbourhoods.
- Play schemes within Leisure Centres and Community Centres every afternoon throughout the four weeks.
- Mobile play schemes throughout the four weeks in the Borough's parks and open spaces.
- Audley holiday play scheme engaged with approximately 130 children every day (Mon – Fri afternoons – 1.30pm – 4.00pm).
- The eight MUGA teams engaged with large groups young people every evening (Mon – Fri, 6.30pm – 8.30pm).

- The weekly barge residentials, Anderton activity days and Anderton residentials were booked to capacity

The family fun days proved to be a great success and included activities such as climbing wall, inflatable obstacle course, bouncy castle, face painting, badge making etc. In total eight fun days were held across the borough, venues included: Blackburn Town Centre, Mill Hill Community Centre and Park, Darwen Knott Street, Bangor Street Community Centre, Audley Centre, Energy Zone, Hereford Road, and Bold Venture park.

The Leisure Inclusion team also offered a 6 week, full day (Monday – Friday) programme for Children with Disabilities at Kaleidoscope Youth Centre. Activities included dance & movement, cooking, arts & crafts, boccia, wake & shake and sensory activities.

In additional to our Summer programme, all youth clubs continued to operate throughout the school holidays across the borough.

LEISURE HEALTH AND WELLBEING

Walk in the Park 2017

External funding from Tesco's National Charities Partnership was secured to introduce route signage in Bold Venture Park. The launch event, A Walk in The Park was held on 12th August enjoying sunshine and showers. Over 2,000 people attended during the day and over 700 people took part in one of the new trail walks. Awareness of the new walking routes continues to be promoted through social media as well as local leaflets. The Friends of Bold Venture are being supported to access small grants to continue to improve the park's walks and increase active participation.

BSLC Spin Studio

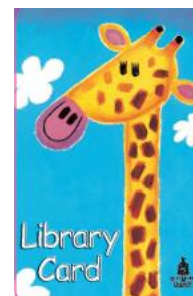
The remodel to extend the existing spin studio and create a new staff welfare room has been completed on time. The new look studio opened on Monday 18th September. State of the art lighting and sound system will offer members an exciting, immersive and entertaining exercise experience to ensure leisure services continues to attract and keep customers, supporting continued financial targets.

Libraries and Archives

New children's library cards



1st August saw the launch of a new range of library cards for children, featuring characters from children's books. There are five different designs to choose from, and not only will the tickets be offered to new library members as they join, but throughout the month of August there was a special promotional offer to replace existing members' tickets free of charge. This proved very popular over the summer with very positive feedback from junior members who love the new designs.



Public WiFi

The first stage of the public access IT upgrade is now complete with 96 new, large screen desk top units installed across the Borough's libraries. The 'cloud' based system offers library members a secure, free solution to data storage whilst providing corporate IT the ability to roll-out software updates automatically across the estate minimising the need for individual site visits. Work continues on the development of a wireless solution to enable remote connectivity and self-served printing and payments. The upgrade supports the Council's 'Digital First' approach to improve online access to citizens and drive efficiencies in service delivery.

Venues

Shows - Kevin Sims, winner of The Voice has been confirmed as the lead for Beauty and the Beast at KGH in December. Ticket sales for both KGH and DLT pantomimes are selling well supported with clear marketing and communications plans.

The Autumn season is proving popular with four sold out shows: That Manchester Night & Jason Manford (Work in Progress) at KGH and at DLT, Blancmange & Brian Blessed (the latter sold out in 4 days so another night has been put in with <40 tickets remaining)

New Ticketing outlet - Tickets for KGH and DLT can now be purchased at Darwen Leisure Centre with the launch of an additional ticket outlet to take advantage of the high footfall in the leisure centre and to increase the choice ticket outlets available. Telephone sales will still be dealt with by the box office in KGH.

REPORT OF THE EXECUTIVE MEMBER FOR NEIGHBOURHOODS AND PREVENTION

COUNCILLOR
ARSHID MAHMOOD

PORTFOLIO CO-ORDINATING
DIRECTOR:
SAYYED OSMAN
DATE: 5 OCTOBER 2017

NEIGHBOURHOODS

Positive Minds Community Mental Health Project

In the last two years the Adult Learning service has been funded through the Department for Education to pilot delivery of courses to support people with mental health issues, including anxiety and depression, to help them improve their wellbeing and minimise their conditions from escalating to the need for higher level health care intervention. The significant impact of the positive benefits after the first year of the project was highly commended, enabling further funding for research-specific work in year two. Whilst external funding support ended in July 2017, the success of this approach means that the Adult Learning Service will continue to deliver programmes within their mainstream health and wellbeing programmes. Further information about the work of Positive Minds is available on the project's website at http://mhfe.org.uk/content/Blackburn_Darwen_Phase-2-clmh-research

Lancashire Volunteer Partnership in Blackburn with Darwen

Funded through the Police Innovation Fund the programme supports vulnerable people across the county by engaging and offering public sector volunteering opportunities) We are currently recruiting for Community Support befriending volunteers to regularly support individuals to achieve positive goals and to promote their independence. Please share the link below to anyone who may be interested in applying:
<https://lancsvp.org.uk/opportunities/blackburn-darwen-community-support-volunteer/>

Brian Mercer Trust Fund

£40K has been secured from the fund for a small grants pot for BwD community groups to access with the remit of boosting their capacity to recruit and support volunteers. £10K of the fund is to be earmarked for equipment which groups may need to support their activity. The first round of funding closed in September and over 26 local groups submitted applications. A further funding round will open early 2018.

McMillan Service

The Macmillan Information Service has formally achieved the Macmillan Quality Assurance Standard for the provision of information and support to customers. Set up in January 2015, the valuable service provides cancer information and advice. It's testament to the hard work of the two staff employed on the project that they have achieved the standard in a relatively

short space of time. Macmillan Solutions Volunteers help with day-to-day tasks like shopping, being a listening ear, help with money matters, eg the Macmillan Grant, going along to a new group or activity – all with the aim of supporting people affected by cancer, family and friends to get on with their lives and regain some control.

Adult Learning Courses Sept-Dec 2017

The latest programme of courses is out now and you can view online on the website www.bwdlearning.org. Courses run at a variety of venues with the aim of helping adults improve their work prospects and wellbeing.

Dementia Friends Training

Tutor, Lynette Bannister has been formally recognised by the Alzheimer's Society for training Dementia Friends in Blackburn with Darwen. Given an initial target of 100 Lynette has created 405 Dementia Friends, all of whom have learned more about dementia and the many ways they can help those suffering from it.

HOUSING

Selective Landlord Licensing

The new Selective Landlord Licensing scheme for Darwen has been approved and designated. The larger designated area means that many more private rented properties are involved, bringing in many more licence applications, which created significantly increased workload during this period. Landlords are given ample opportunities to submit licence applications and those not doing so will be prosecuted.

Migration Fund

The Controlling Migration Fund bid was successful. Engagement with the voluntary sector to deliver the English language tuition, and procurement of additional temporary accommodation is now under way. The funding will help sustain our engagement with and monitoring of the governments new asylum seeker accommodation and support contract (the contract held by SERCO is being retendered).

Warm Homes Fund

A bid has been made to government under the Warm Homes Fund to deliver more first time central heating targeted at those in fuel poverty. As with the previous Central Heating Fund this would be delivered under 'CHiL' (Cosy Homes in Lancashire) for all Lancashire Local Authorities with Blackburn with Darwen as the lead Authority. Outcome will be known at the end of October.

COMMUNITY SAFETY

Domestic Abuse

A pilot to work differently with adults and families with complex need to include domestic abuse is underway as part of our response to the high level of demand on our safeguarding services. Through an integrated team of social workers and partner staff to include members from our commissioned

service providers in mental health, domestic abuse and substance misuse, we will be working with a number of test cases for an initial 6 months to compare this new approach against existing practice.

Anti-Social Behaviour

Our annual 'Brightsparx' multi-agency plan to reduce the risk of ASB around Halloween and Bonfire Night is being finalised with partners. Historically a high point for ASB complaints, the plan which involves key contributions from Lancashire Fire and Rescue and Lancashire Constabulary alongside a number of the council's services has a series of preventative measures supported by an operational plan throughout the end of October and beginning of November.

REPORT OF THE EXECUTIVE MEMBER FOR RESOURCES – 5th October 2017

COUNCILLOR ANDY KAY

PORTFOLIO CO-ORDINATING
CHIEF OFFICER: DENISE PARK

Digital

We have revisited and are refreshing the Council's Digital vision, which is underpinned by 4 Digital strategies covering Workforce, Customer, Borough and Partner. In doing so we have established a new Digital Board and a small dedicated Digital Task Team (DTT). The new structure will enable the DTT to co-design digital service roadmaps alongside departmental service area leads to bring together technical knowledge and experience with service understanding. Key to this work is baselining where our services currently stand on the 'digital journey' in order to better understand what can realistically be achieved, and in what timescale, and to provide a mechanism for measuring and managing the change going forward. A report on the Council's Digital Strategy will be submitted to the next Executive Board meeting.

Audit & Assurance

The Audit & Assurance Team reported its progress in delivering the 2017/18 Annual Audit plan to the September Audit & Governance Committee meeting. The report included commentary on the results of investigations into the data matches highlighted in the 2017 National Fraud Initiative (NFI). To date £198k has been identified for recovery e.g. in overpayment of single person discounts or council tax support where claimants have not informed the Council of changes in circumstances, and in respect of blue badges or residential parking permits issued to individuals who are now deceased and which have not been returned.

The team also supported a request from Environment & Leisure to use some of the internal risk management budget, to procure dashboard cameras for the Council's street cleansing vehicles. This initiative will improve our ability to defend insurance claims and should increase drivers' awareness of their driving habits.

Financial Services

The new Financial Management Systems have now been live for five months. Budget Monitoring reports from the new system have been circulated to budget holders and mandatory budget holder training is taking place at the beginning of October to reinforce the e-learning training available on the intranet. We are continuing with Phase 2 of the project to develop the systems further to deliver efficiencies both within the Finance Team and across the wider Council, including budget setting and year end forecasting.

IT

ITM&G continue to implement new and upgraded systems to deliver improved services and efficiencies including;

- A Public Access solution has now been deployed to the Libraries
- Planning System- digitisation continues with the mapping of historic planning applications and cleansing of the Land Charges data.
- Tills have been replaced across the King Georges Hall and leisure sites.
- Phase 2 of the Revenues and Benefits digitisation project is underway. E-billing and Landlord portal are live with the remaining modules due to go-live soon
- Replacement of the Leisure booking system is now underway to go live this month

HR & Business Support Services

Children's Services and Resources have agreed to deliver a joint change programme focussing on business and workforce transformation. The main objectives will be to review current work methods, linking into the digital programme to improve systems of working and processes. In addition, we will be focussing on recruitment and retention of employees, in particular social workers. The overall programme intends to take a holistic approach to deliver more efficient and effective services within the budgets available.

Apprentices

HR have been supporting the organisation with recruiting and supporting Apprentices. In addition to our existing Apprentices throughout the council, the new intake has created a further 17 new Apprentice roles. This number may rise over the coming weeks as more apprentice opportunities are identified.

Wellbeing Week

'Wellbeing Week' starts on 23rd October 2017. A number of initiatives will be taking place in the Council including mental health day, restart a heart and informing staff of services available to them with support from the HR Team working in conjunction with The Wellbeing Service, Public Health and Mental Wellbeing Partners.

Corporate Services

From Monday 2nd October 2017 the new Complaints team will start working together, merging the Corporate Complaints and the Adults & Children's Customer Care Teams. They will be dealing with all complaints across the Council including MP enquiries and will be managed by the Head of Governance, who will review the processes/procedures for dealing with complaints and seek to ensure that any lessons learnt facilitates service improvement.

Legal Services

There have been 11 traveller encampments in the borough since May, the majority of which have been on Council owned land. The Council's Traveller Protocol is in the process of being reviewed and updated and there will be training for members on this subject in March of next year.

Our Litigation Team are liaising with Preston Magistrates Court in order to locally implement the Single Justice Procedure ['SJP']. This enables cases to be dealt with by a single magistrate without the attendance of either a prosecutor or defendant outside of the traditional courtroom setting. It applies to cases involving adults charged with summary only non-imprisonable offences such as non-school attendance and refuse disposal offences, on guilty pleas. The process allows the defendant to engage with the court in writing and should significantly reduce costs in that prosecutors will not be required to attend court in such circumstances. This is likely to be implemented on or around the end of this year.

Improvements have been made to the members meeting room, meeting rooms B & C to accommodate waiting areas for bereaved families during Coroner's Inquests to be held in the Council Chamber.

REPORT OF THE EXECUTIVE MEMBER FOR SCHOOLS & EDUCATION

COUNCILLOR DAVE HARLING

PORTFOLIO CO-ORDINATING

DIRECTOR: LINDA CLEGG

DATE: 5th October 2017

PRIMARY AND SECONDARY SCHOOL ACADEMIC PERFORMANCE

Local primary schools continue to outperform schools in similar parts of the country, including the rest of East Lancashire. From initial analysis of the primary school results from 2017, it has been a year of consolidation. Based on provisional results, we are estimating an 8% rise in the proportion of children leaving Primary school at expected levels in Reading, Writing and Maths – up from 51% to 59%. National figures also show an 8% rise. Over 20 (out of 50) local primary schools have improved by 10% or more between 2016 and 2017.

Performance of schools serving our most deprived areas remains strong, as it was in 2016. However, there are schools that are struggling and we will be working with them over the coming year to improve outcomes for children attending those schools.

From the initial release of GCSE results, it appears that performance in Blackburn with Darwen schools was similar to last year in English and Maths. It is too early to comment further, as so much of the accountability framework changed from last year.

LONGSHAW NURSERY SCHOOL

Longshaw Nursery School was inspected by Ofsted on 17th and 18th May 2017. The overall outcome of the inspection was Inadequate based on the effectiveness of leadership and management.

The Ofsted report, published on 25th July 2017, states that the quality of teaching, learning and assessment; personal development, behaviour and welfare; and outcomes for children are all good and informs of parent satisfaction and a number of strengths in each of these areas. However, serious weaknesses in leadership and governance is a limiting factor and this means the overall judgement is Inadequate.

The Local Authority has made an application to use its power of intervention to remove the current Governing Body and replace with an Interim Executive Board in order to move the school forward rapidly.

PRIMARY ENGINEER PROGRAMME

Last year 8 primary schools across the borough engaged with the Primary Engineer programme and received 50 per cent of the funding from Hive Business School. In the coming academic year another 8 primary schools have joined the programme and are again receiving the generous support of Hive.

The Primary Engineer programme aims to inspire children of all ages with science, mathematics and technology by using engineering as the 'wow factor'. The programme brings together teachers and local engineers to engage primary and secondary pupils with engineering, through projects mapped to the curriculum. Each school is linked to a local engineer with the aim being for teachers to deliver the project to whole classes of pupils with engineers acting as the expert in the room. Plans are underway to attract the borough's secondary schools to join the Secondary Engineer programme

CAREERS FAIR SUCCESS

The 'Blackburn with Darwen is Hiring' careers event took place on 14th September at Blackburn Cathedral and was organised by the New Directions Team and was a huge success. Over 2000 people attended the event, including over 1400 from schools across Blackburn and Darwen. The day was a great opportunity to showcase what the borough has to offer and inform young people of their potential next steps.

101 exhibitors, made up of employers, training and education providers set up in the Cathedral and the surrounding outside space. A number of exhibits offered interactive activities which were well received by visitors and helped to initiate conversation about opportunities in the borough.

The support from local business through sponsorship made the event possible and sponsors included Blackburn College, Cummins Mellor Recruitment, Hive Business School, Lancashire Employment and Skills Executive Partnership (LESEP) and Organic.

PRIMARY SCHOOL ADMISSIONS

2150 children residing in Blackburn with Darwen applied for a primary school reception place for this academic year. Over 95% of local children received an offer of a place at one of their three preferred schools with 86.05% being offered their first preference. This compares the same to 2016 when 95% of children received a place at one of their preferred schools and slightly higher on first preference as 84.84% last year got there first choice.

The Place Planning & Admissions Team continues to support the drive for online services with over 90% of applications being made online, up from 88% in 2016.

COMPLETION OF BUILDING WORK AT CEDARS

The building works at Cedars Primary School has reached completion seeing a previously split site school now operating on a single site. The extensive capital programme of works has seen the build of a two storey extension, housing a nursery class, two receptions, two Year 1 classrooms, and toilet facilities, alongside a main hall, link corridors to the existing school building and landscaping.

This planned programme has been achieved within budget and on schedule, and teaching staff returned to the school at the start of the academic year to prepare teaching and learning spaces in readiness for the children's return on 11th September 2017.

STRATEGIC SCHOOL IMPROVEMENT FUND

The School Effectiveness Team has been successful in securing just under £200,000 from the Strategic School Improvement Fund on behalf of all schools in the Local Authority who are actively engaged in School Improvement Groups and school to school support.

The bid proposes to improve outcomes in English for pupils in each educational transition stage from Early Years to Key Stage 3. The bid was one of 25% nationally that were declared successful in Round 1 and will support projects to improve outcomes in English across most schools in the borough.

Round 2 is currently open for bidding until the 20th October with Round 3 open in December. The School Improvement Board has agreed that a Mathematics bid will be developed for Round 2 and a further bid addressing emotional health and well-being is being considered for Round 3.

REPORT OF THE EXECUTIVE MEMBER FOR HEALTH & ADULT SOCIAL CARE COUNCILLOR MUSTAFA DESAI

**PORTFOLIO CO-ORDINATING DIRECTORS:
DOMINIC HARRISON (HEALTH)
SAYYED OSMAN (ADULT SOCIAL CARE)
DATE: 5th October 2017**

ADULT SOCIAL CARE

COMMUNITY CONNECTORS

Social workers within the Adult Social Care have started making referrals to Community Connectors within the Neighbourhood teams in order to help individuals to source local activities which will support their independence and wellbeing. At the same time the Community Connector Team is increasing their promotional activity to attract volunteers to match to individuals seeking community support.

Over the coming months this number is expected to gradually increase as social workers, Neighbourhood Teams, wider organisations and individuals become aware of and make use of the service.

INTEGRATED DISCHARGE SERVICE/HOME FIRST & DELAYED TRANSFER

Over the last twelve months, the Hospital Team has embraced and implemented new ways of working in order to reduce delayed transfers of care and promote patient wellbeing. To reduce the duplication of assessments that patients were experiencing, the team have promoted the 'One story, One assessment' approach.

There has been a national drive to embed the 'Trusted Assessment' which has been developed for patients and is undertaken by therapists on the ward or trained nurses. The assessment enables patients with needs for intermediate and low level reablement services to be discharged safely from hospital, with the social care assessment taking place in their own home, or within a community resource

The team is developing a Home First Pathway taking the Discharge to Assess model further. The Trusted Assessment document, will travel home with the patient and be carried out by a therapist and a Home First social worker who will assess their care needs and put in Crisis or Reablement support to fully assess and promote independence over a five day period. This is a pathway tried and tested by East Lancashire Hospital Trust with positive outcomes. It is envisaged that this pathway will see a reduction in delayed transfers of care and assessments will be more person-centred.

APPLE HOUSE AND BALMORAL HOUSING UPDATE

Consultation has taken place with service users and their families on the Apple House and Balmoral housing developments for people with a learning disability. The developments are proving popular and prospective tenants have been identified. 'Show flats' will be available from October and open days will be arranged with stakeholders and prospective tenants nearer the completion dates. It is anticipated that tenants will start moving in from November.

RIVERSIDE HEIGHTS

The new Riverside Heights housing with care scheme in Darwen is progressing well but a sprinkler system is being installed which will delay the opening until May 2018. A new care provider has been identified and will start working in partnership with the local authority to develop the care model for the scheme. A "topping out" ceremony took place in September at which the scheme was publicised to a wider audience.

ALBION MILL

Work will soon commence on the new extra and intermediate care scheme (Albion Mill) which is a joint venture with Blackburn with Darwen Clinical Commissioning Group. A positive consultation event was held with stakeholders in August, providing several innovative ideas for uses of the link building.

BETTER CARE FUND (BCF) 2017 - 2019

The Council and the Blackburn with Darwen Clinical Commission Group has submitted its plan for the Better Care Fund. The key aims of this programme are:

- a) Building capacity within the voluntary sector (VCF) through phase one Information Advice and Guidance; phase two Integrated Carer Services; phase three Keeping Well & Healthy Homes;
- b) Co-ordination of dementia services
- c) Integrated Neighbourhood Teams (INTs)
- d) Developing the reablement offer
- e) Intermediate Care including an Integrated Discharge Service and Home First (a further allocation of iBCF funding has been agreed across Pennine Lancashire health and care providers to deliver a single leadership function across the existing Integrated Discharge Service)
- f) The Intensive Home Support Services (IHSS)
- g) Care Navigation Hub/Directory of Services (DoS)

Following the 2017 Spring Budget, local authorities now benefit from additional Improved Better Care Fund (iBCF) allocations for social care. This has been provided for the purposes of:

- Meeting adult social care pressures and demands
- Stabilising the social care provider market
- Reducing pressures in the NHS – including supporting more people to be discharged from hospital when they are ready (reducing DToC)

INTERNATIONAL OLDER PERSON'S DAY 1st OCTOBER 2017

Sunday October 1st was United Nations International Day of Older Persons and to mark the day balloons were released outside Blackburn Town Hall. The focus and theme this year was to influence the readiness of older people to participate in securing health care, ensuring older people have a regular income and promote legal protection and access to financial services. This year the Older Persons Forum led the events which included Friendship Groups to tackle loneliness and isolation.

HEALTH

THE DIRECTOR OF PUBLIC HEALTH'S ANNUAL REPORT 2016/17

The Director of Public Health has a duty to produce an Annual Report, which is a professional statement about the health of local communities and increasingly an important vehicle by which Directors of Public Health can identify local issues, flag problems and report progress. The report is publicly accessible and a key resource to inform local inter-agency action for health and wellbeing. The 2016/17 report for Blackburn with Darwen is set out in two parts: 1) Health as a Social Movement describing the major cultural change required to address current health and wellbeing challenges and, 2) the Integrated Strategic Needs Assessment (ISNA) Summary Review setting out the environmental and social context of Blackburn with Darwen as a place and their impact on the health and wellbeing of the population.

NEW HEALTHY HOMES PROGRAMME FOR BLACKBURN WITH DARWEN

Housing is a key determinant of health. The right home environment can, protect and improve health and wellbeing and help to prevent physical and mental ill health. Public Health, in partnership with Blackburn with Darwen CCG, have commissioned Care Network to deliver a new Healthy Homes programme for the borough with the aim of reducing the health risks associated with living in a cold or unsafe home. From October 2017 the service will deliver awareness raising, advice, signposting and workforce development to increase understanding of the effects of poor housing on health and ways in which people can improve and maintain health through the home, alongside a coordinated approach to home safety risk assessment and interventions, targeted at the most vulnerable groups. A launch event will be held at Blackburn Library on 22nd November 2017 complemented by a borough wide campaign to raise awareness raising of the home-health relationship.

BLACKBURN WITH DARWEN INTEGRATED SEXUAL HEALTH STRATEGY

The recently approved Blackburn with Darwen Integrated Sexual Health Strategy aims to provide a coherent approach to the promotion of good sexual health and positive sexual relationships across communities and groups. The strategy will inform multi-agency planning and commissioning decisions to ensure resources are effectively targeted to reduce sexual health inequalities within the borough. The three year strategy (2017-20) adopts a life course approach, aligned to the three Health and Wellbeing life stages of Start Well, Live Well and Age Well and provides a framework for action including building knowledge and resilience among young people, improving sexual health outcomes for young adults aged between 16 to 24 years and continue to reduce the rate of conceptions under 16 years and under 18 years.

In a related development, Blackburn with Darwen supported the LGA in a court case which successfully challenged NHS England to fund Pre-Exposure HIV Prophylaxis (PrEP), following a clinical trial in London demonstrated that it reduced infection in gay men by one third. This is a very significant public health improvement in which Public Health played an influential role, including co-authoring a key Editorial in the British Medical Journal during the campaign. We are also encouraging the locally commissioned integrated sexual health service to take part in the delivery of a national PrEP trial, the aim of which is to answer outstanding questions regarding PrEP including; eligibility, uptake and duration, and to assess the impact of PrEP on new HIV diagnoses over the next 5 years.

REPORT OF THE EXECUTIVE MEMBER FOR REGENERATION

COUNCILLOR PHIL RILEY

**PORTFOLIO CO-ORDINATING
DIRECTOR: IAN RICHARDSON**

DATE: 5 October 2017

SATURDAY BUS SERVICES

The bus operator "Moving People" who run the no. 33 bus service linking Darwen and Blackburn via Hoddlesden, Pot House, Lower Darwen and Royal Blackburn Hospital have announced the introduction of a new Saturday service following requests from passengers. This 33 service was introduced following the withdrawal of services previously operated by Darwen Coach Services in December 2016. Three additional round trips on Saturday will start from 21st October 2017 to take advantage of shopping opportunities in both Blackburn and Darwen Town Centres. The Council continues to liaise with local bus companies with respect to the co-ordination of local public transport and those services that become commercially viable following the loss of subsidy is a major success for local residents.

DARWEN

The Shorey Bank Residential development is progressing well and is on target to complete by April 2018.

The demolition of the former 3 day market building is well underway and will be completed by the beginning of October, 4 weeks ahead of schedule. A comprehensive events plan for the period up to Christmas and into the New Year will be announced shortly with a marketing and communications plan to support it.

The detailed design for the new space and works to the Railway Road units will be developed over the next 3 months with a contractor in place and start on site planned for early Spring with a 5-6 month construction programme envisaged. Work will be phased to ensure that Darwen Music Live will go ahead without any disruption.

Members of Darwen Town Centre Partnership including businesses, traders alongside residents and Council and Capita staff working on the Darwen Market Square development were invited to participate in a markets event held by Kingston University as part of London Design Week on Saturday 23rd September. Liam Dargan, ex DACA and Kingston University student, who developed the Heart of Darwen project in early 2016 with the Partnership Board, organised the day brilliantly with a number of visits to different markets followed by a workshop at Old Spitalfields Market. The group's feedback on the day was very positive and all felt there were some very valuable learning to bring back to Darwen. Their shared experiences and feedback will be captured on film and documented and be shared on the Heart of Darwen website at the end of October. A further workshop will be held in Darwen later in the Autumn to review the findings and this will be fed into the design of future development of the Markets and Square.

CATHEDRAL QUARTER

By the end of September, Cummins Mellor and Northern Rail will have moved into the Cathedral Quarter office block with only part of the second floor of the offices

remaining available. This is remaining space is currently being marketed. The A Mano Italian restaurant and cocktail bar fit out is progressing well and due to open in October 2017. Staff across the restaurant and bar are being recruited and Christmas bookings are now being taken. The small unit across from the station is being taken by a well known coffee shop chain who hope to be open in good time for Christmas

PLANNING UPDATE

The demand for residential planning consents remains strong with application levels in 2017 currently standing at:

- Total number of residential approvals – 655
- Number of residential units still under consideration - 569

In terms of volumes and performance for 2017/18:

- 485 applications received (as of 14th September 2017).
- 347 applications determined (as of 14th September 2017).

Performance:

- Major applications within 13 weeks or agreed extensions of time is 100% (Government target 60%).
- Non-Major applications within 8 weeks or agreed extensions of time = 100% (Government target 65% - 70% from 2018).

Performance measure for preceding 2 years to quarter ending June 2017 (Government measure):

- Major applications within 13 weeks or agreed extensions of time = 98% (target is 60%)
- Non-Majors applications (Minors, householder & change of use) within 8 weeks or agreed extensions of time = 90% (target is 65% - 70% from 2018).
- Appeals: No Major applications within the last 2 years
- Non-Majors applications within the last 2 years – 1.43% allowed (target is 10% - this is measured against the number of appeals allowed against the number of applications determined in the period).

HIVE

The Hive network has continued to grow with membership now standing at over 360 local businesses and organisations. The network continues to promote the borough as an excellent place to do business, continues to link businesses with educational establishments through the Hive Business School and enables excellent links between the Council and the private sector.

The Hive Steering Group continue to meet monthly and have recently agreed a revised Terms of Reference which will enable membership of the Steering Group to rotate amongst Hive members providing opportunity to shape Hive priorities and work programmes. A Business Plan is currently being developed which will set out the vision for Hive over the next 12 months.