

GOVERNANCE AND AUDIT SCRUTINY COMMITTEE AGENDA

Thursday, 20th April 2023 at 7:15pm

Council Chamber, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB

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Members of the Governance and Audit Scrutiny Committee are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Councillor P Euesden (Vice Chairman)	Councillor T Walsh
Councillor D Mann	Councillor Mrs L Walters
Councillor S Rehman	Councillor D White
Councillor Miss V Santomauro	Councillor J Wrench (Chairman)
Vacancy	

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.

D GASCOYNE
Chief Executive

INFORMATION FOR MEMBERS – DECLARATIONS OF MEMBERS’ INTERESTS

Declaration of Disclosable Pecuniary Interests (DPI), Other Pecuniary Interests (OPI) or Non-Pecuniary Interests (NPI).

Any Member with a DPI, OPI or NPI 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 DPI or OPI 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.

Public Question Time – Registration and Speaking:

The Agenda allows for a period of up to 30 minutes for Public Question Time. Members of the public may ask questions or make statement to the Committee on any matter in relation to which the Council has powers or duties or which affect the district and matters listed on the agenda.

All questions or statements should be concise and should be able to be heard within the 3 minutes allotted to each speaker.

Anyone wishing to ask a question or make a statement are requested to register their interest by completing the Public Question Time registration [online form](#) by **midday on the second working day** before the day of the Committee meeting.

For example, if the Committee Meeting is on a Tuesday, the registration deadline is midday on Friday, (where there is a Bank Holiday Monday you will need to register by midday on the previous Thursday). The Council reserves the right to decline any requests to register to speak if they are received after this time.

When registering for Public Question Time please indicate whether you wish to attend the Committee meeting ‘in person’ or to participate remotely. People who choose to join the meeting remotely will be provided with the relevant link and joining instructions for the meeting.

Please note that completion of the on-line form does not guarantee you a place to speak during Public Question Time. You will receive email notification from the Governance Service confirming whether your request is successful.

The Chairman of the Committee has discretion to extend the time allocated to registered speakers and the order in which they may speak.

In the event that a registered speaker is unable to connect to the meeting, or if there are any technical issues, their question/statement may be read by a Council Officer.

Further information on public question time is available on the [Council’s website](#).

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Documents:

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https://www.braintree.gov.uk/info/200136/access_to_information/376/privacy_policy

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Comments and Suggestions:

We welcome comments to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended, you can send these to governance@braintree.gov.uk

PUBLIC SESSION		Page
1	Apologies for Absence	
2	Public Question Time (See paragraph above)	
3	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.	
4	Minutes of the Previous Meeting To approve as a correct record the minutes of the meeting of the Governance and Audit Scrutiny Committee held on 12th January 2023 (copy previously circulated).	
5	Council’s Key Financial Indicators as at 28th February 2023	5 - 10
6	Internal Audit Update, Including Progress Against Internal Audit Plan 2022-23	11 - 21
7	External Quality Assessment of conformance of the Internal Audit Service	22 - 37
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9	Annual Audit Letter 2019/2020 To receive a verbal update on External Audits from BDO.	
10	Outcome of the Housing Benefit Subsidy 2020-21	54 - 76
11	Strategic Risk Register	77 - 106

Report Title: To receive a suite of the Council's Key Financial Indicators as at 28 th February 2023	
Report to: Governance and Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Phil Myers, Head of Finance (phil.myers@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 To receive a suite of the key financial indicators of the Council on performance in the current financial year up to 28th February 2023. To evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues as and when they may arise.

2. Recommendations

- 2.1 Members are asked to note the report of the Key Financial Indicators as at 28th February 2023.

3. Summary of Issues

- 3.1 The attached schedule (Appendix A) provides details of performance recorded for the financial year to 28th February 2023.

3.2 Commentary:

- 3.2.1 The General Fund revenue budget for the year is £16.2m. Net expenditure was £12.9m at the end of February which is £249k below profile.

- 3.2.2 The total budget for Salaries for the whole year is £20.8m. Expenditure on salaries to the end of February was £19.2m, which is over profile by £298k. The budget includes an Efficiency Factor of £300k to be achieved for the year of which £275k has been reflected in the profiled budget. This position includes the higher cost of the agreed staff pay award of £1,925 flat rate payment on all scale points backdated to April 2022.

- 3.2.3 Commercial rents invoiced to the end of February is £3.1m against a profiled budget of £3.2m, with a shortfall of £152k. The number of units available for let (excluding Victoria Square and the Plaza developments) was 221, and one unit has been let since the previous report and occupation remains at around 90%. For the lettable space in Causeway House, action is being taken to help mitigate a reduction in service charge income now the area is vacant, and

staff are being relocated from Unit 4 to Causeway House saving on the rent and service charges payable by the Council.

- 3.2.4 Other Controllable Income budgets for the year total £42.8m, with £35.8m profiled to be achieved at the end of February. Actual income was £37.3m, with an overachievement against profile of almost £1.5m. The main service areas contributing to this position were waste management (recycling material), building control, licensing, council tax sharing agreement, and treasury management, partially offset by less income from car parking, service charges, and planning applications. Controllable Expenditure budgets total £41.3m for the year, with a profiled budget at the end of February of £33.3m. At the end of February there was a reported variance of £761k. Spending has been higher than profiled budget particularly across operational and commercial property services that have been impacted by higher fuel, energy, and other inflationary costs.
- 3.2.5 The expected level of spend on the capital programme for the year has been updated since the last report, with relevant project expenditure reprofiled into next year. The revised profiled spend for the current year is £9.5m, which includes estimated expenditure on: The Plaza Enterprise Centre of £3.8m; H120 Business Park £0.5m; Manor Street development of £1.5m; planned maintenance programme of £0.2m; play area refurbishments of £0.3m; disabled facilities grants £0.9m; and £0.3m for resurfacing of the artificial grass pitch at Braintree Sports & Health Club. Actual expenditure incurred to the end of February is £7.6m.
- 3.2.6 Capital receipts totalling £5.7m is anticipated for the year, which include: right-to-buy sales and VAT shelter savings from agreements with Eastlight Community Housing; the sale of serviced land plots at Horizon 120; and the sale of land assets which had been identified for potential residential development. The actual value and timing of receipts can vary as they are subject to interest from prospective buyers; commercial arrangements; and, in some cases, contracts are exchanged subject to receipt of satisfactory planning consents. The amount of capital receipts achieved to the end of February is £6.1m, with higher amounts generated from preserved right-to-buy and VAT shelter than was originally assumed. Timing differences of receipts from H120, Manor Street and other residential sites is broadly neutral on the overall value of receipts received in year compared to that expected.
- 3.2.7 The Accountants are currently preparing the budget outturn position for the year which will be included in the Annual Performance report.
- 3.2.8 The total Council Tax collectable debit for the year is £109m. The collection rate as at the end of February was 95.6% (£104.5m collected), which compares to a rate of 95.4% for the same period last year.
- 3.2.9 The total Business Rates collectable debit for the year is £43.3m. The collection rate as at the end of February was 95.2% (£41.3m collected), which compares to a rate of 95.5% for the same period last year.

- 3.2.10 A total of 1159 write-offs of Council Tax, with a value of £272k have been authorised in the year to date: 387 in respect of the current year and 772 in respect of previous financial years. The main reason for write-offs is due to Individual Voluntary Arrangements (IVAs), the use of which has grown over the last few years and where initially the debt is written off and then collected via pre-agreed payment arrangements. Whilst an IVA is in place the Council is prevented from taking any further recovery action. If the debtor later defaults on an IVA, the outstanding debt is restated, and appropriate recovery action instigated by the Council.
- 3.2.11 A total of 43 write-offs of Business Rates, with a net value of £94k, have been authorised in the year to date: 19 in respect of the current year and 24 in respect of previous financial years.
- 3.2.12 The value of sundry debts owed to the Council at the end of February is £2.8m, of which £1.5m is in respect of Housing Benefit overpayments. Payment plans are agreed and range from payment within 14 days, payments by instalments throughout the year, and plans determined under Regulations (prescribed maximum amount that can be received from a debtor's benefit award).
- 3.2.13 The proportion of supplier payments made within 30 days is 97.9% The target is 97%.
- 3.2.14 Up to the end of February the average amount held as short-term investments was £46.8m on which £802k of interest has been secured, equivalent to an annualised return of 1.9%.
- 3.2.15 The amount invested in pooled funds comprising equity, property, and multi-assets, has been held at £19m. Dividend income is paid quarterly, and the amount received up to the end of February was £719k, equivalent to an annualised return of 4.1%. The total value of the Council's fund holdings at the end of February was £21.3m, which represented an unrealised gain of £2.3m.
- 3.2.16 Detail of the Council's investments of surplus monies, totalling £51.6m, as at 28th February, is provided at Appendix B.

4. Options

- 4.1 To receive and ask questions as appropriate on the Key Financial Indicators contained in this report.

5. Financial Implications

- 5.1 There are no new financial implications arising from the recommendations set out in this report.

6. Legal Implications

- 6.1 There are no specific legal implications arising out of this report.

7. Other Implications

7.1 There are no other implications arising out of this report.

8. Equality and Diversity Implications

8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

8.3 The content of this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

Appendix A – Key Financial Indicators (including Revenue, Capital, and Taxation collection) for the period 1st April 2022 to 28th February 2023.

Appendix B – Treasury Management – Details of the Council's investments for the period 1st April 2022 to 28th February 2023.

10. Background Papers

None.

Key Financial Indicators at 28th February 2023
APPENDIX A

	Full Year Budget 2022/23	Actual 28 Feb 2023	Profile to 28 Feb 2023	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Expenditure					
Salaries	20,800	19,181	18,883	298	1.6%
Other Controllable Expenditure	41,302	34,048	33,287	761	2.3%
General Fund - Income					
Commercial & Industrial Property - Rental Income	-3,010	-3,094	-3,246	152	-4.7%
Other Controllable Income	-42,851	-37,261	-35,801	-1,460	4.1%
General Fund - Net Revenue (Controllable)	16,241	12,874	13,123	-249	-1.9%
Capital Programme					
Capital Expenditure	9,478	7,565			
Capital Receipts	-5,730	-6,061			

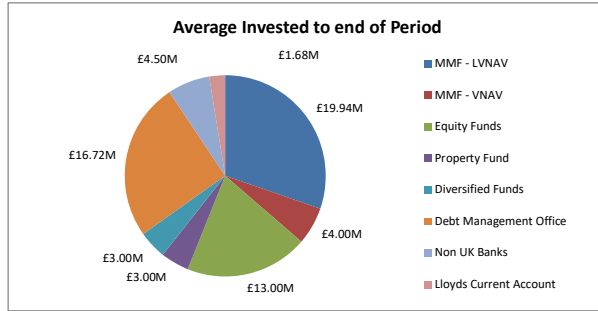
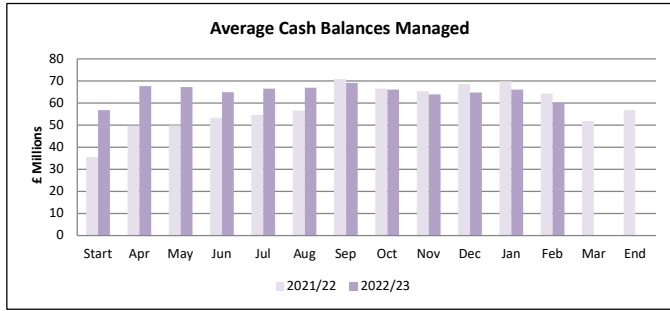
	Full Year Target	Actual 28 Feb 2023	Actual 28 Feb 2022	Variance
Council Tax collection in year - %	97.4%	95.6%	95.4%	0.2%
Council Tax collection - income collected for year - £m	£109.3	£104.5	£97.9	£6.6
Write-offs in year - £'000		£32	£47	-£15
Write-offs in year - number		387	225	162
Write-offs all years £'000		£272	£196	£76
Write-offs all years - number		1159	859	300
Business Rates collection in year - %	98.7%	95.2%	95.5%	-0.3%
Business Rates collected for year - £m	£43.3	£41.28	£38.0	£3.3
Write-offs in year - £'000		£37	£2	£35
Write-offs in year - number		19	11	8
Write-offs all years - £'000		£94	£5	£89
Write-offs all years - number		43	36	7
Creditors - payment of invoices within 30 days of receipt	97.0%	97.9%	96.4%	1.5%

Debtors - Balance Outstanding	31-Mar-20	31-Mar-21	31-Mar-22	28-Feb-23
	£'000	£'000	£'000	£'000
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	12	109	3	36
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	60	71	80	37
Development & Environment	375	512	570	254
Finance	92	102	82	55
Community & Leisure (incl. joint-use recharges)	212	92	103	343
Operations	1,076	1,312	1,155	517
Housing	65	43	73	33
Sub-Total - excluding Hsg. Benefits	1,892	2,241	2,066	1,275
Housing Benefits	1,673	1,613	1,541	1,478
Total	3,565	3,854	3,607	2,753
Profile by Recovery Stage:				
Invoice	1,914	2,088	2,016	1,257
Reminder	648	791	674	499
Pre-legal	104	145	86	177
Enforcement Agent	328	184	202	282
Tracing Agent	3	2	-	23
Charging Order	30	22	22	20
Attachment to Benefits/Earnings	538	622	607	495
Total	3,565	3,854	3,607	2,753
Write offs (debits and credits) in year - value - £000	£7.7	£0.6	£90.3	£8.2
Write-offs in year - number	114	141	226	179

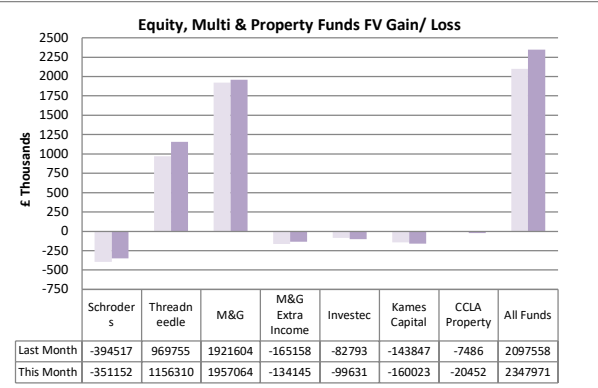
Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2022/23 is a net amount of £300,000. The overspend on salaries of £298,000, recorded above, is after offsetting £275,000 of the target.

APPENDIX B - Treasury Management Monitor - 28 February 2023



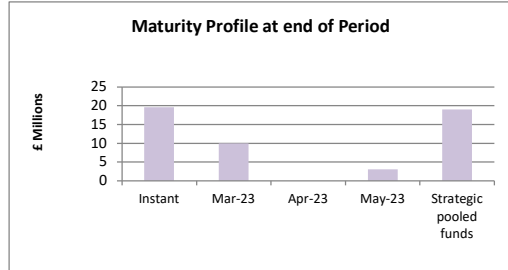
	Investment Activity			
	This Month Made £m	Sold £m	Cumulative Made £m	Sold £m
External Investments				
Property Fund	0.0	0.0	0.0	0.0
Equity Funds	0.0	0.0	0.0	0.0
Multi Funds	0.0	0.0	0.0	0.0
MMF - LVNAV	0.0	0.0	0.0	0.0
MMF - VNAV	0.0	-5.0	0.0	-5.0
Sub-Total	0.0	-5.0	0.0	-5.0
Deposits - Fixed				
UK Bank & Building Soc.	0.0	0.0	0.0	0.0
Non-UK Banks	0.0	0.0	6.0	0.0
Debt Mgt Office	1.0	-10.0	132.5	-138.5
Local Authorities	0.0	0.0	0.0	0.0
Sub-Total	1.0	-10.0	138.5	-138.5
Lloyds Bank PLC	0.0	-0.1	0.0	-0.2
Sub-Total	0.0	-0.1	0.0	-0.2
Total	1.0	-15.1	138.5	-143.7



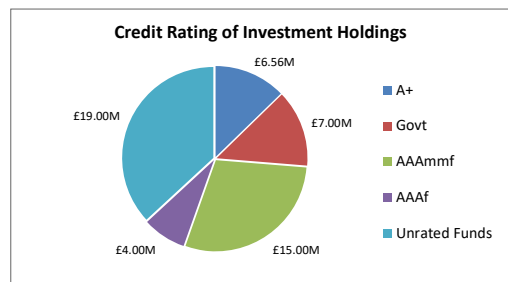
Commentary

Average sum invested in the month £60.32m (Last year £64.37m)
 Average sum invested for the year to date £65.82m (Last year £60.84m)
 Actual sum invested at the end of the period £51.56m (Last year £61.83m)
 Interest secured on instant access accounts, fixed deposits, and MMFs at the end of the period £801680 a return of 1.87% [Annual Updated Budget £23k]
 Note: 3mth Libid 2.69% 6mth LIBID 3.09%
 Dividends earned (declared) on equity, property and diversified funds to the end of the period £719k [Annual Budget £786k]
 Unrealised gain/ -loss at end of period for equity, property and diversified funds is a net £2348k a change of £250k from last month

COUNTERPARTY	Type	Principal	Start	Maturity	Yield
LANDESBANK HESSEN-THURINGEN (HELABA)	FIXED	3000000	15/09/2022	01/03/2023	3.30%
AUSTRALIA & NZ BANKING GROUP	FIXED	3000000	15/02/2023	25/05/2023	4.20%
DEBT MANAGEMENT OFFICE	FIXED	2000000	01/12/2022	01/03/2023	3.14%
DEBT MANAGEMENT OFFICE	FIXED	1000000	16/12/2022	20/03/2023	3.41%
DEBT MANAGEMENT OFFICE	FIXED	1000000	16/11/2022	01/03/2023	3.06%
DEBT MANAGEMENT OFFICE	FIXED	3000000	03/01/2023	20/03/2023	3.48%
LLOYDS BANK	CALL A/C	557000	31/01/2023	01/02/2023	3.90%
DEUTSCHE	MMF	0			3.37%
GOLDMAN SACHS	MMF	0	31/01/2023	01/02/2023	3.40%
CCLA PUBLIC DEPOSIT	MMF	5000000	31/01/2023	01/02/2023	3.55%
FEDERATED PRIME	MMF	5000000	31/01/2023	01/02/2023	3.47%
ABERDEEN STANDARD	MMF	5000000	31/01/2023	01/02/2023	3.45%



EXTERNAL FUND INVESTMENTS	Type	Principal	Yield
SHRODERS INCOME MAX.	EQUITY	2500000	Variable
THREADNEEDLE UK EQUITY	EQUITY	5000000	Variable
M&G GLOBAL DIVIDEND	EQUITY	2500000	Variable
M&G EXTRA INCOME	EQUITY	3000000	Variable
AEGON	MULTI	2000000	Variable
NINETY ONE	MULTI	1000000	Variable
CCLA - LAMIT PROPERTY	PROPERTY	3000000	Variable
ROYAL LONDON CASH PLUS	MMF-VNAV	4000000	Variable



Counterparty Type at end of Period	Exposure Em	MV Em
Property Fund	£3.00M	£2.98M
Equity Funds	£13.00M	£15.63M
Diversified Funds	£3.00M	£2.74M
MMF - LVNAV	£15.00M	£15.00M
MMF - VNAV	£4.00M	£4.01M
Lloyds Bank	£0.56M	£0.56M
Non-UK Banks	£6.00M	£6.00M
Debt Mgt Office	£7.00M	£7.00M
Other LAs	£0.00M	£0.00M

Report Title: Internal Audit Update, Including Progress Against Internal Audit Plan 2022/23	
Report to: Governance and Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Angela Mitchell	
Enquiries to: Angela Mitchell, angmi@braintree.gov.uk 01376 557821	

1. Purpose of the Report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Internal Audit activity to report functionally to the Governance and Audit Scrutiny Committee, being the committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.
- 1.2 The 2022/23 Internal Audit Plan was approved by the Governance and Audit Scrutiny Committee on 21st July 2022. This report provides Members with an update on the Internal Audit activity, and progress and performance against planned work and any other matters affecting the provision of the Internal Audit Service. This is in accordance with the Governance and Audit Scrutiny Committee role and the requirements of the PSIAS.
- 1.3 The Internal Audit function was subject to an External Quality Assessment (EQA) in February 2023, the outcome of which is detailed in a separate report to this Committee. This report identifies progress in respect of addressing actions identified in this and the previous EQA.
- 1.4 The report also provides an update on Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) applications made by the Authority.

2. Recommendations

- 2.1 Members note the progress and performance against the 2022/23 Internal Audit Plan.
- 2.2 Members note the progress in respect of addressing actions identified in the External Quality Assessment of the Internal Audit function.

3. Summary of Issues

3.1 **Progress against the 2022/23 Internal Audit Plans**

3.1.1 Progress against the 2022/23 Internal Audit Plan is detailed in **Appendix 1**.

3.1.2. The following audits have been completed since the last progress report to the Committee (12th January 2023). **Appendix 2** provides a summary of the outcomes of these audits:

- Facilities Contracts – **Significant Assurance**
- Asset Management and Service Charges – **Limited Assurance**
- Risk Management – **Significant Assurance**
- Major Projects General including (Programme & Project Assurance Team (PPAT) – **Significant Assurance**
- Manor Street Follow Up – all previous recommendations implemented, (and one further recommendation made).

3.1.3 The proportion of planned work completed was affected by the following factors:

- A significant proportion of the Audit Manager's time is spent on Insurance work, and some time also spent on Fraud work. The insurance service completed work for the 2022 Insurance Renewal, has dealt with additions to cover requirements and responded to insurance and risk related enquiries, and is also managing a high claim caseload.
- The Auditor (Career Grade) left the Council in November 2022, the new Trainee Auditor started on 1st February 2023, and is expected to commence professional study in October 2023.
- The Audit Manager is working with the Head of Finance on a revised Risk Management Policy & Strategy - the April 2022 report noted that a revised policy & strategy had been drafted for consideration by Corporate Management during 2023/24 and will be reported to a future meeting of this Committee.
- The Internal Audit function was subject to an External Quality Assessment, this involved sourcing a provider, preparing for the assessment through collation and provision of information to the assessor and making arrangements for the assessor to meet with relevant persons, and engaging with the assessor during and after the assessment.
- The Audit Manager is reviewing Fraud related policies.
- Additional ad hoc advice and consultancy services have been provided in the areas summarised in Appendix 1.

3.1.4 The Internal Audit Plan is prioritised, and Audits are assigned based on their relative priority with consideration to Auditor experience and auditee preferred timescales but is also flexible to respond to changing corporate needs. Progress of and any changes to planned work is reported to the Committee.

3.2 Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Applications

3.2.1 There were no RIPA / IPA applications in 2022/23 or to the date of producing this report.

3.3 Quality Assurance & Improvement Programme (QAIP)

3.3.1 The outcome of the 2022/23 External Quality Assessment of the Audit function against the Public Sector Internal Audit Standards (PSIAS) is the subject of a separate report to the Governance & Audit Scrutiny Committee on 20 April 2023. This assessment concluded the Council 'Conforms' to the PSIAS, and the assessor made 13 recommendations and 6 suggestions to support the Council and the Internal Audit function in its aim to develop and improve.

3.3.2 Since the last update to the Governance and Audit Scrutiny Committee on the QAIP and the status of implementation of recommendations, suggestions and observations identified in the 2017/18 External Quality Assessment, the following improvements have been made:

- A comprehensive **Internal Audit Manual** was prepared to assist audit staff in conformance and consistent practice. It is expected that further improvements will be made to the manual in light of the 2022/23 EQA, and to reflect changes arising from new Global Internal Audit Standards (which are expected to be published in 2023/24 for implementation in 2024/25).

3.3.3 The following improvements, identified in the 2022/23 External Quality Assessment, have also been introduced:

- The Charter has been updated as follows:
 - to set out how audits will be carried out of areas which are the responsibility of the Audit Manager (EQA – R1)
 - to include additional information on the Code of Ethics (EQA – S1)
 - to include additional information on the Core Principles for the Professional Practice of Internal Audit (EQA – S1)
- Management Board have agreed to the Audit Manager attending to present internal audit matters directly, this will commence with presentation of the Audit Plan and Annual Report prior to those items being considered by the Governance & Audit Scrutiny Committee in July 2023 (EQA – R4)
- Audit staff to actively seek action dates for all recommendations made in Audit Reports (EQA – R12)
- Details of internal audit improvements are included in the QAIP reporting (EQA – S3).

3.4 Corporate Objectives

3.4.1 The recommendations set out in this report will help the Council to deliver the following Corporate Objectives:

- The 2022/23 Internal Audit Plan includes work across all Corporate Objectives:
 - A sustainable environment and a great place to live, work and play;
 - A well connected and growing district with high quality homes and infrastructure;
 - A prosperous district that attracts business growth and provides high quality employment opportunities;
 - Residents live well in healthy and resilient communities where residents feel supported;
 - A high performing organisation that delivers excellent and value for money services;
 - Delivering better outcomes for residents and businesses and reducing costs to taxpayers.

4. Options

This report invites the Governance and Audit Scrutiny Committee to receive and note the progress against the 2022/23 Internal Audit Plan, additional work performed, and any other matters affecting the Internal Audit service.

5. Financial Implications

There are no financial implications arising from the recommendations set out in this report.

6. Legal Implications

There are no specific legal implications arising from this report.

7. Other Implications

There are no other implications arising from this report.

8. Equality and Diversity Implications

8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 8.3 The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

Appendix 1 – Progress Against the 2022/23 Internal Audit Plan

Appendix 2 - Outcome of Audits Completed Since the Previous Report To Governance Committee (12th January 2023)

10. Background Papers

None.

APPENDIX 1 - PROGRESS AGAINST 2022/23 INTERNAL AUDIT PLAN – as of 31st March 2023

This Appendix summarises the work completed in respect of the 2022/23 Internal Audit Plan (approved by the Governance and Audit Scrutiny Committee on 21st July 2022).

	Audit	Priority	Current Status	Date Report to Governance & Audit Scrutiny
2022/23 Internal Audit Plan – All Audits				
1	Core Financial Systems – Back to Basic Reviews <ul style="list-style-type: none"> • Council Tax • Local Council Tax Support • Investments 	1	<ul style="list-style-type: none"> • Completed • In progress • In progress 	<ul style="list-style-type: none"> • 3rd Nov 2022 • •
2	Payroll Shared Service	1	Commenced but deferred	<i>Will be carried forward to 2023/24 Plan</i>
3	Budget Monitoring	1	TOR agreed	<i>Will be carried forward to 2023/24 Plan</i>
4	Fraud Risks (NDR/Council Tax/Payments)	1	NDR/CT - Completed	3 rd November 2022
5	North Essex Parking Partnership	2		
6	Energy Rebate	2		
7	Town Hall income	2	Completed	21 st July 2022
8	Money Laundering	2		
9	Business Support Grants / External Funding Assurance	1	Ongoing as need arises. Internal Audit Annual Report 2021/22 (to GASC July 2022) identified grants reviewed.	
10	Shared Prosperity Funding	1		
11	Leisure Provision Contract	1	Completed	3 rd November 2022
12	Planning, including Time Extensions, Pre-Application & Notices	2	Completed	12 th January 2023
13	Section 106 agreements	2	Completed	21 st July 2022
14	Community Safety and Safeguarding Partnerships	1	Completed	12 th January 2023
15	Cost of Living Crisis	1		
16	Constitution (Financial Procedure Rules, Contract Procedure Rules, Procurement Rules)	1	Completed	12 th January 2023
17	Authorised Signatories	1	Completed	3 rd November 2022
18	Business Planning	2		
19	Plant & Vehicle Workshop	2	Completed	3 rd November 2022
20	Agency Supply Contract	2		
21	Facilities Contracts	2	Completed	20th April 2023
22	Employee Engagement	2	TOR agreed	
23	Policy Management	3		
24	Accuracy of Housing Application Processing	2		
25	Asset Management and Service Charges	1	Completed <i>pending management response</i>	20th April 2023

26	The Plaza (Horizon 120)	1	In progress	
27	Land and Property Inspections	2		
28	Risk Management	1	Completed Pending management response	20 th April 2023
29	Suppliers / Contractor Resilience	1	In progress	
30	Mobile Device Management	1	Completed	3 rd November 2022
31	CCTV GDPR Compliance	1	Completed	12 th January 2023
32	Cyber Security	1		
33	Culture & Ethics	2	TOR agreed	
34	Performance Management	3	In progress	
35	Major Projects – general, including PPAT	1	Completed	20 th April 2023
36	Major Project – in depth review	1	In Progress	
37	Strategic Investment	2		
38	Climate Change	1	Completed	3 rd November 2022
39	Energy Performance	2		
40	Office for Local Government	1		
41	Health and Safety	1	Ongoing attendance at corporate meetings as source of assurance	
42	Cyber Security	1	Ongoing attendance at corporate meetings as source of assurance	
43	Annual Governance Statement	1		
44	Follow Up Reviews <ul style="list-style-type: none"> • Contract Management (2019/20) • Manor Street (2019/20) • Housing Application Document Verification (2019/20) • Contract Management – Major Contracts (2020/21) • Managers Self Service (2021/22) • Project Realisation of Benefits (2021/22) 	2	<ul style="list-style-type: none"> • Completed • Completed • In progress • In progress • In progress • Management response received, actions due April 2023 	<ul style="list-style-type: none"> • 3rd November 2022 • 20th April 2023

ADDITIONAL WORK COMPLETED

During 2022/23 the internal audit function has provided ad hoc advice and guidance in various areas, including the following. No assurance levels are assigned to this work:

- **Financial Appraisals** conducted on potential suppliers to support the procurement process.
- **Homes for Ukraine** advice on arrangements to pay guests.
- Advice on **grant agreement** relating to requirements for signing off expenditure as committed.
- Advice on response to potential **data breach**.
- Advice on **conflict of interest** relating to a supplier appointment.
- Tender advice where **financial appraisal** identified a high-risk supplier.

- Investigation following **Whistleblowing allegation** concerning time recording.
- Advice on use of an **imprest account** for a supplier.
- Advice to Procurement on options for **HB Subsidy Audit**.
- Advice relating to **private use of Council equipment** and subsequent checks on potential conflict of interest.
- Provided guidance on corporate protocols and liaised with Senior Managers regarding **expenses claims** submitted for amounts higher than permitted limits.
- Advice on **use of SharePoint**, and enquirer also signposted to ICT Services.
- Advice re use of **bank drop box**.
- Advice to a Member regarding **Parish Council administration**, including relating to charging for shared resources, Working Time Directive, tree works, and declarations of interest.
- Follow up advice re **digital verification of ID**.
- Advice regarding **building security** relating to tenants.
- Advice on need for **Performance Bonds** in a build contract.
- Ongoing participation in Corporate **Protect Duty** group.

APPENDIX 2 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO GOVERNANCE COMMITTEE (3rd November 2022)

Recommendations reflect only High and Medium priority matters raised:

Audit	Overview of Scope	Summary of Findings	High / Medium Priority Recommendation(s)	Priority	Agreed / Responsible Officer / Action Date
<p>Facilities Contracts</p> <p>Significant Assurance</p>	<ul style="list-style-type: none"> • Quotations for facilities contracts • Procurement is via tender where required by procurement thresholds • Contracts are in place for suppliers • Records of contracts are maintained 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • In accordance with procurement rules, Quotations or Tenders are sought for work scheduled by Facilities staff • Contracts or Official Orders were in place for most services, the Facilities Team were working with Procurement staff to progress tenders for other work (Procurement staff have provided advice to the Facilities team) • Progress against contracts is monitored by the Facilities Administrator • Contracts records are held by Facilities staff, and the Procurement team maintain a contracts register of all Council contracts / tenders 	<p>Depending on the contract value, an Official Order or tender exercise to be completed for all Facilities contracts</p>	<p>Medium</p>	<p>Agreed: ICT & Facilities Manager</p> <p>Action Date: June 2023</p>
<p>Asset Management & Service Charges</p> <p>Limited Assurance</p>	<ul style="list-style-type: none"> • All costs are accounted for in setting Service charges • Billing for rent and services charges is in accordance with lease agreements • Rent reviews are up to date • Asset Management Strategy assumptions supported by evidence 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • Service charges are billed in accordance with agreements, and invoices or credit notes issued once final accounts are determined • Documents are retained in accordance with the service retention requirements 	<p>Rent reviews are not completed in a timely manner</p> <p>There is no current Asset Management Strategy</p>	<p>High</p> <p>High</p>	<p><i>Management response is pending</i></p>

	<ul style="list-style-type: none"> Record retention policies are in place & adhered to 				
Risk Management Significant Assurance	<ul style="list-style-type: none"> Risk management framework and risk maturity Risk management support of and alignment with Council priorities and strategic objectives Response to risk alignment to risk appetite Mitigating controls to address risks 	<p>Areas of good practice</p> <ul style="list-style-type: none"> The Council has adopted processes to identify and record strategic risks, including applying risk likelihood and impact ratings The Strategic Risk register is reviewed regularly by Senior Management and Members 	<p>The Risk Management Strategy is out of date.</p> <p>Risks reflect corporate priorities, transparency of alignment would be improved by identifying relevant corporate priority for each risk in the Risk Register</p>	<p>Medium</p> <p>Medium</p>	<p>Agreed: Head of Finance / S151, and Audit Manager to support implementation of updated policy & strategy Action date: October 2023</p>
Major Projects General, Including PPAT Significant Assurance	<ul style="list-style-type: none"> Projects are assessed for viability Current projects are subject to review Decision making protocols are in place for projects Project implementation reviews are completed Project documentation controls are in place Consultants operate in accordance with corporate project protocols 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> The Council's protocols and processes for projects are available via the intranet The Strategic Investment Team have developed additional procedures, processes, reporting structure and review processes for monitoring projects Projects Managers / Administrators record project information and prepare business cases, for substantial projects approval is via Cabinet (and Full Council if required) The Council's Performance Management system is used for recording some aspects of projects Consultants are appointed according to procurement procedures and work in accordance with corporate procedures and protocols 	<p>Corporate documentation was not used for all projects - Independent officers should ensure project protocols are in place and adhered to</p> <p>Not all key project or change control information was recorded - Pentana system to be updated with all project information</p> <p>No assigned responsibility for conduct of Post Implementation Reviews – implement structure for PIR's, or consider peer review system with appropriate training and central collation of findings</p>	<p>Medium</p> <p>Medium</p> <p>Medium</p>	<p>Agreed: Corporate Management Team to resolve structure for the Programme Management office (PMO will implement these action points)</p> <p>Action date: September 2023</p>

Follow Up – Manor Street Project	<ul style="list-style-type: none"> To review implementation of the 14 recommendations arising from the Manor Street Project Overspend Report issued 2020/21 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> All 14 recommendations have been addressed and the control framework over the Council’s programme and projects has been enhanced 	<p>The review identified one further recommendation to: conduct analysis of the project benefits to support delivery of outputs and outcomes and inform the Project Closure report, and determine a deadline for the Project Closure report to be completed in a timely manner to enable lessons learned to be documented and applied to future projects</p>	<p>Merits attention /desirable</p>	<p><i>Management response is pending</i></p>
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Follow Up Reviews

An update on the progress of implementation of recommendations was provided to the 3rd November 2022 Governance & Audit Scrutiny Committee. A further update will be provided in July 2023.

<p><u>Key:</u></p>	
<p><i>For the scope of objectives subject to review during the audit:</i></p>	
<p><i>Full Assurance</i></p>	<p><i>Internal controls meet acceptable standards and are consistently applied.</i></p>
<p><i>Significant Assurance</i></p>	<p><i>Reasonable, but not absolute, assurance that adequate risk management and controls are in place.</i></p>
<p><i>Limited Assurance</i></p>	<p><i>Significant assurance that the internal control framework meets minimum acceptable standards.</i></p>
<p><i>Limited Assurance</i></p>	<p><i>Some weaknesses or inconsistent application in control means some risks are not adequately mitigated.</i></p>
<p><i>Limited Assurance</i></p>	<p><i>Internal control framework does not meet minimum acceptable standard.</i></p>
<p><i>Limited Assurance</i></p>	<p><i>Weaknesses or inconsistent application of controls means some risks are not mitigated and require significant improvement</i></p>
<p><i>No Assurance</i></p>	<p><i>The internal control framework does not meet the minimum acceptable standards and no assurance can be given</i></p>

Report Title: External Quality Assessment of conformance of the Internal Audit Service to the Public Sector Internal Audit Standards	
Report to: Governance and Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Angie Mitchell, Audit, Insurance & Fraud Manager, angie.mitchell@braintree.gov.uk	

1. Purpose of the Report

- 1.1 To advise Members of the outcome and action plan in respect of the External Quality Assessment of conformance of the Internal Audit Service to the Public Sector Internal Audit Standards.

2. Recommendations

- 2.1 To note the outcome of the External Quality Assessment (EQA) of conformance to the Public Sector Internal Audit Standards attached to this report as Appendix A; and
- 2.2 To agree the Action Plan included at the end of the assessment report (Appendix 1 of the EQA report).

3. Summary of Issues

- 3.1 Internal Audit within the Public Sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which, subject to revisions, have been in place since April 2013. These standards require periodic self-assessments and an external independent assessment every five years. Braintree District Council's internal audit team was last reviewed in 2018 and a re-evaluation was therefore due.
- 3.2 Following a procurement process, Tilia Solutions was appointed to carry out the external assessment and this was conducted during February 2023. The review also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.
- 3.3 The overall result of the external assessment is that the Internal Audit Service **conforms** to the PSIAS. This is the highest rating achievable under

the assessment. For comparison, at the previous assessment the service was rated as partially conforms.

- 3.4 This latest assessment recognises the positive improvements and changes in working practices that have been introduced and embedded by the Audit, Insurance and Fraud Manager and the wider audit team since the previous assessment and action plan was agreed. The assessor comments that no areas of non-compliance with the standards were identified that would affect the overall scope or operation of the internal audit activity and acknowledged that the team is well-regarded in the Council.
- 3.5 The report of the assessor is attached as Appendix A which contains a suggested Action Plan which either '**Recommends**' where further improvements ought to be made; or alternatively makes '**Suggestions**' where changes might be considered.
- 3.6 Management responses to the proposed Action Plan have been included with suggested completion dates.
- 3.7 Since the EQA was conducted, the Institute of Internal Auditors has commenced consultation on proposed new *Global Internal Audit Standards* which are subject to a 90-day consultation period commencing March 2023. It is expected that the revised Standards will be published in Q4 2023 and become effective from Q4 2024. Changes will be made in the interim to the Charter and Audit Manual in response to the EQA, however it is anticipated that the revised Standards will require further changes to be made.
- 3.7 The recommendations set out in this report will help the Council to deliver the Corporate Objectives of a high performing organisation that delivers excellent and value for money services, as the internal audit function is regularly assessed, and continuous improvement made in the way the service operates and supports the organisation in line with recognised auditing standards and best practice.

4. Consultation

- 4.1 The external assessment included interviews with relevant Members and Officers across the Council as set out in the EQA report.
- 4.2 The proposed response to the suggested Action Plan has been considered by Management Board.

5. Options

- 5.1 To agree the response to the proposed Action Plan is the preferred option; however, the Committee may wish to comment or propose changes. Subject to what changes might be proposed it may be necessary to further consider any resource implications.

6. Financial Implications

- 6.1 The cost of the EQA review was £3,250 which has been funded from existing budget.
- 6.2 The proposed response to the Action Plan has no immediate financial impact; however, it is necessary to keep under review the level of resources available to ensure an adequate internal audit function can be maintained taking account of any competing work pressures on the manager and audit team from non-audit work.

7. Legal Implications

- 7.1 Under the Accounts & Audit Regulations 2015 (as amended) the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 8.3 The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

- 9.1 **Appendix A** – External Quality Assessor's Review of the Braintree District Council's Internal Audit Team (March 2023), including a proposed action plan (Appendix 1).

10. Background Papers

- 10.1 Report to the Governance Committee on 12th April 2018 - External Quality Assessment of conformance to the Public Sector Internal Audit Standards (PSIAS). A review undertaken by CIPFA (February 2018) [[Here](#)]



FINAL

Review of

Braintree District Council's Internal Audit Team

5 April 2023

Elizabeth Humphrey CPFA

Review of Braintree District Council's Internal Audit Team (February 2023)

Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1 April 2013, were revised on 1 April 2016 and further revised on 1 April 2017. The standards are currently being reviewed and changes are expected in 2024. The purpose of the PSIAS is to improve the professionalism and standing of internal audit, to support good governance in local government and to add value. The standards require periodic self-assessments and an assessment by an external person every five years. Braintree District Council's internal audit team was last reviewed in 2018 and a re-evaluation was therefore due. The review also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.

The review was carried out through a process of interview and document review. A list of interviewees is included at appendix 2. I should like to thank all those who took the time to talk to me for their help. I reviewed seven audits carried out during the 2021/22 and 2022/23 financial years and I examined key documents including the Charter and reports to the Governance and Audit Scrutiny Committee.

Internal audit at Braintree District Council **conforms with the PSIAS** (see appendix 3 for details of the PSIAS ratings). I identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity and the team is well-regarded in the Council. It does not, however, document the planning and delivery of its audits clearly and I have made five important recommendations in this area (recommendations 7-11). It is also important that the Audit, Insurance and Fraud Manager takes the key internal audit reports to senior management herself rather than via another officer and I have made a recommendation to that effect (recommendation 4). I identified a number of minor changes that need to be made to meet the Standards and have made recommendations (R) and suggestions (S) to support these developments. The Audit, Insurance and Fraud Manager (referred to as the CAE below) will need to take action to implement these and an action plan is included as appendix 1.

Summary findings and recommendations

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
Mission	Conforms	The mission is quoted in the Charter as required.		
Core principles of internal audit	Conforms	Internal Audit generally conforms to the Core Principles of Internal Audit. However, the planning of individual audits lacks detail, so it is not always obvious how some of the principles are met	See recommendations 5, 6, 9, 10 in particular	
Code of Ethics	Conforms	All interviewees stressed the emphasis placed on ethics by Internal Audit and their independence and objectivity. In common with the Core Principles, the Code of Ethics is quoted in the Audit Manual and Charter but there is little information about what this means in the Braintree DC context	Include an interpretation of the Core Principles and Code of Ethics in the Audit Manual and Charter	S1
Attribute standards				
1000 Purpose, authority and responsibility	Conforms	The Charter includes all the required information apart from setting out how areas that fall under the CAE's responsibility would be audited independently (Standard 1010 and see also Standards 1112, 1130.A2 and 2120). The CAE does not attend Management Board and internal audit information is shared with this group via the s151 officer (LGAN, Standards 1100, 2020 and 2060)	The Charter should set out how to carry out audits of areas that are the responsibility of the CAE See also S1 See R4	R1
1100 Independence and objectivity	Conforms	No concerns were raised about Internal Audit's independence and objectivity and several interviewees mentioned this as something that they valued. However, the annual	The annual report should confirm that the team's	R2

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
		report only confirms the CAE's independence, not that of the whole team (Standard 1110), the Charter does not detail arrangements for independently undertaking audits of those areas that fall under the CAE (Standards 1010, 1112, 1130.A2 and 2120) and the CAE does not directly report to the Management Board on audit matters, which has the potential to constrain her independence (LGAN and Standards 2020 and 2060)	independence has not been compromised See R1 See R4	
1200 Proficiency and due professional care	Conforms	Braintree is to be commended for training auditors and Internal Audit has worked hard to develop itself in recent years. However, some audit planning and working papers lacked detail and did not fully demonstrate due professional care (Standards 1210.A2, 1220 and 1220.A1) There have been no formal appraisals for some time, although informal supervision is working well (LGAN).	See R9 and 10 Consider the value of carrying out formal as well as informal job appraisals	S2
1300 Quality assurance and improvement programme (QAIP)	Conforms	The requirements around quality assurance are generally met but could be improved in the following areas: <ul style="list-style-type: none"> Setting out explicitly how internal audit could improve (LGAN) Improving the timeliness of audit supervision (Standard 1311 and also Standards 2240.A1 and 2340) Involving others in the organisation with internal audit knowledge 	Include details of internal audit improvements in the Manual and QAIP reporting See also R11 Identify and involve other persons within the organisation with sufficient	S3 S4

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
		<p>in QAIPs (Standard 1311)</p> <ul style="list-style-type: none"> Including more detail on the QAIP process and outcome in the Internal Audit Annual Report rather than as a separate report at a separate meeting (Standard 1320) 	<p>knowledge of internal audit practices in the QAIP process</p> <p>Report the detail of QAIP activities in the Annual Report</p>	S5
Performance standards				
2000 Managing the internal audit activity	Partially conforms	<p>Internal audit is generally managed well but there are two key areas where improvements are needed:</p> <ul style="list-style-type: none"> Neither the annual plan nor individual audit plans set out the resources (days) required in summary or in detail making it difficult to assess if the right areas are being given sufficient emphasis and if the team has sufficient resources to deliver the plan (LGAN, Standard 2030 and also Standard 2230) The CAE does not attend Management Board and audit reports are presented by the s151 officer. The Standards require the CAE to discuss audit's work and processes directly with senior management and this arrangement limits her ability to do so 	<p>As a minimum, the annual plan should set out the days needed for each category of audit activity</p>	R3
		<p>Internal audit has a detailed audit manual that highlights all the requirements of the PSIAS but it does not refer to the LGAN.</p>	<p>The CAE should attend Management Board when internal audit reports are on the agenda</p>	R4
			<p>Consider including references to the LGAN in the Audit Manual</p>	S6
2100 Nature of work	Conforms	<p>Internal audit's work covers all the areas required by the PSIAS and LGAN. It could be improved by including references to the Council's</p>	<p>Include a reference to strategic objectives and risks in the planning and reporting of audit assignments</p>	R5

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
		<p>strategic objectives and risks in individual audit assignments as well as in the annual plan, so demonstrating the contribution that internal audit makes to delivery for the Council and auditees (Standards 2110, 2120.AI and 2130.AI)</p> <p>Specific fraud audits are carried out each year and the extent of this counter-fraud work would be increased if the potential for fraud risks was also considered in every audit</p>	<p>Consider potential fraud risks when planning all audit work</p>	R6
<p>2200 Engagement planning</p>	<p>Partially conforms</p>	<p>Engagement planning lacks some of the important aspects required by the Standards:</p> <ul style="list-style-type: none"> • There is no indication of the resources required for each audit (LGAN, Standard 2230) • The terms of reference for each audit should be tailored to each assignment (the scope and approach in particular need developing) and should refer to the relevant strategic objectives and risks, the objective(s) of the area under review and the audit objective(s) and the opportunities to make improvements (Standards 2201, 2210, 2220.AI) • There is no engagement work programme setting out the detail of the tests to be undertaken and the working paper that includes some planning information is not approved in advance 	<p>Auditors should be given an indication of the time budget for each audit assignment and this should be recorded in planning documents</p> <p>Tailor the terms of reference for each audit to give greater detail about what is planned and the value that the work will deliver</p> <p>Develop detailed work programmes for each audit, setting out the testing strategy, how it will address the audit risks and add value and approve</p>	<p>R7</p> <p>R8</p> <p>R9</p>

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
		of testing (Standards 2240, 2240.AI and 2340)	this before implementation	
2300 Performing the engagement	Partially conforms	It was difficult at times to follow the trail through audit working papers. It was not always clear if sufficient, appropriate, relevant and reliable information had been obtained to support audit conclusions (Standards 2310, 2320 and 2330 and LGAN). These problems had been identified during audit supervision but at too late a stage in the audit for them to be addressed (Standard 2340)	Ensure that audit files are cross referenced so that the trail from the terms of reference to the audit plan, to audit work and to the report is clear. A detailed work programme can be helpful for this Carry out supervision in a timely fashion so that effective corrections can be made to the work See also R10	R10 R11
2400 Communicating the results	Conforms	Audit reports are clear, concise and complete and they acknowledge satisfactory performance by giving an assurance rating against each risk examined. We noted one action plan that did not have deadlines (LGAN) The Auditor's Opinion in the Annual Report did not refer to the strategies, objectives or risks of the Council and was not supported by details of the QAIP process (Standards 2450 and 1320)	Ensure all action plans include deadlines Expand the Auditor's Opinion to refer to the strategies, objectives and risks of the Council See also S5	R12 R13
2500 Monitoring progress	Conforms	The follow-up process complies with the standards.		
2600 Communicating the acceptance of risks	Conforms	There was no evidence that risks have been left unmitigated following an audit, highlighting the priority given to audit findings.		

The Audit, Insurance and Fraud Manager has details of the findings, standard by standard.

Elizabeth Humphrey CPFA

Appendix I: action plans

Recommendations

No	Recommendation	Response	Responsible officer	Action date
R1	The Charter should set out how to carry out audits of areas that are the responsibility of the CAE	Charter has been updated (April 2023)	Audit Manager	April 2023
R2	The annual report should confirm that the team's independence has not been compromised	Will be added to next Annual Report	Audit Manager	July 2023
R3	As a minimum, the annual plan should set out the days needed for each category of audit activity	Paragraph outlining days will be added to next Audit Plan	Audit Manager	July 2023
R4	The CAE should attend Management Board when internal audit reports are on the agenda	Audit Manager to report directly to Management Board, timing will correspond with Governance and Audit Scrutiny Committee reporting cycle	Management Board / Audit Manager	July 2023
R5	Include a reference to strategic objectives and risks in the planning and reporting of audit assignments	Link to corporate objectives / strategic risks are clear in Audit Plan, will also be added to Audit Terms of Reference and Audit Reports	Audit Manager / Auditors	July 2023
R6	Consider potential fraud risks when planning all audit work	Fraud risks are considered during preparation of the Internal Audit Plan. Further consideration will be made of significant fraud risks during audit assignment planning	Audit Manager / Auditors	July 2023
R7	Auditors should be given an indication of the time budget for each audit assignment and this should be recorded in planning documents	Audits will be assigned estimated days, although auditors are encouraged to make proactive assessments of approach during the audit	Audit Manager / Auditors	July 2023

No	Recommendation	Response	Responsible officer	Action date
R8	Tailor the terms of reference for each audit to give greater detail about what is planned and the value that the work will deliver	Format of Audit Terms of Reference will be reviewed	Audit Manager / Auditors	March 2024
R9	Develop detailed work programmes for each audit, setting out the testing strategy, how it will address the audit risks and add value and approve this before implementation	Documenting more detail of the audit approach in advance is agreed in principle but we recognise this would require additional resource input to the audit process. The scope of the planning will be reviewed. See also R11 below	Audit Manager / Auditors	March 2024
R10	Ensure that audit files are cross referenced so that the trail from the terms of reference to the audit plan, to audit work and to the report is clear. A detailed work programme can be helpful for this	Will review working paper format and develop audit trails for work to show more clearly the link between work performed and audit outputs	Audit Manager / Auditors	March 2024
R11	Carry out supervision in a timely fashion so that effective corrections can be made to the work	Supervision is carried out via weekly staff updates on progress of work and through regular informal discussion with staff. The Audit Manager's current reactive workload in non-Audit areas of responsibility has thus far resulted in delayed oversight of internal audit work, therefore whilst the recommendation is agreed in principle it may not be practical to achieve increased and ongoing interventions until a review of resources is completed. Audit Manager will work with the Director and Head of Finance to review wider working arrangements	Head of Finance & S151/ Audit Manager	March 2024
R12	Ensure all action plans include deadlines	Audit staff continue to seek action dates for all recommendations.	Corporate Management / Audit Manager / Auditors	April 2023
R13	Expand the Auditor's Opinion to refer to the strategies, objectives and risks of the Council	Annual Report will be updated to reference corporate strategies, objectives and risks	Audit Manager	July 2023

Suggestions

No	Suggestion	Response	Responsible officer	Action date
S1	Include an interpretation of the Core Principles and Code of Ethics in the Audit Manual and Charter	Charter has been updated (April 2023) Audit Manual will be updated at next revision. <i>Note that consultation on revised Standards indicates potential updates in these areas</i>	Audit Manager	March 2024
S2	Consider the value of carrying out formal as well as informal job appraisals	Corporate arrangements for formal staff appraisals in all areas of Council operations are to be reviewed	Corporate review in 2023/24	Subject to Corporate protocols
S3	Include details of internal audit improvements in the Manual and QAIP reporting	Actions arising from the EQA and other improvements are included in QAIP reporting (April 2023), and improvements will also be identified in the Annual Report (July 2023). Audit Manual will be updated at next revision	Audit Manager	March 2024
S4	Identify and involve other persons within the organisation with sufficient knowledge of internal audit practices in the QAIP process	QAIP process will be updated to reflect existing arrangements for oversight by Head of Finance / S151 (such as through monthly performance reporting). Will consider opportunity for involving audit staff in ongoing self-assessment. Will review with Head of Finance / S151 potential for involvement of other non-audit personnel in assessment of Internal Audit	Head of Finance & S151 / Audit Manager	March 2024
S5	Report the detail of QAIP activities in the Annual Report	QAIP reporting is included in the Annual Report, activities arising from this EQA review will be included in the next Annual Report	Audit Manager	July 2023
S6	Consider including references to the LGAN in the Audit Manual	To be reviewed for future revision of the Audit Manual. <i>Note that consultation on revised Standards indicates potential updates reflecting application of the Standards in the Public Sector, the impact of these will be reviewed before any amendments to the Audit Manual</i>	Audit Manager	December 2024

Appendix 2: interviewees

Person	Position
Suzanne Bennett	Corporate Director (Resources)
Darren Butler	Senior Auditor
Jess Crook	Auditor
Cllr Paul Euesden	Vice Chair, Governance and Audit Scrutiny Committee
Dan Gascoyne	Chief Executive
Tracey Headford	Business Solutions Manager
Kim Mayo	Head of Governance/Monitoring Officer
Angie Mitchell	Audit, Insurance and Fraud Manager
Phil Myers	Head of Finance/s151 Officer
Tracey Parry	Community Services Manager
Cllr Saif Rehman	Governance and Audit Scrutiny Committee member
Paul Reid	ICT and Facilities Manager
Cllr Justin Wrench	Chair, Governance and Audit Scrutiny Committee

Appendix 3: conformance gradings

Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Non-conforming	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the audit committee.

Report Title: Internal Audit Charter – April 2023	
Report to: Governance and Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Angela Mitchell, Audit, Insurance & Fraud Manager	
Enquiries to: Angela Mitchell, angmi@braintree.gov.uk 01376 557821	

1. Purpose of the Report

- 1.1 To ensure that there is an Internal Audit Charter which complies with the Public Service Internal Audit Standards.

2. Recommendations

- 2.1 To approve the updated Internal Audit Charter

3. Summary of Issues

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and were revised March 2017. These standards form the proper practices for Internal Audit required by the Accounts and Audit Regulations 2015.
- 3.2 The PSIAS require an Audit Charter to be in place defining the purpose, authority and responsibility of the Internal Audit function, and for the Charter to be reviewed periodically and presented to the Governance and Audit Scrutiny Committee for approval. The Charter was last reviewed and approved by the Committee on 21st April 2022
- 3.3 This Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function.
- 3.4 The Internal Audit Charter has been reviewed to ensure it remains up to date, and reflects requirements of the PSIAS, including the recommendations arising from the recent External Quality Assessment of Internal Audit. The following changes have been made to the Charter since it was last reported to the Committee:
- Paragraph 5 (Professionalism and Ethics) has been updated to reflect additional detail around the Code of Ethics. This is in accordance with suggestion S1 from the February 2023 External Quality Assessment

- Paragraph 8 (Independence and Objectivity) has been updated to reflect updates to the non-audit operational functions performed by the team, including reference to the Auditor's former employment, and to identify the approach to audits of areas which fall within the operational responsibility of the Audit Manager, ensuring transparency and objectivity is maintained. This is in accordance with recommendation R1 from the February 2023 External Quality Assessment.
- Paragraph 13 (Quality Assurance and Improvement Programme) has been updated to reflect additional detail around the Core Principles for the Professional Practice of Internal Auditing. This is in accordance with suggestion S1 from the February 2023 External Quality Assessment
- Other minor typographical amendments.

3.5 The recommendations set out in this report will help the Council to deliver the following Corporate Objectives:

- - A high performing organisation that delivers excellent and value for money services;
- Delivering better outcomes for residents and businesses and reducing costs to taxpayers.

An effective, skilled and properly resourced Internal Audit function which operates in accordance with Public Sector Internal Audit Standards (PSIAS) will focus governance, risk management and internal control assurance work across all corporate priorities and risks.

4. Options

4.1 The Committee is invited to approve the updated Internal Audit Charter (the Charter reflects requirements of the PSIAS, therefore this is the preferred option). The Committee may offer amendments prior to approval. To not have an approved Charter would be considered a non-conformance against the PSIAS.

5. Financial Implications

5.1 There are no financial implications arising from the recommendation to approve the Internal Audit Charter.

6. Legal Implications

6.1 The Accounts and Audit (England) Regulations 2015 require the Council to ensure it has a sound system of internal control. Section 5 refers specifically to Internal Audit, requiring that the Council '...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account *Public Sector Internal Auditing Standards or guidance* (PSIAS)'.

6.2 The PSIAS require an Audit Charter to be in place, reviewed periodically and presented to the Governance and Audit Scrutiny Committee (being the body charged with oversight of the organisation's governance arrangements) for approval.

7. Other Implications

7.1 There are no other implications arising from the recommendations in this report.

8. Equality and Diversity Implications

8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

8.3 The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

9.1 Internal Audit Charter 2023/24

10. Background Papers

10.1 Public Sector Internal Audit Standards



INTERNAL AUDIT CHARTER

April 2023

Braintree District Council Internal Audit Charter

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INTERNAL AUDIT CHARTER

1. Introduction

The purpose, authority, and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

The Internal Audit Charter establishes Internal Audit's position within Braintree District Council, including the Chief Audit Executive's reporting lines, authorisation to access records, staff and physical properties relevant to the performance of engagements, and also defines the scope of Internal Audit activities. It is also a reference point for measuring the effectiveness of Internal Audit.

The Charter will be reviewed annually and presented to the Governance and Audit Scrutiny Committee for approval.

2. Purpose and Mission

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of the Internal Audit function is to provide independent, objective assurance and consulting services to the Council to add value and improve the Council's operations.

The Internal Audit mission is to *Enhance and protect organisational value by providing risk based and objective assurance, advice and insight.*

Internal Audit helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. The Council's response to Internal Audit activity should also lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

3. Standards and Statutory Requirements

The Accounts and Audit (England) Regulations 2015 require the Council to ensure it has a sound system of internal control which:

- Facilitates effective exercise of its functions and achievement of its aims and objectives.
- Ensures effective financial and operational management.
- Includes effective arrangements for risk management.
- Requires review of effectiveness of Controls, AGS, and Statement of Accounts, by a Committee or Full Council

Section 5 of the Accounts & Audit Regulations refers specifically to Internal Audit:

- A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account *Public Sector Internal Auditing Standards or guidance.*

Section 151 of the Local Government Act 1972 also states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. The Head of Finance is the Council’s S151 Officer.

The CIPFA Statement of the Role of Chief Financial Officer in Local Government also states that the Chief Financial Officer must ‘*Ensure an effective Internal Audit function is resourced and maintained*’.

The Public Sector Internal Audit Standards (PSIAS) defines core principles, the adoption of which enables the Audit function to be effective. The PSIAS also provides additional Practice Advisories, Practice Guides and Position Papers to support Auditors in their role.

In addition to the PSIAS, the Internal Audit section will operate in accordance with mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), including the:

- Core Principles for the Professional Practice of Internal Auditing
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing
- Definition of Internal Auditing

The Audit Manager will report periodically regarding conformance to standards and requirements. (See also 13. *Quality Assurance and Improvement Programme* below)

4. Definitions

For the purposes of this charter, the following definitions apply:

Board	The governance committee charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At Braintree District Council this shall mean the Governance and Audit Scrutiny Committee.
Senior Management	Those responsible for the leadership and direction of the Council. At Braintree District Council this shall mean the Chief Executive, and the Management Team including Corporate Directors and Heads of Service. The Head of Finance is also the S151 Officer.
Chief Audit Executive	The Chief Audit Executive (CAE) is the person tasked with directly managing the Internal Audit function. At Braintree DC this role is performed by the Audit Insurance & Fraud Manager.
Consulting Activities	Internal Audit advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary
Standards	Public Sector Internal Audit Standards (PSIAS), and the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of

5. Professionalism & Ethics

Compliance with the **Code of Ethics** is mandatory, this code includes the following Principles relevant to the profession and practice of Internal Auditing. *Our Audit Manual reflects these and other requirements to ensure and assist Auditor compliance:*

Integrity:

- The integrity of auditors establishes trust and thus provides the basis for reliance on their judgement.

We achieve this by performing work with honesty, diligence and responsibility, and in line with professional standards. Our work contributes to the Council's ethical and other objectives.

Objectivity:

- Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

We achieve this by ensuring staff are not unduly influenced (such as by their own interests) in the course of their work – staff are required to declare situations which may impair objectivity (such as friendships / relationships, or financial ties) and they do not participate in assessment of operations for which they had responsibility within the previous year.

- Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

We achieve this by performing work in accordance with agreed Terms of Reference and recording all work performed including the outcomes and conclusions linked to evidence supporting the findings, and by disclosing all material known facts when recording results to ensure the reporting of activities under review is not distorted by selective recording.

Confidentiality:

- Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

We achieve this by ensuring staff awareness of corporate data protection / GDPR requirements. The requirement to consider the personal and/or sensitive nature of material before it is shared externally is iterated in the Audit Manual.

Competency:

- Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Staff engage only in the services for which they have the necessary knowledge, skills and experience, perform work in accordance with the Public Sector Internal Audit Standards, and are encouraged to continually improve their proficiency.

All records, documentation and information accessed in the course of undertaking internal audit duties shall be used solely for the conduct of internal audit activities. The Internal Audit Manager and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during their audit work.

6. Authority

The Audit Manager reports functionally to the Governance and Audit Scrutiny Committee, and organisationally to the Head of Finance, and also has access to Corporate Directors and the Chief Executive who carry the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

Where considered necessary to the proper discharge of Internal Audit function, the Audit Manager has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e., the Governance and Audit Scrutiny Committee). The Audit Manager will communicate and interact directly with the Governance and Audit Scrutiny Committee as appropriate.

To establish, maintain and assure that the Council's Internal Audit section has sufficient authority to fulfil its duties, the Governance and Audit Scrutiny Committee will:

- Approve the Internal Audit Charter
- Approve the risk-based audit plan.
- Approve Internal Audit's strategy and resource plan.
- Receive communications from the Audit Manager on Internal Audit's performance relative to its plan and the results of the quality assurance programme, and other matters, such as significant findings and/or emerging risks.
- Make appropriate enquiries of management and the Audit Manager to determine whether there is inappropriate scope or resource limitations.

The authority of Internal Audit is set out in the Council's Financial Procedure Rules. The Internal Audit remit extends to the Council's entire control environment, and there are no limits to Internal Audit's right of access to Braintree DC premises, property, documents and assets, and auditors may receive from any Council officer, agent or contractor appointed by the Council such information and explanations which it considers necessary for the purpose of the audit and to fulfil its responsibilities. In addition, the Governance and Audit Scrutiny Committee authorises internal audit to:

- Allocate resources, set frequencies, select subjects, determine scope of work and apply techniques required to accomplish audit objectives and issue reports; and
- Obtain assistance from the appropriate personnel within the Council and other specialised services in order to complete engagements.

7. Scope of Internal Audit Activity

The scope of internal audit encompasses but is not limited to the objective examination of evidence for the purpose of providing independent assessment to the Governance and

Audit Scrutiny Committee, management and other parties such as External Audit on the adequacy and effectiveness of governance, risk management and control processes for the Council. This extends to any services provided through partnership arrangements or external providers.

A range of internal audit services are provided to form the annual opinion. The approach is determined by the Audit Manager giving consideration to the assurance required, the significance of the objectives under review, inherent risks, and the level of confidence that controls are operating as intended. Internal audit assessments include evaluation of whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- Actions of Officers, Directors, employees and contractors are in compliance with Council policies, procedures, applicable laws, regulations and governance standards.
- Results of operations or programmes are consistent with established goals & objectives.
- Business systems and processes are carried out effectively and efficiently, and whether there is opportunity for performance improvement.
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact the Council.
- Information and the means used to identify, measure, analyse, classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently and protected adequately.

Internal Audit may also perform consulting activities (providing independent advice and guidance on governance, risk management and control issues) as appropriate for the organisation and may evaluate specific operations at the request of the Governance and Audit Scrutiny Committee or management, for example in respect of major projects and in the development of new systems and processes.

8. Independence & Objectivity

Internal Audit must be free from interference in determining the scope of activity, performing work and communicating results, and shall be free to review any aspect of service delivery, finance or governance irrespective of whether those arrangements are provided directly or indirectly (via partnerships, contracts or any other business arrangement).

The Internal Audit function is organisationally situated within the Financial Services department. The Audit Manager reports to the Head of Finance (S151 Officer) who in turn reports to the Corporate Director. The Audit Manager has a right of access to the Management Board, Chief Executive and Members.

The Audit Manager is responsible for ensuring Internal Audit remains free from conditions that threaten the ability of Auditors to carry out their responsibilities in an unbiased manner, including matter of audit selection, scope, procedures, frequency, timing and report content. If the Audit Manager determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Where Audit staff have **roles and/or responsibilities that fall outside the scope of Internal Audit**, safeguards will be established to limit impairments to independence or objectivity. Internal Auditors, including the Audit Manager will:

- Disclose any impairment of independence or objectivity in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively. Internal Auditors will have no direct operational responsibility or authority over any of the activities they audit and therefore will not:

- implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.
- Assess operations for which they had responsibility within the previous year (with the exception of follow up reviews)

Internal Audit staff do perform some **non-audit operational functions**:

- The Audit Manager is also operationally responsible for the Insurance and Fraud functions. Responsibility for these operational areas is recognised by senior management and the Governance and Audit Scrutiny Committee.
- The Audit Manager has recently reviewed the Council's Risk Management Strategy and will be involved in the review of strategic risks, however Members and Senior Officers retain responsibility for oversight, identification and management of risks.
- The Audit Manager is one of the administrators for the Council's Credit card account but does not hold a Council Credit Card.
- The Senior Auditor performs the following non-audit operational activities, and will therefore not perform any audit in these areas:
 - Provides ad hoc support for Barclaycard administration.
 - Accesses the DWP Customer Information System (CIS) to administer Council users (supporting Benefit team System Administrators to provide resilience – as changes require approval of a second administrator)
- The Senior Auditor and Trainee Auditor perform the following non-audit operational activities and will therefore not perform any audit in this area:
 - Equifax passwords user administration (this system is used by both Fraud and Benefits staff)
 - Maintain records (but not oversight) of gifts and hospitality, authorised signatories and declarations of interest.
- The Auditor performs the following non-audit operational activity and will therefore not participate in any audit of this area:

- As part of the Procurement process, the Auditor is one of the Finance Team involved in conducting financial appraisals on organisations submitting tenders.
- The Auditor was until the 31st January 2023 employed in the Council's Procurement team, and will therefore not undertake audits of Procurement functions or use of the Council's Barclaycard until at least a year has elapsed.

Audit of areas which are the responsibility of the Audit Manager:

Where the Audit Manager manages functions which fall outside the Internal Audit role, there is an inherent conflict of interest risk for the Audit Manager in the audit of those areas. To ensure objectivity and transparency is not impaired in the audit of those areas, we will:

- Ensure the scope of audit work to be performed is approved by the Head of Finance
- Make provision for any internal or external audit provider conducting areas within the responsibility of the Audit Manager, to report directly to the Head of Finance on the outcome of the review.
- We may engage external resources to conduct audit work, including the use of specialist providers where appropriate.
- In respect of the insurance function, the Council employs the services of a broker to advise on the scope of cover and insurance arrangements, and the service engages with other insurance professionals to provide a means of benchmarking services.

The Audit Manager will confirm to the Governance and Audit Scrutiny Committee, at least annually:

- The organisational independence of Internal Audit
- Any interference and related implications in determining the scope of Internal Auditing, performing work and/or communicating result.

9. Reporting

Assignment Reporting:

Terms of Reference are agreed for each assignment, and a report is produced on completion of the assignment, including management responses to specific findings and recommendations. Heads of Service / Managers are responsible for providing responses to recommendations and for ensuring agreed recommendations are implemented in the timescales agreed with the auditor.

Internal Audit will follow up implementation of high and medium priority recommendations, and report progress to Senior Management and the Governance & Audit Scrutiny Committee.

Senior Management / Governance and Audit Scrutiny Committee Reporting:

The Audit Manager reports periodically on:

- Internal Audit's purpose, authority and responsibility;
- Internal Audit's plan and performance relative to the plan;
- Internal Audit's conformance with the Institute of Internal Auditors (IIA) Code of Ethics and Standards, and action plans to address any significant conformance issues;

- Significant risk exposure and control issues including fraud risks, governance issues and other matters requiring the attention of the Governance and Audit Scrutiny Committee;
- Results of audit engagements or other activities, including opportunities for improving governance, risk management and control processes; and
- Any response to risk by management that may be unacceptable to the Council.

The Audit Insurance & Fraud Manager is also responsible for delivery of an annual audit opinion and report that can be used to inform the Council's Governance Statement, the annual opinion will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, based on

- The internal audit work carried out;
- Follow up on the implementation of high and medium priority recommendations;
- Any significant governance issues (as reported within the Council's Annual Governance Statement); and
- The annual review of effectiveness of Internal audit (see Quality Assurance and Improvement Plan, section 13 below).

Annual Governance Statement:

The Audit Manager's annual overall opinion on the Council's internal; control environment, risk management arrangements and governance framework support the Council's Annual Governance Statement.

10. Resources

The Corporate Director and Head of Finance (S151 Officer) will provide the Audit Manager with the resource necessary to fulfil the Council requirements and expectations for a robust and adequately scoped Internal Audit opinion. The Audit Manager will, at least annually, submit to Senior Management and the Governance and Audit Scrutiny Committee an Internal Audit Plan for review and approval. The plan will take into account the requirement to produce an annual Internal Audit Opinion and the assurance framework, and will be developed based on a prioritisation of potential audit activities. Significant matters affecting delivery of the plan will be discussed with Senior Management and the Governance and Audit Scrutiny Committee. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

The Audit Manager is responsible for delivery of the plan and will ensure the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience. The level and nature of resources required to deliver an adequate level of coverage of the Internal Audit Plan will be determined with due consideration to the content and complexity of audits and auditor experience. Any significant imbalance and proposed solutions will be reported to senior management and the Governance and Audit Scrutiny Committee.

Internal audit services are provided by staff employed directly by the Council, and additional resources are achieved by working with partners or external contractors.

11. Fraud and Corruption

Internal auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

The Council's Constitution requires Heads of Service and Corporate Directors to immediately notify the Head of Finance (S151 Officer) and Monitoring Officer immediately of any circumstances which may suggest the possibility of financial irregularity, and the HR Team will inform the Audit Manager of any employee issues with fraud or internal control implications. The Audit Manager will determine the audit response to allegations on the basis of risk, and the HR Team will guide Management on application of the Council's Disciplinary Rules and Procedure where appropriate.

The Council's Counter Fraud Strategy and the Fraud Corruption and Dishonesty Policy confirm these arrangements.

12. Relationship with External Audit and Other Assurance Activities

Internal Audit will establish and maintain an open relationship with the external auditor and any other assurance provider, and will plan work to ensure adequate coverage and to minimise duplication of the assurance effort. External Audit will have unrestricted access to all Internal Audit strategies, plans, working papers and reports.

13. Quality Assurance & Improvement Programme (QAIP)

The Chartered Institute of Internal Auditors has defined mandatory **Core Principles**, which taken as a whole articulate internal audit effectiveness. For an internal audit function to be considered effective and achieve its mission, all Principles must be present and operating effectively. The Core Principles and their interpretation are as follows

Core Principle	Interpretation
Demonstrates integrity	<i>Work is performed with honesty, diligence and responsibility. (See also para. 5 above).</i>
Demonstrates competence and due professional care	<i>Staff will perform services for which they have the necessary knowledge, skills and experience, perform work in accordance with the Public Sector Internal Audit Standards, and are encouraged to continually improve their proficiency. (See also para. 5 above).</i>
Is objective and free from undue influence (independent)	<i>Independence relates to the function's reporting position within the Authority, and to avoidance of conflicts of interest. (See also para 5 above re objectivity)</i>

Aligns with the strategies, objectives, and risks of the organisation	<i>The Internal Audit Plan is based on an assessment of the Council's corporate priorities and strategic risks</i>
Is appropriately positioned and adequately resourced	<i>The Audit Manager reports directly to Members and to the Management Board. Resources for the function will be kept under review to ensure that the function is able to perform sufficient work to enable provision of the annual internal audit opinion.</i>
Demonstrates quality and continuous improvement	<i>The Quality Assurance and Improvement Programme (QAIP) covers all aspects of internal audit activity and enables ongoing assessment to identify opportunities for improvement</i>
Communicates effectively	<i>The Chief Audit Executive [Audit Manager] maintains effective communication with the Chief Executive and Chair of the Audit Committee and interacts directly with the Board [Governance & Audit Scrutiny Committee]. The Audit Manager will communicate the activity's plans and resource requirements, engagement objectives, audit scope, audit results and overall opinion, the results of the QAIP, and must deliver an overall annual internal audit opinion</i>
Provides risk-based assurance	<i>The Chief Audit Executive establishes risk-based plans to determine audit priorities, consistent with the organisation's goals</i>
Is insightful, proactive and future-focussed	<i>Auditors will be proactive, and through their evaluations offer insight and comment on future impact</i>
Promotes organisational improvement	<i>Internal Audit will contribute to the improvement of the organisation's governance, risk management and control processes, by using a systematic, disciplined and risk-based approach to their work</i>

Internal Audit will maintain a QAIP which covers all aspects of the Internal Audit activity. The programme will include an evaluation of Internal Audit's conformance with the Principles, the Standards, and an evaluation of whether Internal Auditors apply the IIA's Code of Ethics (see 5. *Professionalism and Ethics* above). The programme will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

The programme includes:

- An annual internal self-assessment of conformance with the Public Sector Internal Audit Standards (including the Principles, Standards and Code of Ethics). The results of this assessment will be communicated to senior management and the Governance and Audit Scrutiny Committee.
- An External Quality Assessment (EQA) will be conducted at least once in every 5 years and may be a full external assessment or a self-assessment with validation by a qualified independent assessor. The results of this assessment will also be communicated to senior management and the Governance and Audit Scrutiny Committee. The last assessment was conducted in February 2023, and the results reported to the Governance Committee in April 2023), the next EQA will be commissioned in 2027/28 or sooner.

- The Audit Manager defines the Internal Audit approach and conducts assignment reviews to ensure consistent application of the standards.

Instances of non-conformance with the Standards will be included in the annual Internal Audit report. If there is significant con-conformance this will be included in the Council's Annual Governance Statement.

*Angela Mitchell
Audit Insurance & Fraud Manager
April 2023*

Report Title: Outcome of the Housing Benefit Subsidy 2020/21 certification work undertaken by the Council's external auditors	
Report to: Governance and Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Phil Myers at phil.myers@braintree.gov.uk	

1. Purpose of the Report

- 1.1 To receive the Certification Letter and Report on the Council's Housing Benefit Subsidy claim for 2020/21, issued by BDO LLP. The report summarises the results of the work carried out by BDO LLP.

2. Recommendations

- 2.1 To receive and note the Certification Letter and Report on the Council's Housing Benefit Subsidy claim for 2020/21 that was sent to the Department for Work and Pensions by our external auditors, BDO LLP.

3. Summary of Issues

- 3.1 A copy of the letter and report produced by BDO LLP is attached at Appendix A.
- 3.2 Local Authorities responsible for managing housing benefits can claim subsidies in reimbursement of the cost of these benefits from Central Government. In doing so, an authority is required to make arrangements for an approved reporting accountant to provide independent certification of relevant claims.
- 3.3 As the Council has an existing contract with BDO LLP for the audit of the Council's annual accounts it was agreed to engage BDO LLP separately to undertake the certification work of the annual claim as required by the Department for Work and Pensions (DWP).
- 3.4 BDO LLP has followed methodology determined by the DWP. The Housing Benefit Subsidy certification report, required by the DWP, details the errors identified by testing, additional testing conducted, and the impact on the provisional Subsidy claim submitted by the Council.
- 3.5 Whilst errors were identified during the testing undertaken by BDO LLP, the overall extrapolated amount of £39,408 representing benefit overpayments means that the overall error rate for the year was less than the DWP

threshold permitted and therefore there has been no requirement to amend the final subsidy form.

- 3.6 The certification fees for 2020/21 were £20,505 and reflects the costs relating to extended testing and associated support fees, including those additional tests required following the outcome of the 2019/20 assurance audit. This has been agreed with Officers.

4. Options

- 4.1 The certification letter and report and impact on the Council's Housing Benefit Subsidy claim for 2020/21 are to be received and noted by the Committee.

5. Financial Implications

- 5.1 Provision was made in the 2020/21 final accounts for a planned fee of £14k. The additional cost incurred will be reflected as a variance in the final budget outturn for 2022/23.
- 5.2 The total amount of HB subsidy claimed is over £27 million and therefore the fees incurred for providing the necessary independent assurance represents less than 0.1% of the value claimed.

6. Legal Implications

- 6.1 The Council has met its obligation to the DWP to have the annual Housing Benefit Subsidy claim certified by an appropriate professional financial organisation.

7. Other Implications

- 7.1 There are no other implications arising from this report.

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual

orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 8.3 The matters addressed in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

- 9.1 Copy of the Housing Benefit (Subsidy) Assurance Process 2020/21 Module 6 DWP Reporting Framework Instruction (Applicable to England only)
Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31st March 2021.

10. Background Papers

- 10.1 Housing Benefit Subsidy 2020/21 working papers and system reports used to complete the claim.



Housing Benefit (Subsidy) Assurance Process 2020-21 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2021

To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ. lawelfare.lapaymentsandsubsidy@dwp.gov.uk

And: The Section 151 Officer of Braintree District Council, Phil Myers, Section 151 Officer.

This report is produced in accordance with the terms of our engagement letter with the Braintree District Council dated 8th March 2023 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2020/21 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Braintree District Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 30 April 2021.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2020/21.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2020/21 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a copy of form MPF720A 2020/21 received from the section 151 officers verifiable email address and dated 30 April 2021 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 30 April 2021 and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that

would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 Non HRA Rent Rebate Incorrect application of end date

Initial Testing of Cell 011 identified that the Local Authority has incorrectly applied end dates in three cases, resulting in an overpayment for two of these cases. The Authority identified all claims ending in 2020-21 in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebate Employed income

Initial Testing of Cell 011 identified that the Local Authority has incorrectly calculated Employed earned income resulting in an overpayment of benefit. The Authority identified all employed claims in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebate Rental figure

Initial Testing of Cell 011 identified that the Local Authority has incorrectly inputted rental figure resulting in an overpayment of benefit. The Authority identified all claims in Cell 011 and has tested each claim.

Cell 011 Non HRA Rent Rebate Cap

Initial Testing of Cell 011 identified that the Local Authority has incorrectly inputted an LHA rate cap for non self-contained licenced accommodation where the local authority is the landlord, resulting in a misclassification of benefit between Cell 012 and Cell 013. As a result of this error, cell 012 is understated by £5,089.26 and cell 013 overstated by the same amount. We have identified all Cell 011 cases and have tested each claim. No further errors in the application of the cap were noted.

Cell 055 HRA Rent Rebate

Total for cell 55 rent rebates is 0 so no testing has been undertaken.

Cell 094 Rent Allowance Universal credit

Initial Testing of Cell 094 identified that the Local Authority has incorrectly inputted universal credit period in one case resulting in no change to the HB award or subsidy claimed as claimants income is below applicable amount.

Cell 094 Rent Allowance Self Employed income

Initial Testing of Cell 094 identified that the Local Authority has incorrectly calculated Self-employed earned income in two cases where one resulting in an overpayment of benefit and the other no change to the HB award or subsidy claimed as below the applicable amount. The Authority identified all self-employed claims in Cell 094 and has tested additional 40 claims.

Cell 094 Rent Allowance Employed income

Initial Testing of Cell 094 identified that the Local Authority has incorrectly calculated Employed earned income resulting in an overpayment of benefit. The Authority identified all employed claims in Cell 094 and has tested additional 40 claims.

Completion of Modules

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

Completion of Module 2

We have completed the uprating checklist and no issues were identified.

Completion of Module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding HBAP report. Where appropriate the Authority has completed testing of the sub populations for:

Non- HRA Rent Rebates Cell 011 – incorrect rent figure error

Rent allowances Cell 094 - overpaid Benefit earned income calculation error

Rent allowances Cell 094 - overpaid Benefit end date calculation error

Rent allowances Cell 094 - overpaid Benefit start date calculation error

Rent allowances Cell 094 - overpaid Benefit tax credit calculation error

We have re-performed a sample of the Authority's testing and confirm the tests we have carried out concur with the Authority's results. These results are outlined in the appropriate appendix.

The number of CAKE tests returning no errors and considered closed is zero.

Summary paragraph/ending of letter

For the form MPF720A dated 30 April 2021 for the year ended 31 March 2021 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

DocuSigned by:

Aphrodite Lefevre

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BDO LLP

Norwich, UK

29 March 2023

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Appendix A Exceptions/errors found

Cell 011 Overpaid benefit – End date error

Cell 011 Non HRA Rent rebate

Cell Total: £85,247

Cell Total £22,379 – sub population

Cell Population: 50 cases

Cell Population: 22 cases – sub population

In the initial testing, it was identified that the Local Authority incorrectly inputted the end dates resulting in an overpayment of benefit. During our initial testing, five cases (value £12,275.26) were assessed for the end dates and three cases had issues:

- An error occurred because the end date was entered incorrectly on this claim. HB was incorrectly paid after the entitlement had ended. As a result of this error, cell 012 is understated by £27.47 and cell 013 is overstated by £206.04. Cell 026 is understated by £178.57.
- Another case was the same where HB was incorrectly paid after the entitlement had ended. As a result of this error, cell 012 is overstated by £35.71 and Cell 026 is understated by £35.71.
- For the last case, HB entitlement was incorrectly terminated earlier than should have been. As a result of this error, cell 011 is understated by £520, cell 012 was understated by £213.84 and cell 013 is understated by £306.16.

An additional sample of 100% of cases where end date was assessed were tested. This additional testing identified two cases where the incorrect end date had been applied:

- One case where Cell 102 is overstated by £30, Cell 103 overstated by £50, and Cell 026 is understated by £80.
- The other case where Cell 012 is understated by £67.

The following table is based on these findings:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 5 cases	Incorrect Non Dep deduction Calculation – Cell 011	£85,247	£214	£12,275		
Additional testing sample – 17 cases	Incorrect Non Dep deduction Calculation – Cell 011	£22,379	£80	£10,103		
Combined sample - 22 cases	Incorrect Non Dep deduction Calculation – Cell 011	£22,379	£294	£22,379	1.32%	£294
Corresponding adjustment:	Combined sample - Cell 012 is overstated	£22,379	£38	£22,379	0.17%	-£38
	Combined sample - Cell 013 is overstated	£22,379	£256	£22,379	1.14%	-£256
Total corresponding adjustment	Total understatement of Cell 026					£294

Cell 011 Overpaid benefit – Earned income calculation error
Cell 011 Non HRA Rent rebate
Cell Total: £85,247
Cell Total £1,150 – sub population
Cell Population: 50 cases
Cell Population: 2 cases – sub population

In the initial testing, it was identified that the Local Authority incorrectly calculated earned income resulting in an overpayment of benefit.

During our initial testing, one case (value £682.40) was assessed for the employed earnings and this case had an error because the earnings figure was entered incorrectly on this claim – the tax deductions were entered incorrectly. As a result of this error cell 012 is overstated by £0.82, cell 013 is overstated by £1.46 and Cell 026 is understated by £2.28.

An additional sample of 100% of cases where an assessment in the subsidy period was based upon earned income was tested – there was only one additional case. This additional testing identified another case where the incorrect earnings had been applied where earned income was input incorrectly resulting in an understatement of benefit of £0.02.

The following table is based on these findings:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 1 case	Incorrect Non Dep deduction Calculation – Cell 011	£85,247	£2	£682		
Additional testing sample – 1 case	Incorrect Non Dep deduction Calculation – Cell 011	£1,150	£0	£468		
Combined sample - 2 cases	Incorrect Non Dep deduction Calculation – Cell 011	£1,150	£2	£1,150	0.20%	£2
Corresponding adjustment:	Combined sample - Cell 012 is overstated	£1,150	£2	£1,150	0.20%	-£2
Total corresponding adjustment	Total understatement of Cell 026					£2

Cell 011 Overpaid benefit – Rental figure error
Cell 011 Non HRA Rent rebate
Cell Total: £85,247
Cell Total £83,939 – sub population
Cell Population: 50 cases
Cell Population: 50 cases – sub population

Initial Testing was carried out on 10 cases (total value £21,591.39). Initial testing showed one claim (value: £1,673) where the rent liability had been applied incorrectly, resulting in an understatement of cell 011 by £65.00, an understatement of cell 012 by £4.14, and an understatement of cell 013 by £60.86.

However, given the nature of the population and the errors found in the claim, the rent liability on all non-HRA rent rebate cases was tested. This additional testing identified no further errors.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayments that could be identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.

In 2019/20 it was identified that the Local Authority has incorrectly applied rent liability resulting in an underpayment of benefit. In the initial testing, it was identified that the Local Authority incorrectly calculated earned income resulting in an underpayment of benefit.

An additional sample of 100% of cases where an assessment of the rent liability was tested. This additional testing identified four cases where the incorrect rent had been applied:

- One case where Cell 013 was overstated by £20 and Cell 026 understated by £20.
- One case where Cell 013 was overstated by £15 and Cell 026 understated by £15.
- One case where Cell 012 understated by £1,279.48 and the fourth case where there was no subsidy impact.

The following table is based on these findings:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 10 cases	Incorrect Non Dep deduction Calculation – Cell 011	£85,247	£0	£21,591		
Additional testing sample – 39 cases	Incorrect Non Dep deduction Calculation – Cell 011	£83,939	£35	£62,399		
Combined sample – 49 cases	Incorrect Non Dep deduction Calculation – Cell 011	£83,939	£35	£83,991	0.04%	£35
Corresponding adjustment:	Combined sample – Cell 013 is overstated	£83,939	£35	£83,991	0.04%	-£35
Total corresponding adjustment	Total understatement of Cell 026					£35

Cell 094 Overpaid benefit – Tax credit calculation error

Cell 094: Rent allowances total expenditure

Cell Total: £27,425,328

Cell Total £3,155,547 – sub population

Cell Population: 5820 cases

Cell Population: 737 cases – sub population

Headline Cell: £27,425,328

In 2017/18, 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly calculated tax credit income resulting in an underpayment of benefit. During our initial testing, one case (value £719.24) where the assessment was based on tax credit income were tested and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. This additional testing identified:

One case which resulted in an overpayment of housing benefit to a total of £76.48 in 2020/21 due to incorrect application of tax credit income.

Eight cases which had resulted in an underpayment of housing benefit to a total of £65.84 in 2020/21 due to incorrect application of tax credit income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the fourth year that this error has been identified in the HBAP Report.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 1 case	Incorrect Income Calculation	£27,425,328	£0	£719		
CAKE sample – 40 cases	Incorrect Income Calculation	£3,155,547	£76	£173,574		
Combined sample – 41 cases	Incorrect Income Calculation	£3,155,547	£76	£174,293	0.04%	£1,385
Corresponding adjustment:	Cell 102 is overstated	£3,155,547	£76	£174,293	0.04%	-£1,385
Total corresponding adjustment	Total understatement of Cell 113					£1,385

Cell 094 overpaid benefit – Earned income calculation error

Cell 094: Rent Allowances total expenditure

Cell Total: £27,425,328

Cell Total £2,780,168 – sub population

Cell Population: 5,820 cases

Cell Population: 686 cases – sub population

Headline Cell: £27,425,328

In 2016/17, 2017/18, 2018/19 and 2019/20 it was identified that the Local Authority had incorrectly calculated earned income resulting in an overpayment of benefit. During our initial testing, one case (value £3,993.02) where the assessment was based on earned income was tested and error was identified.

An additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. This additional testing identified:

- Five cases (total value £15,164.24) selected from cell 094, where earned income was incorrectly input/assessed, resulting in an understatement of benefit. Cell 102 understated by £212.28 and Cell 103 understated by £48.04.
- Of these, one case where there was also an overpayment (see below).
- 9 cases (total value £34,739.97) selected from cell 094, where earned income was incorrectly input/assessed, resulting in an overstatement of benefit. Cell 102 overstated by £632.27, Cell 103 overstated by £297.69 and Cell 113 understated by £929.96
- 1 case selected from cell 094, where earned income was incorrectly input/assessed, but the error had no impact on benefit entitlement.

There is one case which include an overpayment during one period of the claim and an underpayment during a different period of the claim.

This is the fifth year that this error has been identified in the HBAP Report.

The following table is based on these findings:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 1 case	Incorrect Income Calculation	£27,425,328	£6	£3,993		
CAKE sample – 40 cases	Incorrect Income Calculation	£2,780,168	£1,930	£181,613		
Combined sample - 41 cases	Incorrect Income Calculation	£2,780,168	£1,936	£185,606	1.04%	£28,996
Corresponding adjustment:	Cell 102 is overstated	£2,780,168	£638	£185,606	0.34%	£-9,558
Corresponding adjustment:	Cell 103 is overstated	£2,780,168	£1,298	£185,606	0.70%	£-19,438
Total corresponding adjustment	Total understatement of Cell 113					£28,996

Cell 094 overpaid benefit – Self-Employed income calculation error

Cell 094: Rent Allowances total expenditure

Cell Total: £27,425,328

Cell Total £864,364 – sub population

Cell Population: 5,820 cases

Cell Population: 184 cases – sub population

Headline Cell: £27,425,328

During our initial testing, it was identified that the Local Authority had incorrectly calculated self-employed income resulting in an overpayment of benefit. Two case (value £4,708.49) where the assessment was based on earned income was tested and both cases contained errors:

- One case an error has occurred because self-employed income was calculated incorrectly. The total effect of this is an overstatement of cell 102 by £36.96 and an understatement of cell 113 by the same amount.
- The same error occurred in the other case because self-employed income was calculated incorrectly. As the income is still below the applicable amount, there is no change to the HB award or subsidy claimed.

An additional sample of 40 cases where an assessment in the subsidy period was based upon self-employed income was tested. This additional testing identified:

- Seven cases (total value £37,345.26) selected from cell 094, where self-employed income was incorrectly input/assessed, resulting in an understatement of benefit. Cell 102 understated by £1,184.89 and Cell 103 understated by 264.00.
- Of these, one case where there was also an overpayment (see below).
- 18 cases (total value £70,715.59) selected from cell 094, where self-employed income incorrectly input/assessed, resulting in an overstatement of benefit. Cell 102 overstated by £1,623.46, Cell 103 overstated by £139.92 and Cell 113 is understated by £1,763.38.
- Four cases selected from cell 094, where self-employed income was incorrectly input/assessed, but the error had no impact on benefit entitlement.

There is one case which includes an overpayment during one period of the claim and an underpayment during a different period of the claim.

This is the first year that this error has been identified in the HBAP Report.

The following table is based on these findings:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 2 cases	Incorrect Income Calculation	£27,425,328	£37	£4,708		
CAKE sample – 40 cases	Incorrect Income Calculation	£846,364	£1,763	£170,524		
Combined sample - 42 cases	Incorrect Income Calculation	£846,364	£1,800	£175,233	1.03%	£8,696
Corresponding adjustment:	Cell 102 is overstated	£846,364	£1,623	£175,233	0.93%	-£7,841
Corresponding adjustment:	Cell 103 is overstated	£846,364	£177	£175,233	0.10%	-£854
Total corresponding adjustment	Total understatement of Cell 113					£8,696

Appendix B Observations

Cell 094: Rent Allowances – End date

Cell Total £27,425,328

Cell Population 5,820

Headline Cell £27,425,328

Underpaid benefit

40+ testing showed three claims (value: £4,058.59) where the end date had been applied incorrectly, resulting in an understatement of cell 094 by £98.8, £220 and £88.65 respectively.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayments that could be identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.

Cell 094: Rent Allowances – Start date

Cell Total £27,425,328

Cell Population 5,820

Headline Cell £27,425,328

Underpaid benefit

40+ testing showed one claim (value: £2,500) where the start date had been applied incorrectly, resulting in an understatement of cell 110 by £250.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment that could be identified do not affect subsidy and have not, therefore, been classified as an error for subsidy purposes.

Cell 094: Rent Allowances – Universal Credit (UC)

Cell Total £27,425,328

Cell Population 5,820

Headline Cell £27,425,328

No impact on benefit

Initial testing showed one claim (value: £ 6,284.34) where the universal credit (UC) had been applied from the wrong date. The claimants income was assessed as below the applicable amount throughout the period affected, there would be no change to the HB award or subsidy claimed.

Additional testing showed three claims (value: £ 26,769.55) where the universal credit had been applied incorrectly. This additional testing identified:

- One case where HB entitlement had been based on UC but UC had not started yet. There is no impact on subsidy.
- One case where Braintree had based period on ESA but this had stopped and UC had started so the period should have been based on UC. There is no impact on subsidy.
- One case where the HB was based on nil income but UC had started therefore the entitlement should have been based on UC. There is no impact on subsidy. For this same case, we noted that the entitlement had incorrectly been assigned to cell 103 due to the wrong tenancy type being applied from the date of the address change. This has the effect of overstating Cell 103 by £918.89 and Cell 102 by the same amount. This does not impact the subsidy claimed, as both cells attract subsidy at 100%.

As there is no eligibility to subsidy for benefit which has not been paid, the discrepancies that could be identified do not affect subsidy and have not, therefore, been classified as an error for subsidy purposes.

Appendix C: Amendments to the claim form MPF720A

There are no amendments to report.

Appendix D Additional issues

No additional issues noted.

Report Title: Strategic Risk Register	
Report to: Governance & Audit Scrutiny Committee	
Date: 20 th April 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Phil Myers, Head of Finance phil.myers@braintree.gov.uk	

1. Purpose of the Report

- 1.1 The report provides detail of the review and updating of the Council's Strategic Risk Register for the Council as agreed by the Cabinet at its meeting on 6th February 2023.

2. Recommendations

- 2.1 Members are asked to note and endorse the Strategic Risk Register and the Action Plans for managing the high rated risks.

3. Summary of Issues

- 3.1 The Strategic Risk Register (the Register) details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term.
- 3.2 The Register forms one part of the Council's overall approach to risk management. Other facets include:
- Processes for identifying and recording operational risks
 - Risk registers for major projects
 - Business continuity planning; and
 - Emergency Planning.
- 3.3 The Register was reviewed and updated by Senior Managers and Management Board and agreed by Cabinet on 6th February 2022 in line with the aim of formally reviewing the Register twice a year.
- 3.5 The number of risks above the Risk Tolerance Line (see Appendix 1) and therefore requiring active management has remained at 10.

3.6 A summary of the risk ratings are shown in the table below:

Risk Rating	July 2022	Feb 2023
B2 (High likelihood/ Critical impact)	3	3
C1 (Significant likelihood/ Catastrophic impact)	-	-
C2 (significant likelihood/ Critical impact)	6	6
D1 (Low likelihood/ Catastrophic impact)	1	1
D2 (Low likelihood/ Critical impact) *	1	1
Total number of risks on Strategic Register	11	11

*Risk below the Risk Tolerance Line

3.7 Management Action Plans for managing each of the ten risks above the Risk Tolerance Line are owned and maintained by the relevant Corporate Director. Details of the risks together with the Management Actions Plans are provided in Appendix 1. This ensures that each of the risks are owned and managed appropriately throughout the life of the risk.

3.8 The recommendations set out in this report will help the Council to deliver its Corporate Objective: A high performing organisation that delivers excellent and value for money services, by demonstrating that the Council has robust arrangements in place to manage and monitor its strategic risks.

4. Options

4.1 The report invites Members of the Governance and Audit Scrutiny Committee to review the updated Register as approved by the Cabinet. The Committee may determine that amendments to the Register are suggested as part of their consideration. Any suggested amendments to the Register will be referred to the Cabinet for their consideration.

5. Next Steps

5.2 The Council's Risk Management Policy is due to be reviewed and updated and which will establish an updated framework for reviewing the strategic risks in future.

6. Financial Implications

6.1 There are no new financial implications arising from this report.

7. Legal Implications

7.1 There are no new legal implications arising out of this report.

8. Other Implications

8.1 Climate control issues, Safeguarding, and Customer impacts are identified under the specific risks included in the Register.

9. Equality and Diversity Implications

9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

9.3 The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk. Where appropriate, each project arising out of the management of a risk will consider an Equality Impact Assessment where appropriate.

10. List of Appendices

10.1 **Appendix 1** – Schedule of the Strategic Risk Register, including an outline for each risk of the vulnerability, triggers, and consequences, together with a risk rating; a Management Action Plan for each risk categorised above the Risk Tolerance Line; a summary table of the ratings of risks.

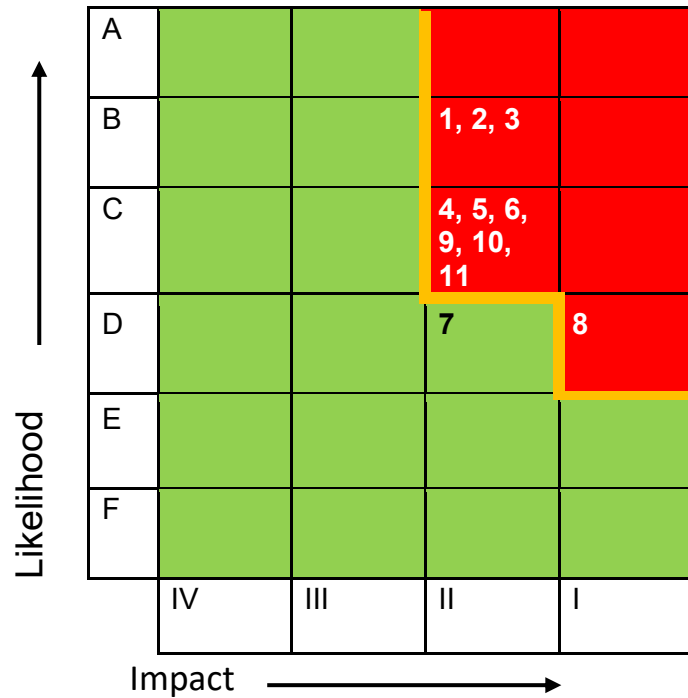
11. Background Papers

11.1 Strategic Risk report to Cabinet – [Agenda item 6b of meeting held on 11th July 2022](#)

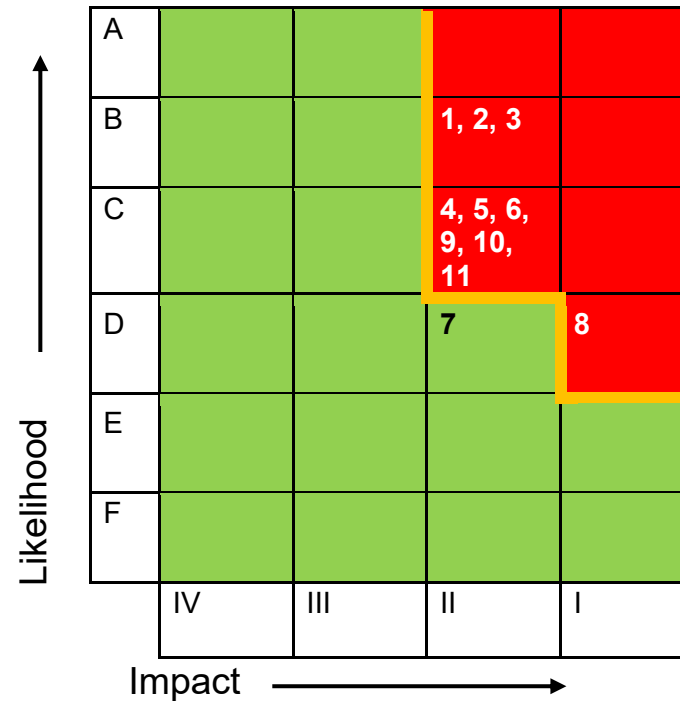
APPENDIX - STRATEGIC RISK PROFILE

(Last reviewed by Members July 2022)

JULY 2022



February 2023



Likelihood:	Impact:
A – Very High	I – Catastrophic
B – High	II – Critical
C – Significant	III – Marginal
D – Low	IV – Negligible
E – Very Low	
F – Almost impossible	

- Risk 1: Medium Term Financial Strategy
- Risk 2: Economic Development
- Risk 3: Planning
- Risk 4: Community Resilience
- Risk 5: Service and project Delivery
- Risk 6: Affordable Housing & Homelessness
- Risk 7: Return on Investments
- Risk 8: Emergency Planning
- Risk 9: Information Management & Cyber Security
- Risk 10: Strategic Investment
- Risk 11: Climate Change

Strategic Risk Register including Management Action Plans (where appropriate)

Medium-Term Financial Strategy – 1

Risk Rating: **B2** (B2 July 2021 and July 2022)

Cabinet Member Owner: Councillor John McKee

Management Board Owner: Corporate Director (SB)

Vulnerability	Trigger	Consequence
<p>The Council is unable to set a balanced Budget for the forthcoming financial year and have a deliverable Financial Strategy over the Medium-Term.</p> <p>Local authorities' finances continue to be put under increasing pressure. There are ongoing secondary impacts of the Covid pandemic to the wider economy. The large scale shift to digital for work, leisure and retail impacts both the public and private sectors. It is not yet clear whether this shift is permanent in all areas which makes forecasting behaviours and demand difficult. For example, it is not clear whether use of the Council's leisure centres and car parks will return to pre March 2020 levels nor is it apparent what the longer-term impact a move to home working and digital retail will have on local businesses and therefore resilience of the business taxbase.</p> <p>We are now in a high inflation, recessionary environment which, affects our cost base adversely. It is not known how long this period will last nor how much higher prices will rise. The impact of the sanctions on Russia and Belarus will continue to be felt throughout the global supply chain and are likely to be in place for a significant period.</p> <p>Forecasting future costs is now very difficult due to the complex nature of supply chains and the economy and the volatile nature of global events.</p> <p>The Government has for some time been proposing fundamental change to Local Government funding with a Fair Funding Review and reset of the Business Rate Retention Scheme. It has been confirmed that these are now not going to be implemented during the period of the current Spending Review, nevertheless this gives uncertainty over future funding. The 2023/24 Local Government Finance Settlement is another single year settlement continuing to hamper longer-term financial planning.</p> <p>The Government had announced that the New Homes Bonus (NHB) scheme will be reviewed ahead of the 2024/25 LGFS.</p>	<ul style="list-style-type: none"> • Circumstances change rendering planned cost reductions/additional income unachievable, including increasing inflationary pressures • Pay award settlements are higher than assumed on the MTFS. • Excessive numbers of staffing vacancies due to staff leaving for better paid jobs as cost of living crisis bites plus inability to recruit due to pay rates below market value • Other financial assumptions prove incorrect. Including significant income budgets and planned savings not being achieved. • Other organisations which provide significant contributions to the Council face their own funding pressures and may impose greater reductions than expected. • Economic conditions and market fluctuations cause changes at or before contract renewal. • Capital receipts not received as planned and capital resources insufficient to finance capital programme. • Business rates collected less than expected due for example to appeals being greater than the provision made and inflationary costs impacting on businesses' ability to pay, particularly as Covid support is reduced or withdrawn. • Business Rates baseline reset, as determined by the Fair Funding Review, does not enable the Council to retain business rates growth achieved prior to reset (estimate of £1.7m in 2022/23). • Future Spending Reviews and Autumn Statement(s) require further savings. • There are legislative changes that will result in changes to the Council's services such as the Environment Act and the Levelling Up and Regeneration Bill. At this stage it is not clear what the exact financial implications might be until further proposals are released by Government. 	<ul style="list-style-type: none"> • Shortfall in resources both in year and following years. • Financial savings are not achieved; balances used more than planned. • Priorities and projects are not delivered. • Unplanned cuts necessary to services • Rushed decisions to find other savings • Staff unsettled and de-motivated. • Assets not fit for purpose • Satisfaction levels with the Council fall • The designated Section 151 officer, issues a Section 114 notice that it appears to them that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Unallocated balance significantly exceeds minimum level of £3m - estimated £6.6m as at 31st March 2023.</p> <p>Earmarked reserves to meet potential fluctuations: Estimated Business Rate Retention reserve, Recycling Income reserve and Treasury Management.</p> <p>Regular Budgetary Control and monitoring processes.</p> <p>Council policy to not use New Homes Bonus to fund recurring base budget expenditure .</p> <p>Strategy to increase income including from commercial activity..</p> <p>Monitoring of investment counter-parties and returns on investments by Arlingclose, Treasury Advisors.</p>	<p>Revised budget setting process required to ensure that volatility and risk exposure is properly understood and managed</p> <p>The minimum level of balances to be kept under review in light of the increased volatility and uncertainty caused by inflationary and other cost pressures; and also reflecting the risks on delivering planned savings and the realisation of revenue benefits of a number of capital projects now becoming operational</p> <p>Working with partners and other organisations to identify potential issues with supply chains and gain greater intelligence on price and cost increases</p> <p>A clear strategy on meeting the projected funding shortfall estimated in the MTFS over the medium-term.</p> <p>Monitor financial viability of key contract partners and commercial property tenants.</p> <p>Participate in consultation on any proposals for changes to the Local Government Finance system.</p> <p>Monitor the disposal of assets against planned timescale for receipt of sale proceeds.</p> <p>Continue work on development of financial resilience indicators.</p>	<p>Corporate Director (SB) and Section 151 Officer</p> <p>Page 82 of 106</p>	<p>Cost reductions and income delivered on time and as budgeted.</p> <p>Setting a balanced base budget and having plans to meet funding shortfalls in subsequent years of MTFS.</p> <p>Service and performance levels delivered as planned.</p> <p>Collection rates of council tax and business rates achieve targets.</p> <p>Budget variations reported in timely manner with explanation and action plan, as appropriate.</p>	<p>Monthly</p>	<p>Dec. 2022 – Provisional funding settlement for 2023/24 announced by Gov't</p> <p>Feb. 2023 – Full Council sets council tax and budgets for 2023/24</p>	<p>Budget and MTFS provide a balanced budget for 2022/23 with council tax at £189.63 (Band D) and a withdrawal from balances of £89K.</p> <p>For planning purposes council tax increases in future years are assumed minimum of 2%.</p> <p>Planned approach to addressing the estimated shortfalls across the period of the MTFS</p> <p>A refreshed Investment and Development Programme Steering Group established to consider all potential investments. A separate Capital Programme Board established</p> <p>Investment Evaluation Tool used to assess investment opportunities.</p>

Economic Development – 2

Risk rating: **B2** (B2 July 2021 and July 2022)

Cabinet Member Owner: Councillor Tom Cunningham

Management Board Owner – Corporate Director (DC)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Growth as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The impacts of Covid and ‘Brexit’ have combined with international market issues and international socio/political disruption to effect national and international supply chains and significantly increase inflation rates. This has impacted both in terms of cost as well as product availability and delivery timescales. This has caused considerable cost price inflation in several sectors, most noticeably on construction and transport costs, which has affected many businesses short and medium term plans. Coupled with recent increases in energy costs, businesses in several sectors are under intense pressure and the economy has recently gone into recession.</p> <p>The cost of living crisis is severely impacting residents and businesses in the District and a very difficult winter period is expected, Several sectors are being disrupted by strike or potential strike action and other sectors are continuing to find it difficult to recruit or retain staff.</p> <p>The Council’s ‘Plan for Growth’ was agreed by Cabinet in 2017. A revised draft Economic Strategy has been approved by Cabinet and has been subject to consultation with our local businesses before adoption in February.</p> <p>Most of the priorities in the Economic Strategy action plan require work with partners who may or may not have the same level of commitment to a project as BDC.</p> <p>The Council is expecting to receive funding from both the Shared Prosperity Fund and the Rural England Prosperity Funding but this is quite constrained and funding from other partners or government may not be available to support the action plan priorities. Existing or new funding channels may be re-directed or re-focussed to other parts of the UK in support of the governments Levelling Up agenda.</p> <p>UK departure from the EU may have a long term impact on the economy and business decision making.</p>	<p>Lack of investment in infrastructure prevents business growth and job creation.</p> <p>Widescale redundancies linked to particular sectors or businesses due to the impacts of Covid 19, Brexit, supply chain issues, cost price inflation and any potential recession.</p> <p>Shortage of required skills to meet the need of businesses in the District</p> <p>Businesses are not provided with the support necessary to support them through difficult times or to maximise opportunities for growth and development</p> <p>Increasing unemployment rate in the District</p> <p>Decreasing opportunities for education, training and apprenticeships with employers</p>	<ul style="list-style-type: none"> • Reduction in jobs • Increase in resident reliance on Universal Credit and other benefits • Fewer business operating in the District • Fewer new businesses being created • Jobs left unfilled due to lack of skilled employees • Disinvestment by existing businesses • Less investment in infrastructure • Empty premises and lack of visitors to town centres • Businesses feel disengaged and cannot access support networks • Falling productivity rates in the District • Falling Gross Value Added (GVA) in the District • Loss of revenue / growth in business rates • Rising unemployment rates • Amount of business rates collected reduced

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Significant grant funding was able to be released during the covid 19 pandemic to support businesses.</p> <p>Strong working relationship with stakeholders, education providers and partner local authorities on projects, priorities and strategies.</p> <p>District Plan for Growth being reviewed and new Plan will be delivered in 2022/23 to set clear economic priorities.</p> <p>Braintree Education and Skills board has been established and will be reviewed as part of the Plan for Growth refresh.</p> <p>Strategic Business Engagement Strategy approved by members and is being implemented.</p> <p>Strong engagement with local businesses.</p> <p>“Locate Braintree District” inward investment website launched to promote Braintree as a place to live and locate businesses alongside the districts tourism offer and the VisitBraintreeDistrict website</p>	<p>Continuing to develop our relationship with key stakeholders to ensure shared goals and priorities are met</p> <p>Marketing and promotion of BDC/Partner business support services.</p> <p>Effective implementation of skills projects agreed by the Education and Skills Board</p> <p>Continue to provide appropriate levels of support to the Town Centre Partnership and other business led groups.</p> <p>Continue to source local and national funding sources which could provide grants for key projects</p> <p>Continuous review of business engagement programme, alongside the refresh of the Plan for Growth, to ensure it is meeting the requirements of businesses.</p> <p>Consultants to be appointed to refresh the NEEB strategy.</p>	<p>Corporate Director (DC)</p>	<p>Creation of new jobs</p> <p>New Business start-ups</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p> <p>Unemployment rate</p> <p>Business funding opportunities explored</p> <p>Empty commercial premises</p> <p>Readership of the Business Bulletin and other social media posts.</p> <p>Number of Apprenticeships</p>	<p>Quarterly</p>		<p>Newsletters, social media and Facebook continue to be used to reach out to local businesses alongside direct business visits.</p> <p>A programme of business support and engagement is being developed and delivered from the Plaza.</p> <p>A business needs survey has recently been completed to allow our business support offer to be tailored to the needs of local businesses.</p> <p>Working with skills stakeholders to deliver pathways to jobs in the District.</p> <p>Prepared a draft economic strategy which is being consulted on with businesses.</p>

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>The North Essex Economic Board is now well established and is completing the projects agreed with Covid grant funding on skills and business support. Most authorities have agreed to continue to collaborate on business support via the Shared Prosperity Fund (SPF) funding which has been awarded to each authority.</p> <p>Separately the partners of NEEB have also agreed to fund a new strategy and an action plan will be developed to help the authorities work together to deliver economic growth</p> <p>The governments Levelling Up agenda, and primarily the launch of the SPF and other funds such as the Levelling Up Fund, offer the Council an opportunity to bid for funding and spend allocated funds to support economic growth projects as identified within the refreshed Plan for Growth</p>		Corporate Director (DC)		Quarterly		Funding secured to deliver a North Essex economic strategy.

Planning – 3

Risk Ratings: **B2** (B2 July 2021 and July 2022)

Cabinet Member Owner: Councillor Mrs Gabrielle Spray

Management Board Owner – Corporate Director (DC)

Vulnerability	Trigger	Consequence
<p>Government policy continues to focus on the delivery of housing and the Council must deliver a substantially higher number of homes than it has previously. There is a requirement on the Council to show a deliverable 5 year supply of housing land at this new higher target and to pass a new Housing Delivery Test. At present whilst the Council is able to show it has substantially overachieved on the Housing Delivery Test, due to the backlog of houses not built at this level since the start of the Plan period it is unable to currently demonstrate a 5 year housing land supply, although the position is marginal.</p> <p>The publication of the Levelling Up and Regeneration Bill (May 2022) illustrates that considerable changes will be made to the planning system. Numerous consultations and legislation on the detail will need to take place before many of the proposals can be enacted and this will need to be carefully considered to judge the impact on Braintree District and its residents.</p> <p>Major sites in the Local Plan not coming forward in line with the projections previously supplied by the private owners/developers could lead to a shortfall in the Councils housing delivery in the next 5 years, or in the cases of the largest sites across the Plan period.</p> <p>The Council is now subject to 4 separate Nationally Significant Infrastructure Projects with a further 2 projects in the pipeline. These are major developments for the District with the potential to have extremely significant impacts on the residents, environment and infrastructure of the District. They are incredibly time consuming for officers to deal with and follow a set statutory timescale and formal process in their later stages. Dealing with these appropriately within existing resources is a major concern.</p>	<p>Government changes to national policies, guidance or methodologies which have implications for Plan or decision making and Council resource requirements.</p> <p>Land owners submitting speculative planning applications or speculative applications being approved by Planning Inspectors.</p> <p>Continued lack of 5 year housing land supply.</p> <p>Failure of the Council to pass the Housing Delivery Test when results are published each November.</p> <p>Council being notified of new NSIP projects and stages of consultation and engagement which it is not able to adequately resource.</p>	<ul style="list-style-type: none"> • Council may have to approve planning applications on sites outside of those proposed in the Local Plan which would result in development which conflicts with the agreed spatial strategy • The Council failing to meet its requirements for housing need, including the needs for affordable housing. • Infrastructure requirements of new developments may not be sufficiently met. • Loss of appeals on planning applications for development on unallocated sites outside of development boundaries. • A presumption in favour of sustainable development may need to be implemented if the Council substantially failed the Housing Delivery Test. • The Council failing to meet its requirements for economic development land. • The Council is unable to engage as proactively as it would expect on major site proposals including NSIPs

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>The Local Plan has been adopted which provides an up to date framework for growth within the District</p> <p>Strong communications Plan with all information published on the website and communicated to residents and stakeholders through social media, traditional media</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>Good working relationships with key stakeholders in the District.</p> <p>Planning Performance Agreements (PPAs) are on major sites and NSIPs are being successful to secure resources to enable us to cover some staff costs and hire specialist consultees.</p> <p>Career grade roles, training and mentoring programme all in place to support less experienced planners gain experience and opportunities which has largely sheltered BDC from recruitment and retention issues that other local authorities have faced.</p>	<p>Matters for information and decision continue to be reported to the relevant committee or Full Council.</p> <p>Members forum to be introduced to allow early engagement by members</p> <p>Continue to hold regular meetings with developers, partners, and key stakeholders.</p> <p>Internal resources kept under review to ensure they are fit for purpose.</p> <p>Officers will maintain a watching brief on the governments proposed changes to the Plan making system through professional networks in order to assess the impact on the district and to consider whether any lobbying or other positions should be considered in response.</p>	<p>Corporate Director</p>	<p>Outcome of appeal decisions relating to non-allocated sites.</p> <p>Outcome of the Housing Delivery Test</p> <p>Development Management Performance Data</p>	<p>Quarterly</p>		<p>A series of SPD updates are underway which will support the delivery of a new Local Plan.</p> <p>Press releases and regular bulletins issued to inform residents of key decisions and key infrastructure facilities which have been secured.</p> <p>The Development Management team continues to perform well according to quarterly performance data.</p> <p>The implementation of the members forum in January following member training will improve member developer engagement in a transparent way.</p>

<p>The Development Management Improvement Plan has been completed.</p> <p>The Head of Economic Growth and Planning is the Chairman of the Essex Planning Officers Association, offering them the opportunity to engage in national debate and influence on planning issues.</p> <p>Strong and effective engagement in place between the Council and Essex County Council, as key infrastructure planning and delivery partner, both through senior officers and Cabinet Members.</p>						
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Community Resilience – 4

Risk Rating: **C2** (C2 July 2021 and July 2022)

Cabinet Member Owner: Councillor Frankie Ricci

Management Board Owners – Corporate Director (CR)

Vulnerability	Trigger	Consequence
<p>The community may not have the resilience to support itself and requires significant intervention. People are not able to support themselves, and inequalities prevent people from having the opportunities to live a good quality life.</p> <p>There are residents in the district living with food, child and food poverty, health inequalities, lack of skills and lower paid employment. This has been exacerbated by the pandemic and more recently through the cost of living issues. Risk areas around the price of fuel are having a larger impact due to the large and rural nature of the district. There is a higher reliance on private transport and a large number of properties with inefficient heating systems or not on gas.</p> <p>This, combined with the impact of welfare changes and the potential loss of significant roles in specific economic sectors, could have a further impact on those who are struggling financially.</p> <p>Mental and Emotional Health and Wellbeing decreases and there are an increasing number of people who suffer from mental health issues.</p> <p>Domestic Abuse charities report increased calls relating to domestic abuse. The new Domestic Abuse Act 2021 includes new duties for Councils.</p> <p>There is a growing population of older people, within the district and nationally, a proportion of whom will require public services.</p> <p>Charities have been affected financially and through restrictions around volunteers are unable to continue in the role that they have been in supporting communities over the last two years. This has had an impact on longer term volunteering. Informal volunteering has increased during the pandemic.</p> <p>Some people will have lost confidence and feel unable to go out shopping or to meet other people, decreasing their independence and increasing their social isolation and loneliness.</p> <p>People do not take opportunities to live an active lifestyle and are more susceptible to physical and mental health issues as a result.</p> <p>DHP allocations for 2022-23 have been reduced for all local authorities, including BDC which has seen a reduction of over 30% from the 2021-22 allocation to £174,853.</p>	<p>Demand for services from the Council and other public sector organisations increases which exceed our capacity to meet.</p> <p>Funding from the government to support duties reduces/ceases.</p> <p>The impact of higher unemployment and/or reduced hours of employment is not yet clear but is likely to impact on many Council services.</p>	<ul style="list-style-type: none"> • Potential increase in people seeking the Council's assistance with problems. • Reduction in community confidence • Increased demand for temporary accommodation due to homelessness. • Increased demands on the Council's Services. • Increased health inequalities. • Increase in number of households in fuel poverty and increase in number of children in poverty. • People feel more socially isolated and lonely • People have an increased risk of suffering from physical or mental health issues • Charities are less able to support communities and there are less volunteers • Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>A Community Recovery Workstream has been a key theme in the COVID recovery plan. As this work stream is being completed, ongoing projects are being moved into business plans for ongoing delivery.</p> <p>Work with Braintree Halstead and Witham Citizens Advice and; Eastlight Community Housing; Dept. for Work and Pensions to assist those affected by income and welfare changes.</p> <p>Supporting residents to be healthy and live well working with a range of partners through the Livewell Boards and the Health and Wellbeing Panel.</p> <p>A Cost of Living Partnership group has been created to respond to emerging issues.</p>	<p>Ensure continued work with the Health and Wellbeing Panel and other partners to identify and respond to community needs.</p> <p>Regularly update on the Community Recovery Workstream through the Recovery Co-ordination Group which reports into Cabinet.</p> <p>Regular reviews of the impact the welfare changes are having on those affected by reforms and work with key partners.</p> <p>Support Community 360 to provide assistance to charities and community groups across the district.</p> <p>The Council is working with key partners to respond to the levelling up white paper and key missions. This will seek to tackle a number of highlighted vulnerabilities and triggers identified in the community resilience risk.</p>	<p>Corporate Director</p>	<p>Services able to meet the increased demand for services.</p> <p>Community confidence and resilience measures remains stable</p> <p>Customer satisfaction with their quality of life and place to live remains stable</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment.</p>	<p>Quarterly</p>		<ul style="list-style-type: none"> • We have a Community Employment Support Officer who is working to support those with barriers to employment. Funded by DWP but embedded in BDC to ensure support can be given to those who most need it. • Schools engagement had been ongoing since the return following the pandemic to respond to any health & wellbeing issues identified • Successful bids and implementation of move on accommodation via Next Steps Accommodation Programme to help those rough sleeping <p>Community grants: - BDC's Councillors' Community Grant Fund Programme continues in 22/23.</p> <p>BDC Grant Funding continues to be provided to Community360 to help support the voluntary sector and also the Braintree, Halstead, Witham Citizen's Advice to provide advice.</p>

<p>Key partnerships exist across public sector and the community and voluntary sector to support community and population issues, including:</p> <ul style="list-style-type: none"> • Community Safety Partnership • Health and Wellbeing Board • Local Cultural Education Partnership 					<p>The Braintree District and Eastlight Community Fund provides grants totalling approx. £100,000 annually to projects that help improve health and well-being, increase aspirations and opportunities, or develop skills through training.</p> <p>Our Health and Wellbeing Panel continues to deliver a range of projects to support people to LiveWell across the district, tackling priority areas of health. There are specific sub groups to deal with key issues, including:</p> <ul style="list-style-type: none"> • Mental Health Forum • Dementia Action Alliance • Social Isolation and Loneliness Forum • Active Braintree Network <p>Our Community Safety Partnership delivers an annual plan to respond to current and emerging priorities.</p> <p>Top-up from BDC funds of £77k to DHP to mitigate the reduction in government funding.</p>
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Service and Project Delivery – 5

Risk Rating: **C2** (D2 July 2021, C2 July 2022)

Cabinet Member Owner: Councillor John McKee

Management Board Owner – Corporate Director (SB)

Vulnerability	Trigger	Consequence
<p>Reduced resources impact on the Council’s ability to deliver good quality services. Service delivery and resilience requires a well-managed and motivated workforce with the capacity and capability to deliver. With an aging workforce the Council has recognised the important challenges around workforce planning and talent management for the future.</p> <p>The ability of the organisation to be able to keep up with pay rate inflation could also impact on resources. Market rates paid by the private sector or other public sector organisations not within the national pay agreement may increase staff turnover, especially for those staff who are being more impacted by the cost-of-living crisis</p> <p>Current recruitment market is very difficult. This has been compounded by a move to hybrid working that has effectively widened the number of potential employing organisations to those looking for jobs as geographical location is less important than previously.</p> <p>Continued instability in the general socio-economic and political environment nationally and internationally limits our ability to plan and apply resource proactively. Potential disruptions to the international energy markets may impact on ability to deliver services through power shortages or restricted availability of fuel</p> <p>Health & Safety - Breach in processes/ procedures leading to a health and safety or security incident (including an act of terrorism).</p> <p>We are increasingly reliant on the use of technology, particularly in a hybrid working environment. Whilst this increase offers significant opportunities to improve service delivery and communication, the impact that losing access to technology would have on the organisation has increased</p> <p>The Council has approved a number of significant projects. It is essential that there is the capability and capacity available to deliver.</p> <p>The Council works with several partners to either deliver services or address socio-economic and political issues. There is a risk of project or contract default with external partners given increased financial pressures and cost of living potential impact on participation.</p> <p>Financial resources are strained as a result of spiralling costs from supply chain and other inflationary pressures leading to service and project resources being eroded in real terms and unable to deliver on the outcomes originally expected.</p>	<p>Key people leave or are unavailable for work (small teams or specialist areas are most vulnerable).</p> <p>Competitive recruitment markets in a high inflationary period</p> <p>Major incidents requiring organisational capacity and resource.</p> <p>Technology systems unavailable for use for a prolonged period.</p> <p>Changes to senior leadership team, including CEO impacts on service and project delivery</p> <p>Service and project outcomes are less than originally expected</p> <p>Energy shortages across Europe due to combination of bad weather/disruption caused by international tensions.</p> <p>Health, Safety and Welfare Risk Management.</p> <p>Financial resilience of business, organisations, Voluntary and Community Sector (VCS) and other partners being impacted by increasing financial outgoings</p>	<ul style="list-style-type: none"> • The organisation is stretched too far and resulting in service delivery failure • Mistakes made and corners cut • Customer satisfaction falls • Employees are disengaged and demotivated. • Loss of good people • Insufficient resource available to deliver services • Insufficient resources to deliver key projects • Future business plans and activities are predicated on the delivery of benefits of current projects – if projects do not deliver benefits as assumed there will be further strain on organisational capacity • Increased key person dependency • Loss of corporate memory • Failure to deliver Council’s priorities and Annual Plan • Remaining staff fail to cope • Change programmes difficult to implement • Actual or potential injury or loss of life. • Financial loss / impact on value of assets; • Reputational damage • Data loss • Unable to deliver on key priorities

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>People Strategy and Workforce Development plans.</p> <p>Workforce planning and succession planning included in Business Plans.</p> <p>Enhanced staff support arrangements now in place</p> <p>Security policies – regularly reviewed and updated.</p> <p>Training/education in cyber security for users.</p> <p>Training programme for managers</p> <p>Disaster recovery plan: Emergency generator; Independent resilient network; Alternative accommodation identified – Town Hall</p> <p>Business continuity plans are in place for all services which are tested on a periodic basis through conducting planned exercise for senior managers.</p> <p>Regular server and workstation upgrades to ensure latest software versions are in use (reduces vulnerability to malware and viruses)</p> <p>Established Budget and Medium-Term Financial Strategy process</p> <p>Introduction of new Learning and Development software increasing quality of virtual training and better management oversight of mandatory and other training.</p>	<p>Agile and Flexible working approach developed and adopted – to both retain current staff and attract new staff. Also ensures business continuity as reduces reliance on single geographical location</p> <p>Agile and Flexible workforce also to provide some mitigation against ability to plan for major national and international incidents</p> <p>Market supplements being considered for key roles as they become vacant</p> <p>Consideration of other approaches to fill key roles, including working with partners/shared working</p> <p>Ensure that there is effective management and change control of all systems to minimise disruptions.</p> <p>Individual disaster recovery arrangements in place for all systems.</p> <p>Further development of the budget setting approach to keep all spending under review.</p>	<p>Corporate Director (SB)</p>	<p>Computer unavailability is minimised.</p> <p>Uninterrupted service delivery.</p> <p>No long term vacancies.</p>	<p>Quarterly</p>	<p>Business Plans produced December /January</p> <p>Annual Service Health and Safety Arrangements review.</p> <p>Annual Health, Safety and Welfare Policy review</p>	<p>Funding for the Strategic Investment Team agreed for a four-year period.</p> <p>Additional staffing resources agreed for Planning and Housing services.</p> <p>New Agile and Flexible Working project agreed and to be launched.</p> <p>Business Continuity Plans have been reviewed to assess contingencies for power outages</p>

<p>Corporate Health, Safety & Welfare Policy in place. Roles and responsibilities clearly defined and reviewed by Management Board regularly. Risk profiling and risk audit of services undertaken with support of in-house Health and Safety advisor. Annual Service Health and Safety arrangements produced. Training and Health and safety KPI reporting monitored by Management Board.</p>	<p>Promotion of a positive Health, Safety and Welfare culture within the organisation. Ongoing review of HS&W performance statistics by Management Board. Supervisory visits to monitor Safe Systems of work.</p>					
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Affordable Housing and Homelessness – 6

Risk rating: **C2** (C2 July 2021 and July 2022)

Cabinet Member Owner: Councillor Kevin Bowers

Management Board Owner – Corporate Directors (DC & CR)

Vulnerability	Trigger	Consequence
<p>Affordable Housing As Eastlight has developed most of the sites in its ownership, we are mainly reliant on market delivery of new homes to facilitate affordable housing provision. In the short-term (this year and possibly next) delivery of new affordable housing is likely to be very good but a downturn in the market could present a serious challenge.</p> <p>We rely heavily on mainstream new development and in the past few years have negotiated for a significant supply of new affordable homes.</p> <p>We have experienced an increase in the number of households making an application to join the housing register, with an accompanying increase in demand for medical and welfare assessments. Post-pandemic and cost-of-living pressures are perceived to be causing teams to be experiencing greater challenge from customers. This has an impact on officers.</p> <p>Homelessness The Homelessness Reduction Act 2017(HRA) came into force in April 2018, it means the Council needs to assist more people, at an earlier stage if they are facing homelessness. The Housing Operations Team is being reviewed with a view to being more proactive and try to prevent homelessness through outreach, surgeries and identifying hotspots. Further strategic resource has been added to support the delivery of the Housing and Homelessness Strategies. Funding resources are in place, but unclear what demands will be on the service given the unprecedented situation as a result of the pandemic, cost of living and Ukraine.</p> <p>The impact of homelessness is being managed locally but relies on continuing funding of support services by Essex County Council. Compared to many other Essex LAs, we have good local provision, so any review of resources is likely to take resources away from the District.</p>	<p>Market downturn.</p> <p>Government intervenes to require higher proportions of starter homes or other reduced-cost tenures.</p> <p>Developers push back on the number of affordable homes required on developments.</p> <p>Cost of housing (labour and materials) rises making them unaffordable</p> <p>Government policy on planning permissions and reducing red tape may reduce our supply of affordable housing on new sites under new policies. It is also likely to lead to more office-to-flats conversions (Permitted Development Rights)</p> <p>Increase in homelessness presentations and households joining the Housing Register due to economic impact of the pandemic.</p> <p>If support funding was reduced or different access arrangements to supported housing schemes it could impact adversely on residents and increase costs to the Council.</p>	<ul style="list-style-type: none"> • Affordable housing needs not met • Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through ‘Gateway to Homechoice’ choice based lettings scheme • Cost to the Council of providing temporary accommodation increase • Young people/key workers leave the district • Some housing associations withdraw from higher-risk accommodation, such as supported housing schemes • Inability to find suitable affordable accommodation for larger families • Unable to provide supported housing in particular for under 35’s, who will not receive enough benefit to cover the rent for self-contained accommodation. • Increased workload & staff and temporary accommodation costs to manage increased demand for services. • Increased vacancy rates as officers identify less-stressful employment in other sectors and decide to leave, followed by difficulty recruiting experienced / suitable staff as demand for such staff increases.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>New Healthy Housing Strategy hoped to be adopted in 2023</p> <p>New Homelessness and Rough Sleeping Strategy adopted in 2018/19 being reviewed in 2023.</p> <p>Work with a range of housing associations to ensure that we can meet the varied needs of local residents and make sure we do not miss out on affordable housing opportunities.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p> <p>Working with other providers.</p> <p>Participating fully in work of 'Essex Prevents'; joint working with ECC to agree how we can prevent homelessness.</p> <p>Successful bid for 'Next Steps' funding for short and longer term accommodation costs associated with rough sleepers.</p> <p>Continued close working with Planning Policy and Development Management colleagues to support delivery of affordable homes.</p>	<p>Research and Development Team continues to look for innovative ways of increasing affordable housing with developers and Registered Social Landlords.</p> <p>Use of Stat Nav toolkit to help identify need across the District.</p> <p>Build working relationships with developers to deliver affordable housing through S.106 agreements, supported by the Development Management team and policies contained within the Local Plan.</p> <p>Continue to review and implement actions in the Homelessness Strategy. This includes working with a wide range of partners including 'The Braintree District Homelessness Prevention Partnership'</p> <p>Review the Homelessness and Rough Sleeping Strategy by March 23.</p>	<p>Corporate Director</p>	<p>Local target for an average 100 dwellings per annum over a four year period.</p> <p>Maintaining a manageable number of temporary accommodation placements (under 50 at any one time)</p>	<p>Quarterly</p>		<p>Regular meetings with all housing associations with local development programmes.</p> <p>Re-negotiation of the percentage of vacancies available for cross-boundary moves and more frequent calculation of when vacancies can be restricted to the home local authority.</p> <p>Stat Nav data updated each year.</p> <p>417 New Affordable Homes completed in 2021/22 A minimum of 250 completions expected 2022/23, but likely to be more.</p> <p>Authority delegated to Cabinet Members for Housing and Finance and Corporate Transformation to agree acquisitions and funding commitments within the overall affordable housing budget in order to allow timely decisions to be taken and prevent opportunities being lost.</p> <p>Secured 6 units (via Nacro) (shared facilities) of accommodation with support for rough sleepers/those at risk of rough sleeping (available from Feb 2022). A further 3 self-contained units (via Peabody) anticipated June 2023.</p>

						New Mental Health Navigator working with the Housing Teams in Braintree DC and Epping Forest DC to help support those at risk of rough sleeping. The original 1 year pilot now has funding for a further 3 years; this is a partnership project with Essex CC and Essex Partnership University Trust.
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Return on Investments – 7

Risk Rating: **D2** (C2 July 2021, D2 July 2022)

Cabinet Member Owner: Councillor John McKee

Management Board Owner – Corporate Director (SB)

Vulnerability	Trigger	Consequence
<p>The Council has a Capital and Investment Strategy and Treasury Management Strategy which seeks to optimise use of available resources that includes a range of investment activity to achieve income and support the Council’s revenue account.</p> <p>The security of the money invested is paramount and investments are distinguished between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>In recent years the Council has increased its overall exposure to property. Current economic conditions and changes in property requirement trends could impact on demand leading to increased voids and landlord costs.</p> <p>The economic climate makes the selection of a strong counterparty with which to invest, the selection of an asset, to purchase, and the tenant, to occupy and rent property, even more crucial.</p> <p>CIPFA Prudential Code and HM Treasury guidance on lending by the PWLB has reaffirmed view that local authorities should not be borrowing for the purposes of ‘investment for yield’.</p> <p>Potential vulnerability - commercial assets fail to meet the legal requirements on Energy Performance Certificates given changes to the EPC standards within the next 2 years</p>	<p>Failure of investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p> <p>Collapse in the equity market at a time when the Council needs to release money by selling the pooled funds.</p> <p>Funds are needed to be recalled at short notice.</p> <p>Market conditions are such that funds suspend dealing (i.e. stopping the purchase or selling of units/ shares in the fund)</p> <p>The purpose of borrowing from the PWLB is determined to be ‘invest for yield’.</p> <p>Significant property lease expiries</p>	<ul style="list-style-type: none"> • Loss of the principal sum and / or interest due on investments of surplus monies • Loss of rental income and increased costs (e.g. unoccupied business rates) • Impact on the Council’s revenue account requiring unplanned service cuts and / or use of balances • Loss of access to loans from the PWLB: incurring penalty costs if repayment required and replacement borrowing from other sources likely to be at higher cost. • Decline in Council reputation • Property cannot be re-let without significant expenditure or maybe not at all

Risk: Emergency Planning – 8Risk Rating: **D1** (C1 July 2021, D1 July 2022)

Cabinet Member Owner: Councillor Mrs Wendy Schmitt

Management Board Owner – Corporate Director (CR)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has responsibilities under the Civil Contingencies Act (CCA) 2004 as a Category 1 responder: to plan for and respond to major emergencies working alongside the blue light services. Part 1 of CCA 2004 places legal obligations on emergency services and local authorities to assess the risk of, and plan and exercise for emergencies as well as undertake business continuity management. An approved Recovery Plan would improve the Council's ability to support the community following an incident.</p> <p>BDC does not have the resources to respond effectively to the Emergency and deliver services.</p> <p>The COVID pandemic has added an extra dimension as it cannot be responded to in the same way as previous emergency planning issues. This is due to the long-term nature and progression of the pandemic.</p>	<p>Emergency event both response and recovery</p> <p>New roles and legislative powers that require enactment and management</p>	<p>District Wide</p> <ul style="list-style-type: none"> • Possible loss of life or serious harm or injury to residents and/or staff. • Loss of physical assets e.g., premises. • Ineffective response to an incident causes extended disruption. • Vulnerable residents at risk through lack of core service delivery. • Delays/perceived shortfall in Council's response in recovery phase. <p>Council</p> <ul style="list-style-type: none"> • Lack of preparedness results in the inability to identify and deliver key/critical services e.g., benefits, refuse collection, homelessness applications, food inspections, etc. • Increased short term demand for services e.g., housing - alternative accommodation, repairs, waste team clean-up operation. • Major impact on reputation if the Council is perceived to not provide an adequate response. • Council facing Public Inquiry – risk of cost, reputation and public trust. • Priorities and projects are not delivered. • Being found wanting at public inquiry.

Actions/controls already in place	Required action/ management control	Responsibility for action	Critical success factors and KPI's	Review frequency	Key dates	Progress to date
<p>A robust, peer reviewed Emergency Plan has been developed.</p> <p>Communications & Media plan.</p> <p>A Members Protocol has been produced setting out guidance for Members during an emergency.</p> <p>Mutual Aid – agreements are in place between authorities BDC is strengthening its procedures to receive Mutual Aid.</p> <p>Each service has to be resilient, through planned and tested procedures, to unexpected and potentially long-term challenges.</p> <p>Pandemic Flu Plan agreed.</p> <p>Active management of the residual COVID response at organisational and Essex Resilience Forum levels.</p> <p>Regular review of our response and adaptation of response if required.</p>	<p>Bi-yearly review of Emergency Plan.</p> <p>Bi-yearly review of Communications and Media Plan.</p> <p>Rest Centres plan – run an annual exercise.</p> <p>Continue to deliver training programme Dialogue with partner organisations.</p> <p>Services need to demonstrate the capability and capacity to manage excessive additional demand due the Council's responsibility for response and recovery under the CCA 2004, Housing Act. Local Government Act and other relevant legislation.</p> <p>Following Covid responses update Recovery Plan.</p> <p>Testing of dual emergency response – Exercise deferred due to the pandemic, now planned for 2023/24.</p>	<p>Corporate Director</p>	<p>Service and performance levels delivered as planned.</p>	<p>Annual</p>		<p>Training delivered: senior/tactical training, recovery training, loggist training, rest centre training; communications training.</p> <p>Peer reviewed training programme for staff involved at all levels, volunteers-tactical-strategic.</p> <p>New starters will have a requirement to assist in emergencies detailed in their role profiles.</p> <p>Active response in progress using command structures to COVID, Ukraine, Storm events, fire and public disorder events.</p>

Risk: Information Management and Cyber Security – 9

Risk Rating – C2 (C2 July 2021 and July 2022)

Cabinet Member Owner: Councillor John McKee

Management Board Owner – Corporate Directors (SB and CR)

Vulnerability	Trigger	Consequence
<p>The Council has been responsive to technology and has used it to shape the way services are delivered, to drive efficiency and improve productivity.</p> <p>With the increased use of technology and larger amounts of information stored comes an increase of the impact created through cyber security threats.</p> <p>It is essential that customer’s information, much of which is sensitive, is kept safe and that the Council ensures business continuity through strong management of its information and systems.</p> <p>The impact of changes in Data Protection legislation potentially impacts our ability to carry out services effectively and creates significant extra work for staff.</p> <p>Increased reliance on technology, including remote working tools since more staff have been working from home.</p> <p>More staff and members are meeting virtually, introducing a new type of cyber security vulnerability.</p>	<p>Cyber attack Hacking Distributed Denial of service Phishing/Spear Phishing Ransomware Emerging threats</p> <p>Information Security or Data Breach incident.</p> <p>Loss of computer systems.</p> <p>Loss of access to physical or digital information through emergency incident.</p> <p>Staff do not manage data effectively.</p> <p>Intentional or accidental data loss.</p>	<ul style="list-style-type: none"> • Loss of ability to deliver service/degradation in service. • Loss of reputation. • Enforcement from Information Commissioner’s Office with a potentially significant fines and reputational damage. • Inability to collect/payout money to customers. • Inability to share customer data with partners. • The Council cannot meet its requirements under the Data Protection legislation. • The Council is not able to adequately manage its information, which would then prevent it from being able to carry out services effectively. • Unplanned financial cost to the Council.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Information security policies – regularly reviewed and updated</p> <p>External auditing and challenge on a regular basis against policies and systems as well as regular external penetration testing with action plans created</p> <p>Regular review of technical infrastructure, including firewalls, hardware and software</p> <p>PSN Compliance</p> <p>Training/education in cyber security for users</p> <p>Regular meetings of local, regional and national cyber-security groups to review all aspects of cyber-security</p> <p>Regular engagement with NCSC (National Cyber Security Centre) and use of cyber protection tools and services</p> <p>Regular meta-compliance checks for all employees and members</p> <p>Project Plan to deliver and ensure ongoing management of Data Protection legislation.</p> <p>Controls in place around the implementation of virtual meetings software and clear guidance for staff and members</p>	<p>Continued review of cyber security arrangements</p> <p>Raise awareness of information management and cyber security issues for all staff and members</p> <p>Review resourcing requirements around data protection and information management</p> <p>Targeted training</p> <p>Induction courses for new entrants</p> <p>Software kept up to date</p> <p>End of life hardware replaced as and when necessary</p> <p>Continue to keep abreast of cyber security issues and ensure that these are factored into BDC response.</p> <p>Obtain certification for Cyber Essentials+</p>	Corporate Director	<p>Up to date Reviews</p> <p>Year on year improvements</p> <p>Number of articles published/ seminars delivered</p> <p>Training demand met</p> <p>New entrants on induction within 2 weeks of joining</p>	Quarterly		<p>Project Plan to ensure ongoing management of Data Protection legislation.</p> <p>PSN compliance up to date 2022</p> <p>Regular attendance at Cyber Security summits/meetings at national level</p> <p>Online training available for all staff and part of the induction process</p> <p>Programme of updates in place for all software, hardware and infrastructure</p> <p>Regular vulnerability checks and internal and external penetration testing</p>

Strategic Investment - 10

Risk rating **C2** (C2 July 2021 and July 2022)

Cabinet Member Owner: Councillor Kevin Bowers

Management Board Owner – Corporate Director (DC)

Vulnerability	Trigger	Consequence
<p>The District Investment Strategy targets capital investments to support infrastructure improvements, with particular emphasis on: improved healthcare facilities, enhanced town centres, increased employment and business opportunities, improved highways infrastructure.</p> <p>Investment intervention is also required to support residents in response to housing and population growth in the District.</p> <p>Such capital investments are subject to variations in market conditions both during the development of projects and their businesses cases and between business case sign off and project delivery/completion. These market conditions can impact on the cost and viability of projects.</p> <p>In particular the impacts of Covid, 'Brexit' and international market conditions on construction supply chains, as well as cost price inflation (including energy costs) have the potential to impact on the business case stated financial viability and sustainability of projects (including impacts on commercial rents and operational costs).</p> <p>Most of the identified investment opportunities require work with partners who may or may not have the same level of commitment to a project as BDC.</p> <p>Funding from other partners or government may not be available to support the action plan priorities.</p> <p>Failure to secure planning consent on development projects.</p> <p>Inadequate project management systems and processes lead to inconsistent decision making, failure to agree and delivery of priorities, under-utilisation of finite resources, weak cost control, over-reliance on external advice without proper challenge or consideration of the brief/scope/purpose.</p> <p>Macro-economic conditions with high inflation, and rising interest rates and cost of borrowing. Regulatory changes on Minimum Revenue Provision increasing revenue financing costs.</p> <p>Competition from large commercial development plans near Stansted.</p> <p>Rising yield expectations by institutional investors & rising construction costs.</p>	<p>Lack of investment in infrastructure acts as a barrier to required housing growth and reduces opportunities for businesses to grow.</p> <p>Inability to secure prudential borrowing at preferential interest rates and the impact of the government's changes to PWLB accessibility removes potential capital funding route.</p> <p>Prolonged period (>six months) of house price deflation.</p> <p>Prolonged period (>12 months) of commercial rent deflation.</p> <p>Above inflation increase in construction costs.</p> <p>Projects undeliverable due to refusal of planning consent.</p> <p>Failure to sell/lease newly developed properties.</p> <p>Failure to clarify and agree core project and/or programme objectives, Critical Success Factors (CSF) or KPIs.</p> <p>Project failure or delay due to lack of stakeholder engagement.</p> <p>Movement in market conditions.</p>	<ul style="list-style-type: none"> • Lack of infrastructure could inhibit delivery of Local Plan housing numbers • Approved schemes already in development may not achieve required financial return • Potential for existing businesses/jobs relocating outside of District • Fewer new businesses/jobs being created • Falling Gross Value Added (GVA) in the District • Loss of revenue growth in Council Tax and Business Rates • Unplanned and/or abortive expenditure • Dilution of support for programme • Public perception of Council spending and lack of effective control • Interest charges have to be charged to revenue rather than capitalized against projects • Revenue costs of projects developed but aborted not charged to capital and fall upon Council's budget. • Depressed land values

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>District Investment reserve approved and ring-fenced.</p> <p>All investment opportunities rely on cost/value advice provided by expert third party specialists in support of business case development.</p> <p>All investment opportunities appraised via investment tool and/ or HMT Green Book appraisals</p> <p>Strong working relationship with Essex County Council, Haven Gateway, the South East Local Enterprise Partnership (LEP), Homes England on major projects and key priorities to support delivery and potential funding routes.</p> <p>Project engagement across relevant BDC teams (including Asset Management, Finance, Legal, Operations, Planning and Procurement) to ensure early engagement on scheme development to ensure end product delivers on objectives and is fit-for-purpose.</p> <p>Procurement of appropriate architects, cost and planning consultants secured for each scheme.</p> <p>Business case development with specialist external advice</p>	<p>Continual monitoring of costs and spend.</p> <p>Continued use of expert third parties to provide comprehensive cost estimates and advice of market trends.</p> <p>Consistent modelling to agreed financial parameters.</p> <p>Increased networking and promotion of BDC's investment aspirations with key external stakeholders and potential funders. Continue to source local and national funding resources which could provide grants for key projects.</p> <p>Implementation of timely, high-quality marketing strategies for all development projects.</p> <p>Early engagement with Planning Team and judicious use of the pre-application process.</p> <p>Increase organisational "maturity" and embed rigorous and consistently applied project and programme processes and reporting.</p> <p>Regular review of approved parameters and hurdle rates.</p> <p>Weighted NPV measure to reflect non-financial priorities.</p> <p>Independent evaluation of business case.</p>	<p>Chief Executive Corporate Director (DC)</p>	<p>Delivery of all projects approved via District Investment Strategy</p> <p>Delivery of all projects to budget and approved financial return</p> <p>Leverage of third party funding to support BDC capital projects</p> <p>New Business start-ups</p> <p>Sale/letting of new properties at approved levels and to approved timescales.</p> <p>Achievement of detailed planning consent first time, every time.</p> <p>CSF's & KPI's: Jobs created; Spend in local economy; Business rates generated.</p>	<p>Quarterly</p>		<p>Consistent presentation of detailed costs to all BDC approval bodies. Joint-working with Finance Team to model financial impact of all opportunities.</p> <p>Procurement of expert commercial and property agents to advise on achievable values, marketing and sales rates.</p> <p>I-construct project complete. Horizon 120 infrastructure project delivered to time and budget. Construction of Horizon 120 enterprise centre project (the Plaza) progressing to budget and revised schedule. Manor Street project completed.. Maltings Lane and Witham Enterprise Units business cases progressing.</p>

Climate Change – 11

Risk Rating: **C2** (C2 July 2021)

Cabinet Member Owner: Councillor Mrs Wendy Schmitt

Management Board Owner – Corporate Director (CR)

Vulnerability	Trigger	Consequence
<p>'Climate change' refers to changes in the earth's climate that are caused by increasing levels of greenhouse gases such as carbon dioxide (CO₂) in the atmosphere.</p> <p>Climate change adaptation describes measures that can be put into place to help us adapt the changes in our climate that are now inevitable. These changes range from increased temperatures and drought conditions to extreme weather events such as intense periods of rainfall and subsequent flash flooding.</p> <p>The Council has declared a "Climate Emergency" with an aim to make Braintree District Council activities, as far as practical, carbon neutral by 2030.</p> <p>Climate change will impact council services, from the buildings that we manage through to open spaces and our role in emergency planning, as well as impacting on Braintree district residents, particularly those who are most vulnerable.</p> <p>The services provided by the Council are reliant on access to all parts of the district by our vehicles and the ability of staff to travel to their place of work.</p> <p>Business Continuity plans are essential for the Council to be able to respond to the effect of climate change on our estate and our staff which impacts our services. This is combined with the potential increasing and changing demand for services including parks and landscapes, environmental health, community support, health and wellbeing, building control etc.</p> <p>The scale and degree of change required to meet net zero will require significant resources which the District Council will not be able to provide on its own. It will require a coordinated response from partners including Government to meet the challenge.</p>	<p>Increase in mean temperature</p> <p>Decrease in air quality</p> <p>Depletion of key resources including water</p> <p>Severe weather event(s) including drought, floods and gales.</p> <p>Failure to deliver 2030 carbon neutral target</p>	<ul style="list-style-type: none"> • Failure to maintain/deliver services and an increased cost of delivering services • Increased financial costs for Council (due to insurance excesses/ pressures on service delivery) • Future Capital investment needed in alternative fuel infrastructure and vehicles • Reduction in resilience of the organisation • Reputation of Council damaged through failure to deliver services. • Failure to give local community leadership in preparing for climate change.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Climate Local Strategy 2021 - 2030 in place and a number of actions being undertaken to reduce negative impact on climate from council services and assets as well as encouraging residents and businesses to reduce their impact on the climate. A Climate Change working group has been established. An action plan has been developed to ensure all Council functions and decision making is in line with the shift to carbon neutral by 2030. Emergency Plan considers climate related risks and our response to this type of emergency. The Climate Local Strategy has a number of actions in place to support the community to adapt to climate change. Business Continuity plan for the organisation to respond to risks Joint working with ECC who are also tackling Climate Change.</p>	<p>Climate Strategy has now been adopted.</p> <p>Continue to review Emergency Plan to consider emerging climate related issues and risks.</p> <p>Implement the outcomes from the Environment Bill – Expected during 2022.</p> <p>Climate Actions Performance reporting will be via Pentana system. Management Board to monitor outcomes and targets</p> <p>Annual performance report to be submitted</p>	<p>Corporate Director</p> <p>Sustainability Manager</p> <p>Sustainability Manager</p> <p>Management Board</p> <p>Head of Environment</p>	<p>New Climate Strategy and received by Council</p> <p>Publish Action Plan</p> <p>Delivery of objectives of Climate Change Strategy</p> <p>Carbon reporting (BEIS for District) Internal report for Council emission</p>	<p>Annual review</p>	<p>Sept 2023</p>	<p>Completed actions from the Climate Local Action Plan 2014 – 2018 (Feb 2021). Further details on achievement available</p> <p>Declared Climate Emergency July 2019</p> <p>Climate Change Working Group in place representing the Council, Businesses and Residents with academic support to develop the next Climate Local Strategy</p> <p>2 year Emergency Planning desktop exercise, concerning severe weather / emergency events, for BDC</p> <p>Officer group established to encourage waste reduction by staff and at council premises.</p> <p>To deliver against climate change strategy and action plan</p> <p>Full Council approval of monitoring plan and key targets</p> <p>Internal Climate Delivery Board established bringing all Senior Project Leads together to further the strategy</p> <p>First quarter formal reporting procedure followed (Sept 22)</p> <p>Annual Reporting template developed</p>