

Governance Committee AGENDA



THE PUBLIC MAY ATTEND THIS MEETING

Please note this meeting will be audio recorded.

Date: Wednesday, 23 March 2016

Time: 19:15

Venue: Committee Room 1, Braintree District Council, Causeway House, Bocking End, Braintree, Essex, CM7 9HB

Membership:

Councillor M Dunn

Councillor J Elliott (Chairman)

Councillor J Goodman

Councillor D Hufton-Rees

Councillor Miss V Santomauro (Vice Chairman)

Councillor Mrs M Thorogood

Councillor R van Dulken

Members are requested to attend this meeting, to transact the following business:-

PUBLIC SESSION

Page

1 Apologies for Absence

2 Public Question Time

(See paragraph below)

3 Minutes of the Previous Meeting

To approve as a correct record the Minutes of the meeting of the Governance Committee held on 13th January 2016 (copy previously circulated).

4 Declarations of Interest

To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest, or Non-Pecuniary Interest relating to Items on the Agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.

Monitoring and Finance

5 Third Quarter Performance Mangement Report 2015-2016

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 Audit and Governance		
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Committee Operation

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15 Urgent Business - Public Session

To consider any matter which, in the opinion of the Chairman, should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

16 Exclusion of the Public and Press

To agree the exclusion of the public and press for the consideration of any Items for the reasons set out in Part 1 of Schedule 12(A) of the Local Government Act 1972.

At the time of compiling this Agenda there were none.

PRIVATE SESSION

17 Urgent Business - Private Session

To consider any matter which, in the opinion of the Chairman, should be considered in private by reason of special circumstances (to be specified) as a matter of urgency.

E WISBEY
Governance and Member Manager

Cont'd

Contact Details

If you require any further information please contact the Governance and Members team on 01376 552525 or e-mail demse@braintree.gov.uk

Question Time

Immediately after the Minutes of the previous meeting have been approved there will be a period of up to 30 minutes when members of the public can speak.

Members of the public wishing to speak should contact the Council's Governance and Members team on 01376 552525 or email demse@braintree.gov.uk at least 2 working days prior to the meeting.

Members of the public can remain to observe the whole of the public part of the meeting.

Health and Safety

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Mobile Phones

Please ensure that your mobile phone is either switched to silent or switched off during the meeting.

Comments

Braintree District Council welcomes comments from members of the public in order to make its services as efficient and effective as possible. We would appreciate any suggestions regarding the usefulness of the paperwork for this meeting, or the conduct of the meeting you have attended.

Please let us have your comments setting out the following information

Meeting Attended..... Date of Meeting.....

Comment.....

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Contact Details:

Third Quarter Performance Management Report 2015/16		Agenda No: 5
<p>Corporate Priority: A high performing organisation that delivers excellent and value for money services</p> <p>Report presented by: Tracey Headford – Performance and Improvement Manager</p> <p>Report prepared by: Tracey Headford</p>		
<p>Background Papers: Third Quarter Performance Management Report 2015/16</p>		<p>Public Report: YES</p>
<p>Options: To note the report</p>		<p>Key Decision: NO</p>
<p>Executive Summary:</p> <p>The purpose of the attached report is to summarise the performance of the Council at the end of the third quarter (October to December 2015).</p> <p>As at the end of December, ten projects have been completed and 30 are on track to meet their target dates. One project has an amber status which is in respect of delivering 75 new business start-ups in conjunction with Ignite. This is under target for the year due to resource issues restricting the delivery and support available and increased competition from other delivery agencies in the District.</p> <p>For performance indicators at the end of December, twelve have met target and four have not met target. Of the four performance indicators that have not met target, one has missed target by less than 5% and three have missed target by more than 5%.</p> <p>The Council has performed well in the third quarter of the year, improving on the performance achieved in the second quarter and needs to continue to focus resources to deliver and achieve the corporate objectives in the last quarter of the year.</p> <p>Under performance has been noted in the following areas:</p> <p><u>Collection rate for Council Tax</u> The collection rates for Council Tax missed target in the third quarter by less than 1% and it is anticipated that the target collection rate of 98% for the year will be achieved.</p> <p><u>Processing of Minor planning applications within timescale</u> The processing of planning applications achieved 57.58% against a target of 72%. The lower level of performance is a consequence of a higher than usual level of staff turnover. A successful recruitment exercise and the addition of consultancy support is improving performance but will take about 6 months to feed through effectively in terms of performance as new staff familiarise themselves with the district and deal with a back log of cases.</p>		

Community Transport Passenger Journeys

The number of passenger journeys on the community transport scheme has not met target in the third quarter. There has been a decrease in the number of passenger journeys relating to minibus hire and dial-a-ride for various reasons. However, there is a new demand for school bookings for swimming lessons and they are focussing promotions around new demands on the service.

New business start-ups

As stated earlier in the report, delivering 75 new business start-ups in conjunction with Ignite has not achieved target. In the third quarter of the year, there were 14 new business start-ups against a target of 18. This has not achieved target due to resource issues restricting the delivery and support available and increased competition from other delivery agencies in the District. For the year to date, Ignite have assisted with 52 business start-ups against a cumulative target of 56.

Financial Performance

This part of the report provides an updated review of the financial position for the year. It includes the latest forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects

Summary:

- An overall positive variance is forecast for the year of £938,000 (-6%) against the budget of £15.624 million.
- Income is projected to be overachieved by £911,000, predominantly due to extra income from planning application fees of £578,000.
- The overall projected variance has improved from that reported at the second quarter (Q2) by £200,000, of which £139,000 is due to a net increase in projected income, principally from the Development Control service.
- There is a net underspend of £27,000 predicted on staffing and expenditure.

For a detailed explanation of the financial performance, please refer to page 17 onwards of the full report.

Decision:

Members are asked to note the report

Corporate Implications

Financial:	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the third quarter of the year.
Legal:	There are no legal issues raised by this report.
Safeguarding:	There are no safeguarding issues raised by this report.
Equalities/Diversity:	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
Customer Impact:	Performance of front line services, including

	Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received in the quarter, analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The report provides details of progress in the delivery of the Council's key projects, including: installation of solar panels at the sports centres, 'Love Essex' litter campaign, campaign encouraging recycling, and promotion of the Essex energy switching scheme.
Consultation/Community Engagement:	Consultation is considered fully in the Council's key projects, as appropriate.
Risks:	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
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THIRD QUARTER PERFORMANCE MANAGEMENT REPORT

1ST OCTOBER 2015 TO
31ST DECEMBER 2015

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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the third quarter in relation to the publication of 'Our plans for the District 2015/16'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the third quarter

The following table provides updates for the end of the third quarter in relation to the key activities in 'Our plans for the District 2015/16'




Corporate Priorities	Status of projects and actions				
					
Place	2	7	0	0	1
People	5	4	0	0	0
Prosperity	2	5	1	0	0
Performance	0	4	0	0	0
Partnership	1	10	0	0	0
TOTAL	10	30	1	0	1

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the third quarter

The following table shows the performance for the end of the third quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2015/16'.

Corporate Priorities	Status of indicators			
				Data Only
Place	3	0	0	0
People	2	0	1	0
Prosperity	2	0	1	0
Performance	5	1	1	0
TOTAL	12	1	3	0

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

The performance of the Council in the third quarter indicates that we are continuing to maintain a good position with ten projects now complete and the majority of the remaining projects on track and progressing well.

Performance has also improved in the third quarter with the majority of performance indicators meeting or exceeding targets. Processing planning applications and business start-ups have fallen below the target due to resource issues in the beginning of the year. Although recruitment has taken place, it will be some months before performance targets are achieved.

We will continue to focus our resources to deliver and achieve our corporate objectives in the last quarter of the year.



Our Priorities

- Keep our district clean and tidy
- Protecting our environment
- Provide green space for everyone to enjoy

Project description and comments	Target Date	Status
Continue a seven day cleaning programme in the town centres, including mechanical sweeping and targeted litter picking		
Work continues in all town centres to maintain a high standard of cleanliness and reduce the levels of litter including the use of barrow beats to litter pick, street washing and mechanical sweeping.	March 2016	▶
Maintain a programme of mechanical sweeping in rural areas on a quarterly basis		
The programme of mechanical sweeping is an integral part of the day to day work of the team to maintain a high standard of cleanliness and reduce the levels of litter.	March 2016	▶
Continue to support an anti-litter campaign across Essex		
A new anti-litter campaign was launched in August with over 300 businesses involved across Essex. The campaign ran for 6 weeks and the results have shown a 40% reduction in all litter across Essex. A partnership meeting will be taking place in February to discuss commitments and proposals for 2016/17.	March 2016	▶
As part of the Essex waste partnership, participate in campaigns that aim to reduce waste and boost recycling		
A report will be presented to the Essex Waste Partnership board which sets out the key areas of work to minimise waste, increase recycling and efficiency. Each district has been asked to put forward £15,000 funding for project support and management to carry out any agreed actions.	March 2016	▶
Expand our recycling waste service in flats to an additional 50 sites		
All sites across the district have been surveyed and the roll out of the recycling bins to flats is now in progress.	March 2016	▶
Expand our trade waste recycling service to businesses in rural areas		
Trade waste income has increased by 6.9% in comparison with 2014/15 due to increasing the number of trade waste customers and the sales of sacks and trade recycling. A restructure within the service has been carried out to ensure resources are in place to continue expanding the trade waste service to businesses in rural areas in 2016/17.	March 2016	▶
Install additional solar panels in Witham Leisure Centre and new solar panels on the Discovery Centre and George Yard car park, and replace the wind turbine at the Discovery Centre to improve the energy efficiency of Council assets.		
Due to a change in Government policy, a favourable feed in tariff will not be achieved and it is therefore no longer economically viable to install additional solar panels at Witham Leisure Centre and at George Yard car park.	March 2016	◻








Solar panels have now been installed and are generating electricity on the roof of the Discovery Centre and the roof of Unit 9, Lakes Road Due to changes in Government policy regarding the feed in tariff and planning laws for onshore turbines, the wind turbine at the Discovery Centre will not be replaced this year.	March 2016	✓
Working with Essex County Council Highways, install directional signage in Braintree and Witham to increase customer awareness and accessibility to car parks and leisure facilities		
The outcome from the signage audit carried out by Essex County Council was presented to the Economic Development Working Group in October. The Project has been extended to March 2017 as discussions are still taking place with Essex County Council regarding the availability of funds. Essex County Council is putting in a bid for additional funding and Braintree District Council are considering a financial contribution towards the work.	March 2017	▶
Work with Essex County Council on developing a new Adventure Sky Line visitor attraction at Great Notley Country Park that will open this summer		
The skyline visitor attraction opened to the public in July. The 9.5m high rope course and smaller junior course will give visitors the chance to get a unique bird's eye view of the park as they traverse various ropes, bridges and beams.	September 2015	✓



Our Priorities

- Support vulnerable people in our community
- Promote safe and healthy living
- Encourage flourishing communities

Project description and comments	Target Date	Status
Reduce hip fractures amongst older residents by working with Housing Improvement Agency and other agencies to introduce a 'Handyman service' to help frail residents and other partners to build resilience to the community		
The scheme has been successfully launched. Letters have been sent to residents who may benefit from the scheme which will be followed up with a visit from Aaron services to look at energy efficient measures such as draft proofing, cavity wall and loft insulation and replacement boilers as well as carrying out a trip and fall's assessment.	November 2015	✓
Reduce obesity levels across the District by working with Health and Wellbeing panel partners to deliver local activities to enable residents to eat well and increase activity levels		
A targeted takeaway healthy eating project was set up to help tackle obesity issues in the district. 50 takeaways have been visited and were invited to be part of a scheme to ensure positive action is taken to reduce excessive fat, salt and sugar consumption. Disappointingly, there has been a lack of take up by the businesses.	September 2015	✓

A '30 minutes a day' project in partnership with Active Braintree and Fusion has been set up to encourage residents to exercise for 30 minutes a day. All activities are promoted through the Livewell website.	December 2015	
An exercise referral scheme has been launched and promoted on the Livewell website in partnership with Provide, health professionals and Fusion. The scheme provides a 12 week program designed to guide and support individuals wishing to increase activity levels.	June 2015	
Refurbish three play areas at: Rosebay Close, Witham, John Ray Park, Braintree and Tabor Field, Braintree		
The preferred designs have been selected through the recent public consultation and pre-contract site meetings have been held with contractors at all three sites.	February 2016	
Work with 'Active Braintree District' partner organisations to increase access to sports and activities so that the District becomes a place where all individuals and communities have the opportunity to take part in their chosen activity		
A number of activities continue to be very successful with numbers of participants increasing. Instructor led cycling sessions and the walks programme continue to do well in the colder months and funding has been expanded for the walks programme. A number of courses have now completed their periods of funding activity and they are now looking at options to make the sessions permanent. The workplace 8 week challenge was launched in December which aims to promote sport, physical activity and health across the UK's workplaces.	March 2016	
Deliver the second stage start of the Friends Life Women's Tour and follow up Festival to encourage cycling and other physical activities		
A successful start to stage 2 of the race took place on the 18 th June. The tour started in Braintree Town Centre and passed through Halstead, Sible Hedingham, Castle Hedingham, Great Yeldham and the Belchamps before eventually finishing in Clacton. To celebrate the visit of the Aviva Women's Tour, a 'Pedal in the Park' family festival took place on the 20 th June to celebrate cycling, sport and activity.	June 2015	
Deliver an improvement programme to preserve, interpret and promote the unique Archive, Museum and District's heritage for the public benefit through a sustainable partnership with Braintree Museum Trust Ltd		
New directors have been recruited to the Museum Trust including the appointment of Councillor Jo Beavis to represent Braintree District Council. A successful exhibition on the Magna Carta has been held at the museum in the third quarter with a body science exhibition coming to the Museum in February 2016. The number of visitors to the museum is set to exceed targets at the end of the year and events at Warner Archives to be launched in January are already selling well.	March 2016	
Supporting community groups to deliver local projects through the Mi Community fund		
More than £160,000 has been awarded to twenty one local community projects in the fourth round of funding from Braintree District Council's Mi Community programme. Twenty grants have been paid in full and the council remains in contact with the remaining applicant regarding the progress of their grant which should be paid out in the fourth quarter.	March 2016	



Our Priorities

- Boost employment skills and support business
- Promote and improving our town centres
- Securing appropriate infrastructure and housing growth

Project description and comments	Target Date	Status
Complete the Springwood Drive Enterprise Centre extension, improving business start-up and growth support for new businesses in the District		
Construction of the Springwood Drive Enterprise Centre extension continues to make good progress.	February 2016	
Deliver 75 new business start-ups in conjunction with IGNITE		
Since April, IGNITE have delivered 52 new business start-ups and assisted in creating 61 jobs. This is under target for the year due to resource issues restricting the delivery and support available and increased competition from other delivery agencies in the District	March 2016	
Deliver two area business forums providing business support and helping to improve District Council services to businesses		
The first of the business forums took place in October in Braintree. Preparation is currently underway for the February Witham Forum to be held on the 5th February at the Rivenhall Hotel.	March 2016	
Promote inward investment through a dedicated website and increased marketing activities		
A dedicated webpage for businesses has been launched in June to provide more effective service delivery. A further version of the website will be launched later in the year suitable for use on a range of devices.	June 2015	
Deliver an industrial estate improvement scheme supporting business growth across the District		
170 Businesses on the Springwood Industrial Estate were consulted with in November regarding improvement works. Costings of the finalised scheme are being developed and a procurement exercise will be undertaken in January to appoint contractors. Key businesses will be invited to a meeting with Council Officers and partner agencies to discuss the proposed improvements.	March 2016	
Produce a draft District Local Plan providing sustainable housing and employment growth for the future		
The Plan continues to progress towards a preferred options consultation in June and July 2016. Evidence base work is being taken to members as completed and detailed policies are being prepared to be considered by members in January.	September 2016	
Invest £500,000 in a business loan scheme to help the District's businesses expand and grow to create new jobs and support enterprise in town and rural areas		
The Business Growth Loan fund was launched in September with £500,000 made available to businesses across the district to support economic growth across the district.	September 2015	
Work with Housing Associations to enable the delivery of 70 affordable homes as part of our four year target to build 400 affordable homes by March 2016		
The affordable housing completions are on track to meet the expected 70 completions for this financial year.	March 2016	



Our Priorities








- Provide value for money
- Deliver excellent customer service
- Improving our services through innovation

Project description and comments	Target Date	Status
Work with our public sector partners to review the use of property assets across the District to ensure they are providing the best value for money for the taxpayer		
As part of the Governments One Public Estate initiative, the council together with other public sector partners carried out a review of all public sector land and property within the Braintree district. With the assistance of the East of England Local Government Association (EELGA), 291 sites were inspected with a view to identifying underutilised assets, opportunities for sharing or disposing of assets and the potential for developing sites for additional housing. The Asset Management team are continuing to work with partners to identify delivery opportunities in relation to identified sites.	March 2016	▶
Increase income from our services by identifying commercial opportunities that will generate revenue to support us in addressing the District's priorities		
Projects to generate potential income are being developed together with a training programme to ensure staff have the range of skills required to successfully deliver the better at business programme.	March 2016	▶
Continue to use a range of new technologies to improve the way that we deliver services and ensure that they are easier to access for our customers		
Work continues on the redesign of our website due to go live in March to provide a responsive website improving access on a range of devices for our customers. The Council Tax department are continuing to explore how they can provide customers with the option of viewing their council tax bills online.	March 2016	▶
Continue to review our investments to ensure that they are generating the maximum income		
The Council has agreed to increase by £5million the limit on long-term investments, to £15million, and for the maximum amount which can be placed in a pooled fund to be increased from £4million to £5million. In December the recently constituted Investment Strategy group agreed to invest £2million in the existing pooled funds: £1m in the Threadneedle UK Equities Fund and £1m in the Local Authorities Property Fund. Dividends received and declared from the pooled funds for the year to end of December was £387,488: on target to achieve a return of 5% on these investments. Opportunities to purchase property in the District as an investment and/or for employment retention or expansion are considered as and when identified. Bids on two properties were made during the quarter but on both occasions the Council was outbid.	March 2016	▶



The majority of our services and improvements are provided in partnership with others, whether it is with community groups, voluntary organisations, public sector or private sector organisations.









Project description and comments	Target Date	Status
Work in partnership with other Essex Authorities and other public sector organisations to develop a devolution proposal for greater Essex which will enhance local government in Greater Essex with the possible transfer from central Government of powers and funds to a Combined Authority		
Following the letter to Government, work is taking place to drive forward our case for devolution. To support this, works streams have been created with leaders from across Essex working on each. The key aspects of the devolution proposals were presented to the South East Local Enterprise Partnership Board (SELEP) in December emphasising the synergy with the work of SELEP on skills, infrastructure and housing. The proposals were positively received and there will be ongoing engagement with SELEP (and local business groups) in the new year to help shape the deal. Over the coming months Council Leaders will be continuing to refine proposals, with a view to preparing a final draft document which can then be discussed with Government.	March 2016	
Continue to work in partnership with key partners such as local business leaders, Haven Gateway Partnership, Essex Local Authorities and Stansted Airport to continue to drive forward economic growth and infrastructure improvements in the District and surrounding area. In particular try to ensure that the South East Local Enterprise Partnership is more responsive to the priorities of the District and surrounding areas		
Essex County Council and their consultants continue to progress the programme for the A120 improvements study, in partnership with Highways England. Technical work will be completed by November 2016 and public consultation will be completed by April 2017 leading to a preferred option being submitted to the Secretary of State by August/September 2017.	March 2016	
Bids for the new Rail Franchise were submitted in December and we are awaiting the outcome of the franchise allocation decision. Meetings have been held with all three preferred bidders. Discussions were also held with Essex County Council and Network Rail to explore the potential for bringing forward service improvements.	March 2016	
Work with neighbouring Essex (and Suffolk) Districts, Essex County Council and other partners such as the Health and Education sectors on strategically planning for the significant housing and economic growth required in the District with the necessary supporting infrastructure to support the work on the new Local Plan.		
Discussions are continuing between District Council officers, Highways England and Essex County Council on infrastructure improvements, to ensure co-ordination with Local Plan proposals.	March 2016	
We will continue to work with health partners, including the mid-Essex Clinical Commissioning Group, and other organisations to create a Living safe and wellbeing partnership. This will support individuals and communities to act for themselves, helping to improve residents health and independence, thereby reducing the pressure on the local NHS system		

The council is piloting a Social Prescribing Model for the residents of the district. The model will connect people to non-medical sources of support including linking them up to activities in the community that they will benefit from to relieve the pressure on the local health and social care system. The official launch will be on 8th February 2016 and will be held in conjunction with the launch of the Museum exhibition.	September 2016	
An IT referral and sign posting portal for 'Mid Essex' is being developed to sign post residents and professionals to the local groups available to provide support. The official launch will be on 8th February 2016 and will be held in conjunction with the launch of the Museum exhibition.	September 2016	
The damp, cold and mould campaign has been incorporated into the project reducing hip fractures by working with agencies to introduce a Handyman service. Aaron services will visit residents to assess their housing conditions and make recommendations.	February 2016	
In partnership with the RCCE, continue to work with Parish and Town Councils to support their local priorities		
The RCCE were appointed on the 1st April 2015 and they continue to work with Parishes and Town Councils on neighbourhood plans. They are currently working on four neighbourhood plans.	March 2016	
Work with ECC and local schools and academies to improve the educational standard and attainment of young people in the District		
Essex County Council has been working with all secondary schools in the District and recent GCSE results have shown an improvement. Discussions are still ongoing with Essex County Council to establish an Education attainment and skills board for the District.	March 2016	
Participate in Business Rates pooling arrangement with nine Essex Authorities. This will increase the amount of business rates retained within Essex, of which the Council will receive a proportion to spend in the District		
Business Rates pooling arrangement approved and established for 2015/16. The financial benefit will not be determined until after year end.	March 2016	
Work with other local authorities in Essex to develop a business case for establishing a building control shared service across the Authority		
Eight Authorities are exploring a shared Building Control service within Essex and Colchester has confirmed their interest as the host Authority.	March 2016	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a	6%	3%		6%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	56.16%	55.10%	52.28%		52.00%		
Percentage of fly tips cleared within 24 hours of being reported	100%	100%	100%		100%		Represents 154 fly tips cleared within 24 hours of being reported.
Public Satisfaction with parks and open spaces	Annually reported indicator				88%	n/a	
People							
Total number of visits to our leisure facilities	246,800	250,421	255,333		245,515		
Number of visitors to our leisure facilities from under-represented groups	210,994	213,173	206,788		192,450		
Number of passenger journeys on the Community Transport Scheme	15,181	13,736	14,057		15,589		Passenger journeys have been lower than predicated however the service is meeting current demand and promotion of the service is on-going
Percentage of Mi Community projects successfully completed	Annually reported indicator				100%	n/a	
Prosperity							
Number of empty homes in the district returned to use	15	14	19		17		The figures provided represent the empty homes returned to use within the district. However, we actively assist in returning empty homes to use outside the district. To date, a total of 63 empty properties have been returned to use including the properties outside the district.
Number of affordable homes delivered	18	0	25		25		There were no affordable homes delivered in the second quarter which is as expected. Completions will be taking place in the third and fourth quarters and is on track to meet the expected 70 completions for this financial year.

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Number of new business start-ups in the district created in partnership with IGNITE Business	20	18	14		18		This is under target for the year due to resource issues restricting the delivery and support available and increased competition from other delivery agencies in the District
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	96.26%	96%	96%		85%		
Time taken to process housing benefit/council tax benefit new claims	16.08 days	16.76 days	16.97 days		18 days		
Time taken to process housing benefit/council tax claim changes	4.78 days	4.88 days	5.09 days		6 days		
Percentage of minor planning applications processed within 8 weeks	71.60%	69.33%	57.58%		72%		Represents 38 out of 66 applications determined within timescales. The lower performance compared to previous quarters reflects significant staff turnover experienced within Development Management during Spring/Summer 2015. A successful recruitment exercise and the addition of consultancy support is improving performance but will take about 6 months to feed through effectively in terms of performance.
Percentage of stage 1 complaints responded to within target	89.40%	90.50%	91.67%		90%		Represents 176 out of 192 stage 1 complaints dealt with in seven working days in the third quarter.
Cumulative collection rate for Council Tax	30.70%	59.24%	87.19%		87.35%		Performance is marginally below that achieved for the same period last year. It is anticipated that the target collection rate for the year will be achieved.
Cumulative collection rate for business rates	30.20%	58.22%	84.89%		84.03%		

Customer Services & Views

The following is a selection of our customer service performance measures:

Customer Service: Indicators of Performance	Q1	Q2	Q3	Q4	Target
Average telephone response time in the Customer Service Centre	16 seconds	13 seconds	10 seconds		15 Seconds
Number of transactions carried out via the Council website	28,698	26,899	25,913		28,750
Number of unique visitors to the Council website	119,136	105,153	102,075		95,000
Percentage of avoidable contacts (collected half yearly)	n/a	9.63%	n/a		Data only

Comments

Performance around answering times continues to improve throughout the third quarter and has exceeded target.

The number of transactions carried out via the website has not met target this quarter. An anomaly has been identified between the way that this year's figures and last year's figures have been calculated to exclude or include particular transaction types. This is currently being rectified and processes put in place to ensure the anomaly is not repeated. When you recalculate like for like between 14/15 and 15/16 we are projecting an overall net increase in the number of transactions carried out via the website.

Complaints

The quarterly complaints analysis for the third quarter of 2015/16 is detailed below. This is compared with 2014/15 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	TOTAL
Justified	83 (36)	90 (39)	108 (32)	(189)	(296)
Not Justified	45 (48)	65 (105)	70 (44)	(81)	(278)
Partially Justified	17 (12)	30 (22)	21 (13)	(26)	(73)
Not known	0 (0)	1 (2)	1 (0)	(0)	(2)
Total	145 (96)	186 (168)	200 (89)	(296)	(649)

Comments

The number of complaints received in the third quarter of 2015/16 is higher than the number of complaints received in the second quarter of 2015/16.

This is due to receiving a high number of complaints at the beginning of the third quarter relating to missed waste collections from customers affected by the re-routing of the district. Following a period of monitoring, adjustments were made in October to collections on 'narrow access' routes. The number of complaints received has started to reduce as a result of the improvements to service delivery and is expected to continue to reduce.

In the third quarter of 2015/16, of the 200 complaints received:

- 192 are stage one complaints
- 5 are stage two complaints
- 3 are stage three complaints

A summary of Local Government Ombudsman cases: 2

In the third quarter of 2015/16 the LGO received two complaints. One complaint was declined as it was received after the time allowed for the LGO to investigate and elements of the complaint are outside their jurisdiction. The LGO are assessing the other complaint as to whether the complaint is to be formally investigated.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Change on previous period	Yearly Target
Total headcount	470	461	469		+ 8	-
Total number of posts	480	473	480		+ 7	-
Number of temporary staff	49	42	45		+ 3	-
Total staff FTE	425.25	416.62	422.20		+ 5.58	-
Level of employee turnover	2.6%	4.6%	3.4%		- 1.2%	-
Number of vacant posts	16	22	25		+ 3	-
Number of leavers	12	21	16		- 5	-
Number of starters	10	12	24		+ 12	-
Working days lost to sickness per employee	2.3 days	2.6 days	2.6 days		-	8.0 days
Percentage of staff with nil sickness	74%	72%	67%		- 5%	-
Number of learning hours	3997.5	7071	11523		+ 4452	-
Number of delegates	125	196	485		+ 289	-
Number of apprentices	14	26	24**		- 2	-

** 22 + 2 members of staff who are now undertaking an apprenticeship at level 4

Year on Year Headcount Analysis	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	541	503	485	466	478	472

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2014/15 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	6 (11)	12 (6)	5 (9)	(14)	There is a wide range of causes for the five accidents. No common trends to follow up upon.
<i>Accidents/ incidents to employees</i>	4 (9)	9 (5)	5 (5)	(13)	Slips trips and cuts are the main reasons for accidents to employees in the third quarter
<i>Accidents/ incidents to contractors</i>	2 (2)	1 (1)	0 (3)	(1)	
<i>Accidents/ incidents to non-employees</i>	0 (0)	1 (0)	0 (1)	(0)	
Time lost in days due to employee accidents/ incidents	3 (5)	76 (27)	42 (17)	(61)	The number of days lost is as a result of just the one accident, where an employee sustained a back injury.
Number of reported verbal/ physical incidents to employees	0 (2)	1 (1)	0 (0)	(0)	
Number of near miss incidents	0 (1)	0 (0)	1 (0)	(2)	A fire in the bulk waste bins sited at the rear of the Town Hall.
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (1)	0 (0)	(0)	(0)	
Number of claims settled	0 (0)	2 (0)	(0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the year. It includes the latest forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

Summary:

- An overall positive variance is forecast for the year of £938,000 (-6%) against the budget of £15.624 million.
- Income is projected to be overachieved by £911,000, predominantly due to extra income from planning application fees of £578,000.
- The overall projected variance has improved from that reported at the second quarter (Q2) by £200,000, of which £139,000 is due to a net increase in projected income, principally from the Development Control service
- There is a net underspend of £27,000 predicted on staffing and expenditure

Forecast of Revenue Spending by Services

Business Plan Service	Budget £'000	Forecast Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,809)	(1,891)	-	8	(90)	(82)	-5%
Business Solutions	1,958	1,847	(12)	(99)	-	(111)	-6%
Community Services	558	497	(30)	(18)	(13)	(61)	-11%
Corporate Management Plan	1,319	1,325	(1)	7	-	6	<1%
Cultural Services	264	277	3	-	10	13	5%
Environment	956	867	(72)	(10)	(7)	(89)	-9%
Finance	1,256	1,031	(126)	(43)	(56)	(225)	-18%
Governance	945	943	(4)	2	-	(2)	<-1%
Housing Services	740	714	(4)	(22)	-	(26)	-4%
Human Resources	425	414	(12)	1	-	(11)	-3%
Leisure Services	(25)	(33)	-	(7)	(1)	(8)	-32%
Marketing and Communications	455	420	-	(7)	(28)	(35)	-8%
Operations	3,921	3,956	(5)	36	4	35	1%
Sustainable Development	1,958	1,409	(7)	75	(617)	(549)	-28%
Service Total	12,921	11,776	(270)	(77)	(798)	(1,145)	-9%
Corporate Financing	3,037	2,910	-	(14)	(113)	(127)	-4%
Efficiency target	(334)	0	334	-	-	334	
Total	15,624	14,686	64	(91)	(911)	(938)	-6%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Staffing

Further analysis of the staffing budget variances is provided in the following table:

Business Plan – Staffing Budgets	Budget £'000	Forecast Spend for the year £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	265	265	-	-
Business Solutions	809	797	(12)	-1%
Community Services	398	368	(30)	-8%
Corporate Management Plan	1,125	1,124	(1)	0%
Cultural Services	186	189	3	2%
Environment	1,537	1,465	(72)	-5%
Finance	2,382	2,256	(126)	-5%
Governance	423	419	(4)	-1%
Housing Services	701	697	(4)	-1%
Human Resources	342	330	(12)	-4%

Business Plan – Staffing Budgets	Budget	Forecast Spend for the year	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Leisure Services	137	137	-	-
Marketing and Communications	273	273	-	-
Operations	4,547	4,542	(5)	<-1%
Sustainable Development	1,647	1,640	(7)	<-1%
Service Total	14,772	14,502	(270)	-2%
Efficiency target	(334)		334	
Net Total	14,438	14,502	64	<1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% (Net Total adverse > Efficiency target)

Commentary on staffing variations:

Savings on staffing budgets have been achieved through a combination of vacant posts, staff retirements, reductions in hours worked, and/ or through other service restructures and efficiency reviews.

Based on the information known at the end of the Quarter it is projected that across all business plans there will be an underspend for the year of £270,000 against staffing budgets. The approved budget provided for a corporate efficiency target of £334,000 to be achieved from in-year staffing variances meaning at present it is anticipated that there will be a shortfall in meeting this target by £64,000. However, this is an overall improvement from the position reported at Q2 (a shortfall of £96,000 against the target) and that achieved in recent years.

It is predicted that the balance of the corporate efficiency target will be more than offset by Other Service Expenditure variances. A number of the staffing variances identified are ongoing and have therefore been included as part of the management savings reflected in the proposed budget for 2016/17. Recognising also the reducing size of the organisation's staffing structure the proposed budget for 2016/17 also accommodates a reduction in the corporate efficiency target to be achieved in future.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £91,000, a further improvement of £56,000 over that projected at Q2. Contained within this net position are the following items:

- **ICT Contract and Corporate systems** – an additional underspend of £31,000 from Q2 resulting in an overall forecast underspend against budget for the year of £87,000. Factors contributing towards this position relate to reduced spend on the ICT Capita contract (-£58,000) from lower service volumes and contract variations; and reduced maintenance costs for the voice and data networks. The proposed budget for 2016/17 includes ongoing management savings on the variable elements of ICT spend of £38,000.
- **Council Tax Benefits** – recovery of overpaid benefit that was originally paid prior to April 2013 is retained by the Council rather than been offset against government subsidy. In the current year a credit of £65,000 has been generated which is £30,000 more than was reported at Q2.
- **Parks** – overall spending on repairs and maintenance across the Parks service is forecast to be higher than budget by £42,000 including extra spending on health and safety issues caused by vandalism to equipment at a number of the Council's play areas.
- **Sustainable Development** – A forecast overspend of £41,000 due to the increased number of planning enquiries and applications resulting in the need to increase the level of external support and specialist advice required for Planning Performance Agreements and to provide a pro-active pre-application advice service. This includes a new agreement with Essex County Council with effect from January 2016 for additional

support on highways planning matters. These additional costs are more than covered by the increase in fee income charged for these services.

- **Landscape Services** – settlement of a tree damage claim resulting in a one-off overspend of £24,000.

External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £54 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations are largely offset by commensurate changes in expenditure, e.g. housing benefits.

The final amount of business rates retained will depend on the actual amounts collectable (taking into account changes in the Valuation List and exemptions and reliefs). In the current year income is currently higher than originally projected – this extra income has been reflected in the balance on the Collection Fund taken into account when calculating the proposed budget for 2016/17. To manage the year-on-year fluctuations in income arising from variations in the business rate growth levy and other related grants a Business Rates Retention reserve is maintained. As a participant in the Essex Business Rates Pool the Council could receive additional amounts of business rates, the latest estimate of which suggests this could be around £350,000 for 2015/16. The determination and receipt of the actual amount of the Council's share will be made after year-end returns have been collated from each of the participating authorities.

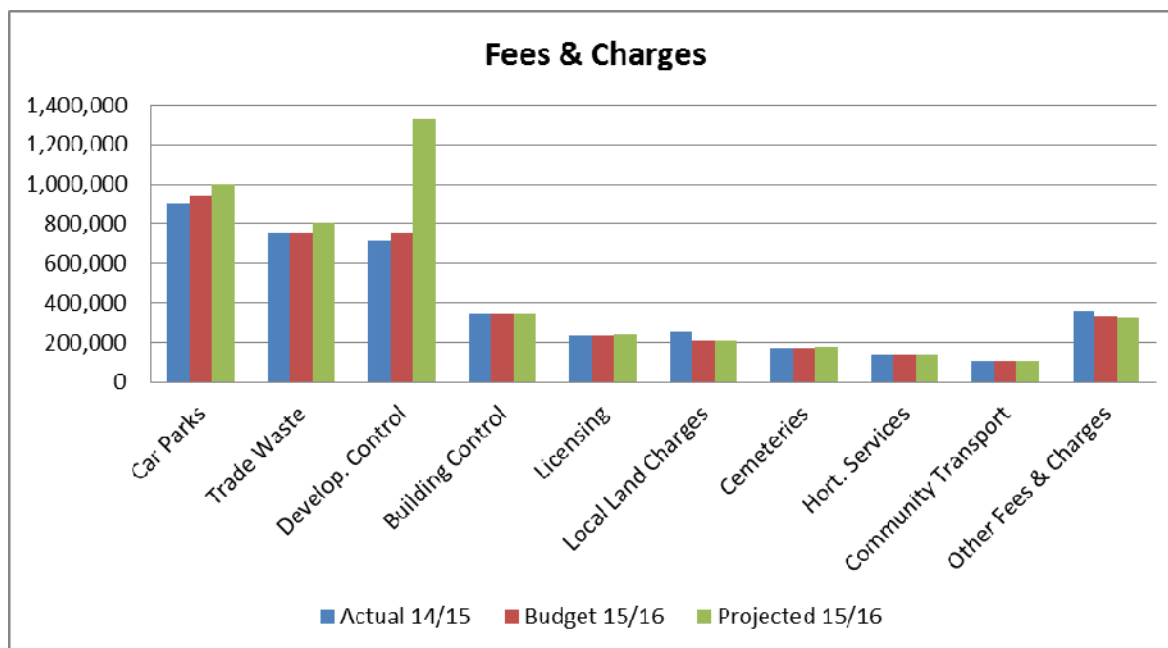
Other external income comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £911,000, as shown in the table below:

Other External Income								
Business Plan	Budget £'000	Adverse or (Positive) variance against budget						RAG Status
		Fees & Charges £'000	Land & Property income £'000	ECC Joint Financing & contributions £000	Sale of Recycling Materials £'000	Other Income £'000	Total £000	
Asset Management	(2,607)	5	(84)	-	-	(11)	(90)	3%
Business Solutions	(32)	-	-	-	-	-	-	-
Community Services	(257)	(2)	-	-	-	(11)	(13)	5%
Corporate Management	-	-	-	-	-	-	-	-
Cultural Services	(102)	14	-	-	-	(4)	10	-10%
Environment	(826)	(8)	-	-	-	1	(7)	1%
Finance	(1,453)	-	-	-	-	(56)	(56)	4%
Governance	(34)	-	-	-	-	-	-	-
Housing Services	(56)	(2)	2	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(408)	-	-	-	-	(1)	(1)	<1%
Marketing and Communications	(20)	(10)	-	-	-	(18)	(28)	140%
Operations	(5,307)	(125)	20	31	101	(23)	4	<-1%
Sustainable Development	(1,155)	(578)	-	-	-	(39)	(617)	53%
Service Total	(12,257)	(706)	(62)	31	101	(162)	(798)	7%
Corporate Financing	(296)	-	-	-	-	(113)	(113)	38%
Total	(12,553)	(706)	(62)	31	101	(275)	(911)	7%

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

Fees & Charges

The budget for income from fees & charges is £3.966 million, and is projected to be over achieved by £706,000. The following chart shows the main income streams:

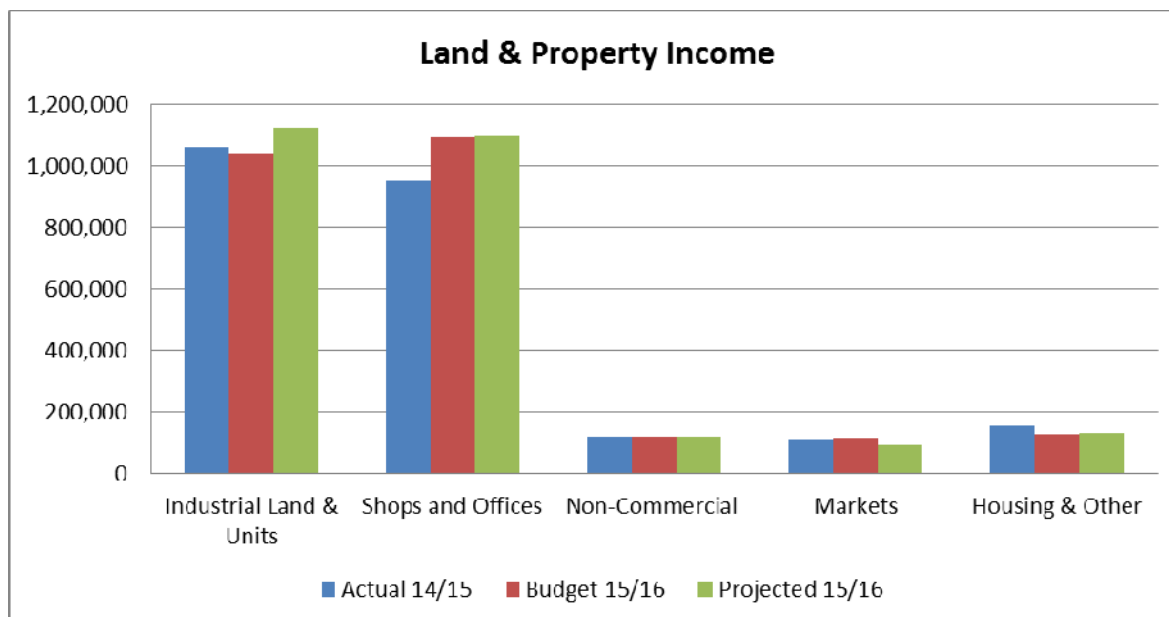


Commentary on Fees and Charges:

- **Car parks** income is projected to be £65,000 higher than budget (and £97,000 higher than that achieved in 2014/15) in line with that forecast at Q2. Changes to tariffs were made last year along with the opening of a new car park at Easton Road, both contributing towards income from pay and display being around 25% higher than the same period last year.
- **Trade Waste** income is predicted to be £53,000 higher than budget based on amounts billed to date, part of which will be offset by higher disposal costs reflected in Other Expenditure. This is a small improvement over the Q2 position. The proposed budget for 2016/17 incorporates an increase in expected income of £50,000.
- **Development Control** – The upturn in income experienced last year prompted an upward revision in budget by £150,000. The strengthening of the market has continued into the current year with a spike in receipts of income meaning the budget of £741,660 had already been exceeded at Q2. Service management have continued to monitor prospective major applications, and combined with a general overall improvement in application income, are now projecting total income for the year of around £1.327 million - £578,000 higher than budget and a further increase of £150,000 over that reported at Q2. A significant portion of this extra income relates to one-off applications, although with indications that some of this growth in budget can be sustained an upward revision has been made to the proposed budget for 2016/17.

Land & Property Income

The budget for rental income from land & property is £2.502 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall over achievement of £62,000.

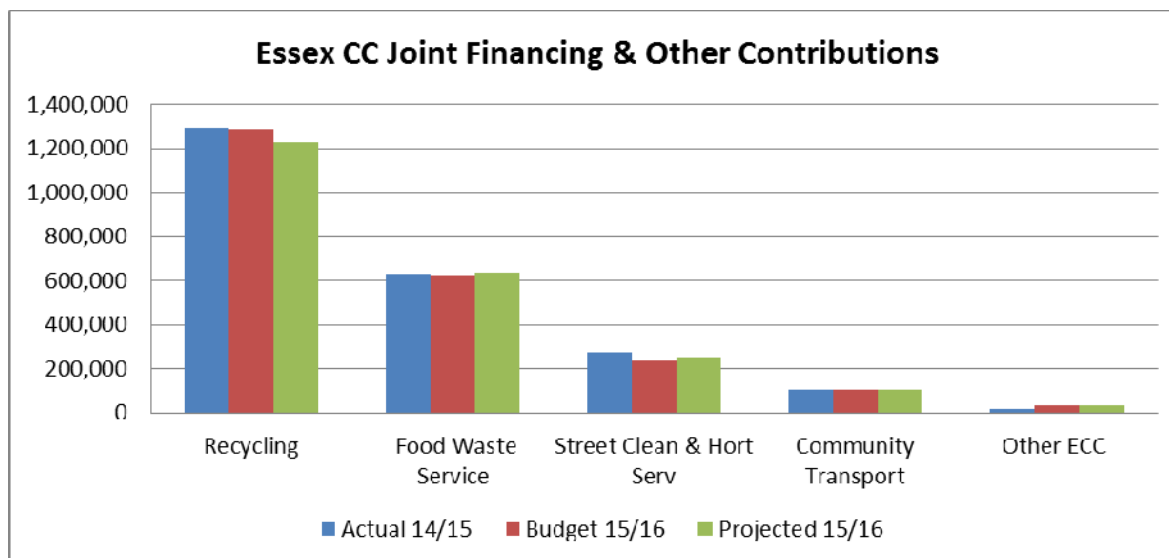


Commentary on Land & Property Income

- **Industrial land and Units** – rental income is forecast to be higher than budgeted by £82,000. This is due in part to the impact of rent reviews (which also includes a backdated one-off element of £10,000) and a lower level of empty units which has reduced the overall void provision required to around 1.5% of expected income:- this is the equivalent of an increase in collectable rent of £49,000. The forecast also takes into account the acquisition of the head lease at 4 Crittall Drive, Springwood Drive, which was completed after the budget was set and has led to a net increase in rental income of £16,000 per annum.
- **Market rents** – income received to the end of the quarter is down on that for the same period last year continuing the downward trend seen over recent years. The current projection is for income to be £93,000 for the year, a shortfall against budget of £24,000. The proposed budget for 2016/17 makes allowance for a reduction in income of £20,000.
- **Shops and Offices** – income is expected to be higher this year (as also reflected in the original budget) due mainly to the full year impact of the additional income generated from the acquisition of 850 The Crescent, Colchester, which is let as offices.

Essex County Council Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council (ECC). The updated budget for the year is £2.292 million (amended from Q2 to reflect the higher level of unbudgeted income being received for horticultural work undertaken via a sub-contractor arrangement). The current forecast is that this overall income from ECC will be £31,000 under budget.



Commentary on ECC Joint Financing and Other Contributions

- **Recycling** – ECC income from recycling activities is predicted to be lower than originally budgeted by a net £48,000, mainly due to lower tonnages collected for mixed dry and green waste.
- **Horticultural Services** – Net income from maintaining rural highway verges is projected to be higher by £17,000.

Sale of Recycling Materials

The budget for income from the sale of recycling materials is £624,000 against which there is currently a projected shortfall of £101,000, including a prior-year adjustment of £17,000. Income in this area is susceptible to the recycling market and demand/ supply of materials which ultimately influences pricing. Income from sale of glass accounts for £54,000 of this reduction being the combined effect of a 50% drop in price received (£33 per tonne to around £15) coupled with an estimated 5% reduction in the weight of material expected to be collected. The balance of the forecast budget variance is on mixed dry materials resulting from a slight reduction in price received and a predicted reduction in tonnage collected. The level of future income from this activity has been highlighted as a risk in the Council's medium term financial plans.

Other Service & Corporate income

Total budgeted other income is £3.169 million, with a current forecast net over achievement of £275,000. The main income streams budgeted within this category, includes: £661,000 of benefit and local tax recoveries and penalties; £500,000 relating to the Procurement Hub; £339,000 from a sharing arrangement with major precepting authorities where additional council tax is collected as a result of changes in discounts and exemptions; £259,000 from the leisure management partnership and joint-use agreements, including the Council's financial return on past capital improvements; and £393,000 under a number of third party arrangements.

The following areas contribute mainly to the forecast variance:

- **Council Tax Sharing Arrangement:** an over achievement of £130,000 is currently projected. The extra income is anticipated as a result of ongoing proactive reviews of council tax discounts and exemptions, including single person discounts and local council tax support scheme. As the additional income received is dependent on finding discounts

and exemptions which are no longer applicable no provision was made in the original budget, however, once identified the shared benefit is ongoing under the agreement with preceptors.

- **Development Control Pre-Application Advice Income:** Use of this service continues to grow alongside the increase in planning applications being received, and currently income for the year is estimated to be £113,000 which is higher than last year's outturn of £87,000 and £43,000 above the budget. Part of this income will be offset by increased costs incurred on obtaining external support to deliver this service.
- **Department for Work and Pensions (DWP) Universal Credit Delivery Partnership -** The Council has agreed to be a delivery partner supporting both claimants and the DWP during the introduction of the Universal Credit Live Service in the Braintree district. Funding provided is linked to the delivery of agreed services and activities part of which is related to the volume of claimants assisted. Estimated funding to be received is currently £22,000, however, the agreement makes provision for up to £34,000.
- **Other services** – Other additional income includes: recovery of local taxation and housing benefit costs and penalties (£27,000); recoupments of expenditure previously incurred where the Council has acted or intervened under its statutory powers (£19,000); and increased marketing and graphics service income (£20,000).

Treasury Management

The Council's treasury management activity up to the end of the Quarter is summarised in the table below:

Amount Invested at the Start of the Year	Activity up to end of the Quarter		Amount Invested at 31 December
	New Investments	Investments Sold or Matured	
£27.96m	£129.40m	£110.57m	£46.79m
Average amount invested during the period			£46.27m
Highest amount invested			£54.60m

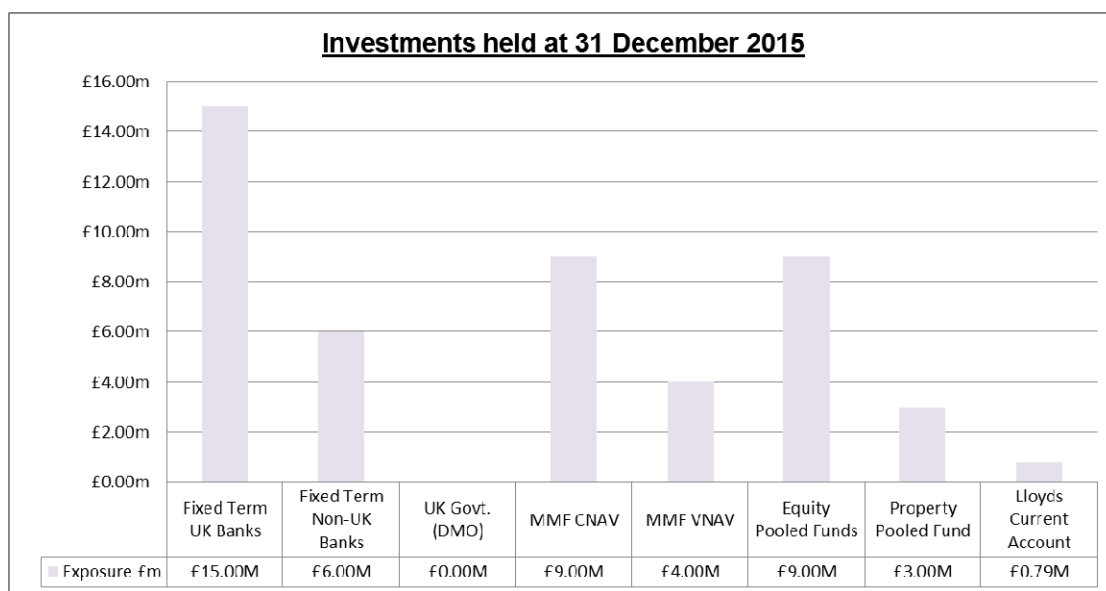
In December £2 million was added to the Council's long-term investments in Pooled Funds with £1 million placed in to the CCLA property fund and £1 million to the Threadneedle UK equity fund. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

Interest and dividends earned to the end of the Quarter total £544,000, which is equivalent to an annualised rate of return of 1.50%:

Investments	Average amount invested	Interest & Dividends earned	Annualised Return %
Long-Term Pooled Funds	£10.04m	£387,000	5.12%
Short-Term	£36.22m	£157,000	0.50%
Total	£46.26m	£544,000	1.50%

Investment returns have been increased by the dividend income from Pooled Funds, however, where funds are exposed to equity markets these have displayed a high degree of price volatility due to the recent turbulent financial market conditions. At the end of the Quarter the overall valuation of funds was £11.646 million a reduction of £354,000 against the original sums invested, however, this is an improvement over the previous quarter when the market value was down by £596,000.

At the end of the Quarter the Council's investment portfolio comprised the following:



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant

VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events that may require funding above that originally provided for in the approved budget
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the forecast set out above, the movement on the General Fund balance is projected as follows:

	£'000
Balance at 1 April 2015	7,829
Less:	
Budgeted withdrawal	(894)
Add:	
Projected variance at this quarter	938
Unbudgeted Government New Burdens grant	203
Est. Balance at 31 March 2016	8,076

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council for 2015/16 included an anticipated drawdown from balances of £894,484.
- Projected full-year variance as per this quarter's review of £938,000
- In April 2015 the Government announced it would be paying a New Burdens grant in respect of property search litigation claims settled by the Council for which provision had been made in prior years' budget outturns. The Council received £102,000 in July and a further £101,000 in November.

Risks and Assumptions

The forecasts reflect the service managers' "best estimate" of the predicted outturn for the year. Previous year outturn and trends in-year has been considered, however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy.

Other external income is inherently difficult to predict as it is substantially demand led and impacted by external factors. Planning application fee projections are based on the available information as to when developers may submit plans for the growth locations across the district.

New Burdens grant funding has been received to compensate for costs arising out of the property search litigation with indications that there could be further monies to be received. As provision for these costs had originally been made from corporate resources any contributions are being added back to General Fund balances

Waste management collection tonnages and associated recycling credits and sales income are subject to fluctuation. Green waste is weather dependent and mixed dry materials may alter once recycling is introduced to flats and schools. The introduction of the new integrated commercial and domestic waste collection routes has led to some operational issues and additional collection costs in terms of staffing and vehicle costs being required. However, these costs are partially offset in the current year by the reduction in the price of fuel following the dramatic fall in global oil prices. As this drop in fuel costs may not be sustainable going forward the proposed budget for 2016/17 provides for an increase in base budget to accommodate the higher collection costs.

The Leisure Services budget included a £100,000 allowance for contract variations which has been exceeded in the current year therefore resulting in a drawdown from the Leisure Service earmarked reserve. A number of matters remain to be resolved regarding remedial works at the Braintree Swimming Centre and joint-use agreements against which the balance on the earmarked reserve is held as a contingency.

Capital Investment

In February 2015, the Council approved new capital projects for 2015/16 totalling £3.187 million. Taking into account projects in progress carried forward from earlier years, the in-year approval of new projects, and the estimated timing of delivery of all projects, the overall amount expected to be spent on capital in the current year is £5.816 million. This is a decrease of £1.557 million since Q2 with £662,000 of projects being withdrawn from the programme as they are no longer financially viable following the changes by government to energy feed-in tariffs, combined with £895,000 of projects that have been re-profiled into future years.

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned/ used assets and services.
- Housing investment – mainly spent on partnership schemes with social landlords, and providing disabled facilities grants and home improvements grants.

The current spend against the programme for the year is shown below:

	Programme 2015/16	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spend/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	4,096	2,330	-	1,766	57%
Housing Investment	1,363	1,032	123	208	85%
Capital Salaries	357	242	-	115	68%
Total	5,816	3,604	123	2,089	64%

The General Fund Services programme for the year includes:

- The main build phase of new business start-up units at Springwood Drive, Braintree
- A programme of planned maintenance and other refurbishment works to Council owned buildings and community facilities, including parks and open spaces, play areas, and car parks.
- Investment in new technology
- New cycleways and footpaths

The housing investment programme includes spending on provision of disabled facility grants, and financial support to social landlords to develop affordable home schemes.

Capital resources

The main sources of new capital resources anticipated for the year are the sale of assets (£2.415 million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£547,000).

The sale of the Forest Road site was completed in July providing a receipt of £500,000. Other anticipated sales totalling £1.4 million which had previously been expected this year are now likely to complete in the 2016/17 financial year.

Greenfields have reported that 15 RTB sales were completed by the end of the Quarter generating £1.362million for the Council. Whilst this represents an over achievement of the amount originally expected this is still lower than the 39 sales and £2.353million recorded for the same period last year. VAT shelter monies due to the Council up to the end of the quarter are £350,000, indicating that the estimated full year income may be lower than anticipated by around £80,000.

Grants received include £418,000 from the Better Care Fund via Essex County Council to part fund the Council's disabled facility grant programme and the receipt of £8,000 of Repair and Renewal grant for flood defence works.

Key Financial Indicators – 29th February 2016		Agenda No: 6
<p>Corporate Priority: Provide value for money and deliver excellent customer service</p> <p>Report presented by: Trevor Wilson, Head of Finance</p> <p>Report prepared by: Trevor Wilson, Head of Finance</p>		
Background Papers: Agenda item 10 Audit Panel 21 st September 2006		Public Report
Options: To accept or request further clarification on the financial performance indicators recorded as at 29 th February 2016.		Key Decision: No
<p>Executive Summary:</p> <p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 29th February 2016.</p> <p>Commentary:</p> <p>a) The net General Fund revenue budget for the year is £15.62million. The net expenditure incurred for the eleven months to 29th February was £10.926million. This represents an underspend of £803,000 compared to the profiled budget of £11.729million. The assessment of spend and income for the year, undertaken at the end of the third quarter, shows an expected underspend of £938,000. This is a product of an overachievement of income of £911,000 and an underspend against expenditure budgets of £27,000.</p> <p>b) The total budget for Salaries for the year is £14.425million. Expenditure on salaries for the year to the end of February was £13.192million. This compares to a profiled budget of £13.132million. The overspend of £60,000 is after allowing for £298,720 of the Efficiency Factor (£325,880 for the year). Whilst there is a shortfall in achieving the Efficiency Factor a significant amount has been achieved from vacancies, reduced hours and retirements, principally in the Finance and Environment Departments during the year.</p> <p>c) Expenditure on capital projects, to the end of February, was £3.593million against the Capital Programme of £9.294million, of which £5.459million is expected to be spent in 2015/16. The majority of the expenditure has been incurred on: the construction of the new units at Springwood Drive, Braintree; Social Housing Grant regarding Crossman House, Braintree; Bocking Blackwater cycleway, Disabled Facility Grants and computer hardware and software.</p> <p>d) The total Council Tax collectable debit for the year is £76.09million. The collection rate as at the end of February is 97.1% (£73.89million collected), which compares to</p>		

a rate of 97.4% for the same period last year, a small reduction of 0.3%.

- e) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £43.43million. The collection rate as at the end of February is 96.7% (£42million collected), which compares to a rate of 95.7% for the same period last year. The variance is now 1.0% higher than the previous year and shows the continued improvement in collection rate anticipated during the course of the year.
- f) A total of 690 write-offs of Council Tax, with a value of £111,297, have been authorised in the year to 29th February: 226 in respect of the current year and 464 in respect of previous financial years.
- g) A total of 120 write-offs of Business Rates, with a value of £202,749, have been authorised in the year to 29th February: 40 in respect of the current year and 80 in respect of previous financial years.
- h) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £2.63million, of which £1.64million was in respect of Housing Benefit overpayments. The target for 2015/16 is to reduce the debt outstanding, excluding Housing Benefit overpayments, Museum Trust debt and invoices raised in March in respect of 2016/17, to £600,000 or less by 31st March 2016.
- i) Sundry debts, excluding housing benefit overpayments, were £0.988million at the end of February. This reduces to £0.689million after allowing for large value invoices raised at the end of the month, the Museum Trust debt and charging orders.
- j) The rate of return achieved on investment of the Council's balances and funds in the year to-date is 0.5%. This return was achieved on an average amount invested of £33.9million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) Dividends received in the year to end of February total £440,536 in respect of the investment of £12million in three equity funds (Threadneedle, M & G and Schroders) and one property fund (CCLA). The market values of these pooled funds show an unrealised net decrease in the principal sum of £390,025 as at 29th February 2016. These investments have been placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).
- l) Detail of the Council's investments of surplus monies, totalling £42.09million as at 29th February 2016, is provided at Appendix B.

Decision:

Members are asked to accept the report of the Key Financial Indicators as at 29th February 2016.

Purpose of Decision:

To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

Corporate Implications

Financial:	<p>The anticipated outturn for 2015/16 on the Council's revenue account has been undertaken as at the end of the third quarter, 31st December 2015 and this will be reported to the Cabinet on 21st March. The prediction is for a net underspend of £938,000 against the original budget.</p> <p>Collection rate for business rates started the year behind that achieved at the same period last year, however, these have been improving over the last few months and is expected to meet the target by the year-end.</p>
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	No direct impact but process of monitoring financial performance provides assurance of this element of the Council's governance arrangements.
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
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Key Financial Indicators at 29th February 2016
APPENDIX A

	Full Year Budget 2015/16	Actual as at 29 Feb 2016	Profile to 29 Feb 2016	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	15,624	10,926	11,729	-803	-6.8%
Capital Programme (Excl. capital salaries incl. below)	9,294	3,593			
General Fund - Salaries	14,425	13,192	13,132	60	0.5%

	Full Year Target	Actual as at 29 Feb 2016	Actual as at 28 Feb 2015	Variance
Council Tax collection in year - %	98.00%	97.10%	97.40%	-0.30%
Council Tax collection - income collected for year - £m		£73.89	£72.78	£1.11
Write-offs in year (April to Feb.) - £'000		£33	£35	-£2
Write-offs in year (April to Feb.) - number		226	176	50
Write-offs all years (April to Feb.) - £'000		£111	£169	-£57
Write-offs all years (April to Feb.) - number		690	1090	-400
Business Rates collection in year - %	98.50%	96.70%	95.70%	1.00%
Business Rates collected for year - £m		£42.00	£39.93	£2.07
Write-offs in year (April to Feb.) - £'000		£28.70	£100	-£72
Write-offs in year (April to Feb.) - number		40	33	7
Write-offs all years (April to Feb.) - £'000		£203	£431	-£228
Write-offs all years (April to Feb.) - number		120	215	-95
Creditors - payment of invoices within 30 days of receipt	98.5%	99.1%	99.1%	-0.06%

Debtors - Balance Outstanding	31-Mar-14	31-Mar-15	30-Nov-15	29-Feb-16	Variance Mar. to Feb.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	239	334	181	180	-46.1
Capital Projects - currently - development site, east of High Street, Halstead	4	8	8	8	0.0
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	24	37	61	25	-32.4
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	156	1	111	10	900.0
Development	24	257	184	184	-28.4
Finance	360	36	84	77	113.9
Leisure	258	234	203	214	-8.5
Operations	484	984	596	215	-78.2
Housing	113	89	73	75	-15.7
Sub-Total - excluding Hsg. Benefits	1,662	1,980	1,501	988	-50.1
Housing Benefits	1,188	1,620	1,590	1,642	1.4
Total	2,850	3,600	3,091	2,630	-26.9
Target for 2015/16 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of March 2016) to be £0.6million by 31 March 2016.				689	
Profile by Recovery Stage:					
Invoice	1,238	2,078	1,426	1,088	
Reminder	291	254	335	218	
Final Notice	348	198	205	134	
Pre-legal	453	424	386	341	
Enforcement Agent	446	406	392	457	
Tracing Agent	33	15	5	4	
Charging Order	41	35	33	33	
Attachment to Benefits		190	309	355	
Total	2,850	3,600	3,091	2,630	
Write-offs in month - value - £'000	-£0.3	£1.8	£1.2	£1.2	
Write-offs in month - number	19	35	6	47	
Write offs in year - value - £000	£8.3	£28.0	£17.3	£21.6	
Write-offs in year - number	386	492	164	222	

Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2015/16 is a net amount of £325,880. The overspend on salaries of £60,000, recorded above, is after offsetting £298,720 of the target.

APPENDIX B

INVESTMENT PORTFOLIO AS AT 29 FEBRUARY 2016

							Maturity Profile £m								
							Liquid	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Longer
Ref	£m	% rate	Type	Placed	Maturity										
UK Banks															
Santander Group															
Santander UK PLC	1127	0.00	0.40%	Instant	Variable	Instant	0.00								
Santander UK PLC	3265	3.00	0.67%	Fixed	12-Feb-16	12-Aug-16								3.00	
Lloyds TSB Group															
Lloyds Current Account	N/A	1.09	0.40%	Instant	Variable	Instant	1.09								
Bank of Scotland PLC	3217	2.00	0.57%	Fixed	19-Oct-15	21-Mar-16			2.00						
Bank of Scotland PLC	3246	1.00	0.70%	Fixed	19-Aug-15	1-Mar-16			1.00						
Barclays Bank PLC															
Barclays Bank PLC	3174	1.50	0.533%	Fixed	9-Dec-15	18-Mar-16			1.50						
Barclays Bank PLC	3247	1.50	0.55%	Fixed	24-Feb-16	3-Jun-16						1.50			
UK Building Societies															
Nationwide Building Society															
Nationwide Building Society	3159	2.00	0.66%	Fixed	21-Sep-15	21-Mar-16			2.00						
Nationwide Building Society	3245	1.00	0.71%	Fixed	19-Feb-16	19-Aug-16								1.00	
Coventry Building Society															
Coventry Building Society	3270	3.00	0.61%	Fixed	1-Sep-15	1-Mar-16			3.00						
Other Local Authorities															
UK Debt Management Office															
UK Debt Management Office		0.00	0.25%	Fixed											
Non UK Institutions															
Australia & New Zealand Banking Corp															
Landesbank Hessen-Thuringen		0.00	0.00%	Fixed				0.00							
		0.00	0.00%	Fixed				0.00							
Money Market Funds															
Goldman Sachs	2651	4.00	Variable	Instant	16-Nov-09	Instant	4.00								
Deutsche Sterling	2856	2.00	Variable	Instant	4-Aug-10	Instant	2.00								
Standard Life Liquidity	2857	4.00	Variable	Instant	4-Aug-10	Instant	4.00								
Royal London Cash Plus	3249	4.00	Variable	Instant	15-May-15	Instant	4.00								
Pooled Funds															
CCLA Property Fund	8228	3.00	Variable	Lterm	30-Oct-14	Lterm								3.00	
Threadneedle UK Equity	8229	4.00	Variable	Lterm	3-Nov-14	Lterm								4.00	
M & G Global Dividend	8230	2.50	Variable	Lterm	3-Nov-14	Lterm								2.50	
Schroders Income Maximiser	8231	2.50	Variable	Lterm	3-Nov-14	Lterm								2.50	
							15.09	0.00	9.50	0.00	0.00	1.50	0.00	4.00	12.00

Internal Audit – Activity Report for the period to 10th March 2016		Agenda No: 7
Corporate Priority: An organisation that delivers value Report presented by: Lesley Day, Audit Insurance & Fraud Manager Report prepared by: Lesley Day, Audit Insurance & Fraud Manager		
Background Papers: Internal Audit Assignments		Public Report: Yes
Options: N/a		Key Decision: No
Executive Summary: To provide Members with details of and outcomes from the audit assignments completed during the period 11th December 2015 to 10th March 2016. This includes for each assignment: <ul style="list-style-type: none"> • the key controls covered • number of recommended action points and their priority • audit opinion • brief details of the high priority recommendations (if applicable) An update on the Reportable recommendations is also attached.		
Decision: To accept the activity report for the period 11th December 2015 to 10th March 2016.		
Purpose of Decision: To advise Members of the audit assignments completed for the 11th December 2015 to 10th March 2016.		
Corporate Implications		
Financial:	N/a	
Legal:	N/a	
Equalities/Diversity:	N/a	
Safeguarding:	N/a	
Customer Impact:	N/a	
Environment and Climate Change:	N/a	
Consultation/Community Engagement:	N/a	
Risks:	N/a	
Officer Contact:	Lesley Day	
Designation:	Audit, Insurance & Fraud Manager	
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INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 10th March 2016

APPENDIX

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core system	Housing Benefits	8.5		1	1	<ol style="list-style-type: none"> 1. All benefit claims are captured and recorded in the system for processing. 2. Benefit awarded is supported by a valid claim. 3. Benefit awarded is correctly calculated. 4. Payments are made only in respect of awarded benefits. 5. Expenditure and payments are properly recorded. 6. Overpaid benefit is properly recorded. 7. There is adequate segregation in the assessment and payment process. 8. Fraud & Corruption checklist. 9. Information security management. 10. Operational Risk Register reviewed. 	Remind receiving officers of the requirement to date stamp all supporting documents and to verify as original as necessary.	March 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.
Core system	Council Tax	12		3		<ol style="list-style-type: none"> 1. The Council Tax billing list is accurate and amendments are up to date. 2. Relief and allowances claimed by ratepayers are valid. 3. Annual billing and amendments are properly calculated. 4. Credit control and arrears recovery processes are adequate. 5. Refunds of overpayments must be approved and authorised for repayment. 6. Write-offs of debt are properly authorised. 7. Council Tax benefits received are properly recorded. 8. Amounts due are properly recorded. 9. There is adequate segregation 		April 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendations agreed in the Action Plan.

				in the Council Tax billing and cash receipting functions. 10. Fraud & Corruption checklist 11. Operational Risk Register reviewed						
Core system	Payroll	8.5	<table><tr><td></td><td></td><td>1</td></tr></table>			1	<div>1. All employees on the payroll are valid and are employed by the organisation.</div> <div>2. Payments are made only for hours worked or allowable expenses.</div> <div>3. Payroll costs and statutory or material voluntary deductions are properly calculated and in accordance with approved pay rates or staff contracts.</div> <div>4. Payments to staff and other collecting bodies are correct.</div> <div>5. Payroll costs are properly accounted for in the main accounting system.</div> <div>6. Overpayment of salary is recovered.</div> <div>7. Segregation of duties is in place.</div> <div>8. Upgrades to PAYE tax tables and grade payrate updates are properly controlled.</div> <div>9. Fraud & Corruption checklist.</div> <div>10. Information Security management.</div> <div>11. Operational Risk Register reviewed.</div>	Ensure that key documents (references, identity means, application forms, applicable qualifications etc.) are scanned accurately to staff personal files on Idox. Comply with the agreed process of filing sickness documents and certificates on to personal files, so available to Audit and Payroll Officers.	March 2016	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
		1								
Non-core system	Parking Partnership	16	<table><tr><td></td><td></td><td>1</td></tr></table>			1	<div>1. Income is complete in respect of Pay & Display, season tickets and Penalty Charge Notices.</div> <div>2. All members of the partnership work in compliance of the Contract.</div> <div>3. Operational Risk Register reviewed</div> <div>4. Fraud & Corruption checklist</div>	Put in place a process of reconciling machine collection totals to G4S cash collection reports and monies banked		We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
		1								

Operational	Buildings	4	0	<ol style="list-style-type: none"> 1. Review of expenditure of council buildings to ensure payments made are in respect of council owned premises or where the council is currently responsible for expenditure 2. Ensure that where possible the same supplier is used for the supply of utilities to ensure value for money 3. All payments made are approved by an authorised signatory 4. Operational risk register reviewed 			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Post Opening Procedures	4	0	<ol style="list-style-type: none"> 1. A copy of the post opening procedures are held within departments/sections that open post. 2. A daily post register is held. 3. Correspondence is date stamped upon opening. 4. All monies received through the post is dealt with in accordance with the post opening procedure. 5. All monies are kept securely prior to paying in to the cashiers. 6. Registered and Recorded mail and valuables/documentation received are dealt with in accordance with the post opening procedures. 7. All staff opening posts are aware of the procedure should the building be evacuated while the post is being opened. 8. Operational risk register reviewed. 			We are satisfied that reliance can be placed on the key controls as described.
Non-core system	Plant & Tools	5	0	<ol style="list-style-type: none"> 1. Up to date inventory records for all equipment held by Operations 2. Documentation exists for all additions/deletions to the inventory records 3. The procurement requirements complies with those required and are recorded in the 			We are satisfied that reliance can be placed on the key controls as described.

				4. Quotations Register 5. Operational risk register reviewed.			
Corporate	Member Council Tax Balances	1	0	Review of councillors council tax accounts to ensure that all accounts are up to date prior to the budget setting of the Council Tax for 2016/17			All Members entitled to vote on Council tax Resolution 2016/2017
Non-core system	Members Allowances	10	0	1. To ensure claims are in accordance with Approved Duties 2. To ensure Members mileage, car parking and train travel are reasonable 3. Claims are correctly authorised 4. Claims are paid correctly			We are satisfied that reliance can be placed on the key controls as described.
Operational	Cash Check	1	0	1. Total of monies held agree to cash receipting system total 2. Floats held by Cashiers agree to float records 3. All monies are held securely with restricted access			We are satisfied that reliance can be placed on the key controls as described.
Operational	Refreshments	2.5	0	1. Access to klix keys is controlled and users charged accordingly. 2. Stock held for and use of BDC owned tea/coffee machines is reasonable. 3. The provision of refreshments for training courses and meetings is appropriate. 4. The cost of drinks provided to hall hirers are covered by amounts charged.			We are satisfied that reliance can be placed on the key controls as described.

H=High

A significant weakness which if not addressed, has the potential to undermine the financial and operational management due to risk of serious error, irregularity or inefficiency.

M=Medium

Where improvements in control are needed to further reduce the risk of undetected errors or irregularities occurring.

L=Low

To strengthen the overall control environment by building upon existing controls in place or to improve to comply with best practice guidance.

Reportable Recommendations - Update

Area of review	Reported recommendations	Status
Sundry Debtors	Remind the Other Income Officer of the requirement for a correctly authorised Credit Note request form or a replacement invoice if correcting a data entry error.	Completed
	Remind the responsible officers to follow corporate process for checking credit notes raised reports.	Completed
	Run and review regularly Recovery Control reports to identify any unprinted invoices.	Implemented
	Remind managers of the need for their staff to complete the IT Security module on Vision.	Completed
	Put in place a process that ensures external customers, both Street Scene and Horticultural Services, are invoiced promptly and accurately. Review hourly rate used to calculate costs of works.	New process agreed and in place
	Ensure bank references are received and corporate credit checks are requested prior to the acceptance of new tenants.	Implemented
NNDR	Investigate and resolve the differences in property numbers between Civica and Valuation Office systems.	Revised date to be completed agreed
	Ensure retention of sample accounts checking prior to bulk bill production.	Completed
	Produce and review a 'recovery inhibited' report on a monthly basis.	Implemented
Horticulture	Put in place a robust system to ensure all works carried out for external customers by both BDC employees and sub-contractors are promptly recharged and all costs are covered.	Implemented
	Review all quotes issued since April for acceptance and completion of works by direct employees, and the prompt raising of an invoice.	Implemented

There we no RIPA applications submitted for this period.

Internal Audit Plan 2016/2017		Agenda No: 8
Corporate Priority:	An organisation that delivers value	
Report presented by:	Lesley Day, Audit Insurance & Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance & Fraud Manager	
Background Papers:	Public Report	
Internal Audit Assignments		
Options:	Key Decision: No	
N/a		
Executive Summary:		
The Strategic Audit Plan for 2016/2020 has been produced and this report is to advise Members of the proposed Internal Audit Plan for 2016/2017.		
A copy of the plan for 2016/2017 is attached as Appendix A.		
Decision:		
That Members endorse the Internal Audit Plan 2016/2017 as detailed in Appendix A.		
Purpose of Decision:		
To request Members to endorse the Internal Audit Plan for 2016/2017 to comply with the Public Sector Internal Audit Standards.		
Corporate Implications		
Financial:	The staffing costs required to deliver the Audit Plan will be covered by the approved budget for 2016/17	
Legal:	The Council is required by law to maintain an effective Internal Audit function	
Safeguarding:	None	
Equalities/Diversity:	None	
Customer Impact:	None	
Environment and Climate Change:	None	
Consultation/Community Engagement:	None	
Risks:	Non-endorsement of the Audit Plan may lead to inadequate assurance of the internal control environment	

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RISK ANALYSIS

The risk analysis that is applied to all audit subjects has been assessed and updated accordingly.

The Council's core financial systems are subject to a system audit every year using CIPFA matrices, internal key controls and the Audit Commission Fraud and Corruption checklist.

Non-core systems and Operational topics are based on a four year programme. Corporate topics are as and when required.

When assessing the risk, the following are also taken into account:

- The Strategic and Operational Risk Register
- Major changes to systems/processes
- Standard of internal control
- Known or perceived difficulties regarding software or service area
- Weighting factor if necessary

The risk analysis calculation remains, as in previous years, as follows:

Risk	Score	Value	Score
Low	3	Low	3
Medium	5	Medium	5
High	7	High	7

The combined scores are then used to determine the number of audit reviews over the four year period as follows:

Total score	Frequency
6 and 8	One year in four
10	Two years in four
12	Three years in four
14	Each year

INTERNAL AUDIT SECTION

PROJECTED TIME AVAILABILITY 2016/2017

	Audit Manager	Auditor	Auditor	TOTAL
Net time available	254	254	254	762
less: sickness cont.	2	2	2	6
	252	252	252	756
less: a/leave & stat day	31	29	31	91
less: a/leave b/fwd	0	3	3	6
Training/courses	3	5	3	11
Elections		2		2
	218	215	215	646
less Social Club	0	0	3	3
less Vacancy Factor/Induction	0	30	0	30
Non-chargeable	218	185	212	613
Corporate Groups/functions	35			35
Section/service management	30	5		35
Admin/general	5	10	10	25
Specials contingency	20	5	5	30
Unallocatable		5	5	10
Other management responsibilities	110			110
Net projected time availability for year	18	158	192	368

Internal Audit Annual Plan 2016/2017

CORE SYSTEMS**72 days**

Cash & Bank	8
Council Tax	10
Creditors	10
Debtors	10
Housing Benefits	10
Main Accounting	6
Payroll	8
NNDR:	8
Treasury Management	2

NON-CORE SYSTEMS**119 days**

Building Control	10
Commercial Properties	15
Concessionary Transport	2
Consultants (appointment of)	5
Contracts - invitation to tender	2
Contracts - receipt, opening of tenders acceptance	2
Contracts - Monitoring & records	2
Contracts - administration & document security	2
Contracts - documentation	2
Fees & Charges	5
Homelessness	3
Leisure	10
Members Allowances	5
Petty Cash	3
Procurement inc Hub	10
Recycling	10
Refuse Collection inc Trade Waste	10
Reprographics	8
Strategic Housing - Choice Based Lettings	5
Town Hall Centre	5
Travelling & Subsistence	3

CORPORATE**140 days**

Performance Indicators & Data Quality	5
Contracts - final accounts	2
Financial Appraisals - Procurement Hub	5
Financial Consultancy	15
Floats and Imprests	1
Fraud, Corruption, Probity & Governance:	35
Whistleblowing Policy	
Fraud, Corruption & Dishonesty Policy	
Prosecution Policy	
Regulation of Investigatory Powers Act	
National Fraud Initiative	
Members/officers declarations of interests	
Gifts and Hospitality	
Authorised Signatories	

Money Laundering	
ICT covering:	30
New initiatives	
New systems	
Systems security & access	
Information Security	2
Operational Risks	15
Partnership arrangements	10
FOI requests/Complaints	5
Project Governance	5
Councillor Grant Scheme	10

OPERATIONAL

37 days

Cash Checks	1
Markets	2
Telephones inc mobiles	5
Refreshments	2
Allowance for new topics	27

Total time allocated (days)	368
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External Audit Plan 2015/16		Agenda No: 9
Corporate Priority: An organisation that delivers value Report presented by: Ernst & Young, External Auditor Report prepared by: Ernst & Young, External Auditor		
Background Papers:		Public Report: Yes
Ernst & Young Audit Plan 2015/16		
Options:		Key Decision: No
None		
Executive Summary: <p>The external Audit Plan summarises the work that Ernst & Young (external auditors) propose to undertake in respect of the audit of Braintree District Council for the 2015/2016 financial year.</p> <p>The audit will include:</p> <ul style="list-style-type: none"> • An audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31st March 2016 together with income and expenditure for the year. • A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. • Reviewing and reporting to the National Audit Office, as to the extent and in the form required by them, on the Council's Whole of Government Accounts return. <p>The planned fees chargeable for the audit and grant certification work for 2015/16 total £72,484. Whilst this may be subject to variation, should additional unplanned work be required, a significant saving will be made against the budget of £103,590 set for 2015/16.</p>		
Decision: <p>To note the External Audit Plan 2015/16 together with the agreed audit fees.</p>		
Purpose of Decision: <p>That Members are aware of the coverage of the External Audit Plan for 2015/16 and the associated costs of the external audit.</p>		

Corporate implications	
Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	trevor.wilson@braintree.gov.uk

Braintree District Council

Year ending 31 March 2016

Audit Plan

February 2016

Ernst & Young LLP



Building a better
working world

Governance Committee

Braintree District Council
Causeway House
Braintree
Essex
CM7 9HB

09 February 2016

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Governance Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 23 March 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16". It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Braintree District Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended;
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter. By focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts two and three of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section four.

We will provide an update to the Governance Committee on the results of our work in these areas in our report to those charged with governance, scheduled for delivery in September 2016.

2. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of fraud in revenue recognition	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Develop a testing strategy to test material revenue and expenditure streams ▶ Review and test revenue cut-off at the period end date ▶ Review and test Capital spend to ensure the appropriateness of capital/revenue coding
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ Reviewing accounting estimates for evidence of management bias, and ▶ Evaluating the business rationale for significant unusual transactions

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;

- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

For 2015-16 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has not identified any risks which we view as relevant to our value for money conclusion.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Our audit involves:

- ▶ documenting our understanding of your systems and walk through of key controls; and
- ▶ substantive tests of detail of transactions and amounts.

Our intention is to carry out a fully substantive audit in 2015/16 rather than rely on the operation of controls. As a result we will not be placing direct reliance on the work of Internal Audit.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular the Financial Ledger and Payroll. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our audit strategy where these reports raise issues that could have an impact on the year-end financial statements.

We will review internal audit documentation of key transaction streams to assist with our requirement to understand your systems and walk through key controls. We will also consider internal audit work as part of our review of the Council's Governance Statement.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit:

Area	Specialists
Property Plant & Equipment	Wilkes Head and Eve (Valuers)
Pension	PWC (LGPS review) Essex County Council Actuary

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;

- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. . We have determined that overall materiality for the Financial Statements of the Council is £1,587k based on 2% of gross operating expenditure.

We will communicate uncorrected audit misstatements greater than £79k to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Braintree District Council is £59,756.

4.6 Your audit team

The engagement team is led Kevin Suter, who has significant experience Local Government Audit. Kevin is supported by Jo Wardle who is responsible for the day-to-day direction of audit work and is the key point of contact for the Corporate Director of Financial Services.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Governance Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Governance Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Governance Committee timetable	Deliverables
High level planning:	April 2015		Audit Fee letter (2015/16)
Risk assessment and setting of scopes	December 2015 to February 2016	March 2016	Audit Plan
Testing of routine processes and performing walkthroughs	December 15 to March 2016		Progress Report
Year-end audit	July 16 to September 2016	September 2016	Report to those charged with governance via the Audit Results Report. Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.) Reporting to the NAO on the Whole of Government Accounts return. Audit completion certificate
Conclusion of reporting	October 2016	January 2017	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement Director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	59,756	79,675	
Total Audit Fee – Code work	59,756	79,675	For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body following a tendering of contracts in March 2014.
Certification of claims and returns ¹	12,728	18,371	The indicative fee is based on actual 2013/14 benefit certification fees and incorporating a 25 per cent reduction

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections, if any, will be charged in addition to the scale fee.

¹ Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Governance Committee. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	<ul style="list-style-type: none"> ▶ Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
Misstatements <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
Fraud <ul style="list-style-type: none"> ▶ enquiries of the Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
External confirmations <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ enquiry of the Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance Committee may be aware of. 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
Independence Communication of all significant facts and matters that bear on EY's objectivity and independence Communication of key elements of the audit engagement director's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
Going concern	<ul style="list-style-type: none"> ▶ Report to those charged

Required communication	Reference
Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	with governance
Significant deficiencies in internal controls identified during the audit	▶ Report to those charged with governance
Opening Balances (initial audits) <ul style="list-style-type: none"> ▶ Findings and issues regarding the opening balance of initial audits 	▶ Report to those charged with governance
Fee Information <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter
Certification work <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	▶ Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter

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Protecting the English Public Purse 2015		Agenda No: 10
Corporate Priority: An organisation that delivers value Report presented by: Lesley Day, Audit, Insurance & Fraud Manager Report prepared by: Lesley Day, Audit, Insurance & Fraud Manager		
Background Papers: Protecting the English Public Purse 2015 published by The European Institute for Combatting Corruption and Fraud (TEICCAF)		Public Report: Yes
Options: N/a		Key Decision: No
Executive Summary: The European Institute for Combatting Corruption and Fraud (TEICCAF) publication – ‘Protecting the English Public Purse 2015’ is the first report in the series on the extent of fraud against local government and is aimed at those responsible for governance in local government. (Appendix 1). Protecting the Public Purse was previously published by the Audit Commission which was abolished in March 2015. Taking part in the annual survey was mandatory with the Audit Commission however with TEICCAF it is voluntary. Commencing on page 2 is the report summary together with recommendations. The ‘Checklist for those responsible for combatting fraud and corruption’ has been completed and is attached at Appendix 2.		
Decision: 1. To receive the Protecting the English Public Purse 2015 report. 2. To note the completed ‘Checklist for those responsible for combatting fraud and corruption’ and the current counter-fraud arrangements.		
Purpose of Decision: To ensure Members are aware of the current and ongoing fraud risks and the counter fraud arrangements that are in place.		

Corporate Implications	
Financial:	N/a
Legal:	N/a
Safeguarding:	N/a
Equalities/Diversity:	N/a
Customer Impact:	N/a
Environment and Climate Change:	N/a
Consultation/Community Engagement:	N/a
Risks:	The absence of adequate counter-fraud actions could put the Authority at risk from fraud
Officer Contact:	Lesley Day
Designation:	Audit, Insurance & Fraud Manager
Ext. No.	2821
E-mail:	lesley.day@braintree.gov.uk

Protecting the English Public Purse 2015

Fighting fraud against English Councils



The European Institute
for Combatting
Corruption And Fraud

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SUMMARY AND RECOMMENDATIONS

This is the first Protecting the English Public Purse (*PEPP 2015*) report by The European Institute for Combatting Corruption And Fraud (TEICCAF). *PEPP 2015*:

- has been developed by the former counter fraud team of the Audit Commission, now part of TEICCAF;
- continues the national series of reports previously published by the Audit Commission; and
- reports on **national**, **regional** and **local** fraud detection by English councils.

In total, English councils detected fewer cases of fraud in 2014/15 compared with previous year. However, their value increased by more than 11 per cent. In particular:

- the number of detected cases fell by more than 18 per cent to over 84,000 while their value increased by more than 11 per cent to greater than **£207 million**;
- the number of detected cases of **housing benefit and council tax benefit** fraud fell by more than half to just over 27,000 while their value fell by almost 17 per cent to nearly £23.5 million. This decline was expected; and
- the number of detected cases of non-benefit (corporate) fraud decreased by greater than 8 per cent to more than 57,000, while their value increased by greater than 63 per cent to more than £97 million.

**English Councils
detected fewer cases of
fraud in 2014/15, but the
value increased**

Councils detected fewer housing tenancy frauds in 2014/15. In particular:

- 2,993 tenancy frauds were detected, a more than 1 per cent decrease on the previous year; and
- London continues to detect more tenancy fraud than the rest of the country combined.

Regional and local fraud detection results suggest an emerging divergence in the capacity, capability and commitment of some councils to play an effective part in the fight against fraud. Using a series of proxy indicators we found that:

- London achieved the highest participation rate (93.9 per cent) in our voluntary detected fraud survey, the highest proportion of corporate fraud teams (93.5 per cent) and proportionately detected the most fraud relative to council spend;
- two regions where fewer than half of all councils had corporate fraud teams both detected proportionately fewer frauds than their expenditure levels would suggest; and
- evidence that neighbouring councils with similar socio-economic and demographic characteristics are detecting markedly different levels of corporate fraud.

London detected the most fraud... relative to council spend

Right to Buy (RTB) and No Recourse to Public Funds (NRPF) have emerged as significant areas of fraud risk for councils. In particular:

- RTB detected fraud cases more than **doubled** to 411, while their value increased by nearly 145 per cent to more than £30 million;
- we estimate that at least **3 per cent** of RTB applications in London are fraudulent, at least **1.5 per cent** in the rest of the country;
- legislative proposals to extend RTB to housing associations is likely to result in similar levels of RTB fraud to that encountered by councils. However, with a few notable exceptions, housing associations **do not** have the counter-fraud capacity or capability equivalent to councils to tackle such fraud; and
- NRPF is a new sub-category of fraud. Relatively few councils pro-actively targeted this type of fraud in 2014/15 yet there were still **444 cases** detected with a value more than £7 million.

RTB fraud detected was more than £30m, an increase of 145%

Recommendations

Councils should:

- use our checklist for councillors, senior officers and others responsible for audit and governance (Appendix 1) to review their counter-fraud arrangements;
- use our free, tailored benchmark comparative analysis (available from autumn 2015) to challenge poor performance;
- assess their own strategy in the context of the national *Fighting Fraud Locally* 2015 strategy;
- give consideration to the social harm caused by fraud when determining their overall strategy to tackle corporate fraud;
- accelerate re-focusing of counter fraud activities towards non-benefit (corporate) frauds;
- record and report fraud as fraud;
- celebrate and promote their performance in detecting fraud and corruption; and
- assess their exposure to RTB and NRPF fraud risks.

**Give consideration to
the social harm caused
by fraud**

Government should:

- work in partnership with TEICCAF to better understand the nature and scale of RTB and NRPF frauds; and
- acknowledge and address the fraud exposure of housing associations to proposed changes to RTB legislation.

TEICCAF will:

- collate, assess and disseminate good practice in tackling fraud;
- highlight the innovative good practice in tackling fraud that councils develop as a result of the recent DCLG challenge funding;
- work with our partner organisation, the Institute of Revenues, Rating and Valuation (IRRV) and Local Authority Investigating Officers Group (LAIOG), to better understand the nature and scale of business rate fraud/avoidance;
- annually track changes in tenancy fraud detection by regions;
- work in partnership with councils across England to develop *PPP* style reports for all regions;
- work in partnership with national regulators and other key stakeholders to develop national *PPP* style reports for Scotland, Wales and Northern Ireland;
- work with metropolitan districts and unitary authorities to increase their participation rate in our annual detected fraud and corruption survey;
- work in partnership with councils to promote the importance of counter fraud activities in those regions where more can be done to strengthen fraud detection;
- work in partnership with key stakeholders to develop a greater understanding of the nature and scale of RTB and NRPF frauds;
- develop guidance and provide support to tackle fraud and corruption, drawing upon the knowledge of national experts;

Develop both regional and national PPP reports in partnership with key stakeholders

Develop a greater understanding of the nature and scale of RTB and NRPF frauds

- work with partner organisations to develop new fraud prevention and deterrence tools;
- work with councils to support the development of corporate fraud teams;
- work with key stakeholders to develop a methodology to assess the financial impact of fraud prevention activities; and
- publish information and guidance to raise public awareness and understanding of good practice in tackling fraud.

CHAPTER 1: INTRODUCTION

This is the first Protecting the English Public Purse (PEPP) report by The European Institute for Combatting Corruption And Fraud (TEICCAF). The former counter-fraud team of the Audit Commission, the previous authors of the Protecting the Public Purse series of reports, have joined with TEICCAF to continue publishing information on fraud and corruption detection by English councils.

1. National *Protecting the Public Purse (PPP)* reports have played an important role in the fight against local authority fraud over the last 25 years. Published by the Audit Commission, the last report was published in 2014. The Audit Commission was abolished in March 2015.
2. *PPP* reports identified trends in fraud detection, highlighted and disseminated good practice in tackling fraud and identified current and emerging fraud risks.
3. In November 2014 the Chartered Institute of Public Finance and Accountancy (CIPFA) withdrew from an agreement to continue the counter-fraud work of the Audit Commission, including *PPP*. This potentially left a gap in local authorities' knowledge of current and emerging fraud trends.
4. In response to this and other concerns, a number of stakeholder organisations came together to form, '*The European Institute for Combatting Corruption And Fraud*' (TEICCAF). This includes the former counter-fraud team of the Audit Commission. TEICCAF agreed to continue the *PPP* series of reports, now called *Protecting the English Public Purse (PEPP)*, and the annual detected fraud and corruption survey. Further information on TEICCAF can be found in Chapter 7.

5. This continuation of the Audit Commission's counter fraud work through TEICCAF has met with a significant amount of approval. For example:

“As the last Controller of the Audit Commission, I can confirm that the Protecting the Public Purse report series and the annual detected fraud survey had a significant and beneficial impact for English councils in their fight against fraud. The Commission's counter-fraud work was award winning, and the counter-fraud team that led on it were rightly recognised as national authorities on the collection, analysis and dissemination of such information.

While it was unfortunate that the detected fraud survey and PPP reports finished with the Commission's closure in 2015, it is greatly encouraging that TEICCAF, which includes the former counter fraud team of the Audit Commission, have stepped in to continue this valuable work. I encourage all local authorities to support this initiative.”

- Marcine Waterman,

Former Controller of the Audit Commission

6. In *PEPP 2015* our focus is to report year-on-year changes in cases and values of detected fraud, as well as highlighting longer term trends and regional developments. In future years we will focus on the identification and sharing of good practice.
7. *PEPP 2015* is for those with overall responsibility for tackling fraud and corruption at councils, including councillors. Above all, it aims to help local authorities understand the fraud risks they face and to assist the development of appropriate and proportionate counter-fraud arrangements at councils.

8. The National Policing Fraud Strategyⁱ 2015 sets out a comprehensive framework through which fraud can be addressed. This strategy tackles the problem of fraud on a national, regional and local level. TEICCAF endorses this approach. *PEPP 2015* follows a similar structure. It provides:

- guidance on the interpretation of detected fraud and corruption data (Chapter 2);
- the amount of detected fraud reported **nationally** by local authorities in England in 2014/15 compared with 2013/14, including longer term trends (Chapter 3);
- data on **regional** trends in detected fraud (Chapter 4);
- data on **local** trends in fraud detection (Chapter 5);
- information on two significant emerging fraud threats, Right to Buy (RTB) and No Recourse to Public Funds (NRPF) (Chapter 6);
- outlines the support that TEICCAF will provide to assist the long-term development of robust and proportionate arrangements in the fight against fraud (Chapter 7); and
- contains a checklist for councils to assess their counter-fraud arrangements (Appendix 1).

9. Appendix 2 to this report summarises the fraud survey methodology and the information extrapolation approach we adopted to ensure comparability and continuity with Audit Commission trend data. Appendix 2 also provides information on our proxy indicator for RTB fraud.

The closure of NFA in March 2014 and the Audit Commission a year later created a significant gap...in the fight against fraud

A perfect storm for councils – the changing counter-fraud landscape

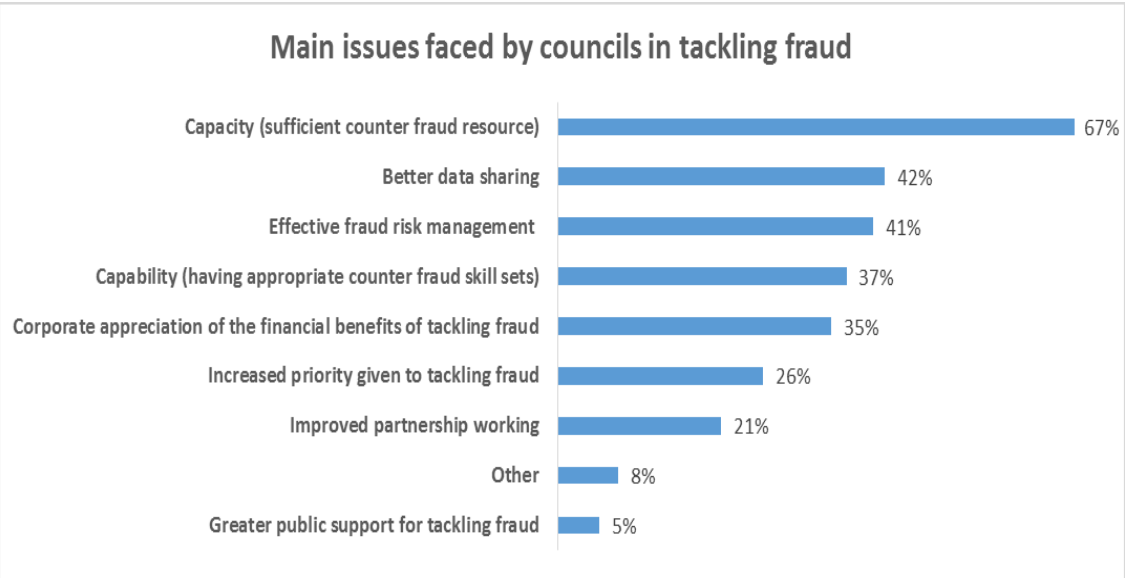
10. Recent years have witnessed significant changes in the counter-fraud landscape in local government. The closure of the National Fraud Authority in March 2014 and the Audit Commission a year later created a significant gap in the support, advice and leadership available to councils in the fight against fraud.

11. Local authorities have been subject to significant funding reductions since 2010, with more to come. *PPP 2014* reported a near 20 per cent reduction in counter-fraud investigators in councils in the four years up till March 2014.
12. Arguably the most important change for councils has been the transfer of most of their benefit fraud investigators to the Single Fraud Investigation Service (SFIS), which is managed by the Department for Works and Pensions. The transition to the SFIS began in July 2014 and will be complete in March 2016. In *PEPP 2015* we note the impact this change is beginning to have on local authority's fraud detection performance.
13. Longer term technological improvements in service delivery are also rapidly changing the fraud risk landscape, including the increasing adoption of digital technology by local authorities. The internet has transformed the ease with which fraudsters can operate across bordersⁱⁱ. TEICCAF will work with local authorities to better understand and mitigate the cyber related fraud risks that have arisen as a result.
14. There have also been positive developments. In November 2014 the Department for Communities and Local Government (DCLG) awarded £16 million to local authorities through a challenge fund. Councils that successfully bid received a share of this fund to support their efforts to re-focus their counter-fraud activities on non-benefit (corporate) frauds during the SFIS implementation. In future years we will highlight the innovative good practice that successful councils have developed using this fund.
15. In 2015, the new *Fighting Fraud Locally* strategy will be launched. This is a new three year national strategy to tackle local authority fraud. We encourage all councils to consider this strategy as part of their own arrangements to tackle fraud.

The main issues councils face in tackling fraud

16. Our 2015 survey asked councils to identify the top three issues they face in tackling fraud. Two thirds of councils stated that the single most important factor is capacity (sufficient counter fraud resource) (Figure 1). Capacity was also the main issue last year. It is likely that the transfer of council counter fraud staff to SFIS is driving this continuing concern.

Figure 1: Main issues faced by councils in tackling fraud



17. However, SFIS also provides an opportunity for councils to focus resources away from housing benefit fraud and towards all the non-benefit (corporate) fraud risks they face.

Non-benefit (corporate) frauds have a far greater direct financial and harm impact on local people

18. Although tackling housing benefit fraud is important, non-benefit (corporate) frauds have a far greater direct financial and social harm impact on local people and local taxpayers. This re-focusing by councils towards frauds that have a significant and direct local impact is to be welcomed. Figure 2 provides more information on this long term trend.

19. Nationally, less than half (45.7%) of councils have a corporate counter fraud team tackling non-benefit fraud. However, this is not consistent across all regions. In London, 93.5 per cent of councils have a corporate fraud team. By comparison just 37.4 per cent of councils in the rest of the country have a corporate fraud team. We will continue to monitor this situation and work with councils to support development of corporate fraud teams.
20. Interpreted properly, detected fraud and corruption results can be instructive in identifying trends and emerging risks in fraud. Such data provide an important and robust evidence base for councils to inform their own proportionate and strategic response to fraud. However, there remains the risk that such information can be misunderstood and the wrong conclusions drawn. Chapter 2 provides a framework that councils can use to better understand and interpret detection trends.

CHAPTER 2: INTERPRETING FRAUD DETECTION RESULTS

Fraud detection results provide only part of the overall picture of how effective regions, and individual councils, are in tackling fraud. Detection results can be open to misinterpretation. Counter-intuitively, our experience shows that those councils that detect the most fraud are also often among the most effective at fraud prevention and deterrence. Generally, local authorities with particularly high levels of non-benefit fraud detection are typified by a strong corporate commitment to the fight against fraud.

21. There are a number of factors that affect the level of fraud councils detect. These include:

- the level of fraud committed locally, often influenced by a number of socio-economic and demographic factors;
- the effectiveness of fraud prevention arrangements and deterrence strategies;
- correctly identifying fraud;
- capacity to fight fraud, measured by the resources devoted to identify and investigate it;
- the capability of the investigators employed, indicated by their levels of skills, knowledge and experience; and
- the effectiveness of methods of recording fraud.

22. As a result of these factors, care is needed when interpreting fraud detection results. They can be open to potential misinterpretation. Myths have developed over time which has acted as a barrier to effective counter-fraud activity. For example there is a myth that detecting little or no fraud provides assurance that little or no fraud is being committed. Some councils have used this 'myth' as justification to reduce their investigative capacity.

23. TEICCAF is uniquely positioned to challenge such myths. We are able to draw upon the knowledge and experience of the former counter-fraud team of the Audit Commission, now part of TEICCAF, and other expert partner organisations (see Chapter 7).

**TEICCAF is uniquely
positioned to challenge
such myths**

24. Based on our experience, we believe that:

- councils that look for fraud, and look in the right way, will find fraud;
- fraud affects every council, although socio-economic and demographic factors will impact on the type and level of fraud in different local authorities and regions;
- fraud will always be committed, but that prevention and deterrence strategies can reduce the harm caused;
- councils that report little or no detected corporate fraud are generally higher risk than those that detect significant levels of fraud; and
- fraud detection levels provide a useful indicator as to the level of commitment of individual local authorities to tackle fraud.

25. These are important factors when interpreting fraud detection results. In addition, different types of fraud will also require different fraud prevention, detection and deterrence strategies. This will depend on whether they are high volume/ low value frauds (such as disabled parking fraud) or low volume/ high value frauds (such as procurement).

26. In the next chapter we summarise English councils national fraud detection results for 2014/15.

CHAPTER 3: NATIONAL FRAUD DETECTION BY COUNCILS

Local authorities detected fewer cases of fraud in 2014/15 compared with previous year, continuing a trend first noted in PPP 2013. However, the value of losses from detected fraud has increased significantly.

27. Previous PPP reports drew upon data collected by the Audit Commission's annual detected fraud and corruption survey for local government bodies. This survey was mandatory. TEICCAF is a not-for-profit organisation and does not have equivalent powers, thus participation in our detected fraud survey 2014/15 was voluntary. We outline our survey collection and extrapolation methodology in Appendix 2.

Fewer cases of fraud detected, however the value of losses increased significantly

28. The survey results:

- map the volume and value of different types of detected fraud;
- provide information about emerging and changing fraud risks; and
- help to identify good practice in tackling fraud.

29. Nearly six in ten English councils (59.5 per cent) participated in our survey. As TEICCAF was only formed in early 2015, this is a remarkable and highly encouraging response rate by councils. We thank all those councils who voluntarily participated. By drawing upon our unique knowledge and understanding of over six years of survey and fraud intelligence submissions provided by every local government body in England, we have been able to extrapolate from the survey responses the total value amount of fraud detected by every council in England (see Appendix 2 to explain our methodology).

30. Local authorities detected fewer frauds in 2014/15 (nearly 85,000) compared to the previous year (just over 104,000) (Table 1). The value of fraud detected in 2014/15 increased over the previous year, rising from £188 million to £207 million. This is the highest annual value of detected fraud since the data collection process began in 1991.

**Table 1: Cases and values of detected fraud, excluding tenancy fraud –
Changes between 2013/14 and 2014/15**

Type of fraud	Detected fraud in 2014/15 (excluding tenancy fraud)	Detected fraud in 2013/14 (excluding tenancy fraud)	Change in detected fraud 2013/14 to 2014/15 (%)
Total Fraud			
Total value	£207,078,000	£186,382,000 ¹	11.1
Number of detected cases	84,608	103,743	-18.4
Average value per case	£2,447	£1,797	36.2
Housing and council tax benefit			
Total value	£109,707,000	£126,736,000	-13.4
Number of detected cases	27,323	41,369	-33.0
Average value per case	£4,015	£3,064	-31.0
Council tax discounts²			
Total value	£18,624,000	£19,133,000	-2.7
Number of detected cases	48,160	54,749	-12.0
Average value per case	£387	£349	10.9
Other frauds			
Total value	£78,746,000	£40,513,000	94.4
Number of detected cases	9,125	7,625	19.7
Average value per case	£8,630	£5,313	62.4
Source: PPP 2014 and TEICCAF			

31. The 18.4 per cent reduction in total overall detected fraud cases is driven by the one-third reduction in detected cases of housing benefit (HB) and

¹ Detected fraud and corruption values and cases for 2013/14 have been adjusted to omit organisations such as police, fire and emergency services data previously included in Audit Commission Protecting the Public Purse reports. This adjustments ensures like-for-like comparisons between years.

² In PPP 2014 detected cases and value of Council Tax Reduction (CTR), the scheme that replaced Council Tax Benefit, were included in Housing and council tax benefit figures. However, for PEPP 2015, and in future years, CTR is included in Council tax discounts. The 2013/14 figures for both Housing and council tax benefit and Council tax discount in Table 1 have been adjusted accordingly.

council tax benefit (CTB) fraud. This fall continues a trend first noted in *PPP 2014*, with many councils starting to re-focus resources towards non-benefit frauds. We expect this trend to accelerate as councils complete the transfer of benefit fraud investigators to SFIS by March 2016.

32. The 12 per cent reduction in detected cases of council tax discount fraud is at first sight worrying, as council tax discount fraud is a direct loss to council coffers. However, interpreting council tax discount fraud results can be problematic. As a high volume/low value type of fraud, councils sometimes adopt strategies that place greater emphasis on tackling such fraud in different years. This is a reasonable approach designed to maximise the value for money benefits to the council concerned.

33. Previous *PPP* reports encouraged councils to do more to tackle non-benefit (corporate) frauds. Councils have responded well. Cases of 'Other' frauds increased by 19.7 per cent, while their value increased by 94.4 per cent. TEICCAF will work with local authorities to support this trend towards greater focus on corporate frauds.

Councils have responded well. Cases of "Other" frauds increased by 19.7 % (Value increase 94.4%)

34. We consider regional trends in more detail in Chapter 4.

Loss and harm caused by fraud

35. Table 2 shows the estimate of annual loss undertaken by the National Fraud Authority (NFA) before it was abolished in 2014. Although a useful starting point to understand the scale of financial loss to fraud against local government, it excludes the two most important areas of council spend - social care and education - and one of the main areas of income generation (business rates). Major areas of emerging fraud risk are also excluded from this analysis, such as RTB and NRPF frauds (see Chapter 6).

Table 2: Estimated annual loss to fraud in local government

Category	Annual loss (million)	Fraud level (%)
Procurement	£876	1% of spend
Housing tenancy	£845	4% of London housing stock, 2% non-London stock, multiplied by £18,000
Housing benefit ³	£350	0.7% (in 2013 – see footnote). Subsequently updated by Department of Works & Pensions
Payroll	£154	Not disclosed by NFA
Council tax discount	£133	4% on discounts and reliefs claimed
Blue badges	£46	20% of badges misused
Grants	£35	1% of spend
Pensions	£7.1	NFA – based on NFI detection levels
<i>Source: NFA Annual Fraud Indicator 2013</i>		

36. We believe, because of the omissions highlighted above, that this measure of the scale of loss represents a significant underestimate of the true loss incurred annually by councils to fraud.

³ £350 million was the housing benefit fraud estimate at the date the 2013 Annual Fraud Indicator was published by the National Fraud Authority. We recognise that subsequent measurement exercises have resulted in adjustments to the 2013 housing benefit fraud estimate.

37. Table 2 also excludes the social harm caused by fraud. For example, the local family in temporary accommodation who cannot be allocated a council home because of fraudsters' illegally sub-letting council homes for profit. This has been shown to have a long term detrimental effect on health, education and socio-economic opportunities for the families concernedⁱⁱⁱ.

38. Fraud also diminishes public trust in local authorities.

The abuse of the blue badge (disabled parking) concessions by fraudsters is a good example of this. Not only does such fraud prevent those in genuine need and entitlement from accessing required parking facilities, but it also reduces the public's confidence in the blue badge system.

**Fraud also diminishes
public trust in local
authorities**

39. Councils should give consideration to the social harm caused by fraud when determining their overall strategy to tackle corporate fraud.

Non- benefit (corporate) fraud

40. Table 3 highlights the main fraud types in the 'Other' group in Table 1. These account for almost £71.5 million of the more than £207 million detected by councils in 2014/15.

Table 3: Ten main 'Other' frauds against councils in 2013/14 and 2014/15

Fraud type	Number of cases 2014/15	Value 2014/15	Number of cases 2013/14	Value 2013/14	Changes in case number 2013/14 to 2014/15	Change in case value 2013/14 to 2014/15
Right to Buy	411	£30,247,573	193	£12,361,858	113.0	144.7
Abuse of position	221	£9,747,682	341	£4,020,580	-35.2	142.4
Insurance	473	£9,172,614	226	£4,776,300	109.3	92.0
No Recourse to Public Funds	444	£7,115,446	N/A	N/A	N/A	N/A
Social Care	291	£4,286,767	438	£6,261,930	-33.6	-31.5
Debt fraud	1,083	£2,890,638	1,061	£1,789,365	2.1	61.5
Economic and third sector support	102	£2,392,773	36	£741,867	183.3	222.5
Procurement	86	£2,349,352	127	£4,437,965	-32.3	47.1
Disabled parking concessions (Blue Badge)	4,371	£2,185,500	4,055	£2,027,500	7.8	7.8
Business rates	171	£1,089,780	84	£1,220,802	103.6	-10.3

Source: PPP2014⁴ and TEICCAF

41. Interpreting these results can be problematic, as annual percentage changes in results can be affected by a few costly frauds in either year. Procurement fraud is an example of this; detected cases decreased by 32.3 per cent, but detected value increase by 47.1 per cent.

⁴ All prior year analysis and data published in this report is derived from publicly available information. This includes previous PPP reports as well as presentational material by the Audit Commission to national and regional conferences and forums.

42. In particular, we note:

- Right to Buy (RTB) fraud cases have more than doubled in the last year. This continues a trend first reported in *PPP 2013*. We will explore this in more detail in Chapter 6;
- insurance fraud continues to rise, with the value and number of cases nearly doubling. We suggest that this is probably as a result of greater attention given to such fraud in recent years by local authorities, rather than an increase in the amount of insurance fraud being committed;
- cases of economic and third sector fraud have increased by 183 per cent, with values increasing by over 220 per cent. Economic and third sector fraud involves the false payment of grants, loans or any financial support to any private individual or company, charity, or non-governmental organisation including, but not limited to: grants paid to landlords for property regeneration; donations to local sports clubs; and loans or grants made to a charity;
- business rate fraud cases have more than doubled, although the total value detected has dropped slightly. Fluctuations in value are to be expected, given some individual business rate frauds have been worth over £1 million. In part, the increase in cases may have resulted from greater national attention given to this risk in recent years. We will work with one of our partner organisation, the Institute of Revenues, Rating and Valuations - recognised national experts in business rates - to better understand such fraud; and
- emergence of 'No Recourse to Public Funds' (NRPF) as a major area of fraud detection. This is a relatively new fraud risk and 2014/15 is the first year it has been designated as a specific fraud type in our survey. Thus to already be the fifth largest of the 'Other' frauds detected is both remarkable and concerning. Most NRPF fraud has to date been detected by London boroughs^{iv}. We will consider this in more detail in Chapter 6.

**Right to Buy fraud cases
have more than doubled in
the last year**

Housing tenancy fraud

43. The number of social homes recovered from tenancy fraudsters decreased slightly, by 1.2 per cent in the last year (Table 4).

44. We define housing tenancy fraud as:

- subletting a property for profit to people not allowed to live there under the conditions of the tenancy;
- providing false information in the housing application to gain a tenancy;
- wrongful tenancy assignment and succession where the property is no longer occupied by the original tenant; or
- failing to use a property as the principal home, abandoning the property, or selling the key to a third party.

Table 4: detected tenancy frauds by region

Region	Number of properties in housing stock (% of national housing stock)	Number of properties recovered in 2014/15 (% of total properties recovered)	Number of properties recovered in 2013/14 (% of total properties recovered)	% changes in number of properties recovered 2013/14 to 2014/15
London	426,307 (27)	1,618 (54)	1,807 (60)	-10.5
West Midlands	200,714 (13)	475 (16)	425 (14)	11.8
Yorkshire & the Humber	226,901 (14)	208 (7)	140 (5)	48.6
East of England	132,918 (8)	174 (6)	187 (6)	-7.0
South East	159,248 (10)	160 (5)	129 (4)	24.0
East Midlands	145,069 (9)	115 (4)	136 (4)	-15.4
South West	90,292 (6)	106 (4)	111 (4)	-4.5
North East	102,455 (6)	99 (3)	59 (2)	67.8
North West	104,120 (7)	39 (1)	37 (1)	5.4
TOTAL	1,588,023 (100)	2,993 (100)	3,030 (100)	-1.2

Source: PPP 2014 and TEICCAF

45. London, with 27 per cent of the nation's housing stock, continues to recover far more properties from fraudsters than the rest of the country (54%). However, in 2014/15 London detected 10.5 per cent fewer tenancy frauds than the previous year. This suggest tenancy fraud detection in the capital may have plateaued. We will track this development.

46. The North East (67.8%), Yorkshire and the Humber (48.6%), the South East (24.0%), the West Midlands (11.8) and the North West (5.4%) all recorded increases in the number of properties recovered. This is encouraging.
47. However, analysis of the data shows that these increases are, in the main, due to the performance of a few individual councils in each of those regions. There remain councils with housing stock that do not tackle tenancy fraud.
48. Of all councils with housing stock, nearly a third (31.3 per cent) did not recover a single property from a tenancy fraudster. However, the variation between council types is stark, with over half (54.5 per cent) of district councils recovering no properties, compared with a fifth (21.7 per cent) of metropolitan districts and unitary authorities, but only 3.4 per cent of London boroughs

Continuing the shift in focus from benefit to non-benefit (corporate) fraud

49. *PPP 2014* noted the long term shift in councils' focus from benefit to non-benefit (corporate) fraud. Between 1991 and 2000, councils prioritised detecting benefit fraud. In 1991, only 2 per cent of cases of detected fraud related to non-benefit. When the *PPP* series re-started in 2009, that figure had increased to 39 per cent. By 2014/15, this has risen to 67.7% (Figure 2).

Figure 2: Long term trend in benefit and non-benefit (corporate) frauds detected



50. This trend is not unexpected. From the early 1990s financial incentives were introduced by the government encouraging councils to tackle benefit fraud. However, these financial incentives were gradually reduced and later phased out leaving councils with only administration grants⁵. Councils still committed significant, although reducing, proportions of their counter-fraud resources to tackle benefit fraud.

51. In this chapter we have considered national trends in fraud detection. In Chapter 4 we consider regional trends in more detail and explore the potential capacity, capability and commitment of some parts of the country to tackle fraud.

⁵ The administration grant is paid to councils by central government to administer housing and council tax benefits. An element of this funding is intended to fund HB counter fraud activities.

CHAPTER 4: REGIONAL TRENDS, TRANSPARENCY AND ACCOUNTABILITY

English councils are more transparent and accountable in the fight against fraud than any part of the UK public, private or voluntary sectors. By turning an appropriate spotlight on the issue, local authorities have been able to better understand and challenge their own performance. However, indicators suggest an emerging divergence in the capacity, capability and commitment of some regions and councils to tackle fraud

52. English councils were, until relatively recently, more transparent and accountable in the fight against fraud than any other part of the UK public, private and voluntary sectors. No other sector collected and published information for the entire sectors' national, regional and local levels of detected fraud.

53. This year we note in particular the commitment of London Boroughs in the fight against fraud. In 2015, as the result of a collaboration between London Borough Fraud Investigators Group (LBFIG) and TEICCAF, the first ever *PPP* style report highlighting the fraud detection benchmarking performance of just one region (London) was published.

English councils are more transparent and accountable in the fight against fraud than any part of the UK public, private or voluntary sectors

54. This report is called *Protecting the London Public Purse 2015 (PLPP 2015)*. We encourage all English regions to work in partnership with TEICCAF to publish similar regionally focused *PPP* style reports in the future. We believe similar reports would benefit other nations such as Scotland, Wales and Northern Ireland.

55. By publicising the success some councils have had in tackling fraud, other councils have sought to emulate them and in so doing raised the standard of counter fraud throughout the sector. TEICCAF is committed to working with councils to continue a high degree of transparency and accountability, through *PEPP* and similar public reports.

The positive impact of transparency and accountability

56. Turning the spotlight on fraud in local government has had some spectacular results. For example, a three-fold increase in tenancy fraud detection in the four years after *PPP* first highlighted the issue in 2010^v.

57. *PPP 2013* reported that 88 districts, London Boroughs metropolitan district and unitary authorities had not detected a single non-benefit fraud in 2012/13. However, by utilising comparative benchmark information supplied by the Audit Commission in 2013, councillors were able to challenge local detection performance. One year later and *PPP 2014* reported that those councils that reported detecting no non-benefit fraud had more than halved to just 39. This is a remarkable improvement and an encouraging trend.

Turning the spotlight on tenancy fraud in local government has led to a three-fold increase in detection.

Regional fraud detection trends - capacity, capability and commitment to tackle fraud

58. In this chapter we will now consider whether regional capacity, capability and commitment to tackle fraud is consistent across the country.

59. To make this assessment we have used three proxy indicators of a region's (or council's) capacity, capability and commitment to effectively tackling fraud. They are:

- regional fraud detection levels compare to each regions percentage of total national spend;
- regional participation levels in our 2015 voluntary detected fraud and corruption survey; and
- proportion of councils in each region with a corporate fraud team.

60. We acknowledge that there are justifiable reasons why some regions and councils may not have addressed all, or some, of the indicators (Table 5). However, taken in totality we believe the balance of the argument suggests some form of association between the proxy indicators chosen and overall corporate capacity, capability and commitment to tackling fraud.

Table 5: Detected frauds and losses 2014/15 by region compared to regional spend, survey participation levels and corporate fraud teams

Region	Council spending by region as % of total spending	Regional % of total value of all fraud detected in 2014/15	Regional % of number of cases of all detected fraud 2014/15	% of councils in each region that participated in the voluntary survey	% of participating councils in each region with a corporate fraud team
East of England	10.3	10.6	12.1	67.9	65.7
East Midlands	7.7	5.1	7.0	54.5	29.2
London	18.2	35.3	23.1	93.9	93.5
North East	5.4	4.3	5.4	50.0	83.3
North West	13.6	10.3	8.1	56.1	34.8
South East	15.0	13.0	15.5	57.3	68.3
South West	9.1	6.5	7.9	61.0	52.0
West Midlands	10.8	8.0	9.9	51.5	29.4
Yorkshire & the Humber	10.1	6.9	10.9	31.8	57.1
Source PPP 2014 and TEICCAF					

61. We caveat our interpretation by recognising that:

- our detected fraud and corruption survey was voluntary and councils in some regions would have justifiable local reasons not to participate. However, we would argue that response rate are effected by several factors, one of which is corporate commitment to tackling fraud;
- councils may be of such a relatively small size that it is not operationally efficient to have a corporate fraud team. However, it is the view of TEICCAF that such councils should be seeking to form local partnerships that act as a corporate counter-fraud resource. Encouragingly, some councils have already started to develop such partnerships; and
- there will always be some variation in the volume and value of frauds detected depending on the scope of activity of individual councils. However, within certain parameters, reasonable inferences between the proportions of council spend, detection results and corporate commitment to tackling fraud, remain valid.

The two regions with the highest survey participation level both detected more fraud by value and cases than their regional expenditure would have suggested likely

62. From our analysis we note that:

- London boroughs achieved the highest participation rate in the voluntary survey, have the highest proportion of councils with a corporate fraud team and disproportionately detect significantly more frauds (both by case and total value) than any other part of the country;
- the two regions with the highest survey participation level (London and East of England) both detected more fraud by value and cases than their regional expenditure would have suggested likely;
- the two regions where fewer than half of councils had corporate fraud teams (East Midlands and West Midlands) both detected proportionately fewer frauds (by both cases and total value) than their expenditure would suggest likely;

- the three regions with the lowest level of corporate fraud teams (East Midlands, West Midlands and North West) all detected proportionately fewer frauds (cases and total value) than their expenditure would suggest was likely; and
- Yorkshire and the Humber had the lowest survey participation rate of any region, detected proportionately fewer cases of fraud than overall regional expenditure would have suggested was likely, but by value detected more frauds than would have been proportionately expected.

63. Further research is needed to understand better the relationship between these three indicators.

64. Voluntary survey submissions rates analysed by authority type is also quite revealing (see Table 6).

Table 6: Detected survey submission rates by authority type 2014/15

Authority type	% participating in the voluntary fraud detection survey
London Boroughs	93.9
County Councils	66.7
District Councils	59.7
Metropolitan Districts and Unitary Authorities	44.6
Total	59.5

65. London boroughs achieved a near 94 per cent response rate. Using survey participation rates as a proxy indicator, this suggest that not only is London as a region arguably the most committed to tackling fraud but also as an authority type. We commend London Boroughs for this commitment, as we also do for County Councils (66.7 per cent) and District Councils (59.7 per cent). These authority types participated in the survey at a level above the national average (59.5 per cent).

66. Less than half of Metropolitan Districts and Unitary Authorities participated in the survey. We will work in partnership with these authorities to increase their participation rate in future surveys. It is

through a high participation rate that meaningful benchmark analysis is possible.

67. It is good practice for councils to maintain accurate information and data on its counter-fraud activity, including levels of detected fraud. Without this information:

- meaningful local fraud risk analysis and detection performance benchmarking is not possible;
- internal and external audit assurance is more limited; and
- councillors ability to provide strategic vision is impaired.

**It is good practice for councils
to maintain accurate
information and data on
counter-fraud activity**

68. We do not advocate that information on fraud detection at individual councils is made public, as this only aids fraudsters. Even making public the number of fraud investigators a council employs speaks volumes to a fraudster about the likelihood of success and getting caught.

69. Rather we advocate as best practice that audit committees are kept fully informed of counter-fraud activity and take a strategic lead on tackling fraud.

70. Our analysis in this chapter suggests an emerging divergence in the capacity, capability and commitment of some regions to fight fraud. In the next chapter we will examine local trends in more detail.

CHAPTER 5: LOCAL TRENDS

National and regional trends can conceal significant variations in performance by similar, and often neighbouring, councils within individual regions. Councillors have a role to play to challenge where individual local performance is weak.

71. Virtually every council in England has a counter-fraud policy that in general terms states:

- responsibility to prevent and detect fraud and corruption lies with all staff and councillors of the organisation; and
- the council has adopted a zero-tolerance approach to fraud and corruption.

Councillors have an increasingly important role to play in challenging their own authority's counter-fraud performance

72. Councillors have an increasingly important role to play in challenging their own authority's counter-fraud performance. However, from a statutory perspective the ultimate duty to prevent and detect fraud and corruption at individual English local authorities lies with the 'Section 151' officer. That duty is set out in Section 151 of the Local Government Act 1972^{vi}.

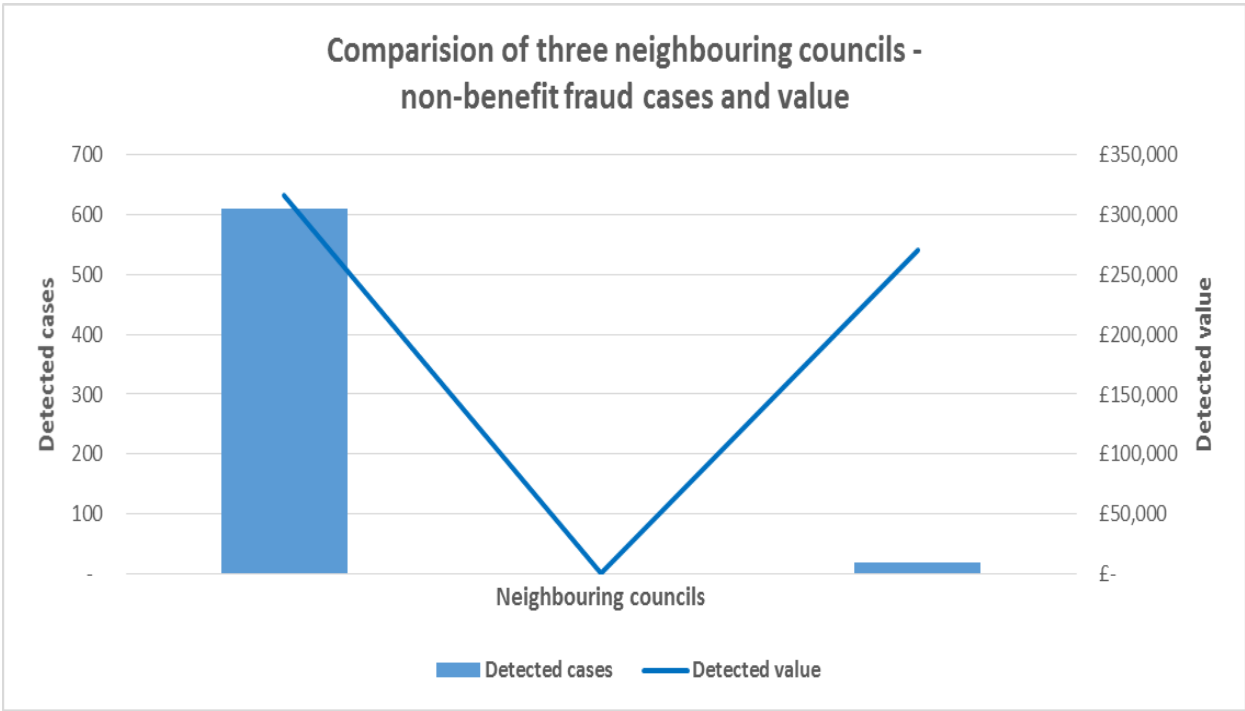
73. TEICCAF is committed to supporting local councillors and 'Section 151' officers, traditionally the Director of Finance, in these important roles. Thus later this year we will provide free to every council that participated in our 2015 detected fraud and corruption survey, a benchmarked summary analysis of their own councils' individual performance. This is critical information to help inform local priorities.

Local variations in fraud detection

74. Our analysis indicates there are sometimes significant variations in the number of cases and values of fraud that councils across the country detect. This can be explained, in part, by several factors including the counter fraud priorities and plan of individual councils in specific years.

75. However, we have found that neighbouring councils similar in size, demographic make-up and activity can report markedly different levels of corporate fraud detection.
76. As an example, Figure 3 shows the analysis of total non-benefit (corporate) frauds detected by three neighbouring councils in 2014/15 with similar socio-economic and demographic characteristics.

Figure 3: Comparison of three neighbouring councils' non-benefit fraud cases and total values



77. The difference is quite marked. One council has detected over 600 cases of corporate fraud with a total value in excess of £300,000. That council is to be commended. One neighbouring council reported 19 corporate frauds detected with a value of £270,000. Of concern is that the third council reported no detected corporate frauds.
78. Based on our experience, it is highly unlikely that no fraud has been committed at this third council. More likely, that council has limited capacity or capability to tackle corporate fraud. Local councillors have a

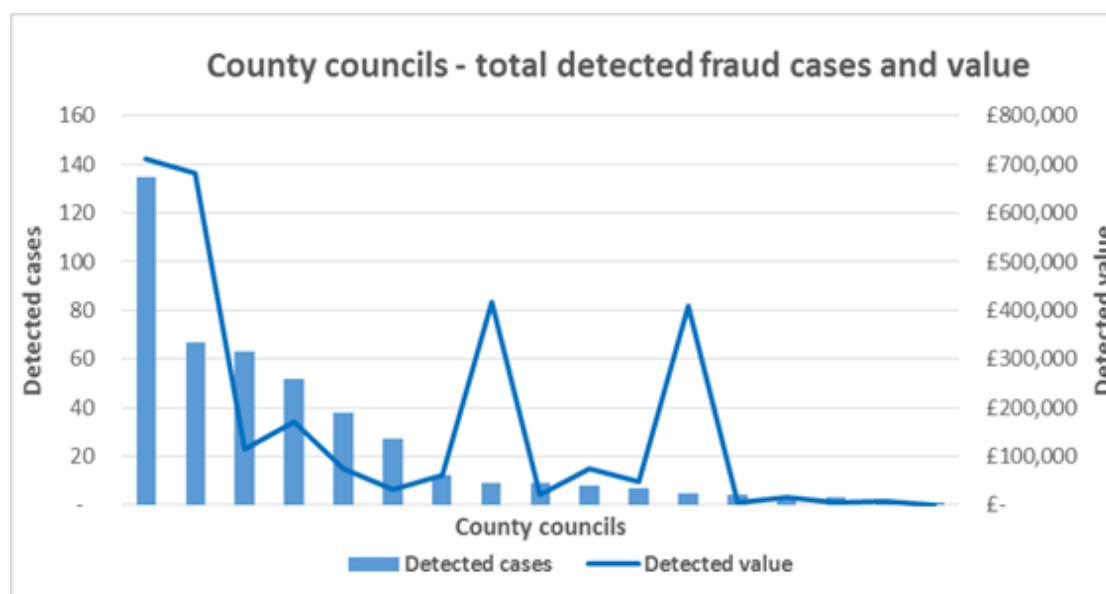
role to challenge local commitment and priorities at councils that are detecting little or no corporate fraud.

79. An analysis of the data nationally demonstrates that this is far from an isolated incident. TEICCAF will work with councils and regions to support local initiatives to address these issues.

County Councils

80. Figure 4 shows county councils total detected fraud cases and their value.

Figure 4: County councils - total detected fraud cases and value



81. In Figure 4, one county detected 135 cases of fraud with a total value of £711,000. By contrast, we note that five county councils detected fewer than five cases of fraud in 2014/15. On average, those five counties detected £6,400 of fraud.

82. The variation observed in Figure 4 is not unexpected. Early identification of fraud can often result in smaller total values. This reflects the widely accepted view that, all other things being equal, the longer a fraud is in operation the greater the amount defrauded is likely to be. This is an important consideration when interpreting detected fraud results. Thus low total value of detected fraud may reflect early identification of the fraud rather than any lack of capacity, capability or commitment by the council.

83. We will now consider fraud detection performance in relation to just one type of corporate fraud, namely council tax discount fraud.

Council tax discount fraud

84. Nationally a third of households claim single person discount on council tax, although this varies significantly between individual councils. Figure 5 shows levels of actual detected council tax (CTAX) discount fraud in just one English region in 2014/15, including single person discount. We provide this as an example of the variation in council tax discount fraud detection that occurs in some part of the country. Every bar in Figure 5 represents a district council in the region concerned.

Figure 5: One region – council tax discount fraud detected cases and values

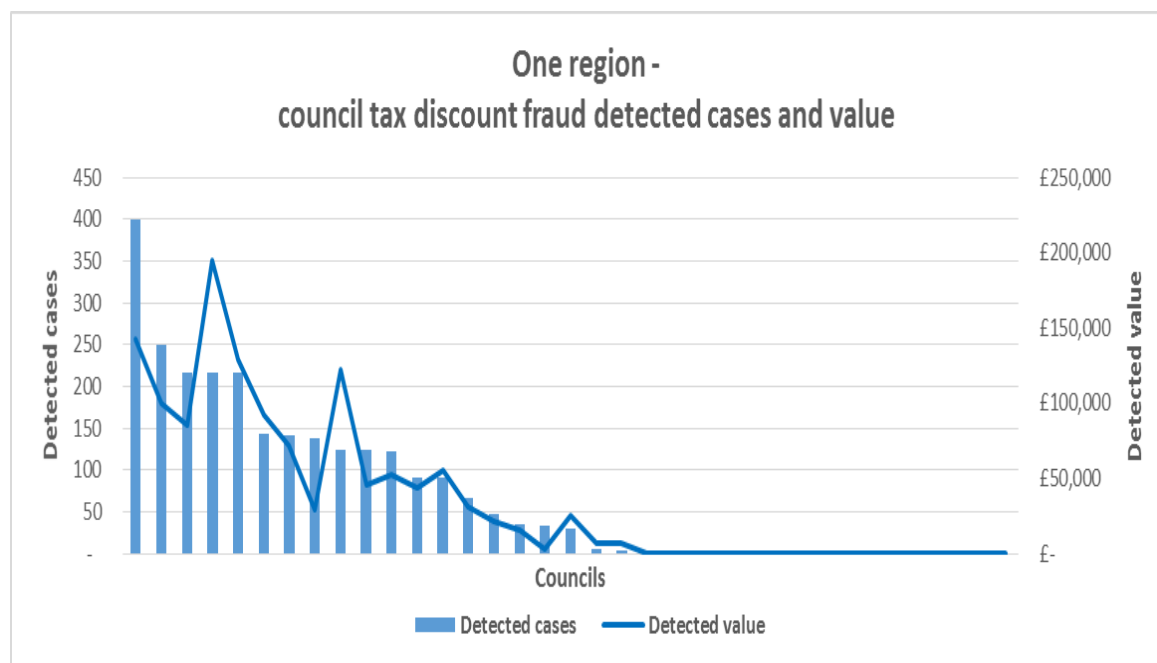


Figure 5 shows that some councils are effectively detecting CTAX discount fraud. One council in this region detected approximately 400 cases of such fraud in 2014/15. By comparison over a third of councils in this region report detecting no CTAX discount fraud. This pattern is replicated across the country.

85. It may be that the councils that reported no detected fraud cases instead incorrectly recorded them as something other than fraud, such as error. This is not good practice. Fraud should always be recorded as fraud.

86. Interpreting CTAX discount fraud results can be problematic. As a high volume/low value fraud, councils sometimes adopt strategies that place greater emphasis on tackling such fraud in different years. This is a reasonable approach designed to maximise the value for money benefits to the council concerned. This may explain why some councils did not detect many, if any, cases in 2014/15.

One council in this region detected approximately 400 cases of such fraud in 2014/15. By comparison over a third of councils in this region report detecting no CTAX discount fraud

87. This chapter provides just a few examples of the variation in fraud detection levels at individual councils across the country. Some of this variation can be explained by different local priorities in different years. However, our experience suggests that where little or no corporate fraud is being detected, then counter fraud capacity, capability and the commitment of the local authorities concerned may require greater scrutiny.

88. In the next chapter we focus on two emerging frauds that our survey indicates are likely to be increasingly significant in future years.

CHAPTER 6: EMERGING FRAUD RISKS – RTB AND NRPF

RTB and NRPF frauds account for much of the increase in the total value of fraud detected in 2014/15. However, these are relatively little known frauds. Our proxy indicator suggests at least 3 per cent of RTB applications in London, 1.5 per cent in the rest of the country, may be subject to such fraud. NRPF has emerged this year as a new area of risk, especially in London. Further research is needed to better understand these emerging risks.

89. In Chapter 3 we identified RTB and NRPF as two emerging fraud risk categories deserving of further consideration.

RTB and NRPF frauds account for much of the increase in total value of fraud detected in 2014/15

Right to Buy (RTB) fraud

90. In 2012, the government relaxed the qualifying rules and raised the discount threshold for Right to Buy (RTB) in relation to council homes. This encouraged greater opportunity for council house tenants to own their own home.
91. In *PPP 2014*, the Audit Commission highlighted the unintended consequences of these changes. The significant sums involved, and the relentless increases in property values, especially in London, had made RTB discount fraud highly attractive to fraudsters. In the three years immediately after the discount increase was implemented, there has been a near ten-fold increase in the number of RTB frauds detected.
92. There is no nationally accepted estimate of the scale of RTB fraud. This is a significant barrier to the development of a proportionate response by councils to this fraud risk.
93. To help social housing providers better understand the scale of the fraud risk, we have undertaken an analysis of existing publicly available information, matched to detected RTB frauds. We have used this to develop a proxy indicator of the likely scale of RTB fraud. We separately calculated the results for London and non-London councils. Further information on our data sources, caveats and methodology can be found in Appendix 2.

94. We have prudently interpreted the results and triangulated those findings with previous housing tenancy fraud research. On that basis we believe the evidence suggests that at least 3 per cent of London RTB council house applications may be subject to fraud^{vii}. In the rest of the country RTB fraud may be at least 1.5 per cent of RTB applications.

95. These results are intended only to be indicative of the likely scale of RTB fraud. More detailed research is required to better estimate the scale of RTB fraud. We encourage authoritative stakeholders to work with TEICCAF in the future to better understand the nature and scale of RTB fraud.

96. In the 2015 Queen's Speech, the government announced that, *"Legislation will be introduced to support home ownership and give housing association tenants the chance to own their own home"*.

97. We draw to the government's attention the significant levels of fraud that councils have detected within the current RTB scheme for council housing stock. Housing associations, with a few notable exceptions, do not have either an equivalent capacity or capability to tackle RTB fraud.

We encourage the government to incorporate within the proposed legislative extension sufficient measures to protect housing associations against RTB fraud

98. We encourage the government to incorporate within the proposed legislative extension sufficient measures to protect housing associations against RTB fraud.

No Recourse to Public Funds (NRPF) fraud

99. In recent months a number of councils, mainly London boroughs, approached TEICCAF to highlight an emerging fraud risk, namely, 'No Recourse to Public Funds' (NRPF). This fraud involves persons from abroad who are subject to certain immigration controls which prevents them from gaining access to specific welfare benefits or public housing.

100. However, families who have NRPF may still be able to seek assistance, housing and subsistence from their local authority whilst they are awaiting for or appealing a Home Office decision on their status^{viii}. In some instances councils have been deceived into providing welfare and other state assistance where NRPF has been claimed fraudulently.

101. In some of these frauds this appears to have been achieved by fraudulently claiming family status with children who, on further investigation, may not be their own. NRPF is a locally administered scheme, thus creating the potential for multiple claims at different councils using the same alleged 'family'.
102. In London, applications for financial assistance from families with NRPF have started to rise quite dramatically in recent times^{ix}. Leading commentators suggest that the average cost to the local taxpayer to support one NRPF family is approximately £25,000 per family per year.
103. In the first year of separately recording this category of fraud, councils detected in total 444 cases valued at more than £7 million. This already constitutes one of the larger value fraud types detected. Our analysis indicates many councils have yet to look for such fraud, suggesting that far more NRPF fraud could be detected.
104. London Boroughs^x have been among the first to identify this emerging threat. However, councils across other regions of England have also started to report detecting NRPF fraud.
105. Pro-active preventative work in London suggests the scale of the problem that councils may be facing. At one London Borough, all new NRPF applicants are now subject to both identity document scans and credit checks. The Borough reports that on being informed that such checks will be undertaken, approximately 10 per cent of new claimants now withdraw their application. Not all of these will be fraudulent, but this does suggest the potential scale of such fraud.
106. TEICCAF urges the government to give greater priority to the fight against NRPF fraud. Further research is needed to better understand the nature and scale of this emerging fraud threat.

Conclusions

107. Councils have to be ever vigilant to identify trends and emerging fraud threats. The fraud risk associated with RTB is only now starting to be better understood. NRPF fraud is less well known. Pro-active action by some councils suggest this is a growing threat that requires further consideration.
108. Appendix 1 provides a checklist for councils to self-assess their high level counter-fraud arrangements. We also encourage councils to use our benchmark summary analysis of individual fraud detection results for 2014/15 to satisfy themselves that they are playing their part in the fight against fraud (free to all councils who participated in our detected fraud survey, available autumn 2015).

CHAPTER 7: LOOKING TO THE FUTURE - TEICCAF

Fraud and corruption risks are constantly evolving. Local authorities need to remain vigilant to new fraud risks and respond quickly to the changing ways in which fraudsters target existing areas of vulnerability. Fraud prevention will become an increasingly important part of the overall strategic response by councils to fraud. TEICCAF is well placed to support this shift in focus.

The European Institute for Combatting Corruption And Fraud (TEICCAF)

109. TEICCAF is an independent, not-for-profit organisation. Founded in April 2015, TEICCAF is committed to working in partnership to help tackle public and voluntary sector fraud and corruption.
110. TEICCAF was established, in part, as a response to concerns from key stakeholders about the emerging gap in counter-fraud leadership that had developed by early 2015. The need for an independent, authoritative, not-for-profit voice able to influence national, regional and local responses to fraud is increasingly viewed as a priority by the wider counter-fraud community.
111. TEICCAF is committed to providing choice, innovation and value for money in the support and guidance we will provide. We will focus on those areas where we have acknowledged expertise, such as social housing fraud.
112. We will also focus on fraud risks where we are uniquely able to draw upon specialist knowledge from TEICCAF member organisations such as the Institute of Revenue, Rating and Valuations (IRRV) or the Local Authority Investigating Officers Group (LAIOG).
113. In *PEPP 2015* we have highlighted areas in which TEICCAF will work in partnership to help tackle fraud. This chapter expands on the priority issues to be addressed.

TEICCAF is committed to providing choice, innovation and value for money in the support and guidance we will provide

Capacity, capability and risk

114. Local authorities have traditionally been quick to respond to emerging fraud risks. However, as capacity to tackle fraud continues to reduce across English local government, innovative new approaches are required to address both the main fraud risks as well as new, emerging frauds.
115. The National Crime Agency^{xi} (NCA) and City of London Police^{xii} have highlighted the increasing importance of technology, in particular internet and digital, on economic crime. Fraudsters have been quick to adapt and innovative. Councils must also continue to do so.
116. TEICCAF is able to draw upon the expertise of a wide variety of fraud fighters to assist and support the sector to stay one step ahead of the fraudsters. In particular we will seek to work in partnership to identify and promote good practice in tackling cyber enabled fraud.
117. The National Policing Fraud Strategy 2015 highlights the importance of prevention activities. Local authority counter-fraud specialists tell us the absence of a financial means to assess fraud prevention activities is a major hindrance to a national re-balancing of counter-fraud resources towards greater fraud prevention activities.
118. We will work with partners and stakeholders to promote an agreed understanding of the financial benefits of prevention activity. We will work in partnership with local authorities to develop an approach that allows prevention work to be accurately reported nationally, regionally and locally.
119. To support this approach, TEICCAF will collect, analyse, and promote good practice in tackling all types of public and voluntary sector fraud. This database of good practice will be available to all TEICCAF members.

TEICCAF will work with partners and stakeholders to promote an agreed understanding of the financial benefits of prevention activity

New approaches to tackling major fraud risks

120. Our analysis of social housing fraud detection shows that sub-letting for profit remains one of the most common types of social housing fraud, especially in London^{xiii}. New approaches to prevent and deter such fraud are required. TEICCAF will work with concerned stakeholders to develop new preventative tools to deter such fraud.
121. Managing the risk of fraud was one of the top priority areas councils highlighted to us this year (Chapter 1). Fraud detection data is a vital component of effective fraud risk management. While we recognise there may be justifiable local reason why approximately 40 per cent of councils did not participate in our voluntary fraud detection survey, one possible explanation is the absence of robust and complete detection data at some of those councils. We will work with councils to improve the recording of fraud detection results.
122. We noted that even among participating councils in the survey, there is sometimes a delay in providing the data. This suggest fraud detection data collection arrangements in some councils may require to be strengthened. We will work with partner organisations to improve the recording, collection, analysis and future dissemination of fraud detection information.
123. TEICCAF believes that the general public can make a significant contribution to the fight against fraud. We are committed to raising fraud awareness and wider public understanding of good practice in fighting fraud.
124. Chapters 5 and 6 highlighted an increasing divergence amongst some councils and regions in their capacity, capability and commitment to tackling fraud. We will work with individual councils and regions to address this.

Contacting TEICCAF

125. You can learn more about TEICCAF from our web site and contact us through social media. Details are below

- www.teiccaf.com
- <https://www.facebook.com/pages/T-E-I-C-C-A-F-The-European-Institute-for-Combatting-Corruption-And-Fraud/372191179638143>
- <https://www.linkedin.com/groups/TEICCAF-8293282/about>
- <https://twitter.com/teiccaf>

APPENDIX 1: CHECKLIST FOR THOSE RESPONSIBLE FOR COMBATting FRAUD AND CORRUPTION

	Yes	No	Comments
1. A) Do we have a zero tolerance policy towards fraud?			
1. B) Does our fraud and corruption detection results demonstrate that commitment to zero tolerance?			
2. Do we have a corporate fraud team?			
3. Does a councillor have portfolio responsibility for fighting fraud across the council?			
4. A) Have we assessed our council against the TEICCAF fraud detection benchmark analysis (available autumn 2015)			
4. B) Does that benchmark analysis of fraud detection identify any fraud types which we should give greater attention to?			
5. Are we confident we have sufficient counter-fraud capacity and capability to detect and prevent non-benefit (corporate) fraud, once SFIS has been fully implemented?			
6. Do we have appropriate and proportionate defences against the emerging fraud risks, in particular: <ul style="list-style-type: none"> • Right to Buy fraud • No Recourse to Public Funds fraud. 			

APPENDIX 2: DATA COLLECTION APPROACH AND EXTRAPOLATION METHODOLOGY

Survey methodology

1. In previous years the Audit Commission used its powers to mandate all local government bodies in England to annually submit information and data on detected fraud and corruption (the survey). As a result the survey achieved a 100 per cent submission rate.
2. TEICCAF do not have similar powers. The 2014/15 detected fraud and corruption survey was voluntary. However, we are able to draw upon the extensive knowledge and experience of the (former) Audit Commission counter fraud team that had created and delivered the original national detected fraud survey and *PPP* reports.
3. This team are able to draw upon a unique understanding of over six years of survey and fraud intelligence submissions by every local government body in England. This has been used to put in place arrangements that ensures quality, validity, accuracy and robustness of the data submitted.
4. Information sources used include previous *PPP* reports, Audit Commission national publications and conference, seminar and fraud forum presentations and supporting analysis by the former counter-fraud team of the Audit Commission. These have all been placed in the public domain. We have extensively this information to inform longer term trends in the report as well as to assess the accuracy and completeness of individual data submissions.
5. In addition weighted extrapolation was undertaken to inform regional results where appropriate. Where a council has not participated in the survey, we have used weighted trend data to calculate their results.

RTB fraud – proxy indicator methodology

6. We have used detected RTB frauds as a proportion of all successful RTB applications (combined with detected frauds) as an indicator of the likely scale of RTB fraud. Our information sources are:

- detected RTB frauds 2013/14 (source PPP 2014)
 - detected RTB frauds 2014/15 (source: TEICCAF)
 - successful RTB applications 2013/14 and 2014/15 (source: Department for Communities and Local Government, Housing Statistical Release June 2015).
7. Our approach analysed both London and non-London RTB activity. We triangulated those findings with housing tenancy fraud research, including London (Ref PPP 2012).
 8. On that basis we believe the evidence suggests that at least 3 per cent of London RTB council house applications are subject to fraud. In the rest of the country the evidence suggest RTB fraud to be at least 1.5 per cent.
 9. Our approach adopts a prudent interpretation of the results, to address acknowledge limitations in the methodology.
 10. We caveat our estimate by acknowledging that:
 - the findings are only indicative in nature; and
 - our analysis omits RTB applications which were unsuccessful for non-fraud reasons.

REFERENCES

- ⁱ National Policing Fraud Strategy 2015, City of London Police.
- ⁱⁱ Serious and Organised Crime Strategy 2013, National Crime Agency
- ⁱⁱⁱ Protecting the Public purse 2010, Audit Commission.
- ^{iv} Protecting the London Public Purse 2015, LBFIG and TEICCAF
- ^v Protecting the Public Purse 2014, Audit Commission
- ^{vi} <http://www.legislation.gov.uk/ukpga/1972/70/section/151>
- ^{vii} Protecting the London Public Purse 2015, LBFIG and TEICCAF
- ^{viii} Legislation includes Children's Act 1989, Children Leaving Care Act 2000 and National Assistance Act 1948.
- ^{ix} Protecting the London Public Purse 2015, LBFIG and TEICCAF
- ^x Protecting the London Public Purse 2015, LBFIG and TEICCAF
- ^{xi} Serious and Organised Crime Strategy 2013, National Crime Agency.
- ^{xii} National Policing Fraud Strategy 2015, City of London Police.
- ^{xiii} Protecting the London Public Purse 2015, LBFIG and TEICCAF

Appendix 2

CHECKLIST FOR THOSE RESPONSIBLE FOR COMBATTING FRAUD AND CORRUPTION

	Yes	No	Comments
1. a) Do we have a zero tolerance policy towards fraud?	✓		Counter Fraud Strategy, supported by a number of separate policies and procedures, was approved by Governance Committee in March 2013
1. a) Does our fraud and corruption detection results demonstrate that commitment to zero tolerance?	✓		For the financial year 2014/2015 a total of £691,213.29 of fraudulent overpayments were identified in relation to Housing Benefit, Council Tax Benefit and Local Council Tax Support. In addition to the recovery of these overpayments, 90 Administrative Penalties and 26 Cautions were issued. There were 38 successful prosecutions led by Braintree District Council and a further 3 where the Department for Work and Pensions led the prosecutions.
2. Do we have a corporate fraud team?	✓		We have our dedicated Fraud Team and Internal Audit include in all aspects of their work.
3. Does a councillor have portfolio responsibility for fighting fraud across the Council?	✓		Cllr Bebb, Finance and Performance Cllr McKee, Corporate Services & Asset Management
4. a) Have we assessed our council against the TEICCAF fraud detection benchmark analysis? (available Autumn 2015)			The benchmarking analysis is not yet available
4. b) Does that benchmark analysis of fraud detection identify any fraud types which we should give greater priority to?			The benchmarking analysis is not yet available
5. Are we confident we have sufficient counter-fraud capacity to detect and prevent non-benefit (corporate) fraud, once SFIS has been fully implemented?	✓		SFIS has been fully implemented at Braintree DC. We currently concentrate on LCTS and SPD but also deal with Housing investigations
6. Do we have appropriate and proportionate defences against the emerging fraud risks, in particular: <ul style="list-style-type: none"> Right to Buy fraud No Recourse to Public Funds fraud 	n/a	n/a	RTB are dealt with by Greenfields Community Housing since transfer None known at present

Audit Enquiries to Those Charged with Governance		Agenda No: 11
Corporate Priority: Provide value for money and deliver excellent customer service Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers:		Public Report
Options:		Key Decision: No
Executive Summary: 1.1 Our new external auditors, Ernst and Young, have asked that the Governance Committee considers a letter about how the Committee gains assurance from management regarding the financial governance arrangements of the Council. 1.2 The Chairman of the Committee received a letter, dated 25th January 2016, containing a number of questions in this respect. A copy of the letter is attached as Appendix 1. 1.3 To assist the Committee in its deliberation of the letter, attached at Appendix 2 is information pertinent to each of the questions raised. This can form the basis of the Committee's formal response.		
Decision: The Committee is asked to consider and agree the response to the letter from the Council's external auditors, Ernst and Young, as provided at Appendix 2.		
Purpose of Decision: For the Governance Committee, being those charged with governance, to provide responses to questions raised by the Council's external auditor, Ernst and Young, as required under Auditing Standards.		
Corporate Implications		
Financial:	There are no financial implications arising from this report.	
Legal:	This report concerns the audit of the Statements of Accounts which will be prepared in accordance with statutory instrument number 2015/234, the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, based on International Financial Reporting Standards (IFRS).	

Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	Trevor.wilson@braintree.gov.uk

1. Background

- 1.1 The audit of the Council's financial statements is guided by International Standards of Auditing (ISAs). In order to comply with a number of these ISA's, the Council's external auditors, Ernst and Young, has written to the Chairman of the Governance Committee. The purpose of this letter is to obtain an understanding on how those charged with governance (the Governance Committee) exercise oversight of management's processes in relation to fraud, laws and regulations and going concern.
- 1.2 It is proposed that the Committee discusses its proposed response to the letter. The Committee is also asked to comment on whether the Council is a 'going concern'.
- 1.3 In accounting, "going concern" refers to an organisation's ability to continue functioning as a business entity. For the Council, it is the responsibility of the Governance Committee to assess whether the going concern assumption is appropriate when preparing the financial statements. The Council is required to disclose in the notes to the Financial Statements whether there are any factors that may put the organisation's status as a going concern in doubt.
- 1.4 In forming the opinion on whether the Council is a 'going concern' it is important to note the following:
- The budgets set by the Council were balanced in 2015/16 and 2016/17.
 - The budget monitoring and outturn reports show that the Councils continue to spend within the overall budget set
 - The Council has a good level of reserves and balances
 - Whilst the Medium-Term Financial Strategy identifies shortfalls of resources for 2017/18 onwards the Cabinet has identified options to address these shortfalls and these are to be pursued and developed over the coming months.
- 1.5 Consequently, the Committee should have no concerns about whether the Council is a going concern.



INVESTOR IN PEOPLE

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Essex
CM7 9HB

25 January 2016

Ref:

Direct line: 07969846316

Email: jwardle@uk.ey.com

Dear Mr Elliott

Understanding how the Governance Committee gains assurance from management

Auditing standards require us to formally update our understanding of your management processes and arrangements annually. Therefore, I am writing to ask that you please provide a response to the following questions.

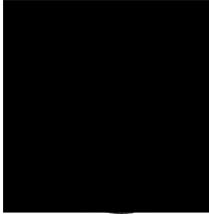
- 1) How does the Governance Committee, as 'those charged with governance' at Braintree DC, exercise oversight of management's processes in relation to:
 - ▶ undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - ▶ identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
 - ▶ communicating to employees its view on business practice and ethical behavior (for example by updating, communicating and monitoring against the Authority's code of conduct);
 - ▶ encouraging employees to report their concerns about fraud; and
 - ▶ communicating to you the processes for identifying and responding to fraud or error?
- 2) How does the Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?
- 3) Is the Committee aware of any:
 - ▶ breaches of, or deficiencies in, internal control; and
 - ▶ actual, suspected or alleged frauds during 2015/16?
- 4) Is the Committee aware any organisational or management pressure to meet financial or operating targets?
- 5) How does the Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2015/16?
- 6) Is the Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?

- 7) How does the Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please would you provide a response by email to the above e mail address. If possible, please could we have your response by 9 March 2016.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely



Jo Wardle
Audit Manager
Ernst & Young LLP
United Kingdom

QUESTION	PROPOSED RESPONSE
<p>1) How does the Governance Committee, as ‘those charged with governance’ at Braintree DC, exercise oversight of management's processes in relation to:</p> <ul style="list-style-type: none"> • undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments); • identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist; 	<p>The Committee receives regular reports from the Audit, Insurance & Fraud Manager in relation to the operation of the control environment which is used to inform the Committee’s view of management’s processes.</p> <p>Management has assessed that the risk of material fraud affecting the Council’s financial statements is very low.</p> <p>There is a robust system of internal control operating as reported by the Audit, Insurance & Fraud Manager in her annual report to the Committee and there is no evidence of material fraud.</p> <p>The Committee receives regular reports from the Audit Insurance & Fraud Manager including:</p> <ul style="list-style-type: none"> • The Internal Audit Plan is presented to the Committee to consider and approve. This takes into account the risks associated with individual services and processes, and the frequency with which services are subjected to audit. • The Audit, Insurance & Fraud Manager provides the Committee with regular reports on the audits undertaken together with details of any limited assurance audits; • The Audit, Insurance & Fraud Manager produces an annual report for the Committee. <p>In addition, the Committee approves, in June each year, the Council’s Annual</p>

<ul style="list-style-type: none"> communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct); encouraging employees to report their concerns about fraud; and communicating to you the processes for identifying and responding to fraud or error? 	<p>Governance Statement ensuring that assurances from many sources across the Council are provided which underpin the draft (AGS) for the Leader of the Council and the Chief Executive to review and sign.</p> <p>The Council has a code of conduct for staff which is approved by the Committee.</p> <p>The Committee is aware that a register of Gifts and Hospitality and a record of staff declarations of interests are maintained.</p> <p>The Committee is aware that the Council has a Whistle Blowing policy for staff to use and that this is available on the Council's intranet.</p> <p>The Council also has several other policies and procedures in place which the Committee has oversight of including:</p> <ul style="list-style-type: none"> Code of conduct for Members Fraud, Corruption and Dishonesty Strategy Anti-Money Laundering Policy Prosecution Policy Financial Procedure Rules Contract Procedure Rules Staff and Member declarations of interest. Fraud hotline Programme of audits by Internal Audit. Work by External Audit. <p>The Committee has oversight of this and receives regular reports from the Audit, Insurance and Fraud Manager.</p>
<p>2) How does the Governance Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?</p>	<p>The Committee monitors this through the internal audit reports provided by the Audit, Insurance & Fraud Manager.</p> <p>The Committee receives details of updates to the Strategic and Operational Risk Registers.</p> <p>National reports, for example Protecting the English Public Purse 2015, are</p>

	received by the Committee.
3) Is the Committee aware of any: <ul style="list-style-type: none"> • breaches of, or deficiencies in, internal control; and • actual, suspected or alleged frauds during 2015/16? 	<p>We are not aware of any breaches of internal control other than those brought to our attention through the work of Internal Audit.</p> <p>We are not aware of any actual, suspected or alleged frauds other than those brought to our attention through the work of internal audit.</p>
4) Is the Committee aware any organisational or management pressure to meet financial or operating targets?	<p>Officers are asked to monitor budgets and to meet operational targets set in the Council's Annual Plan and/or in the Service Business Plans. Financial performance against budget and operational performance against targets are reported to the Committee on a quarterly basis.</p> <p>There is however no undue organisational or management pressure to meet financial or operational targets.</p> <p>There are no staff incentives for meeting financial or operating targets.</p>
5) How does the Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2015/16?	<ul style="list-style-type: none"> • The Council's Legal Service Team lead by the Head of Governance (Monitoring Officer) has a general advisory role to all Council Services as supplemented by specialist legal advice when necessary. • All reports include a legal implications paragraph before any decision is made; • A Democratic Services officer is present at all meetings of the Council to ensure that Council operates within the law; • Council approves constitution, delegations, financial regulations and contract procedure rules which provide guidance on procedural matters to ensure the Council operates within the law. <p>The Committee is not aware of any instances of non-compliance.</p>

6) Is the Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?	<p>There are no potential litigation claims affecting the Council at this time.</p>
7) How does the Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	<p>The members of the Committee have opportunity to participate in the scrutiny process of the proposed budget and have direct involvement in the setting of the Council Budget and Medium-Term Financial Strategy at the Council meeting each February. Members receive and consider financial information including:</p> <ul style="list-style-type: none"> • The annual revenue budget; • The capital programme; • Treasury Management Strategy and Investment policy; • The Councils' level of reserves and balances; and • The Chief Financial Officer's report on the robustness of the Council's estimates and adequacy of the level of reserves. <p>In addition, the Committee is aware of the Council's track record in spending within the budgets set.</p> <p>Consequently, the Committee is satisfied that it is appropriate for the going concern basis is adopted in the preparation of the financial statements.</p>

Governance Committee Annual Report 2015/2016		Agenda No: 12
Corporate Priority:	An organisation that delivers value	
Report presented by:	Lesley Day, Audit Insurance & Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance & Fraud Manager	
Background Papers:	Public Report	
Options:	Key Decision: No	
N/a		
Executive Summary:		
To present to the Governance Committee a report summarising its activities during the 2015/2016 civic year with a view to the report being presented at Council.		
The report includes details of the routine audit and accounts business that came before the Committee together with the annual cycle of governance reports.		
Decision:		
a) To consider the report and make any amendments as necessary, and		
b) To approve the report to be presented at Council.		
Purpose of Decision:		
To agree a report on the Committee's activities during 2015/2016 and to approve its presentation to Council.		
Corporate Implications		
Financial:	N/a	
Legal:	N/a	
Safeguarding:	N/a	
Equalities/Diversit:	N/a	
Customer Impact:	N/a	
Environment and Climate Change:	N/a	
Consultation/Community Engagement:	N/a	
Risks:	None	

Officer Contact:	Lesley Day
Designation:	Audit, Insurance & Fraud Manager
Ext. No.	2821
E-mail:	lesley.day@braintree.gov.uk

The following activities were considered by the Committee during 2015/2016:

AUDIT & GOVERNANCE

Report: Annual Governance Statement 2014/2015

Received for approval the Annual Governance Statement for incorporation into the Statement of Accounts. Regulation 4 of the Accounts and Audit Regulations 2003 require "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."

Report: Annual Internal Audit Report 2014/2015

Received the Annual Report on Internal Audit Activity for 2014/2015.

Reports: Internal Audit Activity (quarterly)

Received and noted details of the audit assignments completed together with status updates in respect of Reportable Recommendations.

Reports: Internal Audit Plan 2015/2016 and 2016/2017

Received and approved the Internal Audit Plans supported by the risk assessment.

Reports: External Audit Plan 2014/2015 and 2015/2016

Received and noted the External Audit Plans.

Reports: Grant Claims and Returns Certification years ended 31st March 2014 and 31st March 2015

Received reports from the external auditor summarising the main issues arising from the certification of grant claims for the financial years ending 31st March 2014 and 31st March 2015.

Report: Annual Audit Letter 2014/2015

Received the external auditor's Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.

RISK MANAGEMENT

Report: Strategic Risks

Received reports detailing reviews undertaken of the Council's Strategic Risk Register by Management Board and Cabinet together with details of how the significant business risks are being monitored and managed by Management Board in line with the Council's Risk Management Strategy.

Report: Operational Risks

Received details of the annual review of the Council's Operational Risks.

MONITORING AND FINANCE

Report: Receipt of the Statement of Accounts for 2014/15 together with the External Auditor's Final Report to Governance Committee

Considered and approved the Statement of Accounts for 2014/2015 having received details of the external auditors' annual governance report.

The external auditor's report is presented to the Governance Committee in accordance with the provisions of International Standards on Auditing (UK & Ireland) 260 Communication with Those Charged with Governance, ISA 265 Communicating Deficiencies in Internal Control and Management, and the Audit Commission's Code of Audit Practice

Reports: Quarterly Performance Management Reports and Briefings

Received and noted the quarterly Performance Management Reports.

Reports: Financial Indicators (quarterly)

Received and noted details of key financial indicators.

Report: Treasury Management Annual Report 2014/2015 and Mid-Year Review 2015/2016

Noted and advised Cabinet to accept the reports.

Report: Treasury Management Strategy Statement 2016/2017

Reviewed and provided comments on the draft Strategy prior to its submission to Cabinet.

STANDARDS

Received the Monitoring Officer's Annual Standards Report for 2015.

COMMITTEE OPERATION

Completed a Committee self-assessment checklist and an action plan as required.

Other reports received

Protecting the Public Purse 2014

Protecting the English Purse 2015

Both reports ensure that the Committee are aware of the current and ongoing fraud risks and the counter fraud arrangements that are in place.

Governance Committee Self-Assessment		Agenda No: 13
Corporate Priority:		An organisation that delivers value
Report presented by:		Lesley Day, Audit, Insurance & Fraud Manager
Report prepared by:		Lesley Day, Audit, Insurance & Fraud Manager
Background Papers:		Public Report
Audit Committee – Practical Guidance for Local Authorities		
Options:		Key Decision: No
To complete or not the self-assessment		
Executive Summary:		
<p>This self-assessment is part of a toolkit which has been produced to build on the work already done by CIPFA and the guidance provided in its publication <i>Audit Committees – Practical Guidance for Local Authorities</i>. The toolkit is intended to provide a more detailed set of advice, give examples and suggest good practice to assist both officers and members who are involved in the establishment and operation of an audit (governance) committee.</p> <p>The majority of the self-assessment (Appendix 1) has been completed but there are remaining parts where members of the Governance Committee need to give their opinion and to identify any areas where an improvement plan may be necessary.</p>		
Decision:		
<ol style="list-style-type: none"> 1. To review the sections of the self-assessment that have been completed to date. 2. To determine the Committee's responses to the remaining issues in the self-assessment. 3. Identify future training needs as appropriate. 		
Purpose of Decision:		
To assist Governance Committee Members with advice and good practice in carrying out the self-assessment.		

Corporate Implications	
Financial:	None
Legal:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
Officer Contact:	Lesley Day
Designation:	Audit, Insurance & Fraud Manager
Ext. No.	2821
E-mail:	lesley.day@braintree.gov.uk

CIPFA: SELF-ASSESSMENT CHECKLIST

MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE
March 2016

ISSUE	YES	NO	N/A	COMMENT
Terms of Reference				
Have the committee's terms of reference been approved by full council?	√			Included in the Constitution
Do the terms of reference follow the CIPFA model?	√			Yes
Internal Audit Process				
Does the committee approve the strategic audit approach and the annual programme?	√			Normally approved in the March meeting for the next financial year
Is the annual report, from the Head of Audit, presented to the committee?	√			Presented to the June/July meeting
Are summaries of quality questionnaires from managers reviewed?			√	No questionnaires issued following individual audits.
Is the work of internal audit reviewed regularly?	√			Quarterly activity reports submitted to the Governance Committee together with a Reportable recommendations monitor
External Audit Process				
Are reports on the work of external audit and other inspection agencies presented to the committee?	√			All external auditors and other inspection agency reports submitted to Governance Committee
Does the committee input into the external audit programme?	√			Presented to Governance Committee by external auditors normally at the March meeting
Does the committee take a role in overseeing: <ul style="list-style-type: none"> • Risk management strategies • Internal control statements • Anti-fraud arrangements • Whistle-blowing strategies 	√ √ √ √			Strategic Risk Management review reports twice per annum and operational risks report annually. Annual Governance Statement submitted for approval Various policies approved by Committee, annually reviewed by Audit, Insurance & Risk Manager and reference included in Annual Internal Audit Report submitted to the Governance Committee

Membership				
Has the membership of the committee been formally agreed and a quorum set?	√			Approved at the Council AGM on 28 th May 2015
Is the chair free of executive or scrutiny functions?	√			Cllr Elliott Licensing Committee Mi-Community Sub-Committee
Are members sufficiently independent of other key committees of the council?	√			Cllr Santomauro Standards Sub-Committee Substitute Braintree United Charities Cllr Goodman Licensing Committee Overview & Scrutiny Member Development Group Witham United Charities Cllr Hufton-Rees Overview & Scrutiny Cllr Van Dulken Licensing Committee Gt Yeldham Reading Room Trust Cllr Thorogood Local Plan Sub-Committee
Have all members' skills and experiences been assessed and training given for identified gaps?				
Can the committee access other committees as necessary?	√			No limitations are in force
Meetings				
Does the committee meet regularly?	√			4 meetings per financial year timed to coincide with various deadlines and external audit reports
Are separate, private meetings held with the external auditor and the internal auditor?	√			The opportunity remains should the Internal Audit or External Audit Managers request such.
Are meetings free and open without political influences being displayed?	√			Refer to minutes of Governance Committee meetings
Are decisions reached promptly?	√			Refer to minutes of Governance Committee meetings

Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	√			
Does the committee have the benefit of attendance of appropriate officers at its meetings?	√			All appropriate officers attend each Governance Committee meeting
Training				
Is induction training provided to members?	√			
Is more advanced training available as required?	√			It is planned to hold training on 'Understanding the Council's Statement of Accounts' during September 2016 (date to be confirmed)
Administration				
Does the authority's s151 officer or deputy attend all meetings?	√			Corporate Director or Head of Finance attends all meetings
Are the key officers available to support the committee?	√			Committee members have access to all key officers

Forward Look – Twelve months to March 2017		Agenda No: 14
Corporate Priority: An organisation that delivers value Report presented by: Trevor Wilson, Head of Finance Report prepared by: Trevor Wilson, Head of Finance		
Background Papers: None		Public Report: Yes
Options:		Key Decision: No
Executive Summary: <p>To present to Governance Committee the report schedule for the year with a brief summary of each report so that Members can see the routine audit and accounts business that will come before the Committee in each cycle together with the annual cycle of governance reports.</p> <p>There may be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.</p>		
Decision: <p>Members are asked to note the report schedule for the next twelve month period.</p>		
Purpose of Decision: <p>To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.</p>		
Corporate Implications		
Financial:	None	
Legal:	None	
Safeguarding:	None	
Equalities/Diversity	None	
Customer Impact:	None	
Environment and Climate Change:	None	
Consultation/Community Engagement:	None	
Risks:	None	
Officer Contact:	Trevor Wilson	
Designation:	Head of Finance	
Ext. No.	2801	
E-mail:	trevor.wilson@braintree.gov.uk	

Report Schedule

Date	Report	Summary
30th June 2016 (tbc)	Annual Governance Statement 2015/16	To present for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 (1) of the Accounts and Audit Regulations 2015 requires "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".
	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2015/16
	Financial Indicators report	To present details of key financial indicators for the year to end of May 2016.
	Risk Management – Operational Risks & Information Asset Risks	Details of the annual review of the Council's Operational Risks and Information Asset Risks
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Treasury Management Strategy	To present a year-end report on the delivery and performance of the Treasury Management Strategy for 2015/16
28th September 2016 (tbc)	Receipt of the Statement of Accounts for 2015/16 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2015/16, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30th June 2016. The external auditor's report provides a summary of the work the external auditor has carried out during their audit of accounts. The conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities are reported to those charged with governance at the time they are considering the financial statements. In preparing their report, the Code of Audit Practice requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.

	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Treasury Management Strategy	To present a mid-year report on the delivery and performance of the Treasury Management Strategy for 2016/17.
	Financial Indicators report	To present details of key financial indicators for the year to end of July 2016.
11th January 2017 (tbc)	Annual Audit Letter 2015/16	To present the Annual Audit Letter covering the Council's financial audit. The Committee receives the report on behalf of the Council and may make observations to Cabinet who can decide to take action to make improvements based on the external auditor's assessment.
	Grant Claim Certification for year ended 31st March 2016	To receive external auditors report
	Draft Treasury Management Strategy 2017/18	To present the draft Treasury Management Strategy for 2017/18. The Governance Committee to review and make observations on the draft to the Cabinet, which will then present the Strategy to Full Council for approval in February 2017.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Financial Indicators report	To present details of key financial indicators for the year to end of November 2015.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.
	Risk Management – Strategic Risks Report	To provide a copy for information of the Cabinet Report on the Council's Strategic Risk Register which details significant business risks being monitored and managed by Management Board in line with the Council's Risk Management Strategy.
	Standards Annual Monitoring Officers Report on the Standards Framework	Report from the Head of Governance on the activity of the Standards Sub-Committee for 2016/2017.
22nd March 2017 (tbc)	Internal Audit Plan 2017/2018	To present the Internal Audit Plan for the 2017/2018.

	External Audit Work Plan	To receive the audit work plan from Ernst & Young, the Council's external auditor.
	Internal Audit Activity report	To present details of the completed audit assignments.
	Governance Committee Annual Report	To consider and approve the Committee's Annual report for 2016/17 to be presented to full Council.
	Governance Committee self-assessment	For members to undertake an evaluation of the Committee's effectiveness and identify any training needs.
	Financial Indicators report	To present details of key financial indicators for the year to end of February 2017.
	Quarterly Performance Report	To provide a copy for information of the Cabinet Report advising of progress on projects, performance indicators and the forecast position on revenue spending and the capital programme.