

GOVERNANCE COMMITTEE AGENDA

Wednesday, 22nd March 2017 at 7:15 PM

**Committee Room 1, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB**

THIS MEETING IS OPEN TO THE PUBLIC
(Please note this meeting will be audio recorded)
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Members of the Governance Committee are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Councillor M Dunn	Councillor Miss V Santomauro (Vice Chairman)
Councillor J Elliott (Chairman)	Councillor Mrs M Thorogood
Councillor J Goodman	Councillor R van Dulken
Councillor D Hufton-Rees	

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by 3pm on the day of the meeting.

N BEACH
Chief Executive

INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS

Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Question Time

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk no later than 2 working days prior to the meeting. The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

Please note that there is public Wi-Fi in the Council Chamber, users are required to register in order to access this. There is limited availability of printed agendas.

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Documents

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PUBLIC SESSION

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1 Apologies for Absence

2 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Governance Committee held on 11th January 2017 (copy previously circulated).

3 Public Question Time (See paragraph above)

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 Management Report 2016-17 **5 - 31**

6 Key Financial Indicators at 28th February 2017 Report **32 - 38**

Audit and Governance

7 Internal Audit Activity Report for the period to 10th March 2017 **39 - 45**

8 Internal Audit Plan 2017-2018 **46 - 51**

9 External Audit Work Plan 2016-17 **52 - 71**

10 Annual Governance Statement 2016-17 **72 - 100**

Committee Operation

11	Forward Look 2017-18	101 - 105
12	Governance Committee Annual Report 2016-17	106 - 110
13	Governance Committee Self Assessment	111 - 115
14	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 no items for Private Session.

Third Quarter Performance Management Report 2016/17		Agenda No: 5
Portfolio:	Finance and Performance	
Corporate Outcome	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Tracey Headford, Performance and Improvement Manager	
Report prepared by:	Tracey Headford, Performance and Improvement Manager	
Background Papers:	Public Report	
Third Quarter Performance Management Report 2016/17		
Options:	Key Decision: No	
To note the report		
Executive Summary:		
<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 2016).</p> <p>As at the end of the third quarter, nine projects are now complete and 36 are on track to meet their target dates. One project has an amber status as the service is not performing as expected.</p> <p>For performance indicators at the end of the quarter, twelve have met or exceeded target, one performance indicator has missed target by less than 5% and five have missed target by more than 5%.</p> <p>Under performance has been noted in the following areas:</p> <p>The performance indicator that has missed target by less than 5% relates to the percentage of council tax collected which has marginally missed target and is expected to meet target at the end of the year.</p> <p><u>Tonnage of residual waste not recycled</u> This is continuing to see a reduction each quarter but has yet to achieve target. The outturn in the third quarter is 105kgs against a target of 99kgs. We continue to door step customers to encourage participation in recycling and increase the recycling rate which will also positively impact on the tonnage of waste.</p> <p><u>Business start-ups and jobs created through advice and support</u> These two performance indicators are delivered by Ignite. They have not met target in the third quarter and further work is being carried out to understand the reasons behind this. Resource is being increased at Ignite to carry out additional targeted promotion around the service they provide.</p>		

Number of visits to our leisure centres

The outturn in the third quarter achieved 239,832 against the target of 260,439. There are various reasons for the reduction in the number of visits. A number of junior activities introduced in November 2015 saw an initial spike in uptake but this has since reduced. Weather conditions have also impacted on participation levels for outdoor sporting activities. Fusion are focussing their efforts on increasing numbers for junior clubs and are improving outdoor pitches to provide all year round sporting opportunities.

Passenger journeys on the Community Transport scheme

Achieved 11,667 against a target of 12,906. There has been a decline in the number of passenger journeys for a number of reasons which are being explored to gain a greater understanding.

Financial Performance

The financial information in the performance management report details the financial position as at the end of December 2016 providing an updated review of the financial position for the year. It examines the latest forecast for 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 for the year is forecast of £487,000 (-3.7%) against the budget of £13.107million. This represents a positive change of £184,000 from the position reported on at the end of the second quarter.
- Income is forecast to be overachieved by £273,000; and there is a projected net underspend of £214,000 on staffing and other expenditure.
- The 2017/18 proposed Budget already makes provision for £407,000 of the current year variance where this has been assessed as having an on-going effect.

For a detailed explanation of the financial performance, please refer to page 16 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 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 projects around reducing energy consumption and carbon emissions.
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 TO 31ST DECEMBER 2016

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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 the 'Annual Plan 2016/17'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 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 the 'Annual Plan 2016/17'




Corporate Priorities	Status of projects and actions				
					
Environment and Place	2	6	-	-	-
Strategic Growth and Infrastructure	1	7	-	-	-
Economic Development	1	8	1	-	-
Health and Communities	4	6	-	-	1
Finance and Performance	1	4	-	-	-
Overall Strategy and Direction	-	5	-	-	2
TOTAL	9	36	1	-	3

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 the 'Annual Plan 2016/17'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	3	-	1	-
Strategic Growth and Infrastructure	2	-	-	-
Economic Development	-	-	2	1
Health and Communities	1	-	2	-
Finance and Performance	6	1	-	-
TOTAL	12	1	5	1

KEY:

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

Summary Position

In the third quarter, a total of nine projects are now completed and a further 36 projects are progressing well. One project has an amber status as the service is not performing as expected.

Twelve performance indicators have achieved or exceed target, one has missed target by less than 5% and five have missed target by more than 5%. There are varying reasons for not meeting target in the third quarter and reasons are detailed in the report together with any action being taken to improve performance. Under performance is being monitored closely.



Environment and Place

Project description and comments	Target Date	Status
Expand the recycling waste service to all flats where suitable and introduce food waste recycling at participating primary schools within the District		
The recycling waste service has been expanded to all suitable flats and 26 schools across the District. A recycling rewards scheme funded by the Department of Communities and Local Government was launched in December to encouraging recycling in flats.	March 2017	✓
Expand our trade waste collection service to businesses across the District		
Work is continuing on the trade waste operational plan to market and develop the trade waste service. Software improvements to the current database has been scoped to include trade waste which will improve the service provided to customers	March 2017	▶
Work with other Essex Councils on waste minimisation campaigns to reduce residual waste		
The Essex Waste Management Partnership has established a work stream around waste prevention and is running a number of campaigns to encourage residents to reduce, reuse, repair or recycle their waste. In October, all Essex Authorities launched a scheme to reuse and recycle old clothes and textiles.	March 2017	▶
Refurbish two play areas at Goldingham Drive, Braintree and Milton Avenue, Braintree to improve local play provision		
Consultation events have taken place where designs of the play areas have been shared with residents. Once the consultation results have been evaluated, work can commence on the preferred designs.	February 2017	▶
Repair and resurface the path network to our open spaces, sports grounds and cemeteries in Braintree and Witham providing a better and safer environment for visitors		
Due to poor ground conditions during the winter months, the project end date has been extended until the end of March 2017. Works have now been completed at Fairview and are underway at Bramble Road and Witham Cemetery.	March 2017	▶
Help residents and businesses lower the costs of their energy bills and reduce energy consumption through our energy switching schemes		
The latest energy switching scheme ended in October. 1159 residents registered and 422 households have signed up to the alternative deal offered to them. A further switching scheme will take place in February 2017.	March 2017	▶
Encourage residents to take pride in the District by reporting litter hotspots and litterbugs under the 'see-it, report-it' initiative		
In the third quarter of the year, residents have reported 770 incidents under the 'see-it, report-it' initiative.	March 2017	▶
Run a change in behaviour campaign to reduce litter and keep the District clean and tidy		
The anti-litter campaign which spans across Essex, Kent and Suffolk has resulted in a reduction in litter for the third year in a row. In the areas monitored, and independently verified by Keep Britain tidy figures show an average drop in litter by 43%.	March 2017	✓




Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
Produce a draft Local Plan to ensure new homes, sustainable growth and economic development for the District		
The background evidence base studies that feed into the Local Plan have been completed for the preferred options draft. Draft reports in respect of the infrastructure delivery plan, viability and water cycle study have been received and the report for critical drainage is expected in January 2017.	February 2017	▶
The consultation on the draft Local Plan finished on the 19 th August with 3100 comments received. The evidence base needs to be considered thoroughly before submission and any amendments to the Local Plan in response to the consultation are being taken through the committee process.	February 2017	▶
Support the development of planning applications relating to the delivery of major sites in the District		
A total of 108 homes have been granted planning permission through the determination of major planning applications in the third quarter. In total for the year, 1,309 homes have been granted permission exceeding the annual target of 845.	March 2017	▶
Help make sure housing needs of the District are met over the next 5 years		
The new Housing Allocations Policy which sets out the requirements for allocating affordable housing has been agreed by Cabinet and is now published on the Gateway to Homechoice website.	August 2016	✓
The new Housing Strategy was approved at Cabinet in November and will be published on our website in the new year.	March 2017	▶
Work with partner agencies to continue to drive forward strategic improvements to the A12/A120 and the Braintree to Witham rail link		
A working group has been set up with Highways England, Essex County Council and Braintree District Council to progress delivery of the Millennium Way slip roads. A plan detailing the extent of land required for the slip roads has been received and costs for options investigated. An executive summary has been provided to James Cleverly MP to lobby for funding. Briefings are being arranged for local Members and Group leaders at Braintree District Council. Conversations have taken place regarding proposals to widen the A12 and the options for the A120 which are out for consultation in the new year.	December 2019	▶
The GRIP (Governance for Railway Investment Projects) study has now commenced and Braintree District Council has provided comments on the Network Rail's customer requirements document to ensure all options will be considered.	March 2017	▶
Work with Essex County Council to reduce congestion at Springwood Drive roundabout		
ECC are working on an Integrated Transport package for Braintree looking at options and costs for improvements to the Springwood Drive roundabout. Minor improvements suggested by the local businesses on Springwood Drive submitted to the Local Highways Panel are being reconsidered and dialogue is ongoing with local businesses.	March 2017	▶











Economic Development

Project description and comments	Target Date	Status
Complete a programme of improvements to key industrial estates and business parks to support business growth and attract investment to the District		
Braintree – the contract for signage improvement works has been commissioned and site surveys are being undertaken. Businesses will be consulted on in January.	March 2017	▶
Witham – signage improvements have been completed. Officers are now looking at funding projects put forward by Witham Industrial Watch.	March 2017	▶
Halstead - costings for road improvements along third and fifth avenues are significantly higher than the funding available and the scheme is not considered to be viable at this time. Funding provisionally allocated to Halstead has no deadline for expenditure however; no other significant improvements have been identified.	March 2017	✓
To strengthen business engagement by delivering a programme of events in collaboration with Essex Chambers of Commerce		
A business engagement breakfast around the Apprenticeship Levy held in December was well attended providing local businesses with access to the latest information on the changes to government funding for apprenticeships. A further event is planned in March 2017 around rural businesses and broadband.	March 2017	▶
Support 77 business start-ups in conjunction with IGNITE		
Since April 2016, a total of 57 business start-ups have been supported and a total of 73 jobs created through business advice and support provided. The performance figures are currently not meeting target as expected and Ignite are increasing resource to allow additional promotion of the service	March 2017	▲
Support the establishment of a District education and skills board to address educational attainment and employment skills needs within the District		
The shape of Braintree Employment and Skills Board has been mapped out. Work has now begun to shortlist a number of growth sector employers who can be approached in the District to become board members. Colchester Institute have confirmed their full support of the board and are keen to join	March 2017	▶
Work with a range of partners and stakeholders to improve the three town centres in the District		
Braintree Town Centre – A workshop has been held between officers from Braintree District Council and Essex County Council in December to define the vision for Braintree. Further workshops will be held in the new year. Once plans are drafted, a member workshop and local engagement will follow.	March 2017	▶
Halstead Town Centre –Meetings held with Essex Highways Network Management who have evaluated the Masterplan regeneration proposals. Currently progressing agreement with the Highways Authority as to the works required on the highway. Timescales have been amended to allow time for achieving local consensus.	March 2017	▶
Witham Town Centre – A series of studies and reports are in progress to review the aims and objectives of the Masterplan regeneration proposals which will be presented to the project board for them to determine the future course of this project. Timescales have been amended to allow further time for the proposals to be considered.	March 2017	▶

Maximise superfast broadband coverage across the District by working with Superfast Essex		
Discussions are ongoing with Superfast Essex in relation to the phase III options for additional coverage across the District.	March 2018	



Health and Communities

Project description and comments	Target Date	Status
Work with Active Braintree Network to increase access to new sporting opportunities and activities		
The 'Get Outdoors' campaign was launched by Fusion in the summer to encourage residents to participate in outdoor activities including instructor lead sessions at outdoor gyms.	September 2017	
Encourage residents to be more active by developing a 'Be-Well' strategy		
Draft strategy is in discussion with Active Essex and Mid Essex Clinical Commissioning Group. Consultation with key stakeholders and partners will take place in the fourth quarter.	March 2017	
Ensure the football pitches on the Deanery Gardens sports ground and the rugby pitch on King George V playing field are in year-round condition through the installation of a piped drainage system		
This project has been transferred into next year's delivery plan as the installation of a piped drainage system needs to take place outside the football season to minimise the impact on residents using the facilities.	September 2016	
Address the priorities for the District in a co-ordinated way through the Braintree District Health and Wellbeing Panel		
A healthy eating recipe book has been published and promoted through the Livewell website to encourage residents to eat a healthy, balanced diet.	September 2016	
Livewell Child will be launched in January with twelve schools taking part. Focus groups are being planned throughout the year to receive constant feedback on the campaigns and materials produced for the campaigns.	March 2017	
Invest in local health facilities to help provide primary care services that can meet current and future needs as the District grows		
Members have approved proposals to invest in local health facilities across the District. Meetings have been held to discuss the opportunity to develop a doctors' surgery in Witham and are currently exploring site options. The Council have purchased the site at the College in Braintree and work is progressing on converting the premises into a Doctors' surgery. Discussions are taking place with GP surgeries and the Clinical Commissioning Group to provide improved facilities in Sible Hedingham.	March 2017	
Improve the living conditions, access to services and the health and wellbeing of vulnerable people on low incomes		
A booklet is being produced to help park home owners improve their living standards. A competition will be held in the new year to externally clad park homes with the winning home acting as a show home for other owners to follow suit.	February 2017	
Run a winter warmth campaign to provide advice to residents on improving energy efficiency to help keep warm during the winter months		
A leaflet providing advice on keeping warm during the winter months and offering advice and support has been distributed to 4,000 individuals and 40 outlets including doctors' surgeries, pharmacies and community centres.	February 2017	

Work towards making the District dementia friendly through the work of our Braintree District Dementia Action Alliance		
The Dementia Action Alliance now has 19 member organisations including the three main libraries across the District. Following the success of the Alzheimer's Society Roadshow which visited Braintree in August, we have submitted a request for the tour to visit Witham in the spring.	March 2017	▶
Support community groups to deliver local projects and activities through the introduction of a Councillor Community Grant Scheme		
The new Councillor Community Grant scheme was launched in September to provide Councillors with £1,500 each per year which they can allocate to community projects and initiatives in their local area.	September 2016	✔
Engage with young people by developing a young person's on-line forum helping them to have a voice on topics and concerns that affect them		
Discussions are taking place with students from Braintree College as to whether they wish to be involved in a project to develop a young person's on-line forum.	March 2017	▶



Finance and Performance

Project description and comments	Target Date	Status
Continue to review how we deliver our services ensuring we provide value for money and focus our resources on what is important to those living and working in our District		
A schedule of planned service reviews continues to be updated to inform future reviews with the aim of minimising the budget gap	March 2017	▶
Develop commercial opportunities to generate income and identify further opportunities for income growth		
A sponsorship officer has been appointed to look at ways in which we can generate further income through advertising and a staff suggestion scheme is being developed allowing staff to contribute ideas that may generate income	March 2017	▶
Use our Investment Strategy to maximise income and strengthen the Councils financial independence, supporting our ability to invest in the District		
Cabinet agreed in May a District Investment Strategy with resources of £28million identified for investment projects. The purchase of a property from Braintree College was completed on 13th October and leased on to Virgin Healthcare. Two further property purchases were agreed by Council in December which will generate a good revenue return to support the Council's revenue account.	March 2017	▶
Improve customer focused services by delivering a programme of continuous improvement and achieve the Customer Service Excellence Standard for the third year		
Customer Service Excellence accreditation has been achieved for a further year with just one area of partial compliance and six areas achieving compliance plus. A further assessment is planned to take place in June 2017.	June 2016	✔
Improve our services through the use of technology to make sure they are easy and convenient to use		
A module enabling customers to view their council tax bills securely on line was launched in October with over 1000 residents now signed up to this service. Promotional activities are underway to encourage customers to transact with us on line and the requirements for an online booking system are currently being scoped.	March 2017	▶





















Overall Strategy and Direction

Project description and comments	Target Date	Status
Continue to work in partnership with other Essex Authorities and other public and private sector organisations to develop devolution proposals for Essex to achieve greater local control of decisions and funds to deliver better outcomes for residents and businesses across the County and District		
The Government policy remains the same and in order to secure a devolution deal, combined authority areas must have a directly elected mayor. This means that the Greater Essex devolution programme is not viable for the foreseeable future. However, this does not mean that the 15 Local Authorities cannot work together to be in a prominent position to take on Devolution should the opportunity arise	March 2017	
Contribute to the work of the Essex Waste Management Partnership to lower collection and disposal costs across Essex		
A series of campaigns to recycle electrical items and textiles commenced in October 2016 and due to the success of the campaign, this service will continue to be provided. Changes have been implemented at the recycling centres from the 31st October to reduce the volume of commercial waste being taken into the centres and consideration is being given to setting up a Countywide group to tackle fly tipping with partner agencies.	March 2017	
Work with other local authorities in Essex to establish a building control shared service across the county which will deliver higher standards of customer service, retain and attract staff to reduce costs		
A decision has been made not to continue with the joint working initiative following the withdrawal of a number of authorities from the project. A meeting will be held in October to review the lessons learnt.	March 2017	
Drive forward economic growth and infrastructure improvements in the District and surrounding areas by continuing to work with the Haven Gateway Partnership		
A short list of route options for the A120 will be published in January to coincide with the Haven Gateway Partnership's Parliamentary reception and a number of events are taking place to consult with stakeholders on the route options	March 2017	
Work with Essex County Council, Highways Agency and other Essex District councils on the options for the new A120 route		
Braintree District Council is actively participating in a number of different forums and events to consult on the proposal for the route options of the A120	March 2017	
Continue to work with key partners including neighbouring councils on the strategic planning for the housing and economic growth required in the District to support the work in the new Local Plan		
Cabinet agreed a budget to develop a business case for a Housing Development Company. We are continuing to work with three other local authorities on proposals for North Essex Garden Community projects to deliver over 30,000 homes and 10,000 jobs and discussions have been held regarding the responses to our draft Local Plan	March 2017	
Develop and deliver a District Investment Strategy that invests in improved and new infrastructure, economic growth and regeneration projects and new health facilities to meet the needs of the District now and in the future		
In May, the Council approved its £28 million District Investment Strategy to help improve the district and support current and future growth. Work to convert premises at the College in Braintree to a doctors' surgery has commenced and is due to be completed in March 2017.	March 2017	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2016/17						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Environment and Place							
Percentage of land that falls below cleanliness standards for litter	n/a	5%	5%		6%		Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	53.32%	54.19%	52.32%		52.06%		
Tonnage of residual household per household waste not recycled	130kgs	107kgs	105kgs		99kgs		Tonnage of waste continues to reduce but has still not achieved target. We continue to door step customers and a number of campaigns are underway to encourage recycling reducing waste to landfill
Percentage of fly tips cleared within 24 hours of being reported	100%	100%	100%		100%		Represents 188 fly-tips dealt with in the quarter
Number of fuel poverty and domestic energy reduction installations carried out							Annually reported
Strategic Growth and Infrastructure							
Number of affordable homes delivered	8	27	0		0		We were not expecting delivery of any affordable homes in the third quarter of the year
Number of homes granted planning permission	571	630	108		105		
Economic Development							
Number of new business start-ups in the District created in partnership with Ignite Business	22	19	16		18		The performance of the service has not been as expected for the third quarter of the year and target has not been met. Ignite are increasing resource to allow additional promotion of the service.
Number of jobs created through business advice and support	29	26	18		27		
Percentage of District on high speed broadband connection	71%	71%	71%		Data Only	N/A	Project is being delivered by Superfast Essex. End of phase one is where it is expected to be.
Health and Communities							
Number of Disabled Facilities Grants processed throughout the year	39	68	47		36		

Performance Indicator	2016/17						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Total number of visits to our Leisure facilities	262,357	247,152	239,832		260,439		There has been a reduction in the number of visitors to our Leisure facilities in the third quarter of the year for various reasons. A number of junior activities introduced in November 2015 saw an initial spike in uptake but has since reduced. Weather conditions have also impacted on outdoor sports. Fusion are focussing their efforts on increasing numbers for junior clubs and are improving outdoor pitches to provide all year round sporting opportunities
Number of passenger journeys on the Community Transport Scheme	14,168	12,797	11,667		12,906		There has been a decline in the number of passenger journeys for a number of reasons which are being explored to gain a greater understanding
Finance and Performance							
Average call answer time in the Customer Service Centre	13 seconds	17 seconds	9 seconds		15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.75 days	17.58 days	15.11 days		18 days		
Time taken to process housing benefit claim changes	6.41 days	5.87 days	4.72 days		6 days		
Percentage of Stage 1 complaints responded to within target	98.59%	92.90%	92.09%		90%		
Collection rate for Council Tax	30.81%	59.25%	87.08%		87.19%		Has marginally missed target. Expected to achieve target at the end of the year
Collection rate for Business Rates	31.25%	58.43%	84.99%		84.49%		
Percentage of invoices paid within 30 days of receipt	99.40%	99.04%	99.51%		98.50%		

Complaints

The quarterly complaints analysis for the third quarter of 2016/17 is detailed below. This is compared with 2015/16 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	TOTAL
Justified	112 (83)	52 (90)	46 (108)	(125)	(406)
Not Justified	72 (45)	104 (65)	73 (70)	(101)	(281)
Partially Justified	31 (17)	24 (30)	23 (21)	(24)	(95)
Not known	0 (0)	3 (1)	0 (1)	(0)	(2)
Total	215 (145)	183 (186)	142 (200)	(250)	(784)

Comments

The number of complaints received in the third quarter of the year continues to reduce due the Operations service area receiving fewer complaints. The majority of complaints received are regarding missed waste collections or the suspension of the garden waste service. We continue to ensure customers are kept informed of any access issues regarding waste collections and where collections are missed, the majority are collected within 24 hours. The service continues to monitor issues with missed waste collections to help reduce the number of complaints received further. The rationale behind the suspension of the garden waste service over the winter months has been explained to customers.

In the third quarter of 2016/17, of the 142 complaints received:

- 139 are stage one complaints
- 3 are stage two complaints
- There are no stage three complaints

A summary of Local Government Ombudsman cases:

In the third quarter of 2016/17 the LGO has received three new complaints all of which are currently being investigated.

The LGO also issued two final decisions on complaints received in previous quarters. One complaint was outside the timescales and not investigated and the second complaint the LGO declined to investigate as there is no evidence of injustice and part of the complaint related to the Local Plan which is still ongoing with a separate consultation process.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Change on previous period	Yearly Target
Total headcount	467	466	468		+ 2	-
Total number of posts	476	477	480		+ 3	-
Number of temporary staff	44	42	42		-	-
Total staff FTE	421.99	421.30	425.57		+ 4.27	-
Level of employee turnover	2.78%	3.43%	1.93%		- 1.5%	-
Number of leavers	13	16	9		- 7	-
Number of starters	9	15	11		- 4	-
Working days lost to sickness per employee	2.1 days	1.99 days	2.35 days		+ 0.36 days	8.0 days
Percentage of staff with nil sickness	74%	59%	45.3%		- 13.7%	-
Number of learning hours	9140.50	8276.50	8415.50		+ 139	-
Number of delegates	192	266	290		+ 24	-
Number of apprentices **	19	16	15		- 1	-

Year on Year Headcount Analysis	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	503	485	466	478	472	470

** BDC's apprenticeship programme runs from September each year. The figures reflect level 2 and level 3 apprenticeships.

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	
	(2015/16 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	11 (6)	12 (12)	6 (5)	(11)	
<i>Accidents/ incidents to employees</i>	8 (4)	9 (9)	6 (5)	(9)	Slips and trips are the main cause of accidents in the third quarter.
<i>Accidents/ incidents to contractors</i>	1 (2)	1 (1)	0 (0)	(2)	
<i>Accidents/ incidents to non-employees</i>	2 (0)	2 (1)	0 (0)	(0)	
Time lost in days due to employee accidents/ incidents	105 (3)	16 (76)	40 (42)	(5)	The figures represent two members of staff in Horticultural Services and Street Scene.
Number of reported verbal/ physical incidents to employees	1 (0)	1 (1)	0 (0)	(2)	
Number of near miss incidents	0 (1)	0 (0)	1 (1)	(0)	A light fitting at the Town Hall fell narrowly missed a member of staff.
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	0 (0)	0 (0)	(0)	
Number of claims settled	0 (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 examines the latest forecast for 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 for the year is forecast of £487,000 (-3.7%) against the budget of £13.107million. This represents a positive change of £184,000 from the position reported at the second quarter.
- Income is forecast to be overachieved by £273,000; and there is a projected net underspend of £214,000 on staffing and other expenditure.
- The 2017/18 proposed Budget already makes provision for £407,000 of the current year variance where this has been assessed as having an on-going effect.

Revenue Spending by Services

Business Plan Service	Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,805)	(1,836)	1	20	(52)	(31)	G
Business Solutions	1,850	1,842	(8)	-	-	(8)	G
Community Services	555	538	(1)	(22)	6	(17)	G
Corporate Management Plan	1,362	1,329	(2)	(31)	-	(33)	G
Cultural Services	240	240	-	-	-	-	G
Environment	633	572	(82)	(2)	23	(61)	G
Finance	1,347	837	(94)	(77)	(339)	(510)	G
Governance	991	999	(1)	11	(2)	8	A
Housing Services	761	771	47	(38)	1	10	A
Human Resources	342	353	3	8	-	11	A
Leisure Services	(54)	(54)	-	-	-	-	G
Marketing and Communications	424	395	-	(7)	(22)	(29)	G
Operations	4,295	4,491	(75)	59	212	196	A
Sustainable Development	759	726	(45)	17	(5)	(33)	G
Service Total	11,700	11,203	(257)	(62)	(178)	(497)	G
Corporate Financing	1,557	1,430	-	(32)	(95)	(127)	G
Efficiency target	(150)	(13)	137	-	-	137	
Total	13,107	12,620	(120)	(94)	(273)	(487)	G

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	Projected Spend £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	273	274	1	A
Business Solutions	844	836	(8)	G
Community Services	336	335	(1)	G
Corporate Management Plan	1,166	1,164	(2)	G
Cultural Services	189	189	-	G
Environment	1,314	1,232	(82)	G
Finance	2,384	2,290	(94)	G
Governance	453	452	(1)	G
Housing Services	716	763	47	A
Human Resources	347	350	3	A
Leisure Services	124	124	-	G
Marketing and Communications	284	284	-	G
Operations	4,843	4,768	(75)	G

Business Plan – Staffing Budgets	Budget	Projected Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Sustainable Development	1,873	1,828	(45)	G
Service Total	15,146	14,889	(257)	G
Efficiency target	(150)	(13)	137	
Net Total	14,996	14,876	(120)	G

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

Commentary on staffing variations:

Savings on staffing budgets are expected to be achieved through a combination of vacant posts, reductions in hours worked, appointments being made at lower grade/ scale points, and through other service restructures and efficiency reviews. Based on the information known at the end of the Quarter it is projected that across all services there will be a net underspend of £257,000 for the year against staffing budgets. The approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances. Taking into account the projected net underspend across services and a corporate saving of £13,000 from the implementation of an annual leave purchase scheme for staff, it is currently anticipated that the target will be exceeded for the year by £120,000, an improvement of £86,000 against the previous quarter.

Whilst **Operations** is showing a net projected underspend of £75,000 this is comprised of a projected overspend on the **Waste Management** service of £106,000 where additional agency support is being required to provide cover due to a combination of factors: abnormally high sickness levels, holiday cover, and vacancies. The service continues to closely monitor the position, taking action where possible to contain costs. Mitigating this position the service has a projected underspend of £131,000 within **Management & Administration** where external funding is being applied to meet the costs of certain posts, and vacancies held over. Further savings totalling £50,000 are projected in areas such as **Horticultural Services, Street Scene Protection, and Cemeteries** from current vacancies.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £94,000. Contained within this net position are the following items:

Main positive variances:

- **Housing Benefits:** Whilst the majority of housing benefit costs incurred by the Council is met from subsidy received from the Department for Works and Pensions, the Council allowed for a net cost in its budget for 2016/17 of £352,000 – actual costs in 2015/16 were £343,000. In-year monitoring of net expenditure indicates a lower cost this year compared with last year for the period to the end of December, therefore, a full-year underspend of £60,000 is currently being forecast.
- **Corporate Costs:** External audit fees are expected to be lower than budget by £25,000 coupled with a further reduction in bank charges (£5,000).

Previous Quarterly projections included forecast underspends on Corporate Systems; however, these may now be utilised to meet expenditure relating to the transitional changes to the provision of future ICT support to the Council.

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 £52 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 can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

The amount of business rates ultimately retained depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). Variances are accounted for via the Collection Fund and taken into account when determining future budgets and council tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the business rate retention reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained "locally" which will be rebated against the 2016/17 levy. 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 and as such no estimate of the amount was included in the original budget.

Other external income for which the Council has budgeted £13.763million 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 £273,000, as shown in the table below:

Business Plan	Updated Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		5,117	5,248	2,543	855	13,763	
		<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	2,584	-	15	(63)	(4)	(52)	G
Business Solutions	15	-	-	-	-	-	G
Community Services	210	-	8	-	(2)	6	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	108	-	-	-	-	-	G
Environment	804	(4)	(7)	-	34	23	A
Finance	2,166	(166)	-	-	(173)	(339)	G
Governance	36	-	(2)	-	-	(2)	G
Housing	58	-	(3)	4	-	1	A
Human Resources	-	-	-	-	-	-	G
Leisure Services	724	-	-	-	-	-	G
Marketing & Communications	27	-	(12)	-	(10)	(22)	G
Operations	5,387	24	186	3	(1)	212	A
Sustainable Development	1,218	-	9	-	(15)	(6)	G
Service Total	13,337	(146)	194	(56)	(171)	(179)	G
Corporate Financing	426	(86)	-	-	(8)	(94)	G
Total	13,763	(232)	194	(56)	(179)	(273)	G

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

Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £5.117million, against which it is currently predicted to be over-achieved by £232,000. The main sources of income and forecast outturn are:

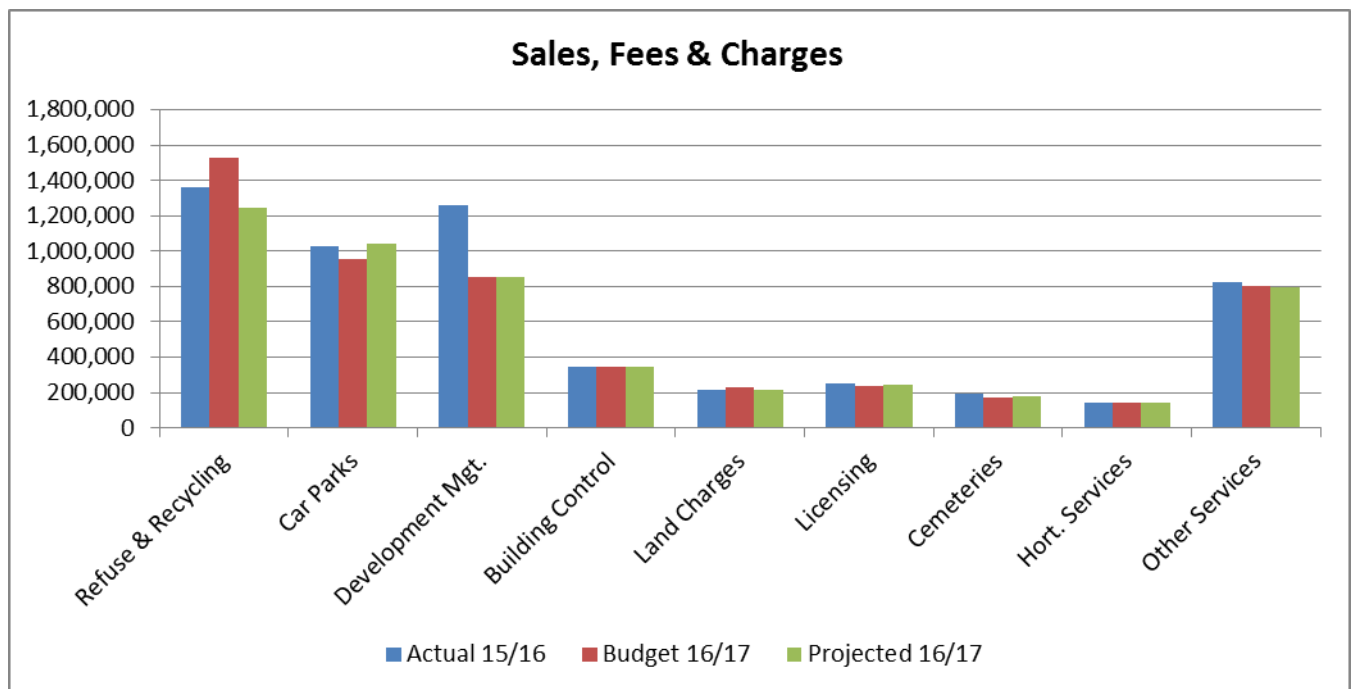
- **Essex County Council:** a £2.240million budget for contributions towards services such as community transport, horticultural services, food waste service, and recycling. An

adverse variance of £17,000 is currently forecast mainly due to a recalculation by Essex County Council of income due under the Waste Management Inter-Authority Agreement, partially offset by additional income in other areas.

- **Procurement Hub:** subscriptions from participating authorities along with commission's receivable from the use by other organisations of the procurement frameworks set-up by the Hub give a total budget of £543,000. Arrangements with the participating authorities provide for rebates (shown as expenditure) against their subscriptions based on the overall financial performance of the Hub in the year.
- **Council Tax sharing and other collection investment arrangements:** £426,000 was provided in the budget as Braintree's share from the major precepting bodies of the additional council tax being collected. Based on the third quarter performance it is expected that income growth will continue into 2016/17 giving a projected over-achievement of £86,000. In addition, the Council has budgeted for arrangements with the major precepting bodies to provide £112,000 towards improving council tax collection arrangements, including prevention and detection of fraud, and partial funding towards the exceptional hardship fund.
- **Benefit overpayment recoveries and administrative penalties:** based on last year's outturn and actual income received in-year, it is anticipated that recoveries will be higher than the original budget allowance of £284,000 by £187,000, which is an improvement over Quarter 2 of £40,000.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £5.248million. The current projection is for an overall under achievement of £194,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- **Refuse & Recycling - Sale of Recycling Materials:** The budget for income from sales is £624,000. As previously reported the Council has entered into a new 5-year extension to the contract for mixed dry materials which results in the income receivable for the current year being reduced by 50%. This will then be recovered over the following two years by a reduction in the gate fee to be charged by the contractor. The impact in the current year is a reduction in income of £270,000 with the on-going consequences now reflected in the

proposed Budget for 2017/18. In addition, the Council is receiving a lower price for glass materials than was provided in the original budget following on from the reductions experienced over the 2015/16 financial year giving a predicted shortfall of £57,000. Partially offsetting these two issues in the current year is projected additional income of £35,000 from the collection of commercial waste.

- **Car Parks:** The Council continues to experience an upward trend in pay and display income giving an overall forecast positive variance of £90,000 against the budget, taking the total income expected to £1.044million (£1.028million in 2015/16).
- **Development Management:** In 2015/16 the Council experienced a significant spike in planning application fee income. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £125,000. Based on the amount of income received to the end of the Quarter and using past experience, service management expect income will achieve the higher budgeted amount – an improvement from the position reported at the previous Quarter where a shortfall against budget of £50,000 was predicted. Progress towards the adoption of the Local Plan should bring about the associated application fee income; however, predicting the timing of this income is inherently difficult.

Rental Income

The budget for rental income from land & property is £2.543million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The forecast for the year is currently an over achievement of £56,000.

Commentary on Rental Income:

Asset Management: additional rental income of £69,000 has been allowed following completion of the acquisition of Block B at the College in Braintree, which is now leased to a third party to re-provision health facilities in the Braintree area. A number of rent reviews remain outstanding which once settled may provide for some one-off back-dated additional income as well as on-going increases.

Other Service & Corporate Income

Total budgeted Other Income is £855,000 which comprises mainly the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £621,000, but is now expected to be higher by £104,000 as additional amounts have been added to the Council's long-term pooled funds which were not reflected in the original budget.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £124,000 of income from investment in solar panels at various Council facilities. However, due to changes by the Government in the tariff arrangements the Council halted its investment in panels at the George Yard car park and its extension of the installation at Witham Leisure Centre. Consequently, it is predicted that, after taking account of slightly better returns on existing schemes, there will be a net shortfall against the budget of £40,000.
- **Government grant:** included in the overall variance is an additional £66,000 of government grant towards the administration costs of the Local Council Tax Support scheme, for which details of entitlement were not announced until after the Council had agreed the budget for 2016/17.

Treasury Management

The Council's treasury management activity for the year is summarised in the table below:

Amount Invested at the Start of the Year	Activity for the year		Amount Invested at 31 Dec
	New Investments	Investments Sold or Matured	
£36.27m	£78.50m	£62.67m	£52.10m
Average amount invested to end of quarter			£52.80m
Highest amount invested			£60.23m

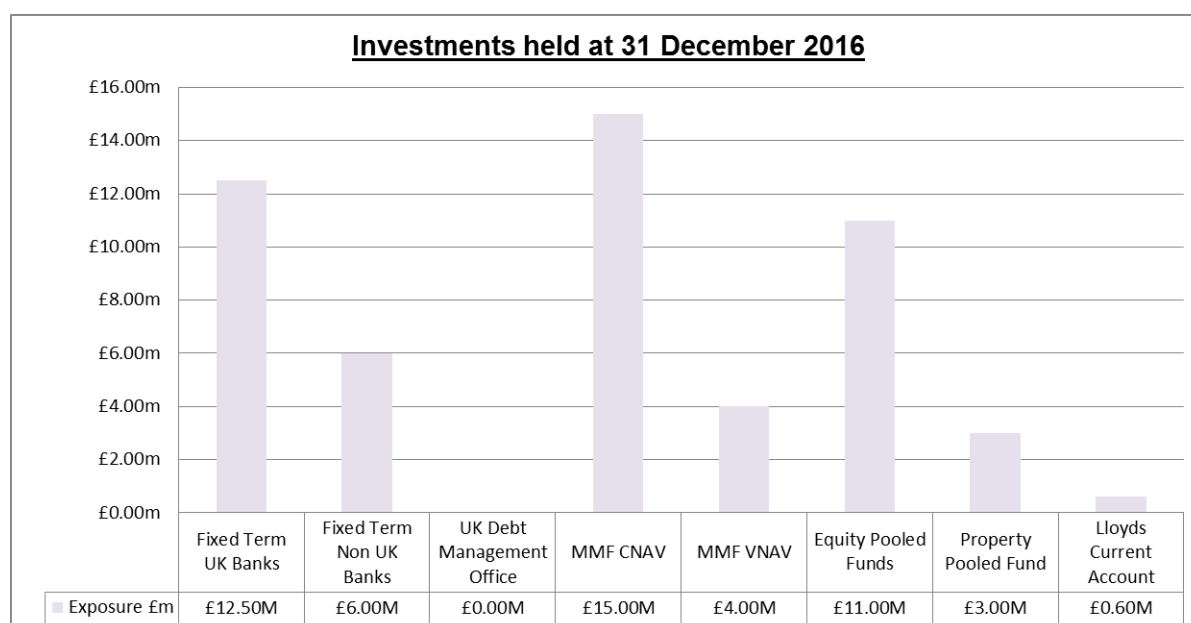
During the last quarter the Council increased the amount invested for the long-term by a further £2million taking the total to £14million spread across a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and 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 £607,000, which is equivalent to an annualised rate of return of 1.53%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£12.40m	£457,000	4.89%
Short-Term	£40.40m	£150,000	0.49%
Total	£52.80m	£607,000	1.53%

Investment returns have been increased by the dividend income from the long-term investments; however, as the funds are exposed to market conditions their value can fluctuate. At the end of the Quarter the market valuation for all funds was £15.033million, representing an unrealised gain of £1.033million against the amount invested which is an improvement over the previous quarter of £533,000. Following a recovery after initial sharp falls in Quarter 2, equity markets have since rallied. The FTSE-100 and FTSE All Share indices closed at 7142.83 and 3873.22 respectively on 30th December, up 3.5% and 3.1% over the quarter.

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 projected outturn set out above, the estimated movement on the General Fund balance is as follows:

	£'000
Balance at 1 April 2016	8,421
Add:	
Budgeted addition	526
Projected variance at Q3	487
Less:	
Allocated to Investment Strategy	5,000
Est. Balance at 31 March 2017	4,434

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

- The budget approved by Council for 2016/17 included an anticipated addition to balances of £526,234.
- The projected outturn variance for the year currently results in an estimated addition of £487,000.
- Cabinet approved a district investment strategy at its meeting on 23 May 2016, which included an allocation of £5million from the General Fund unallocated balances.

Risks and Assumptions

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. The previous year outturn and trends in-year have 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.

External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

Capital Investment

In February 2016 the Council approved new capital projects for 2016/17 totalling £1.993million. 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 £7.426million.

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 2016/17	Actual spend	Grants approved not yet paid	Budget remaining	Spend & grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	5,858	2,444	-	3,414	42%
Housing Investment	1,280	848	154	278	78%
Capital Salaries	288	216	-	72	75%
Total	7,426	3,508	154	3,764	49%

The General Fund Services programme for the year includes:

- 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.
- Purchase of replacement vehicles for operational services
- Purchase and conversion of a building at Braintree College to be leased to a third party for providing replacement health facilities for the St Lawrence General Practitioner surgery
- Partial completion of works to develop new grow-on units at the rear of the Braintree Enterprise Centre and additional car parking facilities
- Acquisition of commercial properties
- 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.

At its meeting held on 23 May 2016, the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing, New Homes Bonus, and currently unallocated reserves giving a total of £28million to support the District's strategic growth ambitions. To date the Council has approved projects totalling £15.6million of which £3.3million is expected to be spent in the current year and included in the programme reported above. As further projects are developed and approved, these will be added into the overall capital programme.

In addition to the above capital programme, the Council has recently acquired replacement refuse freighters at a cost of £1.187million. The original budget for 2016/17 assumed these would be acquired under a lease arrangement and charged to the General Fund revenue account. However, following a financial appraisal the Corporate Director (Finance) has determined these will now be financed from the Council's own cash balances (internal borrowing), which after repayment of the sums used, will provide a saving on interest costs of around £50,000 per annum over seven years.

Capital resources

The main sources of new capital resources anticipated for the year are the sale of assets (£3.515million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£589,000).

Greenfields has reported that 28 RTB sales were completed by the end of the Quarter generating £2.913million for the Council, which exceeds the amount anticipated by £2.413million. This compares to 23 sales and £1.713million received for the whole of 2015/16.

VAT shelter monies due to the Council up to the end of the Quarter were £218,000, suggesting that the level of works being undertaken by Greenfields and falling within the arrangement is lower than previously anticipated and may result in a shortfall against the amount budgeted for the year.

Under the housing transfer agreement with Greenfields the Council has received £134,000 under clawback arrangements where land transferred from the Council has now been sold. A further £125,000 has also been received from repayment of housing renovation grants and for the release of restrictive covenants.

Grants received include £730,000 from the Better Care Fund via Essex County Council to fund the majority of the Council's disabled facility grant programme. This is an increase of £312,000 against the budgeted sum of £418,000.

During the Quarter the Council received £2,718,447 being its share of the growth element of the GCH Community Housing and Investment Partnership Fund following agreement by the Council and GCH to complete a deed of variation to the original housing stock transfer agreement. The deed of variation provides that each party should use reasonable endeavours to apply its share on the development of new affordable housing.

Key Financial Indicators – 28th February 2017		Agenda No: 6
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:		Public Report
Agenda item 10, Audit Panel 21 st September 2006		Key Decision: No
Executive Summary:		
<p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 28th February 2017.</p> <p>Commentary:</p> <p>a) The net General Fund revenue budget for the year is £13.108million. The net expenditure incurred in the year to 28th February was £8.361million. This represents a positive variance of £630,000 compared to the profiled budget of £8.991million. The predicted outturn for the year, conducted at the end of the third quarter, is a positive variance of £487,000; the variance is split between an over-achievement of income (£273,000) and a reduced level of expenditure compared against budget (£214,000).</p> <p>b) The total budget for Salaries for the year is £14.973million. Expenditure on salaries for the year to the end of February was £13.407million. This compares to a profiled budget of £13.534million. The positive variance of £127,000 is after allowing for £137,500 of the Efficiency Factor (£150,000 for the year).</p> <p>c) Expenditure on capital projects, to the end of February, was £5.893million against the Capital Programme of £8.356million. The main schemes on which expenditure has been incurred are: purchase of refuse vehicles (£1.187m), purchase of Block B Braintree College (£1.48m), Disabled Facilities Grants (£0.76m); purchase of 3/4 Century Drive (£0.78m); planned maintenance of council assets (£0.426m) and purchase of road sweepers (£0.31m).</p> <p>d) The total Council Tax collectable debit for the year is £80.34million. The collection rate as at the end of February is 97.2% (£78.09million collected), which compares to a rate of 97.1% for the same period last year, a small increase of 0.1%.</p> <p>e) The total Business Rates (National Non-Domestic Rates) collectable debit for the</p>		

year is £44.18million. The collection rate as at the end of February is 96.6% (£42.678million collected), which compares to a rate of 76.7% for the same period last year, a small reduction of 0.1%.

- f) A total of 1,317 write-offs of Council Tax, with a value of £190,696, have been authorised in the year to 28th February: 246 in respect of the current year and 1,071 in respect of previous financial years.
- g) A total of 95 write-offs of Business Rates, with a value of £223,658, have been authorised in the year to 28th February: 35 in respect of the current year and 60 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 £2.836million, of which £1.583million was in respect of Housing Benefit overpayments. The target for 2016/17 is to reduce the debt outstanding, excluding Housing Benefit overpayments, Museum Trust debt and invoices raised in March in respect of 2017/18, to £600,000 or less by 31st March 2017.
- i) Sundry debts, excluding housing benefit overpayments, were £1.253million at the end of February. This reduces to £0.649million 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 0.46%. This return was achieved on an average amount invested of £36.96million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) Dividends received/declared in the in the year to 28th February totalled £475,971 in respect of the investment of £14million in four equity funds (Threadneedle, M & G (Global Dividend Fund and Extra Income Fund) and Schrodgers) and one property fund (CCLA). The market values of these pooled funds show an unrealised net increase in the principal sum of £1.423million as at 28th February 2017. 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 £46.33million and in pooled funds, totalling £14million, as at 28th February 2017, is provided at Appendix B.

Recommended Decision:

Members are asked to accept the report of the Key Financial Indicators as at 28th February 2017.

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>Actual income and expenditure as at the end of February shows a positive variance of £630,000 compared to the profiled budget of £8.991million. The predicted outturn for the year, based on a review at the end of the third quarter, is a positive variance of £487,000.</p> <p>Collection rates on council tax and business rates have small variances compared to that achieved at the same period last year.</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
E-mail:	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 28th February 2017
APPENDIX A

	Full Year Budget 2016/17	Actual as at 28 Feb 2017	Profile to 28 Feb 2017	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	13,108	8,361	8,991	(630)	-7.0%
Capital Programme (Excl. capital salaries incl. below)	6,356	5,893			
General Fund - Salaries	14,973	13,407	13,534	(127)	-0.9%

	Full Year Target	Actual as at 28 Feb 2017	Actual as at 28 Feb 2016	Variance
Council Tax collection in year - %	98.00%	97.20%	97.10%	0.10%
Council Tax collection - income collected for year - £m	£79.82	£80.34	£73.89	£6.45
Write-offs in year (April to February) - £'000		£2	£33	-£31
Write-offs in year - (April to February) - number		246	226	20
Write-offs all years (April to February) - £'000		£191	£111	£79
Write-offs all years - (April to February) - number		1317	690	627
Business Rates collection in year - %	98.50%	96.60%	96.70%	-0.10%
Business Rates collected for year - £m	£44.43	£44.18	£42.00	£2.18
Write-offs in year (April to February) - £'000		£111	£28.70	£82
Write-offs in year - (April to February) - number		35	40	-5
Write-offs all years (April to February) - £'000		£224	£203	£21
Write-offs all years - (April to February) - number		95	120	-25
Creditors - payment of invoices within 30 days of receipt	98.5%	99.4%	99.1%	0.29%

Debtors - Balance Outstanding	31-Mar-14	31-Mar-15	31-Mar-16	28-Feb-17	Variance Aug to Mar.
	£'000	£'000	£'000	£'000	%
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	239	334	319	181	-43.3
Capital Projects - currently - development site, east of High Street, Halstead	4	8	8	3	-62.5
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	24	37	143	32	-77.6
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	156	1	10	101	910.0
Development	24	257	271	152	-43.9
Finance	360	36	61	10	-83.6
Leisure	258	234	169	184	8.9
Operations	484	984	288	497	72.6
Housing	113	89	77	93	20.8
Sub-Total - excluding Hsg. Benefits	1,662	1,980	1,346	1,253	-6.9
Housing Benefits	1,188	1,620	1,647	1,583	-3.9
Total	2,850	3,600	2,993	2,836	-5.2
Target for 2016/17 is for Debt Outstanding (excluding Housing Benefits, Museum Trust debt, charging orders and large value invoices raised in final days of the month-end) to be £0.6million by 31 March 2017.			505	649	
Profile by Recovery Stage:					
Invoice	1,238	2,078	1,377	1,470	
Reminder	291	254	275	297	
Final Notice	348	198	190	-	
Pre-legal	453	424	338	302	
Enforcement Agent	446	406	426	307	
Tracing Agent	33	15	4	11	
Charging Order	41	35	23	32	
Attachment to Benefits		190	360	417	
Total	2,850	3,600	2,993	2,836	
Write-offs in month - value - £'000	-£0.3	£1.8	£1.6	£0.4	
Write-offs in month - number	19	35	23	22	
Write offs in year - value - £000	£8.3	£28.0	£20.0	£23.3	
Write-offs in year - number	386	492	245	365	

Progress on achieving Efficiency Savings Targets

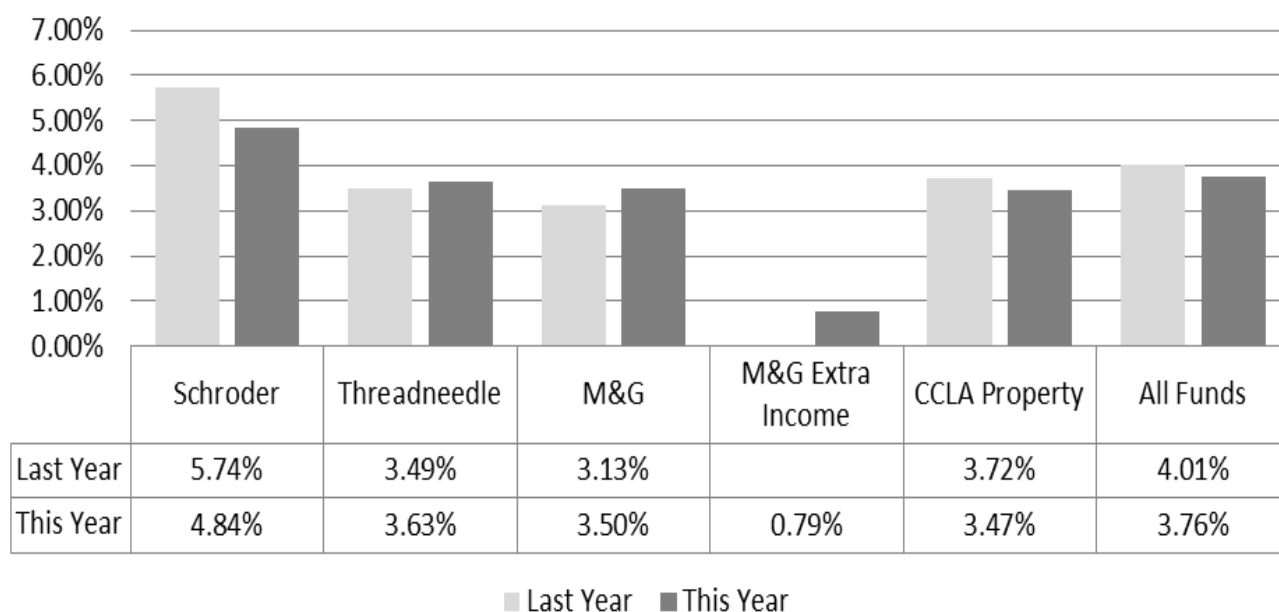
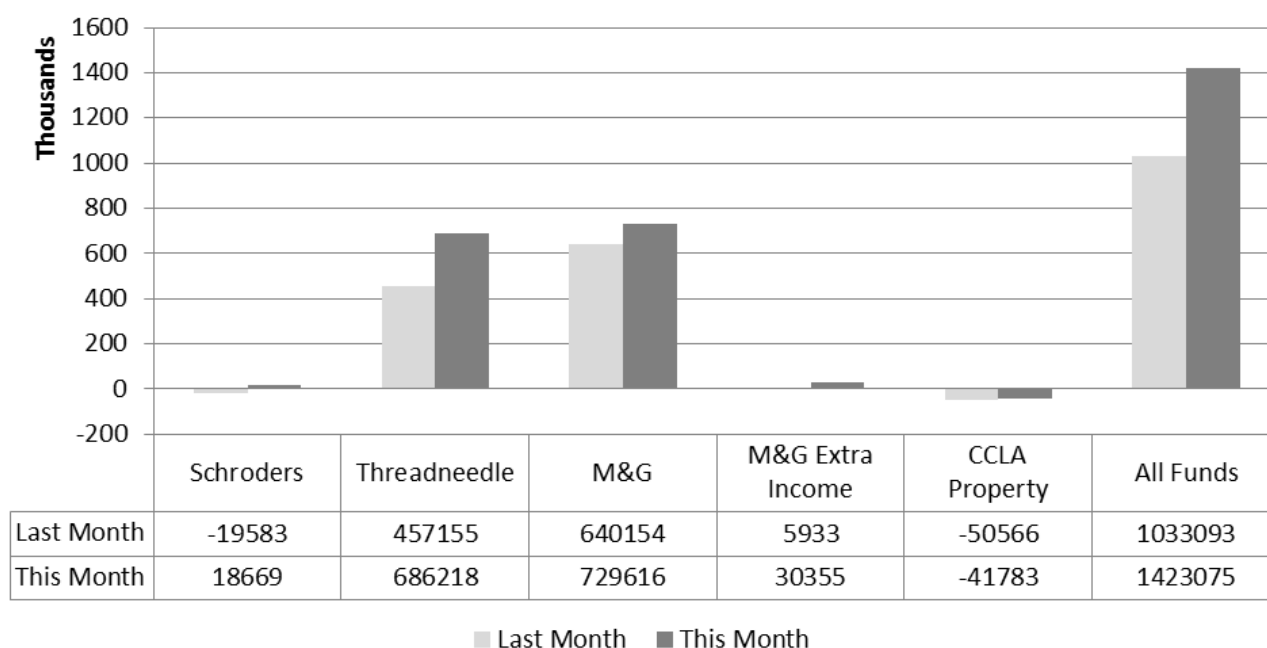
The amount of the Efficiency Savings target included in the budget for 2016/17 is a net amount of £150,000. The underspend on salaries of £127,000, recorded above, is after offsetting £137,500 of the target.

Q2 projection = -£487k

reprofile of £2.61m of budgets as below:-

Q3 proj = -£107k	John Ray Park Improvements	190370
	Witham Town Park Provision for Play	8210
	Btree Tree Planting Schemes	18430
	Maltings Lane, Witham – Access Road	90000
	Town Centre Improvements	1037920
	TC Imps-Btree South St/Fairfield Rd	1970
	Rose Hill Park	91080
	Spa Road Shops	75000
	Lashg	1088570
		2601550

INVESTMENT PORTFOLIO AS AT 28 FEBRUARY 2017							2017/18				
							Maturity Profile £m				
	Ref	£m	% rate	Type	Placed	Maturity	Liquid	Mar-17	Aug-17	Sep-17	Longer
UK Banks		6.83									
Santander Group											
Santander UK PLC	1127	0.00	0.40%	Instant	Variable	Instant	0.00				
Santander UK PLC	3265	3.00	0.45%	Fixed	13-Feb-17	14-Aug-17			3.00		
Lloyds TSB Group											
Lloyds Current Account	N/A	0.83	0.15%	Instant	Variable	Instant	0.83				
Bank of Scotland PLC	3217	2.00	1.00%	Fixed	21-Sep-16	21-Sep-17				2.00	
Bank of Scotland PLC	3246	1.00	1.00%	Fixed	1-Sep-16	1-Sep-17				1.00	
Barclays Bank PLC											
Barclays Bank PLC		0.00		Fixed							
UK Building Societies		5.00									
Nationwide Building Society											
Nationwide Building Society	3159	2.00	0.42%	Fixed	21-Sep-16	22-Mar-17		2.00			
Nationwide Building Society	3245	1.00	0.37%	Fixed	20-Feb-17	14-Aug-17			1.00		
Coventry Building Society											
Coventry Building Society	3281	2.00	0.35%	Fixed	3-Oct-16	3-Mar-17		2.00			
Other Local Authorities		0.00									
UK Debt Management Office		0.00									
Non UK Institutions		6.00									
Australia & New Zealand Banking Corp											
Landesbank Hessen-Thuringen	3280	3.00	0.36%	Fixed	17-Oct-16	3-Mar-17		3.00			
	3279	3.00	0.35%	Fixed	3-Oct-16	3-Mar-17		3.00			
Money Market Funds		14.50									
Goldman Sachs	2651	5.00	Variable	Instant	16-Nov-09	Instant	5.00				
Deutsche Sterling	2856	0.50	Variable	Instant	4-Aug-10	Instant	0.50				
Standard Life Liquidity	2857	5.00	Variable	Instant	4-Aug-10	Instant	5.00				
Royal London Cash Plus	3249	4.00	Variable	Instant	15-May-15	Instant	4.00				
Pooled Funds		14.00									
CCLA Property Fund	8228	3.00	Variable	Lterm	30-Oct-14	Lterm					3.00
Threadneedle UK Equity	8229	5.00	Variable	Lterm	3-Nov-14	Lterm					5.00
M & G Global Dividend	8230	2.50	Variable	Lterm	3-Nov-14	Lterm					2.50
M & G Extra Income Fund Sterling	8230	1.00	Variable	Lterm	18-Oct-16	Lterm					1.00
Schroders Income Maximiser	8231	2.50	Variable	Lterm	3-Nov-14	Lterm					2.50
		46.33					15.33	10.00	4.00	3.00	14.00

Pooled Funds – Dividends and Market Valuation**Pooled Funds:
Dividend Return to End of Period****Pooled Funds:
Market Value Gain/ Loss at End of Period**

Internal Audit – Activity Report for the period to 10th March 2017		Agenda No: 7
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day, Audit Insurance and Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:		Public Report
Internal Audit Assignments		Key Decision: No
Executive Summary:		
<p>To provide Members with details of and outcomes from the audit assignments completed during the period 15th December 2016 to 10th March 2017. This includes for each assignment:</p> <ul style="list-style-type: none">the key controls coverednumber of recommended action points and their priorityaudit opinionbrief details of the high priority recommendations (if applicable) <p>An update on the Reportable recommendations is also attached.</p>		
Recommended Decision:		
<p>To accept the activity report for the period 15th December 2016 to 10th March 2017.</p>		
Purpose of Decision:		
<p>To advise Members of the audit assignments completed for the period 15th December 2016 to 10th March 2017.</p>		

Any Corporate implications in relation to the following should be explained in detail.	
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 and Fraud Manager
Ext. No:	2821
E-mail:	lesley.day@braintree.gov.uk

**INTERNAL AUDIT
COMPLETED ASSIGNMENTS to 10th March 2017**

Type	Topic	Days Taken	Recommendations			Key Controls Covered	High Priority recommendations	Agreed Implementation date	Audit Opinion
			L	M	H				
Core System	NNDR	8			1	<ol style="list-style-type: none"> 1. The NNDR 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 are valid and properly authorised 6. Write-off of debt is properly authorised 7. Amounts due are properly recorded 8. There is adequate segregation in the NNDR billing and cash receipting function 9. Information Security Management 10. Fraud & Corruption checklist 11. Operational risk register reviewed 	Investigate and resolve the difference in property numbers between Civica and Valuation Office systems	April 2017	We are satisfied that reliance can be placed on the key controls following implementation of the recommendation agreed in the Action Plan.
Core System	Council Tax	10			1	<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 	Review Student exemptions on an annual basis	May 2017	We are satisfied that reliance can be placed on the key controls following implementation of

				<div>3. Annual billing and amendments are properly calculated</div> <div>4. Credit control and arrears recovery processes are adequate</div> <div>5. Refunds of overpayments must be approved and authorised for repayment</div> <div>6. Write-offs of debt are properly authorised</div> <div>7. Council Tax benefits received are properly recorded</div> <div>8. Amounts due are properly recorded</div> <div>9. There is adequate segregation in the Council Tax billing and cash receipting function</div> <div>10. Long term empty properties are charged the correct amount of council tax</div> <div>11. Fraud & Corruption checklist</div> <div>12. Operational Risk Register reviewed</div>			the recommendation agreed in the Action Plan.			
Corporate	Freedom of Information	5	0	<div>1. FOI requests have accurate responses</div> <div>2. Requests are responded to within the time limit</div> <div>3. Software updated in a timely manner</div>			We are satisfied that reliance can be placed on the key controls as described.			
Corporate	Members 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 2017/18			All Members entitled to vote on Council tax Resolution 2017/2018			
Operational	Telephones	6	<table><tr><td></td><td>1</td><td></td></tr></table>		1		<div>1. Landlines payments are for BDC occupied sites only and have reasonable expenditure</div>			We are satisfied that reliance can be placed on the key controls
	1									

				<ol style="list-style-type: none"> 2. Mobile phones are only issued where appropriate 3. Users comply with the Mobile Phone Policy. 			following implementation of the recommendation agreed in the Action Plan.
Non – Core systems	Contracts - Invitation to Tender	2	0	<ol style="list-style-type: none"> 1. Records maintained for each contract to show all invitations to tender 2. Tender instructions and guidelines are issued to all contractors 3. Contractors confirmed in writing that they received all the tender documentation 4. Any changes to the tender process are recorded in the contract file 5. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described.
Non – Core systems	Contracts – Receipt, opening and acceptance of tenders	2	0	<ol style="list-style-type: none"> 1. Tenders are kept securely until they are opened 2. Details of the tenders/quotations opened are recorded in the tenders/quotations register 3. Tender documents are checked for accuracy 4. All tenderers are notified of the outcome of the tender process 5. Contract documents are signed by all parties 6. Contract documents are held securely 7. Fraud and corruption checklist 			We are satisfied that reliance can be placed on the key controls as described.
Non – Core systems	Contracts – Monitoring of records	2	0	<ol style="list-style-type: none"> 1. Records are maintained for the progress of the works 2. Expenditure is monitored against the overall budget for the work 3. Any variations to the contract are recorded on 			We are satisfied that reliance can be placed on the key controls as described.

				the contract administrators sheets 4. Fraud and corruption checklist			
Non – Core systems	Contracts – Administration & Document Security	2	0	1. The organisations reporting and supervisory arrangements are recorded 2. Appropriate records are maintained for and on behalf of the organisation 3. Fraud and corruption checklist			We are satisfied that reliance can be placed on the key controls as described.
Non – Core systems	Contracts - Documentation	2	0	1. Contract documentation and/or official orders completed in all cases 2. The tender documentation issued includes all relevant material 3. Evidence of the contractors insurance has been provided 4. Formal contract documentation is completed before work commences 5. Contract documentation is signed by an approved officer 6. Fraud and corruption checklist			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
Fleet Management	Put in place an effective means of monitoring the rectification of vehicle defects.	Implemented
	Perform random checks on PIs as reported by RTR to ensure accurate reporting	Implemented
	Review documents held within Fleet and on Fleet Management 's' drive and put in place an efficient filing system, deleting obsolete documents and information to enable an effective management and monitoring system. This applies to both manual and electronic files.	Implemented

There we no RIPA applications submitted for this period.

Internal Audit Plan 2017/2018		Agenda No: 8
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day, Audit Insurance and Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:		Public Report
Internal Audit Assignments		Key Decision: No
Executive Summary:		
The Strategic Audit Plan for 2017/2021 has been produced and this report is to advise Members of the proposed Internal Audit Plan for 2017/2018.		
A copy of the plan for 2017/2018, risk analysis and time availability are detailed below.		
Recommended Decision:		
That Members endorse the Internal Audit Plan for 2017/2018.		
Purpose of Decision:		
To request Members to endorse the Internal Audit Plan for 2017/2018 to comply with the Public Sector Internal Audit Standards.		

Any Corporate implications in relation to the following should be explained in detail.

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 and Fraud Manager
Ext. No:	2821
E-mail:	lesley.day@braintree.gov.uk

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

PROJECTED TIME AVAILABILITY 2017/2018

	Audit Manager	Auditor	Trainee Audit Assistant	TOTAL
Net time available	249	249	249	747
less: sickness cont.	2	2	10	14
	247	247	239	733
less: a/leave & stat day	33	33	22	88
less: a/leave b/fwd	0	3	0	3
Training/courses	0	3	5	8
	214	208	212	634
less Social Club	0	2	0	2
less Unproductive time	0	0	40	40
Non-chargeable	214	206	172	592
Corporate Groups/functions	35			35
Section/service management	30	5		35
Admin/general	5	10	10	25
Specials contingency	20	5		25
Unallocatable		5		5
Other management responsibilities	110			110
Net projected time availability for year	14	181	162	357

INTERNAL AUDIT PLAN 2017/2018

CORE SYSTEMS

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

Commercial Properties	10
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
Dog Warden Service	4
Energy & Utilities	4
Fleet Management	5
Homelessness	3
House Renovation Grants	15
Leisure	10
Local Land Charges	5
Members Allowances	5
Members / Community Grants	5
Parks & Open Spaces	5
Petty Cash	3
Plant & Tools	5
Post Entry Training	3
Procurement inc Hub	10
Recruitment	5
Recycling	10
Staff Related Matters	3
Strategic Housing - Choice Based Lettings	5
Town Hall Centre	5
Travelling & Subsistence	3
VAT	5

CORPORATE

Performance Indicators & Data Quality	10
Contracts - final accounts	2
Financial Appraisals - Procurement Hub	5
Financial Consultancy	15
Floats and Imprests	1
Fraud, Corruption, Probity & Governance:	30
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
Partnership arrangements	5
Project Governance	5

OPERATIONAL

Cash Checks	1
Markets	2
Telephones inc mobiles	5
Refreshments	2
Allowance for new topics	25
Total time allocated (days)	357

External Audit Plan 2016/17		Agenda No: 9
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Ernst & Young LLP	
Report prepared by:	Ernst & Young LLP	
Background Papers:	Public Report	
Ernst & Young Audit Plan 2016/17	Key Decision: No	
Executive Summary:		
<p>The External Audit Plan, copy attached, summarises the work that Ernst & Young (external auditors) propose to undertake in respect of the audit of Braintree District Council for the 2016/2017 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 2017 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 2016/17 total £59,756. This may be subject to variation, should additional unplanned work be required.</p>		
Recommended Decision:		
<p>To note the External Audit Plan 2016/17 together with the agreed audit fees.</p>		
Purpose of Decision:		
<p>That Members are aware of the coverage of the External Audit Plan for 2016/17 and the associated costs of the external audit.</p>		

Any Corporate implications in relation to the following should be explained in detail.

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 2017

Audit Plan

22 March 2017

Ernst & Young LLP



Building a better
working world

Governance Committee

22 March 2017

Braintree District Council
Causeway House
Braintree
Essex
CM7 9HB

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 2016/17 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 22 March 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter

Executive Director
For and behalf of Ernst & Young LLP
Enc

Contents

Governance

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies”. 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 Governance 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 (the Council) give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended;
- ▶ Our 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.

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

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 and our feedback is more likely to be relevant to the Council.

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 August 2017.

2. Financial statement risks

We outline below our current 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.

Risk of fraud in revenue recognition

Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.

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.

One area which may be susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's Capital programme.

Our approach will focus on:

- ▶ testing additions to Property, Plant and Equipment to ensure that they are properly classified as capital expenditure.

Risk of management override

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.

Our approach will focus on:

- ▶ 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.

Other financial statement risks

Non- current Assets

Property, Plant and Equipment (PPE) and Investment Properties represent the largest asset values on the Council's balance sheet. These assets are initially measured at cost and then revalued to fair value (determined by the amount that would be paid for the asset in its existing use) on a 5 year rolling basis. This is carried out by an external valuer and is based on a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

Due to the nature, size and complexity of PPE and investment property accounting we consider this an inherent risk.

Our approach will focus on:

- ▶ Reliance on management's experts and review of the instructions given to that valuer;
- ▶ Consideration of the accounting treatments and basis of valuation as required by the Code;
- ▶ Test of detail if required; and
- ▶ Test of the journals and derivation of accounting Entries.

Pensions Liability – IAS19

The Council operates a defined benefits pension scheme. Accounting for this scheme involves significant estimation and judgement. The Pension liability is the largest value liability on the balance sheet.

Due to the nature, volume and size of the transactions we consider this to be a risk.

Our approach will focus on:

- ▶ The actuarial expertise used by the Council; and
- ▶ The reasonableness of the estimations and judgements used.

Financial statements presentation – Expenditure and

funding analysis and Comprehensive income and expenditure statement

Amendments have been made to the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the code)* this year changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the '*Telling the Story*' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SERCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

This change in the code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

Our Approach will focus on:

- ▶ Review of the expenditure and funding analysis, CIES and new notes to ensure disclosures are in line with the code;
- ▶ Review of the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported; and
- ▶ Agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.

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 2016/17 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 identified the following risk which we view as relevant to our value for money conclusion.

Informed Decision Making: Garden Communities

Over the past eighteen months, the Council, jointly with Colchester Borough Council, Tendring District Council and Essex County Council have developed proposals for Garden Communities in North Essex.

The aim of the Garden Community approach is to identify an agreed strategic approach to the allocation and distribution of large scale housing led mixed use development, including employment opportunities and infrastructure provision.

As a new and significant arrangement there may be risks relating to the governance arrangements for the establishment of the project.

Our approach will continue to focus on:

- The governance structure in place to manage the garden community project.
-

We will keep our risk assessment under review throughout our audit, and communicate to the Governance Committee any revisions and any additional local risk-based work we may need to undertake as a result.

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).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

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

To the fullest extent permissible by auditing standards, we intend to consider internal audit's work in documenting your financial systems and controls. This will enable us to more efficiently update our understanding of your systems and carry out the walkthrough of those systems as required under auditing standards. Our intention is to carry out a fully substantive audit in 2016/17 rather than rely on the operation of controls as we believe this to be a more efficient approach.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

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

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance Committee.

Internal audit

As in prior years, 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 detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

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 are:

Area	Specialists
Pensions	Actuary/EY Pensions team
Property, Plant and Equipment and Investment Property	Management's External specialist
Financial Instruments	Management's External specialist

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 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 and Code of Audit Practice.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £1.508 million based on 2% of gross expenditure on the provision of services. We will communicate uncorrected audit misstatements greater than £0.075 million 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 the circumstances that might ultimately influence our judgement. 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 financial statements, including the total effect of any audit misstatements, 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 by Kevin Suter, who has significant experience on Local Government Audits. 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 Head of Finance.

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 2016/17. 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	December to January		
Risk assessment and setting of scopes	January	22 March 2017	Audit Plan
Review of routine processes and controls	February		
Year-end audit	June		
Completion of audit	July	Sept 2017	<ul style="list-style-type: none"> ▶ Report to those charged with governance via the Audit Results Report ▶ Audit report (including our opinion on the financial statements; and overall value for money conclusion. ▶ Audit completion certificate ▶ Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October	November	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.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 3.3%, being £2,000 compare to the scale fee of £59,756. No additional safeguards are required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

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

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 adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, the audit engagement Executive 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 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £'s	Scale fee 2016/17 £'s	Outturn fee 2015/16 £'s	Explanation
Opinion Audit and VFM Conclusion	59,756	59,756	59,756	
Total Audit Fee – Code work	59,756	59,756	59,756	
Certification of claims and returns ¹	13,778	13,778	13,728	
Non-audit work	£2,000	0	0	The non-audit fee of £2,000 relates to technical training on group accounting in respect of group accounting.

All fees exclude VAT.

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

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Officers provide appropriate responses to queries, draft audit reports and other information we request within agreed timescales;
- ▶ 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 will be charged in addition to the scale fee.

The four Councils involved with the Garden Communities development have engaged EY to deliver training on group accounting. We will conduct a training workshop covering:

- ▶ Identifying and building accounting groups under the Local Government Accounting Code and IFRS; and
- ▶ The accounting requirements of the Councils groups and the component entities in those groups.

Our work will not provide any specific direction for the accounting treatment of the Garden Communities project.

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.	► 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 	► Audit Results Report
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 	► Audit Results Report
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 	► Audit Results Report
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 	► Audit Results Report
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 	► Audit Results Report
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 	► Audit Results Report

Required communication	Reference
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 ▶ Audit Results Report
Going concern 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 	<ul style="list-style-type: none"> ▶ Audit Results Report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Audit Results Report
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 ▶ Audit Results Report ▶ Annual Audit Letter if considered necessary
Certification work <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<ul style="list-style-type: none"> ▶ Certification Report

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Annual Governance Statement 2016/17		Agenda No: 10
<p>Corporate Priority: A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers</p> <p>Report presented by: Trevor Wilson, Head of Finance</p> <p>Report prepared by: Trevor Wilson, Head of Finance</p>		
Background Papers: 'Delivering Good Governance in Local Government – Framework' published by CIPFA and SOLACE 2016		Public Report
<p>Options: To agree or make amendments/additions as required to the Annual Governance Statement and recommend for signing by the Leader of the Council and the Chief Executive. To agree or make amendments/additions as required to the Local Code of Corporate Governance.</p>		Key Decision: No
<p>Executive Summary:</p> <p>The annual review of the Council's governance, risk management and internal control arrangements has been undertaken to support the production of the Annual Governance Statement (the Statement) for 2016/17.</p> <p>This review includes the established information and assurance gathering processes to ensure that the published Annual Governance Statement is correct as well as a review of the Council's Governance framework against a best practice framework devised by CIPFA/SOLACE.</p> <p>The aim of the review process is to ensure that the Council has effective governance, risk management and internal control processes in place to assist with accountability and delivery of objectives. Any shortfalls identified in these arrangements through the review process are included as action points for the coming year.</p> <p>The review process includes:</p> <ul style="list-style-type: none"> • Obtaining assurance from Senior Managers, who report to a member of the Management Board, that key control systems have operated effectively within their areas of responsibility throughout the year • Reviewing the Council's governance framework against the best practice framework devised by CIPFA/SOLACE • Annual update of the Local Code of Corporate Governance, first adopted by the Audit Committee on 8th January 2009, and to refresh to take account of the latest edition of the best practice framework issued by CIPFA/SOLACE in April 2016. • Reviewing all External Audit and Inspection reports and Internal Audit reports. 		

The published statement is required to detail the governance and control framework in place in the Council during 2016/17 and up to the date of publication of the Statement. Where arrangements are not in line with best practice or are not working effectively, this should be recorded in the Statement together with action plans for improvement.

The Annual Governance Statement

The process of preparing the Annual Governance Statement should itself add value to the corporate governance and internal control framework of the Council. The Statement should be approved by the end of May and should also be up-to-date at the time of publication. The best practice framework provides guidance on what the Statement should contain, including:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance ;
- reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the Cabinet, the governance committee, internal audit and others as appropriate;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- reference to how issues raised in the previous year's annual governance statement have been resolved;
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

A revised and updated Local Code of Corporate Governance is included at Appendix A and a draft of the Annual Governance Statement is included at Appendix B for Member's consideration.

Decision:

To agree:

1. the updated Local Code of Corporate Governance as detailed in Appendix A; and
2. the Annual Governance Statement for 2016/17, as detailed in Appendix B, for signing by the Leader of the Council and the Chief Executive.
3. To delegate authority to the Chair of the Governance Committee to agree any amendments which may be required to the Annual Governance Statement identified after the date of this meeting and prior to 31st May 2017: the date the 2016/17 Statement of Accounts are made available for external audit.

Purpose of Decision:

To evidence that the Council has conducted a review of the effectiveness of its system of internal control for 2016/17, ensure that the Annual Governance Statement for 2016/17 is correct and in order for the Leader of the Council and the Chief Executive to sign.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None arising from this report.
Legal:	Meets requirement to undertake an annual review of the Council's Governance arrangements (Regulation 6(1) of the Accounts and Audit Regulations 2015).
Safeguarding	None arising from this report.
Equalities/Diversity	Various aspects of the Annual Governance Statement are directly relevant to diversity and social inclusion. Examples include arrangements to consult with and encourage the participation of all sections of the community, communications with stakeholders and the requirement for services to be provided in accordance with equality policies.
Customer Impact:	Review provides assurance of the adequacy of the Council's governance arrangements and identifies actions to be taken in the coming year to further improve the arrangements.
Environment and Climate Change:	None arising from this report.
Consultation/Community Engagement:	None arising from this report.
Risks:	The Council is legally required to 'conduct a review at least once in a year of the effectiveness of its system of internal control'.
Officer Contact:	Trevor Wilson
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Braintree District Council

Local Code of Corporate Governance

INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”

The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”

GOOD CORPORATE GOVERNANCE

Braintree District Council is committed to achieving good corporate governance and this Local Code describes how the council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework “Delivering Good Governance in Local Government” (April 2016) which replaced the document published in 2007. As laid out in the guidance it *“is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities”*. Consequently the local Code has been written to reflect the council’s own structure, functions, and the governance arrangements in existence.

The local code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of “Achieving the intended outcomes while acting in the public interest at all times”.

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Many of the requirements of the code are included in the Council's constitution and the Council's key strategies and policies.

<https://www.braintree.gov.uk/downloads/download/23/constitution>

https://www.braintree.gov.uk/info/200328/council_reports_plans_and_strategies/154/strategy_and_policy_documents

MONITORING AND REVIEW

The Code of Corporate Governance is subject to annual review. This review includes an assessment as to the effectiveness of the processes contained within the Code. This includes annual assessments such as:

- Annual review of the Constitution
- Annual report of the Standards Committee
- Overview & Scrutiny Annual Report
- Head of Internal Audit Annual Report
- Self-assessment against the "Role of Chief Financial Officer"
- Governance Committee Annual Report
- External Audit Annual Letter

The outcome of this review is reported in the Annual Governance Statement.

The following details how the council meets the core principles and the systems, policies and procedures it has in place to support this.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
<p>Rationale: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p> <p>In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Behaving with integrity</p> <ul style="list-style-type: none"> • Developed a Code of Conduct for Members to ensure that high standards of conduct are maintained. • Established a procedure outlining arrangements for breaches of the Member Code of Conduct. • The Governance Committee has an overall view of conduct issues with a Standards Sub Committee established and appointments made, which is called as and when required. • An Officer Code of Conduct that sets down standards of behaviour and conduct the council expects of its employees. Reference is made to the Code on the Induction Checklist. • Standard decision making reporting format to ensure that all those responsible for taking decisions have the necessary information on which to do so. • An employee policy for acceptance of gifts and hospitality. • Registers of Members' interests and records of gifts and hospitality are published on the council's website. • Members' declarations of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made. • Members appointed to represent the Council on Outside Bodies are expected to provide a report to Council on an annual basis. • A Corporate Complaints Policy is published on the council's website. • A Whistleblowing Policy is in place. • Statement of Core Values and Behaviours <p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • A Constitution which sets out delegations of the Cabinet, committees and senior officers, and the decision making process to be applied. It also emphasises that

	<p>the council will act within the law.</p> <ul style="list-style-type: none"> • Terms of Reference that exists for all committees. • Contract Procedure Rules emphasise the expectation for partners and contractors to act with integrity and in compliance with ethical standards expected by the Council. <p>Respecting the rule of law</p> <ul style="list-style-type: none"> • The Constitution identifies the Head of Governance as the council's Monitoring Officer and sets out the role of the Monitoring Officer. • An Anti-Fraud & Corruption Strategy which is supported by an Anti-Money Laundering Policy, Information & Communication Technology Security Policy and Whistleblowing Policy. There is a fraud hotline for employees and customers to report irregularity and fraud.
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Core Principle B: Ensuring openness and comprehensive stakeholder engagement	
<p>Rationale: Local government is run for the public good; organisations therefore should ensure openness in their activities.</p> <p>Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Openness</p> <ul style="list-style-type: none"> • A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request. • Adoption of a standard reporting format in relation to committee reports. • A 'Corporate Implications' template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format. • Agendas, reports and minutes are published on the council's website. Meetings are open to the public unless in the case of exempt items. • Agendas include a set period for Public Question Time. • Dates for submitting, publishing and distributing timely reports are set and adhered to. • The Corporate Strategy sets out the priorities and strategic direction for the council. • Web casts of Council and Cabinet meetings on the Council's website.

	<p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> • Adopted a Channel Strategy which sets out ways in which the Council will use a variety of channels to deliver services to, and interact with, customers. • The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district. <p>Engaging stakeholders effectively including individual citizens and service users</p> <ul style="list-style-type: none"> • The council seeks the views from individuals, organisations and businesses on a number of areas. Links to current consultations are published on the website. The council has a People's Panel and The Next Step Panel, the latter is specifically for 16 to 21 year old age group. • Consultation activity is reviewed annually to evaluate how well each consultation exercise meets its planned objectives. Consultation across the council is increasingly managed using a calendar of planned activities. • The council has arrangements to engage with all sections of the community including hard to reach groups. • Use of social media to increase interaction and engagement with customers: Social Media Policy and links at https://www.braintree.gov.uk/info/200574/social_media • Satisfaction surveys are undertaken regularly both centrally and by services. • Contact publication – communicates the Council's vision and priorities and is published seven times a year.
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Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit	
<p>Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.</p> <p>Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Defining Outcomes</p> <ul style="list-style-type: none"> • The Corporate Strategy and Annual Plan set out the council's vision and priorities together with its aims and actions. • Medium-Term Financial Strategy covering a rolling four-year period is agreed annually. • Annual Business Plans form a key part of delivering the council's overall vision. • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • Adopted a Climate Local Strategy which sets out our objectives and a framework for local action on climate change and energy over the next three years. • The Council has an Economic Development Prospectus 2013 – 2026 – that sets out how the Council intends to create conditions for economic growth and deliver a prosperous Braintree District. • A 'Corporate Implications' template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format. • Asset Management Plan – the Council has a wide range of land and property assets used in the delivery of services and to support the corporate priorities..

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	
<p>Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action).</p> <p>Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Determining interventions</p> <ul style="list-style-type: none"> • The format of decision making reports to ensure that all relevant information is considered such as analysis of options, resource implications and consultation feedback. Options are clearly defined and analysed to ensure decisions are based on the best possible information. • The Budget Setting cycle is applied to ensure clear alignment to need and improving outcomes. <p>Planning interventions</p> <ul style="list-style-type: none"> • Corporate Strategy covers four-year period. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives • Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas. • The Medium-Term Financial Strategy, Workforce Plan, Asset Management Plan and Capital Programme identify how resources are aligned to priorities. • Risks associated with partnership and joint working arrangements are identified and recorded in the risk register. • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. • Key performance indicators and key actions are determined annually and monitored via the Covalent Performance Management system. <p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> • The annual budget is prepared in line with agreed priorities and the Medium-Term Financial Strategy. The council publishes its Financial Strategy annually to set an

	indicative four year financial plan to fit the longer term strategic vision as well as a detailed one year budget. This is intended to include realistic estimates of revenue and capital expenditure.
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Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
<p>Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods.</p> <p>A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members.</p> <p>Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • The Council has a Workforce Development Plan including an action plan. • The Council actively promotes the benefits of partnerships and collaborative working to enhance capacity. Current examples include Payroll/HR system and procurement services. • Talent Management framework for senior managers. <p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> • A Protocol on Member/Officer Relations that assists both Members and officers achieve good working relationships in the conduct of council business. • A Scheme of Delegation that is reviewed in light of legal and organisational changes. • A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules. • Annual Member Development programme is managed by a member Training & Development Group. Members are updated on legal and policy changes etc. as required. • Mandatory Induction programmes for all employees. • Developed a scheme of key management competencies and expected values and behaviours which support the Council's core values • Employee management framework which holds staff to account through performance reviews which identify training or development needs as required. • Apprenticeship Programme offering training, skills and experience in Local government. • Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management	
<p>Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Managing risk</p> <ul style="list-style-type: none"> • Risk management arrangements that are embedded across all service areas and help inform decision making. • The Council's Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working. • Strategic risks are reviewed a minimum of twice per annum and are detailed in the Corporate Risk Register. • A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March. • The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect. • Management Action Plans are provided for those risks which have a high risk rating and include details of the responsible officer. <p>Managing performance</p> <ul style="list-style-type: none"> • Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals. • Key performance indicators and key actions are determined annually and monitored via the Covalent Performance Management system. • Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request. • The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for Members (in public) to scrutinise the proposed Budget and Medium-Term Financial Strategy. • The Overview and Scrutiny Committee also undertakes some policy development work,

	<p>by means of Task and Finish Groups.</p> <ul style="list-style-type: none"> • Agenda, minutes of scrutiny meetings and any associated reports with recommendations to the Cabinet are published on the council's website. • Contract Procedure Rules and Financial Regulations set out the council's arrangements and ensure that processes continue to operate consistently. • An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks. <p>Robust internal control</p> <ul style="list-style-type: none"> • An annual report is produced by Internal Audit which provides an opinion on the council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit. • Counter Fraud Strategy which is subject to regular review and is approved by the Governance Committee. • Annual Governance Statement (AGS) that is subject to review by the Governance Committee. • The Governance Committee, which is independent of Cabinet, oversees the management of governance issues, internal controls, risk management and financial reporting. Its performance is subject to annual self-assessment. • Governance Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice. • Training is provided to Governance Committee Members on areas relevant to their role. • There are frameworks in place in relation to child and adult safeguarding. <p>Managing data</p> <ul style="list-style-type: none"> • The Council's ICT and Information Security Standards provide guidance on the arrangements that must be in place to ensure personal data is kept protected and secure. • The Council has an Information Security policy. The Governance Committee receives details of compliance in the Audit, Insurance and Fraud Manager's annual report. • The Data Quality Policy sets out the Council's approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained.
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	<ul style="list-style-type: none"> • Effective information sharing is undertaken in accordance with the Data Protection Act and the Council's Data Protection Policy. • Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc. • Information Sharing Agreements, are reviewed on a regular basis, are in place to document the sharing of information. • Data verification and validation processes are integrated within systems and processes. <p>Strong public financial management</p> <ul style="list-style-type: none"> • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015). • Financial procedures are documented in the Financial Regulations. • Medium-Term Financial Strategy covering a four-year period reviewed and updated annually. • The financial position is reported quarterly to Cabinet and the Governance Committee.
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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
<p>Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.</p> <p>Both external and internal audit contribute to effective accountability.</p>	<p>Braintree District Council's commitment to achieving good governance is demonstrated below:</p> <p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • Agendas, reports and minutes are published on the council's website. • Standard template for committee reports requires an executive summary in addition to the detailed report. • Details of Council spending with suppliers, value in excess of £500, are published monthly on the Council's website. A register of the Council's contracts is also available on the Council's website. • Details of senior managers' remuneration and Member's allowances and expenses are published annually in the Council's Statement of Accounts.

	<p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Annual Financial Statements are compiled, published to timetable and included on the council's website. • Value for Money Annual Report. • Annual Governance Statement produced. <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • The Annual Governance Statement sets out the council's governance framework and the results of the annual review of the effectiveness of the council's arrangements. The Annual Governance Statement includes areas for improvement. • An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the council's internal control arrangements. • External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for money. • The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.
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Braintree District Council – Annual Governance Statement

1. Scope of Responsibility

- 1.1 Braintree District Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has previously approved and adopted a code of corporate governance, which is consistent with the principles of the *Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2012)*. A copy of the code is on our website at www.braintree.gov.uk.
- 1.4 This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements which were in place during 2016/17. It also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance statement.

2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and

objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at Braintree District Council for the year ended 31 March 2017 and up to the date of the approval of the Statement of Accounts.

Our Governance Framework

3. Determining the Council's purpose, its vision for the local area and intended outcomes for the Community

- 3.1 The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community.
- 3.2 The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy which covers the four-year period 2016 to 2020 was agreed by Full Council on 22nd February 2016. The Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.
- 3.3 The priorities reflect the vision for the District Council which focus on six key themes:
- **Environment & Place** – A sustainable environment and a great place to live, work and play
 - **Health & Communities** – Residents live well in healthy and resilient communities where residents feel supported
 - **Economic Development** – A prosperous district that attracts business growth and provides high quality employment opportunities
 - **Finance & Performance** – A high performing organisation that delivers excellent and value for money services
 - **Strategic Growth & Infrastructure** – A well connected and growing district with high quality homes and infrastructure
 - **Overall Strategy & Direction** – Delivering better outcomes for residents and businesses and reducing costs to taxpayers

- 3.4 An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives.
- 3.5 There are Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas.
- 3.6 The Council has a range of performance indicators used to measure progress against its key priorities in the Corporate Strategy. Targets are contained in the Annual Plan and Business Plans. Progress of the delivery of the projects and of performance against targets has been reported quarterly during 2016/17 to the Cabinet and the Governance Committee.
- 3.7 Teams within the Business Solutions Department seek to encourage and support improvements in project management, business processes, delivery of major projects and improve performance management arrangements.
- 3.8 The Council has shown that its performance has improved consistently through target setting and made improvements to service delivery.
- 3.9 The Data Quality Policy sets out the Council's approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained.
- 3.10 The Council has a Medium Term Financial Strategy (MTFS), Workforce Plan, Asset Management Plan and Capital Programme; these identify how resources are aligned to priorities. The budget process incorporates consideration of the allocation of resources for the Corporate Strategy priorities. The MTFS allows annual strategic review in the context of performance against Corporate Strategy priorities, and sets targets for efficiency improvement, enabling resources to be recycled. Quarterly monitoring reports for the revenue budget and the Capital Programme were submitted to Management Board, the Cabinet and the Governance Committee during the year.
- 3.11 Priorities for service improvement have been identified and there have been a range of reviews which have identified efficiencies for the next financial year(s). The Council has a number of corporate processes, programmes and projects designed to improve efficiency including the Procurement Strategy, the Channel Strategy and the Workforce Development Action Plan.

- 3.12 The Council has a procedure for handling complaints and uses this to identify areas where service quality is not satisfactory and to take action to improve.

4. Members and Officers working together to achieve a common purpose with clearly defined functions and roles

- 4.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It does this by having a Leader of the Council and Cabinet. The Leader appoints the members to serve on the Cabinet and allocates the portfolio responsibilities. The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.
- 4.2 The Constitution includes a Member/Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.
- 4.3 All Committees have clear terms of reference that set out their roles and responsibilities and work programmes.
- 4.4 The Governance Committee is independent of the Cabinet and scrutiny functions and acts as the responsible body charged with governance on behalf of the Council. The Committee provides independent assurance on: the adequacy of the risk management framework and the associated control environment; scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; the financial reporting process and approves the Statement of Accounts.
- 4.5 The Overview and Scrutiny Committee monitors the decisions of the Cabinet.
- 4.6 Members of the Management Board and the Cabinet, the Joint Executive Team, meet regularly during the year. Meetings are also held regularly between the Cabinet Portfolio Member and the relevant Director and/or Head of Service(s) to discuss service delivery performance, progress against Business Plan objectives and targets.
- 4.7 The Council's Chief Executive (Head of Paid Service) leads the Council's officers and chairs the Management Board.

- 4.8 All staff, including senior management, have clear conditions of employment and job profiles which set out their roles and responsibilities.
- 4.9 The Corporate Director, as s151 Officer appointed under the Local Government Act 1972, carries overall responsibility for the financial administration of the Council. The Corporate Director's role is in accord with the CIPFA Statement on the role of the Chief Financial Officer. A central finance function provides support to all departments and determines the budget preparation and financial monitoring processes.
- 4.10 The Monitoring Officer (Head of Governance) carries overall responsibility for legal compliance and his staff work closely with departments to advise on requirements. The Monitoring Officer is responsible for keeping the Constitution under review and reporting any proposed changes to Council.
- 4.11 A published Pay Policy 2016/17 was in place in accordance with the section 38 of the Localism Act 2011.

5. Promoting our Values and Upholding High Standards of Conduct and Behaviour

- 5.1 The Council supports a culture of behaviours based on its statement of Core Values. This guides both how the long-term vision is put into effect and how Members and officers behave in their day-to-day work.
- 5.2 Member and officer behaviours are governed by Codes of Conduct which include a requirement for 'declarations of interest' to be completed by all Members. Members of staff who work in sensitive areas are required to complete declarations of interest and all staff are required to complete a conflict of interest form, as and when appropriate.
- 5.3 The Council has a Standards Sub Committee reporting direct to the Governance Committee.
- 5.4 The Monitoring Officer is the appointed Proper Officer to receive complaints for failure of a Member to comply with the Code of Conduct. The Monitoring Officer has delegated power, after consultation with the Independent Person, to determine whether a complaint merits formal investigation and to arrange such investigation. Where an investigation finds evidence of a failure to comply with the Code of Conduct and a resolution either cannot be agreed, or it is not appropriate to be agreed by the Monitoring Officer, the Monitoring Officer will report the investigation findings to the Standards Sub Committee.

5.5 The Council takes fraud, corruption and maladministration very seriously and has adopted a Counter Fraud Strategy which aims to prevent or deal with such occurrences and incorporates the following policies:

- a) Fraud, Corruption and Dishonesty Policy
- b) Whistleblowing Policy
- c) Anti-Money Laundering Policy
- d) Information Security Policy
- e) HR policies regarding the disciplining of staff involved in such incidents

These policies are reviewed periodically and details of a) to c) above are provided on the Council's website and d) and e) are available to staff and members on the Council's intranet.

5.6 A complaints procedure is in place to receive and investigate any complaint made against the Council or a member of staff.

5.7 The Council's Housing Benefit Service is fully compliant with the Housing Benefits Verification Framework.

6. Taking informed and Transparent Decisions and Managing Risk

6.1 The Council's Constitution sets out how the Council operates and the process for policy and decision-making.

6.2 Full Council sets the policy and budget framework. Within this framework, the Cabinet makes all key decisions. Cabinet meetings are open to the public (except where items are exempt under Part 1 of Schedule 12(A) of the Local Government Act 1972) and meetings are webcast. The Leader's Forward Plan of key decisions to be taken and committee agenda items for decision over the next four months is published regularly on the Council's website.

6.3 All decisions made by Cabinet are made on the basis of written reports, including assessments of legal, financial, customer impact, safeguarding, equalities and diversity, environmental and climate change implications and consideration of the risks involved and how these will be managed.

6.4 The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for

Members (in public) to scrutinise the proposed budget and Medium-Term Financial Strategy. The Overview and Scrutiny Committee also undertakes some policy development work, by means of Task and Finish Groups.

- 6.5 Other decisions are made by Cabinet Portfolio holders and officers under delegated powers. Authority to make day-to-day operational decisions is detailed in the Responsibility for Functions in the Constitution.
- 6.6 The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. The Audit, Insurance and Fraud Manager supports the Governance Committee and reviews its effectiveness on an annual basis.
- 6.7 Policies and procedures governing the Council's operations include Financial Regulations, Procurement Rules and a Risk Management Policy. Ensuring compliance with these policies is the responsibility of the Directors, Heads of Service and their managers across the Council. The Internal Audit Section checks that policies are complied with. Where incidents of non-compliance are identified, appropriate action is agreed and implemented.
- 6.8 The Council's Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working. Strategic risks are reviewed a minimum of twice per annum and are detailed in the Corporate Risk Register. A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March.
- 6.9 The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect.
- 6.10 The Council has an Information Security policy. The Governance Committee receives details of compliance in the Audit, Insurance and Fraud Manager's annual report.
- 6.11 The system of internal financial control is based upon a framework of regular management information, financial regulations, administrative procedures and a structure of delegation and accountability. The Medium-Term Financial Strategy is updated each year and includes a risk assessment of budget options; the Medium-Term Financial Strategy is agreed by Full Council.

- 6.12 Financial monitoring reports are submitted monthly to service managers and quarterly to Management Board, Cabinet and the Governance Committee.
- 6.13 Performance against a suite of key financial indicators is reported to each meeting of the Governance Committee.
- 6.14 The Council's arrangements for providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis.
- 6.15 An activity report of the Overview and Scrutiny Committee is presented annually to Full Council.
- 6.16 Details of Council spending with suppliers, value in excess of £500, are published monthly on the Council's website. A register of the Council's contracts is also available on the Council's website.
- 6.17 Details of senior managers' remuneration and Member's allowances and expenses are published annually in the Council's Statement of Accounts.
- 6.18 The Council does not currently appoint its own external auditors – this task is carried out by the public Sector Audit Appointments Limited. New external auditors – Ernst & Young LLP – were appointed to undertake the Council's 2015/16, 2016/17 and 2017/18 external audit.

7. Effective Management – Capacity and Capability of Members and Officers

- 7.1 The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new Members and staff undertake an induction programme to familiarise them with the protocols, procedures, values and aims of the Council. New Members elected during the 4-year term of an administration are given 1-2-1 induction training and specialised training as appropriate.
- 7.2 The Council holds the East of England Charter for elected Member Development, from the East of England Local Government Association. The Charter was re-awarded following a re-assessment on 28th October 2014.
- 7.3 Political groups have a primary role in encouraging new talent and representatives of all sections of the community to stand for election as Members of the Council.

- 7.4 The Council has developed its own scheme of key management competencies and expected values and behaviours which support the Council's core values.
- 7.5 Annual Performance Reviews of all staff ensure performance is managed and development needs for each member of staff are identified and monitored. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet members and the Chairman of the Overview and Scrutiny Committee.

8. Engaging with Local People and Other Stakeholders to ensure robust accountability

- 8.1 The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.
- 8.2 The Council has a People's Panel with participants providing feedback on a number of subjects by means of surveys. Customer satisfaction surveys are undertaken annually using various methods to track data and trends.
- 8.3 The Council's newsletter 'Contact' communicates the Council's vision and priorities. The newsletter is published seven times in the year – once in hardcopy to all households and six times electronically to those residents requesting this media format.
- 8.4 The Council uses social media to increase interaction and engagement with customers. A Social Media Policy and links to the various media are located at https://www.braintree.gov.uk/info/200574/social_media/586/social_media/7
- 8.5 The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district.
- 8.6 The Council consults on its annual budget proposals with council taxpayers, customers and the business community, as appropriate.
- 8.7 Members are informed of significant issues or events planned or proposed for their ward. In addition, Members receive a weekly Councillor Update by email.

9. Review of Effectiveness of the Governance Framework

- 9.1 The Council reviews annually the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.
- 9.2 Both in-year and year-end review processes have taken place. In-year review mechanisms include:
- The Cabinet is responsible for monitoring overall financial and performance and receives comprehensive reports on a quarterly basis. Budgetary reports provide details of income and expenditure against profile together with a prediction of the financial position at the year-end. Key Performance Indicators and progress of projects are also included in the quarterly reports.
 - Report by the Corporate Director (Section 151 Officer) on the robustness of the budget and the adequacy of balances.
 - The work programme of the Overview & Scrutiny Committee included reviews of the Medium Term Financial Strategy and Budget Proposals for 2017/18; and of Broadband Provision and Employment Sites and Premises; and managed Task and Finish group investigating Obesity. Work concluded from the previous year's programme included review of Health and Task and Finish Groups' reviews of Apprentices for the Braintree District and Bus and Community Transport services in the Braintree District.
 - The Overview and Scrutiny received and considered the 2015/16 Annual Report of the Braintree District Community Safety Partnership.
 - There were no complaints referred to the Standards Sub Committee during the year. There were also no complaints against Members under the Code of Conduct that required action by the Monitoring Officer.
 - The Governance Committee provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the year receiving regular reports on risk management, internal control and governance matters.
 - The Governance Committee agreed, on 18th September 2013, to the adoption of the Public Sector Internal Audit Standards and an Internal Audit Charter. In agreeing these the Committee acknowledged that: the Audit Manager does not hold the professional qualification required by the Standards, but does possess the knowledge, skills and competence to manage and deliver the service; and the Audit Manager has other managerial responsibilities including Insurance, Risk, Benefit Fraud, Cashiers, Mail Room and Business Continuity and that arrangements are in place to ensure that the post holder is not involved in audit reviews

of these areas and accepts any recommendations resulting from the audit reviews in order to maintain independence.

- Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. The effectiveness of Internal Audit was assessed as satisfactory for 2016/17: a review was undertaken as required under the Accounts and Audit (England) Regulations 2011.
- The external auditors reviewed the Council's arrangements for:
 - Preparing accounts in compliance with statutory and other relevant requirements
 - Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
 - Managing performance to secure economy, efficiency and effectiveness in the use of resourcesThe results of the review, which included: an unqualified true and fair opinion of the financial statements; and satisfactory conclusion with the Annual Governance Statement, Whole of Government Accounts and Value for Money arrangements for 2015/16, were presented to the Governance Committee on 28th September 2016.
- A positive Annual Audit Letter for 2015/16 was received from the External Auditor with no significant issues to be raised with Members, key stakeholders or members of the public.
- The Council has opted for the Sector Led Body approach for the procurement of external audit services from 2018/19. Public Sector Audit Appointments Limited will be undertaking the process on behalf of the Council and the appointment is expected by December 2017.
- Management Board and Members of Cabinet reviewed strategic risks in January 2016 and October 2016. The Governance Committee received details of Management Board's action plans to manage those strategic risks which have a high risk rating.

9.3 The year-end review of the governance arrangements and the control environment included:

- Signed assurances from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's Annual Report for 2016/17 will be considered by the Governance Committee on 29 June 2017. At this time her provisional conclusion is that a satisfactory opinion will be given on the overall adequacy and effectiveness of the Council's risk management systems, internal control and governance processes.

- The Council's Local Code of Corporate Governance has been reviewed and updated for 2017/18 to incorporate the latest edition of the Delivering Good Governance in Local Government: Framework issued by CIPFA/SOLACE in April 2016.

9.4 Last year's Annual Governance Statement identified three areas for improvement/development:

- Information Governance Review. To consider and review policies in relation to Data Protection, Freedom of Information and Environmental Information Regulations. To include consideration of wider information governance issues and data sharing initiatives;
This review is ongoing. The focus of the emerging policies will be to seek to ensure compliance with the General Data Protection Regulations (GDPR). The new legal framework under GDPR comes into effect in May 2018.
- Implement Caseworks database system for the management of Freedom of Information enquiries and Complaints;
The system was operational for Freedom of Information enquiries from April 2016 and will be operational for Complaints from April 2017.
- An external quality assessment on the effectiveness of the internal audit function.
The external assessment was postponed due to a change in staffing in the Internal Audit Section however the assessment will be conducted during 2017/18: there is a requirement that it is conducted by September 2018.

10. Governance Issues

10.1 There are no significant internal control issues to be reported for the year. However, there are some areas of continuous improvement or development planned that will provide a more robust process of assurance for 2017/18.

10.2 The improvements/developments planned are:

- Ensure compliance with the General Data Protection Regulations (GDPR). The new legal framework under GDPR comes into effect in May 2018.
- An external quality assessment on the effectiveness of the internal audit function.

11. Certification

- 11.1 We have been advised on the implications of the review of the effectiveness of the governance framework and the revision and update of the Local Code of Corporate Governance by the Governance Committee at their meeting on 22 March 2017.
- 11.2 We undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2016/17, and will reflect and report on their operation and effectiveness as part of our next annual review.

Graham Butland
Leader of the Council

Nicola Beach
Chief Executive

Forward Look – Twelve months to March 2018		Agenda No: 11
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Trevor Wilson, Head of Finance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:		Public Report
		Key Decision: No
Executive Summary:		
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.		
There may be ad-hoc reports added, either at the request of members, the external auditor or from officers, during the year.		
Recommended Decision:		
Members are asked to note the report schedule for the next twelve month period.		
Purpose of Decision:		
To agree the work and reports which will be undertaken and presented to the Governance Committee over the coming 12 months.		

Any Corporate implications in relation to the following should be explained in detail.

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
29th June 2017	Internal Audit Annual Report	To present the Annual Report on Internal Audit for 2016/17.
	Financial Indicators report	To present details of key financial indicators for the year to end of May 2017.
	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 2016/17
	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
6th September 2017	Receipt of the Statement of Accounts for 2016/17 together with the External Auditor's Final report to Governance Committee	To consider and approve the Statement of Accounts for 2016/17, which will have been subject to external audit. The draft Statement of Accounts is due to be certified by Corporate Director, by 30th June 2017. 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 2017/18.
	Financial Indicators report	To present details of key financial indicators for the year to July 2017.
10th January 2018	Annual Audit Letter 2016/17	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 31 st March 2017	To receive external auditors report
	Draft Treasury Management Strategy 2018/19	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 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.
	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 2017.
	External Auditor appointment for 2018/19 onwards	Results of Procurement exercise to appoint a new External Auditor for the 2018/19 audit onwards.
21st March 2018	Internal Audit Plan 2018/19	To present the Internal Audit Plan for the 2018/19
	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 2017/18 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 2018.
	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.
	Annual Governance Statement 2017/18	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".

Governance Committee Annual Report 2016/2017		Agenda No: 12
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day, Audit Insurance and Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:		Public Report
Governance Committee meeting agendas		Key Decision: No
Executive Summary:		
To present to the Governance Committee a report summarising its activities during the 2016/2017 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.		
Recommended 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 2016/2017 and to approve its presentation to Council.		

Any Corporate implications in relation to the following should be explained in detail.

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 and Fraud Manager
Ext. No:	2821
E-mail:	lesley.day@braintree.gov.uk

The following activities were considered by the Committee during 2016/2017:

AUDIT & GOVERNANCE

Report: Annual Governance Statement 2015/2016 & 2016/2017

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 2015/2016

Received the Annual Report on Internal Audit Activity for 2015/2016.

Reports: Internal Audit Activity (quarterly)

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

Report: Internal Audit Plan 2017/2018

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

Report: External Audit Plan 2016/2017

Received and noted the External Audit Plan from Ernst & Young LLP

Report: Grant Claims and Returns Certification year ended and 31st March 2016

Received a report from the external auditor summarising the main issues arising from the certification of grant claims for the financial years ending 31st March 2016.

Report: Annual Audit Letter 2015/2016

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 Risk register.

Report: Corporate Information Asset Risks

Received details of the recently complied Corporate Information Asset Risks register.

MONITORING AND FINANCE

Report: Receipt of the Statement of Accounts for 2015/16 together with the External Auditor's Final Report to Governance Committee

Considered and approved the Statement of Accounts for 2015/2016 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 and relevant updates.

Reports: Key Financial Indicators (quarterly)

Received and noted details of key financial indicators.

Report: Treasury Management Annual Report 2015/2016 and Mid-Year Review 2016/2017

Noted and advised Cabinet to accept the reports.

Report: Treasury Management Strategy Statement 2017/2018

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

COMMITTEE OPERATION

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

Other reports received

Future appointment of external auditors – proposed to Council a preferred option for the procurement of external auditors from 2018/19 onwards

Received a referral from the Overview & Scrutiny Committee with regard to Braintree District Council's Investment Policy and specifically an understanding of long and short term investments.

The Chair of the Governance Committee did not request any private meetings with the External Auditors, Ernst Young LLP, during the year.

Governance Committee Self-Assessment		Agenda No: 13
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Lesley Day, Audit Insurance and Fraud Manager	
Report prepared by:	Lesley Day, Audit Insurance and Fraud Manager	
Background Papers:	Public Report	
Audit Committee – Practical Guidance for Local Authorities	Key Decision: No	
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>		
Recommended Decision:		
<div><div>1.</div><div>To review the sections of the self-assessment that have been completed to date.</div></div> <div><div>2.</div><div>To determine the Committee’s responses to the remaining issues in the self-assessment and identify future training needs as appropriate.</div></div>		
Purpose of Decision:		
<p>To assist Governance Committee Members with advice and good practice in carrying out the self-assessment.</p>		

Any Corporate implications in relation to the following should be explained in detail.

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
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CIPFA: SELF-ASSESSMENT CHECKLIST

MEASURING THE EFFECTIVENESS OF THE AUDIT COMMITTEE
March 2017

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 & Fraud 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?				Training on 'Understanding the Council's Statement of Accounts' was held during September 2016
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