

# GOVERNANCE COMMITTEE AGENDA

Wednesday, 24<sup>th</sup> April 2019 at 7:15pm

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

**THIS MEETING IS OPEN TO THE PUBLIC**  
*(Please note this meeting will be audio recorded)*

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

**Membership:-**

Councillor M Dunn	Councillor R Ramage
Councillor J Elliott (Chairman)	Councillor M Thorogood
Councillor A Hensman	Councillor Mrs L Walters
Councillor H Johnson (Vice-Chairman)	Vacancy
Councillor G Maclure	Vacancy
Councillor Mrs J Pell	

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](mailto:governance@braintree.gov.uk) by 3pm on the day of the meeting.

A WRIGHT  
Chief Executive

## **INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS**

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

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

### **Question Time**

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email [governance@braintree.gov.uk](mailto:governance@braintree.gov.uk) by midday on the working day before the day of the Committee meeting. For example, if the Committee Meeting is due to be held on a Tuesday, the registration deadline is midday on Monday, (where there is a bank holiday Monday you will need to register by midday on the previous Friday).

The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

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<b>PUBLIC SESSION</b>		<b>Page</b>
<b>1</b>	<b>Apologies for Absence</b>	
<b>2</b>	<b>Minutes of the Previous Meeting</b> To approve as a correct record the minutes of the meeting of the Governance Committee held on 23rd January 2019 (copy previously circulated).	
<b>3</b>	<b>Public Question Time</b> (See paragraph above)	
<b>4</b>	<b>Declarations of Interest</b> 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.	
 <b><u>Monitoring and Finance</u></b>		
<b>5</b>	<b>Third Quarter Performance Management Report 2018-19</b>	
	<b>5(1) Third Quarter Performance Management Report 2018-19</b>	<b>5 - 40</b>
	<b>5(2) Update on Braintree Branch Line</b>	<b>41 - 45</b>
<b>6</b>	<b>Key Financial Indicators – 28<sup>th</sup> February 2019</b>	<b>46 - 52</b>
 <b><u>Audit and Governance</u></b>		
<b>7</b>	<b>Internal Audit Annual Report 2018-19</b>	<b>53 - 63</b>
<b>8</b>	<b>ANNUAL GOVERNANCE STATEMENT 2018-19</b>	<b>64 - 86</b>
<b>9</b>	<b>Draft Internal Audit Plan 2019-2020, and Progress Against the 2018-19 Internal Audit Plan</b>	<b>87 - 107</b>

**10 Urgent Business - Public Session**

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

**PRIVATE SESSION**

*At the time that this Agenda was published there were no Items for Private Session.*

<b>Third Quarter Performance Management Report 2018/19</b>		<b>Agenda No: 5(1)</b>
<b>Corporate Priority:</b>		<b>Finance and Performance</b>
<b>Report presented by:</b>		<b>Tracey Headford, Business Solutions Manager</b>
<b>Report prepared by:</b>		<b>Tracey Headford, Business Solutions Manager</b>
<b>Background Papers:</b>		<b>Public Report</b>
Third Quarter Performance Management Report 2018/19		
<b>Options:</b>		<b>Key Decision: No</b>
To note the report.		
<b>Executive Summary:</b>		
<p>The purpose of the attached report is to summarise the performance of the Council at the end of the third quarter (October to December 2018).</p> <p>As at the end of the third quarter, 18 projects have been completed and a further 40 projects are on track and progressing well. Seven projects are experiencing delays which will push back the end dates to the projects. One project was closed in the second quarter of the year.</p> <p>Ten performance indicators have achieved or exceeded target, three have missed target by less than 5% and two have missed target by more than 5%.</p> <p>Under performance has been noted in the following areas:</p> <p><u>Tonnage of residual household waste not recycled</u> Achieved 117kgs against a target of 108kgs missing target by more than 5%. The figures quoted are still awaiting verification from Essex County Council and are likely to change. The increase in tonnage reflects a trend across the county and the UK generally which is being monitored. The ongoing work of the waste minimisation team includes engaging and educating residents in a bid to reverse the current trend.</p> <p><u>Average waiting time for applicants on the Disabled Facilities Grant</u> The outturn for the third quarter was 95 days against the target of 75 days missing target by more than 5%. The cases that have exceeded the target are complex with differing needs requiring special consideration over the design and planning of the works required. In all cases, the customer is kept informed of the progress.</p> <p><u>Percentage of household waste sent for reuse, recycling and composting</u> Achieved 50.20% against a target of 52.22% only just missing target and is therefore in the 5% amber threshold. The figures quoted are still awaiting verification from Essex County Council and are likely to change. The recycling outturn is lower in the second</p>		

quarter due to the unpredictably hot, dry summer resulting in a significant reduction in garden waste. The waste minimisation team are working on a range of activities dedicated to reducing tonnage and increasing recycling.

#### Collection Rate for Council Tax

Achieved 86.80% against a target of 87.20%. The target has been missed by less than half a percent and it is anticipated that the shortfall will be made up over the remaining months and the end of year target achieved.

#### Percentage of invoices paid within 30 days of receipt

Achieved a collection rate of 99.15% against a target of 99.25%. Target has been marginally missed and represents one invoice not paid within 30 days of receipt.

### **Financial Performance**

This part of the report provides an updated review of the financial position for the year up to the end of December 2018. It examines the latest forecast for spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

#### **Summary**

- An overall positive variance for the year of £703,000 (-4.8%) is projected against the budget.
- Across all services staffing budgets are forecast to be underspent by £475,000; and after allowing for the corporate efficiency target of £200,000, this results in a projected variance of -£275,000.
- Other expenditure is projected to be overspent by £284,000.
- Income is projected to be overachieved by £712,000.
- The projected variance for the year has improved by an overall £576,000 from the position reported at Q2, which forecasted an overall positive variance of £127,000. This overall change comprises: an increase in the projected staffing underspend by £181,000; a reduction in the projected overspend on other expenditure of £98,000; and £297,000 increase in forecast income.
- For some service areas the changes in the levels of income and expenditure included in this report are expected to be ongoing and therefore budget adjustments have been included in the Council's proposed budget for 2019/20.

For a detailed explanation of the financial performance, please refer to page 20 onwards of the full report.

At the previous Governance Committee on the 23rd January, , when considering the Second Quarter Performance Management Report 2018-19, it was agreed that further information would be provided at the next meeting in respect of the introduction of Universal Credit in the Braintree District and the impacts on the time take to process benefit claim changes. This information can be found in Appendix A.

#### **Decision:**

Members are asked to note the third quarter performance report and to note the response provided regarding the impact of the introduction of Universal Credit in the Braintree District.

<b>Corporate implications [should be explained in detail]</b>	
<b>Financial:</b>	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the year.
<b>Legal:</b>	There are no legal issues raised by this report.
<b>Safeguarding</b>	There are no safeguarding issues raised by this report.
<b>Equalities/Diversity</b>	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
<b>Customer Impact:</b>	Performance of front line services, including Customer Services, Housing Benefits and Planning for the quarter, is provided. A summary of complaints received in the quarter, analysed by outcome (justified, partially justified or not justified) is provided.
<b>Environment and Climate Change:</b>	The report provides details of progress in the delivery of the Council's key projects including projects around reducing energy consumption and carbon emissions.
<b>Consultation/Community Engagement:</b>	Consultation is considered fully in the Council's key projects, as appropriate.
<b>Risks:</b>	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
<b>Officer Contact:</b>	
	Tracey Headford
<b>Designation:</b>	Business Solutions Manager
<b>Ext. No.</b>	2442
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# Third Quarter Performance Management Report

1st October 2018 to 31st December 2018



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## Section 1: Introduction and Summary

### Purpose of the Report






The purpose of the report is to demonstrate the performance of the Council at the end of the third quarter in relation to the publication of the 'Annual Plan 2018/19'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 sets out the priorities we are working towards.

This year we signed up to 'The Future of Essex' which is a vision shared by more than 100 partners, all dedicated to improving the county over the next 18 years. The projects that are supporting this vision are marked with **(E)**. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






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

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

The following table provides updates for the end of the third quarter in relation to the key activities in the 'Annual Plan 2018/19'




Corporate Priorities	Status of projects and actions				
					
Environment and Place	3	5	2	0	0
Strategic Growth and Infrastructure	0	8	1	0	0
Economic Development	5	6	0	0	0
Health and Communities	6	5	2	0	1
Finance and Performance	4	7	2	0	0
Overall Strategy and Direction	0	9	0	0	0
<b>TOTAL</b>	<b>18</b>	<b>40</b>	<b>7</b>	<b>0</b>	<b>1</b>

#### KEY:




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

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

The following table shows the performance for the end of the third quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in the 'Annual Plan 2018/19'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	2	1	1	0
Strategic Growth and Infrastructure	2	0	0	0
Health and Communities	1	0	1	0
Finance and Performance	5	2	0	0
<b>TOTAL</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>0</b>

#### KEY:

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

### **Summary Position**








As at the end of the third quarter, the Council is continuing to perform well in the achievement of its priorities with 18 projects now complete and a further 40 on track and progressing well. Seven projects have an amber status due to delays occurring which will push back end dates. Better recognition of issues and more thorough reporting of changes in projects through the change control process have enhanced the accuracy of reporting. Full details of the amber projects can be found in the report.




Ten performance indicators have met or exceeded target, three performance indicators have missed target by less than 5% and two performance indicators have missed target by more than 5%. It is expected that the majority of the amber performance indicators will meet target at the end of the year.

As we enter the final quarter of the year, we will continue to focus our resources on delivering the best service to our customer's services and achieve our corporate objectives.






## Environment and Place







Project description and comments	Target Date	Status
<b>Continue to support the Essex Waste Management Partnership to reduce waste, increase recycling and participate in countywide campaigns</b>		
The waste minimisation and recycling roadshows including a Food Fayre at Cressing Temple were well attended. Educational presentations were provided to a number of organisations such as schools, scouts and libraries. The new Government's new Resources and Waste Strategy was launched in early December and the Essex Waste Officers Delivery Group will be meeting to discuss the impact and implications on the future and collection and disposal arrangements for each Council.	March 2019	
<b>(E) Work with other Essex Councils and the University of Essex to better understand people's attitudes towards waste and recycling</b>		
Braintree District Council is working with Essex County Council and the University of Essex to pilot initiatives to increase recycling and reduce waste. The first initiative launched in September involves two versions of the waste calendar which is delivered to Households in September and October. The calendars will feature different recycling messages with the aim to encourage residents to recycle more. We are currently awaiting the results of the analysis undertaken to see if the new waste calendars had any impact.	March 2019	
<b>Offer our commercial customers a more tailored refuse and recycling service that will help them reduce, reuse and recycle their waste</b>		
A new quotation process and procedure has been introduced for our commercial customers providing a more efficient service. Weekly visits are also taking place with businesses around the district to ensure the service they are receiving meets their needs.	March 2019	
<b>Continue to protect our larger open spaces from illegal encampments by installing perimeter fencing and lockable bollards to prevent disruption and inconvenience to local residents</b>		
All larger open spaces in the district are now protected from illegal encampments following the installation of perimeter fencing and lockable bollards.	June 2018	
<b>Develop an improved low tariff energy switching scheme for both residents and businesses in the District, improving the customer experience and offering additional benefits and improved rates for residents on pre-paid meters</b>		
A new low tariff energy switching scheme has been introduced that will be taking an active role in engaging with residents. The first auction took place in August and a scheme for discounted solar installations was introduced in the Autumn.	September 2018	
<b>Increase the electric car charging infrastructure by installing chargers at the three leisure centres across the District</b>		
A business case for installing chargers at the leisure centres will be looked at by Management Board in January. The project has been marked up as amber as it is unlikely that the chargers will be installed by the end of March 2019. A change control will be processed once a revised end date has been agreed and the project will be amended accordingly.	March 2019	
<b>Upgrade the lighting in our car parks with new energy efficient LED lights to reduce costs and benefit the environment</b>		
The upgrade works were due to start in January but have been delayed	March 2019	

whilst a review is carried out to look at the impact of the lights on wildlife (bat population) in the area of the Mill Lane Witham carpark. This is not likely to affect the overall deadline of the project.		
<b>Trial the use of compaction bins in Braintree Town Centre to see if they offer better value for money for the taxpayer</b>		
Delivery of the compaction bins is due in February 2019 and will now be placed in four laybys along the A120 for a minimum trial period of three months. The project has been marked up as amber as the trial will continue beyond the current end date of the project and a change control is required to amend the scope and to agree the revised end date which will take into consideration analysis of the results of the trials.	March 2019	
<b>Continue to maintain a focus on investigating and enforcing littering, dog fouling and fly tipping to help keep the District looking clean and tidy</b>		
Since April, a total of 70 fixed penalty notices have been served by the Street Scene Protection Team and 12 people prosecuted for various littering and fly tipping offences.	March 2019	
<b>Run a car litter campaign to reduce litter and raise awareness of the increase in fines</b>		
A further car litter campaign in partnership with McDonalds and KFC, aimed at reducing car litter and to raise awareness of the increase in fines, is due to go live in the new year.	March 2019	



## Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
<b>(E) Complete the examination and adoption of the Local Plan</b>		
The adoption of the Local Plan is reliant on the approval of the plans for Garden Communities which requires additional work. The authorities involved in the Local Plan have written back to the Inspector setting out the proposed way forward including a revised timetable with the revised examination of the joint section one of the Local Plan now taking place in the Autumn of 2019 and the Section 2 examination undertaken in early/mid 2020. It is critical that the evidence base being produced is comprehensive and thorough and that sufficient time is built into the programme to allow for local engagement and for consideration of any findings.	June 2020	
<b>(E) Continue to work on the development of Garden Communities to provide housing, employment and supporting infrastructure to address our long term housing and community needs</b>		
The council is currently considering the future role of the Garden Communities in the Local Plan and work has been paused on the West of Braintree Garden Community. The submission of a Strategic Growth Development Plan Document is dependent on the production of the Local Plan and the delay to the Local Plan means a consequential change to the dates of this project. A change control has been submitted and the end dates changed to September 2021	September 2021	
The council is currently considering the future role of the Garden Communities in the Local Plan and work has been paused on the West of Colchester Garden Community whilst the required additional work on the Local Plan is concluded. The submission of a Strategic Growth Development Plan	December 2021	




Document is dependent on the production of the Local Plan and the delay to the Local Plan means a consequential change to the dates of this project. A change control has been submitted and the end dates changed to December 2021.		
<b>(E) Set up a Housing Development Company to deliver new mixed-tenure homes across the District.</b>		
Approval was given at July's Cabinet for funds to develop up to five Council sites to submit planning applications in a twin track approach to run alongside the development of the Business Case for the Development Company. The Strategic Investment Team and Member Reference Groups will review the legal, financial, governance and company advice and the intention is to present the full business case for approval to Cabinet in March 2019.	March 2022	
<b>(E) Secure planning consent to deliver new homes in Braintree Town Centre as part of the Manor Street Regeneration Project</b>		
A detailed planning application was submitted in July 2018 and the procurement process has commenced. It is anticipated that the planning application will be determined in February 2019.	March 2019	
<b>(E) Continue to work with partner agencies to drive forward improvements to the Braintree and Witham rail link</b>		
Network Rail were asked to produce a specification and cost for a Governance for Railway Investment Projects (GRIP) 2 study. The cost has been established and work has currently halted as progressing beyond the current GRIP stage is unaffordable and alternative options need to be considered.	March 2019	
<b>(E) Continue to work with Essex County Council to deliver an improvement scheme at Springwood Drive roundabout and Panfield Lane to reduce congestion</b>		
As part of the Braintree Integrated Transport Package, Essex County Council is continuing to look to re-designated lane markings at Springwood Drive to ensure Keep Clears are effective. Essex County Council continue to progress the design for the larger scale improvement schemes which are for capacity improvements including increased entry capacity on all arms as well as increased circulatory, and are looking to secure S106 contribution to fund this.	March 2019	
The employment site is dependent on provision of the Spine Road to Panfield Lane. The planning application is progressing through the planning process including S106 heads of terms which are currently being determined.	March 2019	
<b>(E) Progress the delivery of new slip roads linking the A120 to Millennium way to alleviate the congestion at Galleys corner</b>		
We are continuing our partnership working with Essex County Council and Highways England as the project moves into the design phase. Essex County Council will lead the project and a project team has been established. Essex County Council launched a website which has a flythrough of the proposed scheme and further information on the A120 Millennium Way scheme was presented in conjunction with a number of other major schemes proposed in Braintree District as part of the Braintree Integrated Transport Package (ITP) consultation, which commenced in September with public exhibitions held on the 6 <sup>th</sup> and 12 <sup>th</sup> of October.	March 2021	



# Economic Development




Project description and comments	Target Date	Status
<b>(E) Complete the acquisition of strategic employment land at Great Notley providing additional sites to support business growth</b>		
Contracts were exchanged in October 2018 and completion achieved in December 2018	March 2019	✔
<b>Complete the construction of four new high quality grow-on units at the Braintree Enterprise Centre</b>		
Construction of four new high quality grow-on units and a car-park has completed and handover took place on 17th September 2018.	July 2018	✔
<b>Develop our business engagement service, supporting businesses to grow and develop</b>		
A Business Engagement and Support Strategy together with an action plan was agreed at Cabinet in November 2018. There are five key priorities around Business engagement, business support, Infrastructure and connectivity, strategic partnerships and Business Intelligence. Where the Council have previously sign posted business's to support, we are now suggesting our own programme of support, bridging the gap on areas of weaker support and focusing on high growth sectors for maximum economic impact and value for money. In the last couple of years, the district has seen over 1,000 businesses locating in the district and over £2 million of grant funding has been allocated to district businesses	March 2019	✔
<b>(E) Work in partnership with Essex County Council and the Haven Gateway to secure grant funding to support the delivery of a Construction Innovation Centre</b>		
Braintree District Council has agreed to further invest in the delivery of a Construction Innovation Hub following the withdrawal of Essex County Council to commit funds to the project. In November, the Council received feedback that the European Regional Development Funding bid was approved in principle. A contractor is likely to be appointed in February 2019 and a planning application submitted in May 2019. The existing tenants of the Enterprise Centre have been informed of the plans.	March 2019	▶
<b>(E) Work with the Braintree Education and Skills board to broker stronger engagement between education providers and businesses to provide a workforce that meets employers' needs</b>		
The next Braintree District Education and Skills Board meeting will be in January 2019. The agenda has a significant amount of time dedicated to the Terms of Reference of the group to ensure the focus and desired outcomes are reflected. A date of Saturday 9th March has been agree for the 2019 Braintree District Job Fair and will be supported by the Braintree Education and Skills Board.	March 2019	▶
<b>(E) Commence work on the regeneration of Braintree Town Centre enhancing the appeal of the town to residents and visitors</b>		
A planning application was submitted in July and the procurement process has started. It is anticipated that the planning application will be determined in February 2019 and construction to commence in July 2019.	March 2020	▶
<b>(E) Continue to work in partnership with key community partners to deliver the regeneration schemes in Witham and Halstead</b>		
The spatial plans for improvements to Halstead Town Centre have been prepared and remain with the Highways Authority for a principle decision.	March 2019	▶
A series of studies and reports have been completed to look at the impact of the Witham Town Centre improvement proposals on the highway network, market rights and other private rights that relate to the site area. A summary	March 2019	▶










report recommending options to proceed has been prepared for a decision on next steps.		
<b>(E) Support businesses and increase tourism by launching the 'Visit Braintree' website to highlight key events and attractions across the District</b>		
A meeting will be held with the proposed developer of the 'visit Braintree' website and with Visit Essex in January to discuss the possibility of a partnership discount.	March 2019	
<b>(E) Create an event that celebrates the 90 year anniversary of the opening of the Braintree Town Hall which will enhance the heritage and commercial offer of the Town Hall</b>		
Braintree District residents who share their 90th birthday with Braintree Town Hall were invited to help celebrate the local landmark as part of a special celebration that took place in May. A talk was provided by Julien Courtauld and residents were able to watch a screening of the opening of the town hall with a piece of birthday cake and a cup of tea.	May 2018	
<b>(E) Promote high speed and reliable broadband across the District through the support of phase 4 of the Superfast Essex rollout</b>		
At a Cabinet meeting in May, it was agreed that Braintree District Council will invest £356,000 into the Superfast Essex Phase 4 rollout, run by Essex County Council, to enable an additional 1,668 premises to receive superfast broadband by end of 2020. The £356,000 funding from Braintree District Council will be match-funded by The Department for Digital, Culture, Media and Sport grant. The funding will support the district to reach 99% superfast broadband coverage by end of 2020, which is above the county's average coverage.	June 2018	







## Health and Communities

Project description and comments	Target Date	Status
<b>Ensure the football pitches on the Deanery Gardens sports ground and the rugby pitch on King George V playing field are in year round good condition through the installation of a piped drainage system</b>		
We are currently awaiting contract documents from consultants in order to invite tenders. The status of the project is now amber as it is unlikely that the piped drainage system will be installed by March 2019. Once the contract has been awarded following the tender exercise in January, a change control will be processed to amend the end date of the project.	March 2019	
<b>Continue to invest in our recreational open spaces by enhancing the play equipment at Meadowside and Twelve Acres, Braintree</b>		
The upgrade to the play equipment at Meadowside and Twelve Acres in Braintree has been completed and the outdoors gym equipment has been upgraded at Spa Road in Witham.	December 2018	
<b>(E) Continue to deliver the Livewell child project, working with families and young children providing support and advice on nutrition and healthy activities</b>		
Recent results of the Livewell child project are showing that over the past year, year 6 students' weights being better than average when compared to the rest of Essex and the UK. The council has submitted an expression of interest in a trailblazer programme to the Local Government Association	March 2020	











where funding will be provided to lead on innovative action to tackle childhood obesity. Results of the Councils chosen to take part are expected to be announced in the new year. As the 2nd year of Livewell child draws to a close, the team look towards 2019 to determine new campaigns and initiatives to promote Livewell child. Bike ability, Grow your own and more community events are on the list for 2019, along with the Xplorer events.		
<b>Introduce a new programme to encourage junior school children to be more healthy, looking at fitness and eating in a fun and informative way</b>		
Active Essex have agreed to deliver the Fitbods programme in to Livewell schools across the District. This is an Essex County Council initiative where children participate in team games to promote fitness, team skills and healthy competition with children receiving a reward and certificate for the number of sessions they take part in. Teachers received training at the start of the new academic year to deliver the Fitbods programme.	March 2019	
<b>Provide children and parents with activities which gets them to explore the green areas in our three main towns whilst increasing their activity levels during the school holidays</b>		
All the Xplorer events planned for the school holidays have been successfully completed with a total of 421 participants across Braintree, Halstead and Witham.	November 2018	
<b>Improve the outdoor playing experience at Halstead Leisure Centre by installing a new 3G surface</b>		
A consultant has been appointed to put together a capital bid for a contribution towards the costs of a new 3G surface at Halstead Leisure Centre. Consultation is underway with local clubs and stakeholders and planning permission will be submitted in the new year. The status of the project has been amended to amber as the new 3G surface will not be installed before the end date of the project. A change control will processed once revised dates are known.	March 2019	
<b>(E) Understand the range of services available to improve mental health and support early interventions for those residents with mental health issues, identifying any areas for improvement</b>		
A strategic meeting was held in October to discuss the next steps required in working together to enhance the support currently provided and to improve awareness of the support available. A further mental health workshop was held in November and a further workshop planned for February 2019.	March 2019	
<b>(E) Implement a winter warmth campaign providing advice on improving energy efficiency, helping vulnerable residents stay warm during the winter months</b>		
A booklet providing information to help residents combat fuel poverty and to stay healthy during the winter months has been published.	November 2018	
<b>(E) Improve the handyman scheme by expanding the service to help disabled and frail residents lead more independent lives</b>		
The handyman scheme was launched in July to support vulnerable residents providing a contractor to undertake safety improvements to prevent trips or falls, installing energy efficiency measures, security devices and to provide dementia support. Since its launch, over 65 requests have been received for the service.	July 2018	
<b>(E) Raise awareness of child exploitation amongst the business community and licensed trades through the use of the 'Spot-it, Stop-it' campaign</b>		
Training for taxi drivers and licensees was held in November with 20 people in attendance. Feedback received was extremely positive and we have been contacted by some of the licensed premises to carry out some follow up work. A newsletter on the 'spot-it, stop-it' campaign has been sent to existing businesses involved in the scheme.	March 2019	
<b>(E) Work with Mid Essex Clinical Commissioning Group to see how Braintree District Council can be part of the Home First Programme which ensures residents recuperate in the best environment after receiving hospital treatment</b>		






Following meetings with the Mid Essex Clinical Commissioning Group it has been decided to increase the scope of the project and look at a County wide 'home from hospital' fast track scheme aimed at ensuring the transition from hospital to home runs smoothly, providing additional support where required. This project has therefore been cancelled and will be replaced with a new project next year.	March 2019	
<b>(E) Identify and provide opportunities that would benefit those with dementia and their carers through the Braintree District Dementia Alliance and engagement with those living with dementia and their carers</b>		
A number of dementia friendly activities continue to take place across the district such as dementia friendly cinema showings, dementia friendly swimming sessions and walks and tea dances. A range of activities also took place as part of the National Silver Sunday campaign including a pop-up cinema in Witham. Essex Police have been given a supply of dementia information packs that officers can provide to anyone who is living with dementia or to families of people they engage with.	March 2019	
<b>(E) Support community groups to deliver local projects and activities through the Councillors' Community Grant scheme</b>		
Since April, a total of 50 grants have been awarded across the district for various projects totalling £31,903.	March 2019	
<b>(E) Work with partners across the community to raise awareness and reduce the impact of social isolation and loneliness</b>		
Essex County Council commissioned the young foundation to work with the community to carry out research into social isolation and loneliness through a number of workshops and events held in Halstead. A 'Taking Action' event took place to discuss ideas to address social isolation and loneliness and the feedback from this and other events will be fed into a report. The young foundation provided feedback to the community at an event in September to allow the community to identify follow up activities. Further projects will be set up once the next steps have been agreed.	June 2018	



## Finance and Performance



Project description and comments	Target Date	Status
<b>Review our waste service, identifying ways to manage the impact of District growth on the future cost of the service</b>		
There are a number of projects and actions being carried out already reported on under 'Environment and Place' in this report. Additional areas of work include undertaking research on garden waste and the number of local authorities charging for this service, drawing up a specification for replacing food waste vehicles of which three food waste vehicles have been replaced and a further four are on order. A business case was presented to Management Board on the future options for maintaining the Large Commercial Vehicles and the decision taken to bring this part of the service back in-house from 1 April to improve performance and efficiency. Officers have been supporting a Waste	March 2019	








Minimisation and Recycling Task and Finish group and a report is due to be presented to the Overview and Scrutiny Committee on 6 March. The Council has opted to join Suffolk County Council's contract for dry mixed recycling to improve the sustainability and resilience and better value for money for the reprocessing of its recyclates The Council will join the Contract in May 2019.		
<b>Review options to secure a sustainable future for our Community Transport service</b>		
The Commercial Manager has been working with the Community Transport team to look at alternative models of delivery for the service including meeting with private and social enterprise organisations. The options have been reviewed and a paper presented to Management Board. The project has been extended until March to allow cabinet members time to consider the options in February 2019.	March 2019	
<b>Ensure that our Housing service is resilient to respond to the new demands placed on it through the Homelessness Reduction Act</b>		
The Commercial Manager has been working with the Housing service to identify improvements and address resilience following the introduction of the Homelessness Reduction Act in April 2018, the duty to refer which comes into effect in October 2018 and the increasing number of applicants joining the housing register. A new triage function has been implemented which will act as a first line of support for new applicants allowing the Housing Officers to focus on their case work. New staff will be recruited within the Housing service to accommodate this function and increase resilience of the team. The supply of temporary accommodation has also been increased by three units.	March 2019	
<b>Develop our commercial programme to generate income that can be reinvested in front line services</b>		
An expanded Commercial programme with four elements has been developed. These are increasing income, getting maximum value against third party spend, generating service efficiencies and contract and supplier management. Over the last quarter the payroll service has been reviewed with the creation of a shared payroll service across Braintree, Colchester and Epping Forest, resulting in significant savings and a more resilient service. BDC have joined the Suffolk Waste Partnership ensuring a cost effective, future proofed Materials Recycling Facility. The Commercial Sales Executive position was advertised and appointed to, supporting the Authority to drive its income targets in to 2019/20.	March 2019	
<b>Identify and progress investment opportunities that support us to deliver our corporate strategy whilst providing a return on investment to strengthen our financial independence</b>		
The Council have taken back possession of the Braintree Enterprise Centre and continues to issue new leases and let vacant units, collecting rent and service charge payments. This provides a significant unbudgeted income for the Council. Investments opportunities identified and reported on elsewhere in the report are being progressed and the Council has recently completed on the purchase of a strategic employment site at Gt Notley	March 2019	
<b>Ensure the 2017/18 accounts are produced, audited and published by the 31<sup>st</sup> July 2018</b>		
The external auditors audit results report for the 2017/18 accounts was presented at Governance Committee and published on the 26 <sup>th</sup> July 2018.	July 2018	
<b>Improve customer focused services by delivering a programme of continuous improvement to achieve the Customer Service Excellence Standard</b>		
The Customer Service Excellence Standard assessment took place in November 2018 and the Council were successful in retaining the accreditation for the fourth year in a row, demonstrating compliance plus in 13 areas of the assessment.	December 2018	
<b>Prepare the organisation for the changes in data protection legislation due to commence 25<sup>th</sup> May 2018</b>		
A number of areas of work are now completed to ensure the Council is in a good position following the implementation of the General Data Protection	May 2018	

regulations and the Data Protect Act 2018. Privacy notices have been added to our website and forms that collate personal data amended accordingly. All staff received data protection training to ensure they are fully aware of the requirements placed on them regarding processing personal data.		
<b>Develop our online booking and payment systems enabling residents to book and pay for more services through our website</b>		
There are currently a number of issues with the implementation of the new forms builder required for the new online booking system and this may impact on the timescales for delivering the project. Weekly reviews are taking place and a change control will be processed should the end date require amending.	March 2019	
The payment system to integrate with the new booking system is ready for live implementation. However, technical issues with migration have been identified and a solution is currently being rolled out. This may impact on the deadline of the project.	March 2019	
<b>Improve our mobile working technology to allow our staff to be more flexible and customer focused</b>		
A working group has been formed to work with our ICT team to identify different technical opportunities that can be used more effectively to assist staff in their day to day activities. Areas being looked at include remote working, tele-working and home working. Skype for Business is provided as part of the Office 365 offering which is being rolled out across the Council.	March 2019	
<b>Continue to respond to emerging cyber security threats, protecting our network and information by regularly reviewing our approach and training</b>		
All ICT security and usage procedures have been reviewed and updated. A further metacompliance exercise was run in December in conjunction with other Authorities to provide benchmarking data. The Local Government Association recently carried out a stocktake of all Councils and Braintree were assessed as amber-green which is a satisfactory mark and Braintree compares well against other Essex Authorities.	March 2019	
<b>Introduce in-cab technology into our street scene vehicles to improve the efficiency of the service</b>		
Training has been carried out with supervisors and managers of the staff who will be using the new hand held devices for the street scene service. The next stage is for the staff to trial them in an operational capacity prior to full implementation from March onwards.	March 2019	



## Overall Strategy and Direction








Project description and comments	Target Date	Status
<b>Work effectively with our partners to deliver the Essex Vision to give communities, groups and businesses in Essex a way to collaborate in planning their future, recognising the collective power of Essex as a whole</b>		
Throughout this report, the actions that reference how we are supporting the Essex Vision are marked with <b>(E)</b> . They provide an update to show how we are dedicated to improving the county by working with partners to deliver the Essex Vision.	March 2019	
<b>Ensure that Braintree District Council is financially sustainable and fit for the future by delivering a balanced budget and becoming financially independent by 2020, whilst ensuring we remain a resilient organisation providing effective frontline services through smarter working</b>		
Budget pressures the council face over the next few years were outlined at staff	March 2019	









briefings in the first quarter. Services have been reviewing their services to identify how they can make savings in what they do whilst ensuring the residents of Braintree continue to receive the service they need. As part of the commercial programme, work continues on identifying income opportunities to bridge the budget gap.		
<p><b>(E) Deliver projects under the District Investment Strategy to achieve better outcomes for the District and a return for the taxpayers purse by:</b></p> <ul style="list-style-type: none"> <li>• Working in partnership to improve health provision across the District</li> <li>• Facilitating the need for housing by providing homes and supporting infrastructure</li> <li>• Improving our most congested roads and journeys across the District</li> <li>• Planning for growth by providing 9000 jobs by 2026 by delivering increased opportunities for new businesses and employment</li> <li>• Delivering investment opportunities that support growth and provide a return for the District Council</li> </ul>		
Following close partnership working with the Mid-Essex Clinical Commissioning Group and NHS England, the regeneration of Manor Street has been designed to include a Live Well Hub. The Council is also working with two local GP practices, Mid Essex Clinical Commissioning Group and NHS England to develop proposals to deliver a rural healthcare hub on Council-owned land in Sible Hedingham. Provision of new health care facilities in Witham are progressing. The Council have also acquired Silver End doctor's surgery which will also provide an income for the Council and secure the provision of healthcare to local residents.	March 2019	
The Manor street regeneration project includes the provision of 35 new homes and the business case has been approved by Cabinet and Full Council. A planning application has been submitted and a decision is expected in February 2019	March 2019	
Work continues on a number of projects reported under the Strategic Growth and Infrastructure section such as the A120 Millennium Slip roads and improvements to Springwood roundabout and Panfield Lane.	March 2019	
A number of projects and actions are underway to ensure delivery of the Braintree Plan for Growth to provide jobs such as completing the construction of four grow on units at the Braintree Enterprise Centre, working with developers to complete on strategic employment land at Great Notley and securing funding for the delivery of a Construction Innovation Centre.	March 2019	
There are a number of projects reported under the Strategic Growth and Infrastructure section that provide an update on current investment opportunities under the District Investment Strategy. As and when new opportunities arise, projects will be set up accordingly.	March 2019	
<p><b>Work with partner authorities (Tendring District Council, Colchester Borough Council and Essex County Council) and other public and private sector organisations to plan for and enable sustainable growth in homes and jobs in the north Essex area</b></p>		
Braintree District Council continues to work with Essex County Council and neighbouring authorities on evidence base, strategic policy development and funding bids to plan for sustainable growth in homes and jobs in Braintree and across the sub region.	March 2019	
<p><b>Support Essex County Council in the management and operation of the Country Park to enhance the visitor experience, making full use of the leisure, recreational and natural facilities the park has to offer</b></p>		
A Joint Governance Partnership Board meeting was held in December at which an update was provided regarding the usage of the artificial grass pitch and multi-use games area. A new Service Level Agreement has been drafted that reflects the partnership with Braintree Town Football Club (Community Iron) to deliver the Football Development Plan. A proposal to install a zip wire has been withdrawn owing to planning issues.	March 2019	



## Section 3: Managing the Business

### Our Performance Indicators in Detail

Performance Indicator	2018/19						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
<b>Environment and Place</b>							
Percentage of land that falls below cleanliness standards for litter	n/a	6%	6%		6%		Recorded three times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	55.18%	50.14%	50.20%		50.22%		We are awaiting reconciliation of the figures by Essex County Council and they may change if the data for residual waste changes. The estimated recycling figure has marginally missed target and it is expected that this will be revised upwards after reconciliation
Tonnage of residual household waste not recycled	120kgs	113Kgs	117kgs		108kgs		We are awaiting reconciliation of the figures by Essex County Council. Nationally there is an increasing trend in tonnage of residual waste which is being monitored. The ongoing work of the waste minimisation team includes engaging and educating residents in a bid to reverse the current trend.
Number and percentage of non-hazardous fly tips on public land cleared within 24 hours of being reported	100% (170)	100% (211)	100% (201)		100%		
Number of fuel poverty and domestic energy reduction installations carried out	Annually reported indicator					n/a	
<b>Strategic Growth and Infrastructure</b>							
Number of affordable homes delivered	63	51	31		25		
Number of homes granted planning permission	667	125	430		212		
<b>Health and Communities</b>							
Average waiting time for applicants on the Disabled Facilities Grant	105 days	59 days	95 days		75 days		A total of 32 grants were approved in the third quarter. Of these, 15 grants have gone over the target of 75 days. The cases that have exceeded the target are complex with differing needs that require special consideration over the design and planning of the works required. In all cases that go over the target, customers are involved and kept informed throughout the process.

Performance Indicator	2018/19						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Achieve a 2% increase on the contract baseline in participation levels across all our sports centres	238,928	279,892	272,348		183,299		
Achieve at least a 1% increase in adults being active for 150 minutes per week	Annually reported indicator					n/a	
<b>Finance and Performance</b>							
Average call answer time in the Customer Service Centre	13 seconds	20 seconds	7 seconds		15 seconds		
Time taken to process housing benefit/council tax benefit new claims	19.92 days	20 days	18.02 days		22 days		
Time taken to process housing benefit claim changes	7.7 days	7.39 days	4.43 days		6 days		
Percentage of Stage 1 complaints responded to within target	94.71%	93.88%	90.44%		90%		
Collection rate for Council Tax	31.06%	58.80%	86.80%		87.20%		<i>The target has been missed by less than half a percent and it is anticipated that the shortfall will be made up over the coming months and the end of year target will be achieved.</i>
Collection rate for Business Rates	31.40%	57.76%	85.09%		84.60%		
Percentage of invoices paid within 30 days of receipt	99.19%	99.26%	99.15%		99.25%		<i>Represents one invoice not paid within 30 days of receipt</i>

## Complaints

The quarterly complaints analysis for the second quarter of 2018/19 and the end of the year is detailed below. This is compared with 2017/18 figures shown in brackets. The figures represent all three stages of the complaints process.

<b>Complaint Category</b>	<b>Q1 2018/19</b>	<b>Q2 2018/19</b>	<b>Q3 2018/19</b>	<b>Q4 2018/19</b>	<b>TOTAL</b>
Justified	110 (64)	92 (67)	61 (38)	(60)	(229)
Not Justified	24 (69)	88 (79)	20 (67)	(81)	(296)
Partially Justified	76 (27)	26 (31)	59 (22)	(17)	(97)
Not known	0 (0)	1 (1)	0 (3)	(0)	(4)
<b>Total</b>	<b>210 (160)</b>	<b>207 (178)</b>	<b>139 (130)</b>	<b>(158)</b>	<b>(626)</b>

## **Comments**

There has been a reduction in the number of complaints received in the third quarter of 2018/19 compared to the previous quarters of the year.

The majority of the complaints relate to waste collections. However, a recent change to collection routes across the district has seen a positive impact on the number of complaints received for this area which is reflected in the table above. In contrast, the planning service have seen an increase in the number of complaints they are receiving in relation to the handling of planning applications which is currently being monitored.

In the third quarter of 2018/19, of the 139 complaints received:

- 136 are stage one complaints
- two are stage two complaints
- one is a stage three complaint

## **A summary of Local Government Ombudsman (LGO) cases:**

In the third quarter of 2018/19, the LGO has received three new complaints. Following initial enquiries with the Council, the LGO declined to investigate two of the complaints.

The LGO has issued one final decision in the third quarter. This was in relation to a complaint received in a previous quarter relating to Planning of which the Ombudsman found no fault by the Council. Two further complaints from previous quarters remain under investigation with the LGO.



## Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Change on previous period	Yearly Target
Total headcount	469	473	478		+ 5	-
Total number of posts	485	485	485		-	-
Number of temporary staff	33	32	30		- 2	-
Total staff FTE	425.08	427.45	431.97		+ 4.52	-
Level of employee turnover	2.13%	2.96%	1.67%		-1.29%	-
Number of leavers	10	14	8		- 6	-
Number of starters	13	18	13		- 5	-
Working days lost to sickness per employee	2.07 days	1.71 days	2.21 days		+ 0.5 days	8.0 days
Percentage of staff with nil sickness	78.68%	64.9%	53.97%		- 10.93%	-
Number of learning hours	7747	8131	10,427		+ 2296	-
Number of delegates	602	381	305		- 76	-
Number of apprentices **	15	24	22		- 2	-

Year on Year Headcount Analysis	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	466	478	472	470	464	466

\*\* BDC's apprenticeship programme runs from September each year. The figures reflect level 2, 3 and 4 apprenticeships together with degree apprenticeships.

## **Health & Safety**

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

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

<b>Health &amp; Safety: Indicators of Performance</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
	(2017/18 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (10)	6 (10)	9 (26)	(13)	
<i>Accidents/ incidents to employees</i>	6 (8)	6 (8)	9 (20)	(12)	<i>The majority of accidents are from slips or trips.</i>
<i>Accidents/ incidents to contractors</i>	0 (1)	0 (2)	0 (5)	(0)	
<i>Accidents/ incidents to non-employees</i>	1 (1)	0 (0)	0 (1)	(1)	
Time lost in days due to employee accidents/ incidents	85 (0)	19 (20)	48 (8)	(28)	
Number of reported verbal/ physical incidents to employees	2 (0)	1 (2)	1 (1)	(0)	
Number of near miss incidents	1 (0)	1 (0)	0 (0)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (0)	3 (0)	1 (0)	(0)	
Number of claims settled	0 (0)	0 (0)	0 (0)	(0)	

## **Financial Performance**

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

### **Background**

Full Council approved a budget of £14.784 million for the 2018/19 financial year. This included planned spending across all services totalling £12.144 million; corporate items amounting to £2.840 million; and an overall efficiency target to be achieved in-year of £200,000.

Financing of the budget was to be from a combination of: general government grants (£294,000); business rates (£5.237 million); and Council Tax (£9.253 million).

During the year individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which quarterly performance is monitored.

On 23 July 2018, Full Council approved a supplementary budget of £219,460 to fund the transitional staffing arrangements for the Strategic Investment Team, with the amount to be met by a withdrawal from General Fund balances. Furthermore, Full Council agreed on 8 October 2018, a budget virement of £181,500 between the Planning Application Fees budget and the Development Management Staffing budget. These budget changes have been taken into account for the purposes of this quarter's report.

### **Summary Financial Position at the Third Quarter (Q3)**

- An overall positive variance for the year of £703,000 (-4.8%) is projected against the budget.
- Across all services staffing budgets are forecast to be underspent by £475,000; and after allowing for the corporate efficiency target of £200,000, this results in a projected variance of -£275,000.
- Other expenditure is projected to be overspent by £284,000.
- Income is projected to be overachieved by £712,000.
- The projected variance for the year has improved by an overall £576,000 from the position reported at Q2, which forecasted an overall positive variance of £127,000. This overall change comprises: an increase in the projected staffing underspend by £181,000; a reduction in the projected overspend on other expenditure of £98,000; and £297,000 increase in forecast income.
- For some service areas the changes in the levels of income and expenditure included in this report are expected to be ongoing and therefore budget adjustments have been included in the Council's proposed budget for 2019/20.

## Revenue Spending

Service	Updated Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing	Other	Gross	Total	
			£'000	Expenditure £'000	Income £'000	£'000	
Asset Management	(2,131)	(2,241)	8	97	(215)	(110)	G
Business Solutions	1,993	1,991	(15)	19	(6)	(2)	G
Community Services	346	339	(1)	(17)	11	(7)	G
Corporate Management	1,233	1,145	(82)	(6)	-	(88)	G
Economic Development	238	238	-	-	-	-	G
Environment & Leisure	840	763	(45)	(2)	(30)	(77)	G
Finance	1,101	567	(199)	(69)	(266)	(534)	G
Governance	918	1,071	80	(12)	85	153	R
Housing Services	864	853	9	(14)	(6)	(11)	G
Human Resources	386	384	-	(2)	-	(2)	G
Marketing and Communications	544	541	(9)	(16)	22	(3)	G
Operations	5,123	5,148	(99)	212	(88)	25	A
Strategic Investment	231	231	-	-	-	-	G
Sustainable Development	677	441	(122)	105	(219)	(236)	G
<b>Service Total</b>	<b>12,363</b>	<b>11,471</b>	<b>(475)</b>	<b>295</b>	<b>(712)</b>	<b>(892)</b>	<b>G</b>
Corporate Financing	2,621	2,610	-	(11)	-	(11)	G
Efficiency target	(200)	-	200	-	-	200	
<b>Total</b>	<b>14,784</b>	<b>14,081</b>	<b>(275)</b>	<b>284</b>	<b>(712)</b>	<b>(703)</b>	<b>G</b>

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%  
Budget = controllable expenditure budget net of direct service income

## Staffing

Staffing budgets include both directly employed staff, and bought-in/ agency staff, the latter being used where additional resources are required to meet increased service demands and/ or the need for specialist skills; to provide cover in cases of absence (e.g. holidays, sickness, maternity etc.); or where in-house staff are assigned to work on other projects and priorities.

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

Service – Staffing Budgets	Updated Budget £'000	Projected Spend £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	265	273	8	A
Business Solutions	1,189	1,174	(15)	G
Community Services	368	367	(1)	G
Corporate Management	1,198	1,116	(82)	G
Economic Development	273	273	-	G
Environment & Leisure	1,553	1,508	(45)	G
Finance	2,394	2,195	(199)	G
Governance	560	640	80	R
Housing Services	857	866	9	A
Human Resources	339	339	-	G
Marketing & Communications	371	362	(9)	G
Operations	5,285	5,186	(99)	G
Strategic Investment	490	490	-	G
Sustainable Development	1,716	1,594	(122)	G
<b>Service Total</b>	<b>16,858</b>	<b>16,383</b>	<b>(475)</b>	<b>G</b>
Corporate Financing	-	-	-	
Efficiency	(200)	-	200	
<b>Total</b>	<b>16,658</b>	<b>16,383</b>	<b>(275)</b>	<b>G</b>

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

### **Commentary on staffing variations:**

Based on information known at the end of Q3, and across all service areas there is a projected underspend on staffing budgets of £475,000, an increase from that reported at Q2 of £181,000.

The largest service with a projected underspend is **Finance** (-£199,000). These savings are expected to be achieved from a combination of vacant posts which have now been deleted as there is a gradual reduction in benefits processing required as Universal Credits is rolled out. Also contracted hours have been reduced, and appointments made at lower grade/scale points.

**Sustainable Development** is also showing an overall projected underspend of £122,000. An increase in the staffing structure was previously agreed in order to meet the higher demands on the service, however, whilst recruitment processes are in progress, the service continues to hold a number of vacancies (including maternity absences), some of which are being covered by external agency staff.

Changes in senior management appointments, along with a restructuring of the management arrangements for the Business Solutions service has resulted in an overall underspend being projected on **Corporate Management** of £82,000, after allowing for the permanent appointment of a Commercial Manager (previously a fixed term contract).

Other service areas with projected underspends include: **Environment & Leisure** (-£45,000) and **Operations** (-£99,000), mainly due to vacancies, but also external grant funding for recycling activities.

**Governance** is still forecasting overspends for the year (+£80,000) as per previous quarters. These are projected costs associated with the need for additional capacity for legal work in relation to the Council's strategic growth agenda and related projects. The assumption is that temporary additional resources will be required for the remainder of the year, but a new permanent structure will be in place from April 2019, which is to be part funded from the additional resources approved by Full Council in October 2018, for supporting its strategic investment plans.

The approved budget provided for a **Corporate Efficiency Target** which in previous years has been achieved from in-year staffing variances. The amount included in the budget for 2018/19 was £200,000, which based on this quarter's review will be achieved, leaving an overall projected staffing underspend for the year of £275,000.

**Recharges to capital projects:** A number of service areas recharge a proportion of officer time to capital projects which means the costs are not charged against the General Fund revenue account. The extent to which these recharges can be made is dependent upon actual progress of individual projects and the nature of the activities being undertaken. The budget provides for a total of £364,000 to be recharged. Based on actual time allocations combined with future estimates, it is currently anticipated that the overall level of recharges should at least achieve the budget, with higher recharges from the Strategic Investment Team more than offsetting a reduction in charges from other service areas. A more detailed review of proposed recharges will be carried out as part of the year-end accounts process.

## Other Service Expenditure

In total there is a projected overspend against non-staffing expenditure budgets of £284,000, an improvement from the position reported at Q2 of £98,000. The main service areas contributing to the latest forecast are:

- **Asset Management (+£97,000):** Includes increased costs following the transfer back to the Council of the management and operation of the Braintree Enterprise Centre, including a one-off cost to address Energy Performance Compliance requirements. Unbudgeted holding costs are also being incurred in relation to premises held vacant pending works starting on the Manor Street regeneration scheme. The projected overspend in this service area is more than offset by higher forecast rental income.
- **Operations (+£211,000):** increased costs in Waste Management are forecast on gate fees payable to the Council's material recovery facility (MRF) operator, the price of which is linked to market indices and subject to quarterly review. The budget was set based on an assumed fee of £24.36 per tonne (based on Q3 17/18), whereas the average price that is being paid across this year is in excess of £44 per tonne. The effect of this has resulted in a projected overspend of £211,000 for the year. The service has also experienced increased costs for vehicle fuel as prices have risen, however, these have largely been offset by savings on the cost of recycling and residual waste sacks (a mix of usage and lower cost); lower operating costs of the clinical waste service; and lower operating costs of the Cordons Farm waste transfer site. The Council's proposed budget for 2019/20 includes allowances for the estimated ongoing additional costs from higher gate fees and fuel prices.
- **Sustainable Development (+£104,000):** The service has updated its estimate of the likely cost of appeals in the year which has reduced from £445,000 (estimated at Q2) to a revised amount of £340,000. This reduction is based on a combination of lower spend on some appeals, but also delays on a couple of major appeals which are now not expected to be processed until 2019/20. The planning appeals reserve has a balance of £287,000 brought forward meaning that in the current year there is a forecast overspend of £53,000. The Council's proposed budget for 2019/20 includes a provision of £500,000 for future appeal costs. The service is also projecting to spend £35,000 more than budget on consultants where a number of applications received require specialist input. The service considers it more economical to engage such advice on a temporary basis rather seeking to recruit permanent staff for this role.
- **Finance (-£68,000):** Through a combination of reduced housing benefit expected to be paid in the year coupled with a change in subsidy recovery rate (based on 2017/18 outturn) the net costs to the Council is projected to be £70,000 less than budget.

## External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £45 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

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

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained “locally” which will be rebated against the 2018/19 levy. The final determination and receipt of the actual amount of the Council’s share will be made after year-end returns have been collated from each of the participating authorities. At the start of the year it was anticipated that Braintree’s share for 2018/19 could be around £560,000. The benefits received from being a member of the Pool have to date been held in the Business Rate Retention reserve.

Other external income for which the Council has budgeted £15.625 million comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £712,000, as shown in the table below:

Service	Updated Budget £000	Joint Financing	Sales, Fees & Charges	Rents	Other Income	Total	RAG Status
		5,432	5,603	2,906	1,684	15,625	
Asset Management	2,992	-	5	(221)	1	(215)	G
Business Solutions	23	(6)	-	-	-	(6)	G
Community Services	208	-	14	-	(3)	11	A
Corporate Management Plan	-	-	-	-	-	-	G
Economic Development	-	-	-	-	-	-	G
Environment & Leisure	1,327	(19)	5	-	(16)	(30)	G
Finance	2,507	(5)	-	-	(261)	(266)	G
Governance	306	-	85	-	-	85	R
Housing Services	70	-	(6)	-	-	(6)	G
Human Resources	-	-	-	-	-	-	G
Marketing & Communications	131	25	25	-	(28)	22	A
Operations	5,224	(42)	(24)	10	(32)	(88)	G
Strategic Investment	157	-	-	-	-	-	G
Sustainable Development	1,434	-	(219)	-	-	(219)	G
<b>Service Total</b>	<b>14,379</b>	<b>(47)</b>	<b>(115)</b>	<b>(211)</b>	<b>(339)</b>	<b>(712)</b>	<b>G</b>
Corporate Financing	1,246	-	-	-	-	-	G
<b>Total</b>	<b>15,625</b>	<b>(47)</b>	<b>(115)</b>	<b>(211)</b>	<b>(339)</b>	<b>(712)</b>	<b>G</b>

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

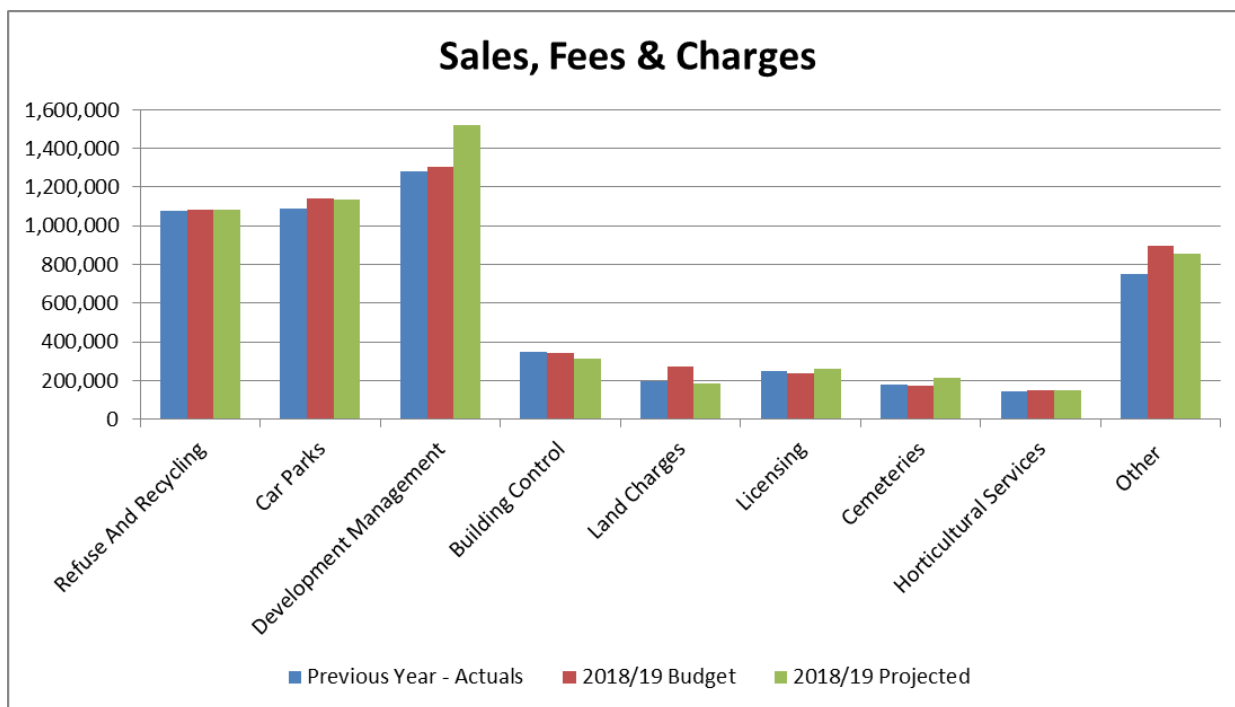
### Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £5.432 million, the main sources of which are: Essex County Council contributions towards service costs (£2.363 million); estimated benefit from the Essex Business Rate Pool (£560,000); Council Tax sharing and investment agreement with the major precepting bodies (£625,000); housing benefit overpayment recoveries and local tax costs recovered (£780,000); and subscriptions to the Procurement Hub (£359,000).

At Q3 a variance for the year is predicted of £47,000 across all services.

### Sales, Fees & Charges

The budget for income from sales, fees & charges is £5.603 million which is projected to be over achieved by a net £115,000. The following chart shows the main income streams:



#### Commentary on Fees and Charges:

- Development Management:** Planning application income received up to the end of December was £1.313m, which already exceeded the updated full year budget of £1.293 million. Based on historical trends, the projection for the whole of 2018/19 has been revised upwards to £1.5 million (last year actual was £1.267 million). The current position is, therefore, a projected over achievement of income of £207,000. In addition, the service is also projecting additional income on the Street Naming and Numbering service of £12,000.
- Building Control:** Year-on-year income received is showing a reduction of around 15% to the end December, posting a lower figure received to date across all of the last four years. Based on this position the current forecast is for an under achievement against budget of £31,000. As the market is competitive with alternative providers, the position will continue to be monitored.
- Local Land Charges:** Income from search fees at the end of December was £145,000 which is around 5% lower than last year for the same period (and around 16% lower after allowing for the increase in charges from April 2019). The number of full searches are down by 12% (1276 compared to 1441), whereas free of charge viewings, mainly by personal search companies, have increased by 14% (1407 compared to 1230). With seasonal adjustments this results in a projected income of £187,000 for the year, a shortfall of £85,000 against budget. The Council's proposed budget for 2019/20 includes an adjustment to reflect an estimate of lower fees going forward. Currently the service is continuing to prepare for the potential transfer of this service to the Land Registry although no deadline has been set for this happening yet.
- Licensing:** An increase in charges from October along with the triennial review of some licences has increased income in the current year leading to a projected over achievement of £20,000. Some of the licences granted will now be for extended periods despite being charged the same and therefore future income levels will be subject to fluctuation.
- Cemeteries:** Income to the end of December is higher than in previous years, suggesting that by the year-end overall income could be higher than budget by £39,000 (and £26,000 higher than last year's outturn).
- Other Income - Marketing and Communications:** The total budget for sponsorship and advertising income is £93,000. The post of Sponsorship Officer has been vacant since



April, and following an internal review, recruitment to a Corporate Sale role has now been completed with the officer starting in post in February. Consequently, a shortfall is currently projected of £62,000 in the current year (£25,000 from sponsorship; and £37,000 from the sale of advertising). In future the new role will seek to maximise the Council's income streams across a number of traded service areas.

## Rental Income

The budget for rental income from land & property is £2.906million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The current projected outturn for the year is a net over achievement of £211,000.

### **Commentary on Rental Income:**

- **Asset Management:** Following the closure of Ignite Business in May 2018, the Council has taken back responsibility for the management and letting of the former Ignite House at the Springwood Industrial Estate, as well as the Corner House in Braintree town. With the addition of the grow-on units developed by the Council at Springwood, and the acquisition of premises in Silver End, there is a projected increase in rental income of £120,000, which after allowing for some additional costs, results in an estimated net £59,000 of projected income. On the existing commercial portfolio, occupation levels remain relatively high, and there have been a number of rent reviews settled which taken together has increased the amount of income expected in the current year by £57,000. Again, there are related and other costs which have been incurred and therefore the net additional income projected is £31,000. In addition, following the completion of tenancy agreements last year, Causeway House remains fully let leading to £37,000 of extra income than was originally budgeted.
- **Operations – Markets:** Whilst showing a slight improvement on the previous quarter, promotion of reduced rates to market traders has yet to reverse the downward trend in income seen over recent years with a current shortfall projected of £13,000 against the budget of £80,000.

## Other Service & Corporate Income

Total budgeted Other Income is £1.684million of which £675,000 is internal recharges including staffing costs that are expected to be charged against capital projects (£364,000). Other external income is projected to be overachieved by £339,000.

Other external income includes the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £843,000, which is expected to be overachieved by £200,000, mainly due to increased money market rates following changes by the Bank of England to the Base Rate, combined with higher levels of cash available for investment than was originally assumed.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £93,000 of income from investment in solar panels at various Council facilities.

Other variances projected include a number of unbudgeted government grants (£61,000) and increased work undertaken by the graphics and reprographics team (£40,000).

## **Treasury Management**

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

Amount Invested at start of the year	Activity to the end December		Amount Invested at end of the quarter
	New Investments	Investments Sold or Matured	
£42.26m	£85.83m	£72.75m	£55.34m
Average amount invested for the period			£59.86m
Highest amount invested			£68.27m

In December, the Council increased its long-term pooled fund investments by £2 million taking the total amount invested to £18 million. Two new diversified funds were added to the portfolio with £1 million placed in each fund: Kames Diversified Income Fund and the Investec Diversified Income Fund. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK financial institutions, deposits with other local authorities, and Money Market Funds (MMF).

Interest and dividends earned to the end of the quarter total £800,000, which is equivalent to an annualised rate of return of 1.77%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£16.06m	£582,000	4.81%
Short-Term	£43.80m	£218,000	0.66%
<b>Total</b>	<b>£59.86m</b>	<b>£800,000</b>	<b>1.77%</b>

Investment returns have been increased by the dividend income earned from long-term investments. In addition, being exposed to equities and property, the value of these funds fluctuate based on prevailing market conditions. At the end of the quarter the market valuation for all the long-term pooled funds was £18.377 million, representing an unrealised gain of £0.377 million on the original amounts invested.

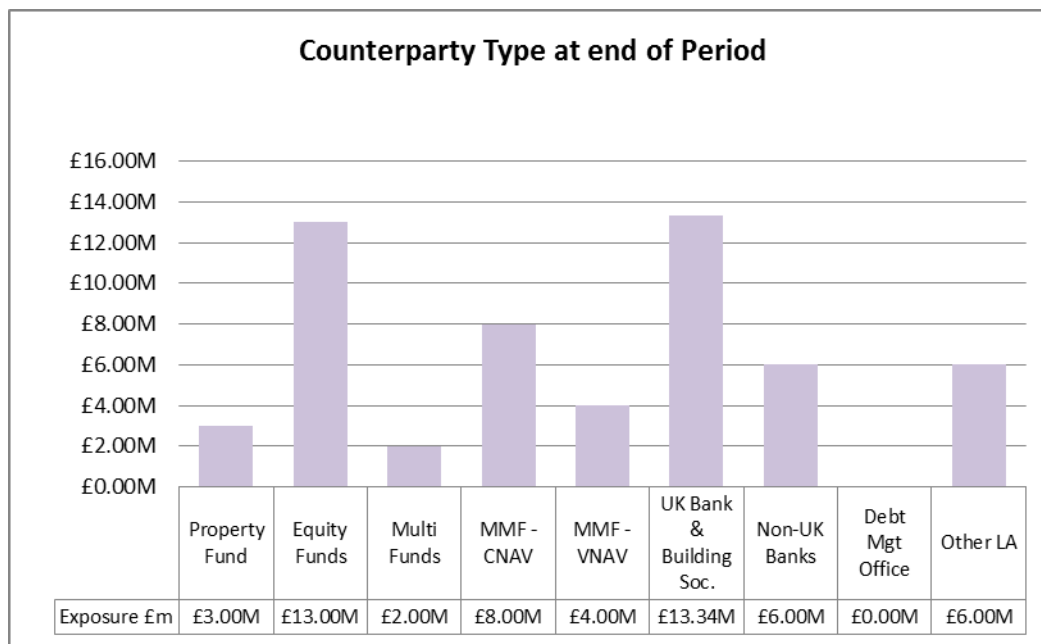
Reflecting the upward movement in interest rates, a revised forecast of cash balances, and the increased amount invested in long-term pooled funds, the Council's proposed budget for 2019/20 includes an additional £181,000 of investment income.

### ***Market Commentary***

Markets reacted in the quarter to a range of global concerns: an economic slowdown in China, rising trade tensions between the US and China, a sharply lower oil price, slowing Euro area output and the ongoing uncertainty surrounding Brexit. December was a turbulent month in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; and in pure price terms it fell around 13%. But spreads on corporate bonds also widened reflecting concerns about tougher economic conditions ahead and the abilities of corporates to service their debt obligations.

Treasury gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. The higher Bank Rate continued to push up money markets rates.

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



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant  
VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

## General Fund Balances

General Fund balances are held for the following reasons:

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

Based on the projected outturn set out above, the movement on the General Fund balance is estimated to be:

	<b>£'000</b>
<b>Balance at 1 April 2018</b>	<b>2,860</b>
Add:	
Budgeted addition	228
Pension Fund triennial payment	1,411
Projected in-year variance	703
Less:	
Supplementary budget	(219)
<b>Estimated Balance at 31 March 2019</b>	<b>4,983</b>

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

- The budget approved by Council for 2018/19 included an anticipated addition to balances of £228,072, reflecting savings anticipated being made in advance of future years' budget shortfalls.
- The budget for 2017/18 included a one-off payment to the Pension Fund covering the period April 2017 to March 2020, which was in part funded from General Fund balances. A repayment back into balances was expected in 2018/19 and 2019/20.
- The projected outturn variance for the year would mean an additional £703,000 being added to balances (subject to any future decisions regarding approvals for services to

carry forward underspends for use in 2019/20, which will be considered during finalisation of the budget outturn).

- An allocation from General Fund balances was approved by Full Council in July 2018 to meet a supplementary budget request for the transitional costs of the Strategic Investment Team.

## **Risks and Assumptions**

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. The previous year outturn and trends in-year have been considered; however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy. External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

Planning application fee projections are based on the best information available regarding when developers are likely to submit planning applications for growth locations within the district - this could change and income could be significantly higher or lower than projected. Projections are based on historical trends and will be influenced by both the number and type of planning applications received.

The projected costs of planning appeals for the year is currently £340,000 which can be partially funded from the earmarked reserve brought forward at the start of the year (Balance £287,000). On this basis the reserve will be depleted by the end of 2018/19, and with the level of appeals and public inquiries currently being experienced, it is likely that further money will need to be set aside. A provision of £500,000 has been included in the Council's proposed budget for 2019/20.

Payments made by the Council for processing its recycling material collected from households are subject to quarterly review of market indices. As prices have now been set for the remainder of this year the main variant which could alter the outturn cost from that predicted at this quarter is the tonnages collected for processing.

The budget assumes that £364,000 of staffing costs can be recharged to capital projects. The actual amount recharged will depend on the extent to which projects progress and staff are working on activities that can properly be treated as capital under accounting rules. The current assumption is that the budgeted level of recharges will be achieved in 2018/19.

Investment income from the Council's long-term pooled funds is budgeted at £760,000 and is derived from quarterly dividend payments. These dividends can fluctuate and are not contractually committed unlike interest on term deposits and loans. The current assumption is that the budget will be achieved.

## **Capital Investment**

Taking into account projects which were in progress and carried forward from earlier years, new projects approved as part of the Budget agreed in February 2018, and the subsequent decisions taken by Council on some major growth and infrastructure projects, the overall capital programme currently totals £42.6million. Delivery of significant projects will span a number of years, therefore, the amount expected to be spent in the current year is £13.1million. The following table shows how much has been spent to the end of Q3.

	<b>Profiled Spend 2018/19 £000</b>	<b>Actual Spend at Quarter 3 £000</b>	<b>Actual Spend at Quarter 3 % of 18/19 Profile</b>
Commercial and investment property	8,125	6,701	82%
Manor Steet regeneration	430	330	77%
Springwood Drive business units and parking	630	538	85%
Planned maintenance to Council premises	533	202	38%
Replacement vehicles and plant	650	365	56%
Information technology systems	187	83	44%
Play areas, parks and open spaces	311	130	42%
Spa Road environmental improvements	302	254	84%
John Ray Park improvement	42	-	0%
Museum heating system & ICT upgrade	115	115	100%
Operational equipment	324	61	19%
Sports and leisure facilities improvements	50	3	6%
Cordons Farm waste transfer station	39	-	0%
Grants to registered social landlords	47	12	26%
Disabled facilities grants	810	606	75%
Capital salaries - recharged from revenue	364	283	78%
Capital salaries - direct	141	59	42%
<b>Total</b>	<b>13,100</b>	<b>9,742</b>	<b>74%</b>

The programme for 2018/19 has reduced by a net £4,000 since Q2. This reflects new approvals during the quarter for £150,000 to be spent on a new vehicle maintenance workshop fit-out, and £64,000 of new operational plant which is being funded from reserves, offset by other budget changes and profiling of project spends into future years.

Actual spend during the quarter increased significantly as the Council completed its acquisition of the proposed employment site in Great Notley.

There are no projected variances to budgeted spend.

### **Capital resources**

The main sources of new capital resources anticipated for the year are from the sale of Council owned assets (£3.674 million), preserved right-to-buy (RTB) receipts (£1 million) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£250,000).

Whilst the Council has exchanged contracts on a number of sites it is selling, these are still subject to buyers gaining satisfactory planning consents. Consequently, sales are now not expected to complete until at least 2019/20. The Council has, however, received an average payment of £136,000 relating to a previous sale of Council owned land.

Greenfields has reported that 19 RTB sales have been completed up to the end of Q3 generating approximately £2.7million for the Council. Greenfields have also advised that a further 33 applications are in progress. Based on the timing and likelihood of progression to completion, experience suggests an estimated total of 23 sales may complete this year

generating circa £3.08million for the Council. This compares to 20 sales completed last year which generated £2.122million for the Council.

VAT shelter monies due to the Council at the end of Q3 were £203,000, which is broadly in line with what could be expected based on the full year estimate.

The Council has received £862,000 grant from the Better Care Fund, which is used to fund the Council's disabled facilities grant scheme. This is an increase of £162,000 over that originally anticipated for the year, although some of this funding is likely to carry over into 2019/20.

### **Response to question raised at Governance Committee on 23<sup>rd</sup> January 2019.**

At the Governance Committee meeting on 23<sup>rd</sup> January 2019, when considering the Second Quarter Performance Management Report 2018-19, it was agreed that further information would be provided at the next meeting in respect of the introduction of Universal Credit and the impacts on the time taken to process benefit claim changes.

#### **Introduction of Universal Credit in the Braintree District**

Working age claimants seeking help with their housing rent cost have for many years received this financial support from the Council through housing benefit.

On 25<sup>th</sup> October 2017 Universal Credit commenced in the Braintree District.

Whilst the majority of new claimants, of working age, have had to apply for Universal Credit rather than housing benefit since this date, existing claimants have only been required to change to Universal Credit when they have had a change in their circumstances which would impact on their housing benefit entitlement.

The change to Universal Credit has therefore to-date been a gradual process however the Government has indicated that it is aiming for those remaining on housing benefit to be transferred to Universal Credit by 2020.

There are currently some exceptions where working age claimants will not transfer to Universal Credit these include claimants in temporary accommodation or exempt accommodation (supported housing).

#### **Impact on the Housing Benefit Service**

The total number of claimants, working age and pensionable age, receiving Housing Benefit has fallen from 8,069 in September 2017 to 6,302 in December 2018.

Although there has been a reduction in housing benefit work due to working age claimants now receiving Universal Credit from the Department for Work and Pensions (DWP) these claimants continue, if eligible, to receive council tax support from the Council.

The net impact on the Housing Benefit service has been a reduction in the workload and this has been addressed with three posts, which were vacant during 2018/19, being deleted from the Budget for 2019/20.

The service is however receiving an increasing volume of notifications from the DWP where changes have affected Universal Credit and these need to be reviewed to determine whether the level of council tax support awarded needs to be revised. The consequence of a change being made to the council tax support is on the Council's Revenues Service as revised council tax bills including a revision to the payment plan have to be issued.

## APPENDIX A

This in turn is having an impact on claimants as their council tax payment plans are being changed and for some this could be multiple times during a year.

Performance targets for housing benefit and council tax support were set for 2018/19 at:

New claims	22 days
Change in circumstances	6 days

The target performance for new claims was increased from 18 days to 22 days for 2018/19 as an estimate of the potential impact of the transition to Universal Credit.

Actual performance achieved for the year was 18.68 days and 5.56 days respectively, although performance in the early part of the year was not as good: 21.07 days and 7.69 days for May 2018.

### **Recommendation**

Members are asked to note the response provided regarding the impact of the introduction of Universal Credit in the Braintree District.

Trevor Wilson  
Head of Finance  
4<sup>th</sup> April 2019



<b>Update on Braintree Branch Line</b>		<b>Agenda No: 5(2)</b>
<b>Portfolio:</b>	<b>Housing and Planning</b>	
<b>Corporate Outcome:</b>	<b>A well connected and growing district with high quality homes and infrastructure</b>	
	<b>A prosperous district that attracts business growth and provides high quality employment opportunities</b>	
<b>Report presented by:</b>	<b>Tracey Headford, Business Solutions Manager</b>	
<b>Report prepared by:</b>	<b>Janet Whyte, Project Manager, Strategic Investment</b>	
<b>Background Papers:</b>	<b>Public Report</b>	
Corporate Strategy 2016-2020	<b>Key Decision: No</b>	
<b>Executive Summary:</b>		
<p>It has been a long-term aspiration of the Council to provide improvements to the Braintree Branch Line, in order to enable two trains per hour. This is consistent with the Corporate Strategy vision of <i>a well-connected and growing District with high quality homes and infrastructure</i>.</p> <p>Braintree District is anticipated to grow significantly over the coming decades, resulting in over 15,000 new homes by 2033 and presenting a major requirement for housing, population and employment growth. The current rail service (particularly to and from Braintree and London), exacerbates existing problems and is a barrier to growth. The provision of improved rail services is desirable for a number of reasons:</p> <ul style="list-style-type: none"> <li>• Encourage modal shift away from the reliance on the private car and onto public transport;</li> <li>• Reduce existing problems of road congestion;</li> <li>• Ensure planned growth is delivered sustainably.</li> </ul> <p>The Council has, over a number of years, been working alongside Essex County Council and Network Rail to explore potential improvements to the Braintree Branch Line. The purpose of this report is to update Members on the status of work streams relating to rail infrastructure and to provide details of factors constraining progress.</p>		
<b>Recommended Decision:</b> For Members to note the attached report.		
<b>Purpose of Decision:</b> For Members to note the attached report.		

<b>Any Corporate implications in relation to the following should be explained in detail.</b>	
<b>Financial:</b>	<p>A review of historic payments indicates that, to date, £58,000 of Council resource has been spent on workstreams connected to the Braintree Branch Line.</p> <p>There is no budget currently available to fund the necessary feasibility work.</p>
<b>Legal:</b>	<p>This report provides an update only for Members and does not commit the Council to any action or decisions. The Legal implications of any future individual projects will be considered within the individual project and by the relevant bodies.</p>
<b>Safeguarding:</b>	<p>Individual assessments will be carried out on any future projects.</p>
<b>Equalities/Diversity:</b>	<p>Individual assessments will be carried out on any future projects.</p>
<b>Customer Impact:</b>	<p>Individual assessments will be carried out on any future projects.</p>
<b>Environment and Climate Change:</b>	<p>Individual assessments will be carried out on any future projects.</p>
<b>Consultation/Community Engagement:</b>	<p>Communications &amp; Engagement will be developed and implemented on any future projects.</p>
<b>Risks:</b>	<p>Individual risk assessments will be carried out on any future projects.</p>
<b>Officer Contact:</b> Janet Whyte	
<b>Designation:</b> Project Manager (Strategic Investment)	
<b>Ext. No:</b> 2582	
<b>E-mail:</b> Janet.whyte@braintree.gov.uk	

## **1.0 Background**

- 1.1 It has been a long-term aspiration of the Council to provide improvements to the Braintree Branch Line to enable a half-hourly rail service, in order to enhance connectivity and support sustainable growth.
- 1.2 This aspiration is consistent both with the Council's stated Corporate Strategy vision of *a well-connected and growing District with high quality homes and infrastructure* and the £100m Strategic Investment programme, which aims to deliver and support delivery of *Health, Homes, Journeys, Jobs*.
- 1.3 The Council is unable to unilaterally deliver improvements to the rail service within the District. In order to identify and enable potential opportunities to improve the service, the Council has worked in partnership with Essex County Council (ECC) and Network Rail. ECC is responsible for overall strategic transport within the county, whilst Network Rail is the organisation which owns and manages the nation's rail infrastructure (track, power, signals etc).

## **2.0 Work to Date**

- 2.1 Two studies have been completed to inform the business case for improvements on the Braintree Branch Line:
- Technical Study (fast-track GRIP2 study): Undertaken by Network Rail in 2010;
  - Socio-economic Study: Undertake by transport consultancy Mott MacDonald in 2012.
- 2.2 The key outcome of the Technical Study was that *it appears feasible in principle to provide a 30 minute train service between Witham and Braintree through the introduction of a static loop*. However, this would only be possible if the following issues were resolved:
- Revising the railway timetable to provide train paths on the branch line and, in the wider context of the main timetable, paths to Liverpool Street;
  - Resolution of the congestion associated with platforming of trains at Witham, particularly during the morning and evening peaks;
  - Resolution of the congestion resulting from the use of the mainline freight loop;
  - Support for the project from key stakeholders, including the Department for Transport and train operating companies;
  - Securing project funding of circa £9m to circa £17m (2010 prices), depending on the location of the static loop.

- 2.3 In order to take forward the static loop option, the Technical Study recommended that a detailed PCAT (timetabling) Study be commissioned, alongside discussions with key stakeholders to establish viability and harness support for the proposal. However, it was indicated that improvements to the Braintree Branch Line would be lower priority compared to other proposals in the locality, notably enhancements to mainline capacity and the delivery of a new station at Beaulieu Park.
- 2.4 Due to the prohibitive cost of the required workstreams to progress the static loop solution, coupled with the indicated lack of priority, no further work was commissioned by either the Council or ECC.

### **3.0 Current Position**

- 3.1 The Council and BDC recommenced work to improve the Braintree Branch Line in 2016. Meetings were held with Network Rail and a project team was established.
- 3.2 Having reviewed the historic work completed, Network Rail confirmed that, to update the business case a further Technical Study (GRIP2) would be required. In order to inform this, a renewed Socio-Economic Study would also be required, given increased housing, population and employment forecast via the Local Plan. Network Rail has estimated the costs of the required work to be circa £1.3m.
- 3.3 In the unlikely event that the necessary funding could be committed by the Council, with or without a contribution from ECC, it is still highly uncertain that the static loop (or any other options identified) could be implemented, due to:
- Any improvements would be subject to enhancement to the mainline;
  - Competition from other planned projects in the locality, notably the delivery of a new station at Beaulieu Park;
  - No capital funding identified and Network Rail's confirmation that they are unable to contribute to delivery costs.
- 3.4 A consortium of North Essex Local Authorities, including the Council, has commissioned a *Rapid Transit Study*. The first phase of this has been completed and indicates further detailed consideration should be given to Rapid Transport solutions linking Stansted Airport and the University of Essex. Accordingly, the second phase study has been commissioned and is being undertaken currently.
- 3.5 The detailed second phase study will look at all transport modes, including rail. There is potential that the study will include recommendations regarding the Braintree Branch Line.

#### 4.0 **Conclusion**

In order to mitigate against incurring substantial potential abortive costs, it is recommended that no further work is commissioned until the second phase of the North Essex Rapid Transit Study has reported. Officers will then review the findings and outputs, specifically in relation to the Braintree Branch Line and then restart discussions with ECC and Network Rail.

<b>Key Financial Indicators – 28<sup>th</sup> February 2019</b>		<b>Agenda No: 6</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b>	
<b>Report presented by:</b>	<b>Trevor Wilson, Head of Finance</b>	
<b>Report prepared by:</b>	<b>Trevor Wilson, Head of Finance</b>	
<b>Background Papers:</b>	<b>Public Report</b>	
	<b>Key Decision: No</b>	
<b>Executive Summary:</b>		
<p>The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 28<sup>th</sup> February 2019.</p> <p>Commentary:</p> <p>a) The net General Fund revenue budget for the year is £14.784million. The net expenditure incurred in the year to 28<sup>th</sup> February was £8.99million. This represents a positive variance of £872,000 compared to the profiled budget of £9.862million. This variance results primarily from additional income of £1.05million, offset partially by an overspend on expenditure of £178,000. The main sources of additional income are planning fees, asset rents and interest on investments.</p> <p>The estimated outturn for the year based on the position at the end of the third quarter was an expected positive variance of £703,000: reported to Cabinet on 11<sup>th</sup> March 2019.</p> <p>b) The total budget for Salaries for the year is £16.688million. Expenditure on salaries for the year to the end of February was £14.696million. This compares to a profiled budget of £14.998million. The positive variance of £302,000 is after allowing for £183,000 of the Efficiency Factor (£200,000 for the year).</p> <p>c) At the last Governance meeting a request was made for information to be provided on the rental income received from commercial and industrial properties. The budget for the year is £2.663million, which consists of 213 leases. The actual income received to the end of February is £2.699million against a profiled budget of £2.578million. The main reasons for this additional income are new properties not included in the original budget (Grow-on units, Springwood and Doctors surgery Silver End) and rental returns higher than originally budgeted (Causeway House</p>		

and Braintree Enterprise Centre). Two properties are currently unoccupied of which one is under offer.

- d) Expenditure on capital projects, to the end of February, was £9.683million against the Capital Programme of £12.701million. The main schemes on which expenditure has been incurred are: Purchase of employment site at Great Notley (£6.102m), Disabled Facility Grants (£0.696m), Springwood Grow-on units (£0.538m), Silver End Doctors Surgery (£0.403m), Manor Street Development (£0.377m), Spa Road Shops improvements (£0.262m), Food waste vehicles (£0.200m), Refuse freighter (£0.16m) and contribution for a new boiler at the Braintree Museum (£0.100m).
- e) The total Council Tax collectable debit for the year is £88.48million. The collection rate as at the end of February is 97.19% (£85.998million collected), which compares to a rate of 97.2% for the same period last year, a small reduction of 0.01%.
- f) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £43.386million. The collection rate as at the end of February is 97.07% (£42.115million collected), which compares to a rate of 96.5% for the same period last year, a small improvement of 0.57%.
- g) A total of 910 write-offs of Council Tax, with a value of £86,414 have been authorised in the year to 28<sup>th</sup> February: 300 in respect of the current year and 610 in respect of previous financial years.
- h) A total of 64 write-offs of Business Rates, with a net value of £243,422, have been authorised in the year to 28<sup>th</sup> February: 26 in respect of the current year and 38 in respect of previous financial years.
- i) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £5.739million, of which £1.71million was in respect of Housing Benefit overpayments. The target for 2018/19 is to reduce the debt outstanding, excluding Housing Benefit overpayments and invoices raised in March in respect of 2019/20, to £600,000 or less as at 31<sup>st</sup> March 2019. The total, excluding housing benefit overpayments of £4.025million, includes a single invoice of £3.024million in respect of the sale of land in Witham to Lidl raised in February but paid in March.
- j) The rate of return achieved on investment of the Council's balances and funds in the year to-date is 0.69%. This return was achieved on an average amount invested of £41.28million and relates solely to monies placed with banks, building societies, the Debt Management Office and in Money Market Funds.
- k) Dividend received/declared in the year to 28<sup>th</sup> February is £709,124. The market values of these pooled funds show an unrealised net increase in the principal sum of £1.281million as at 28<sup>th</sup> February 2019. The total invested in pooled funds; equity, property and multi-asset funds, is £18million. These investments have been placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).

l) Detail of the Council's investments of surplus monies, totalling £32.89million and in pooled funds, totalling £18million, as at 28<sup>th</sup> February 2019, is provided at Appendix B.

**Recommended Decision:**

Members are asked to accept the report of the Key Financial Indicators as at 28<sup>th</sup> February 2019.

**Purpose of Decision:**

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



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

<b>Financial:</b>	<p>The net General Fund revenue budget for the year is £14.784million. The net expenditure incurred in the year to 28<sup>th</sup> February was £8.99million. This represents a positive variance of £872,000 against the profiled budget for the period.</p> <p>Capital expenditure was £9.683 million at the end of February. The main reason for the increased level of spend was the purchase of the employment land in Great Notley (£6.232million) in December.</p> <p>Collection rates for both business rates and council tax are expected to be on course to achieve the targets by the year-end.</p>
<b>Legal:</b>	None.
<b>Safeguarding:</b>	None.
<b>Equalities/Diversity:</b>	None.
<b>Customer Impact:</b>	None.
<b>Environment and Climate Change:</b>	None.
<b>Consultation/Community Engagement:</b>	None.
<b>Risks:</b>	Regular consideration of a suite of Financial Health Indicators is recommended good practice.
<b>Officer Contact:</b>	Trevor Wilson
<b>Designation:</b>	Head of Finance
<b>Ext. No:</b>	2801
<b>E-mail:</b>	Trevor.wilson@braintree.gov.uk

**Key Financial Indicators at 28th February 2019**

**APPENDIX A**

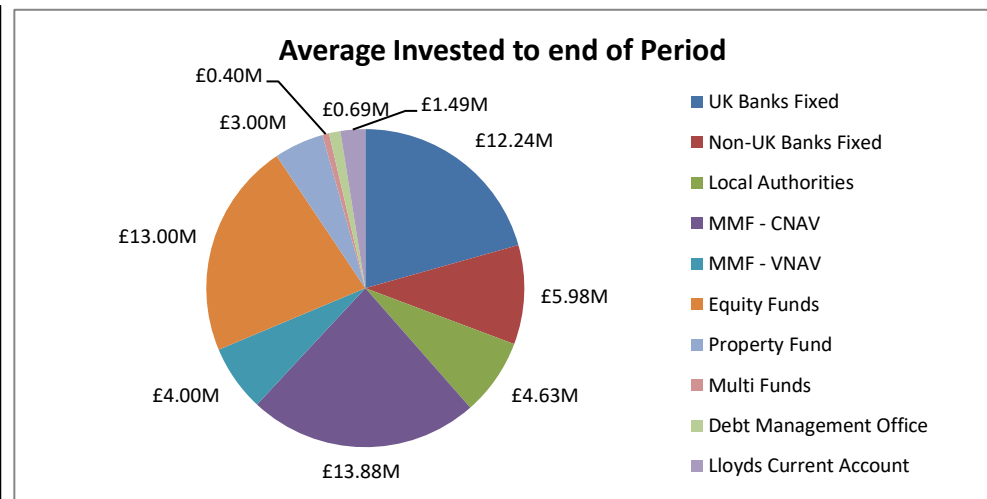
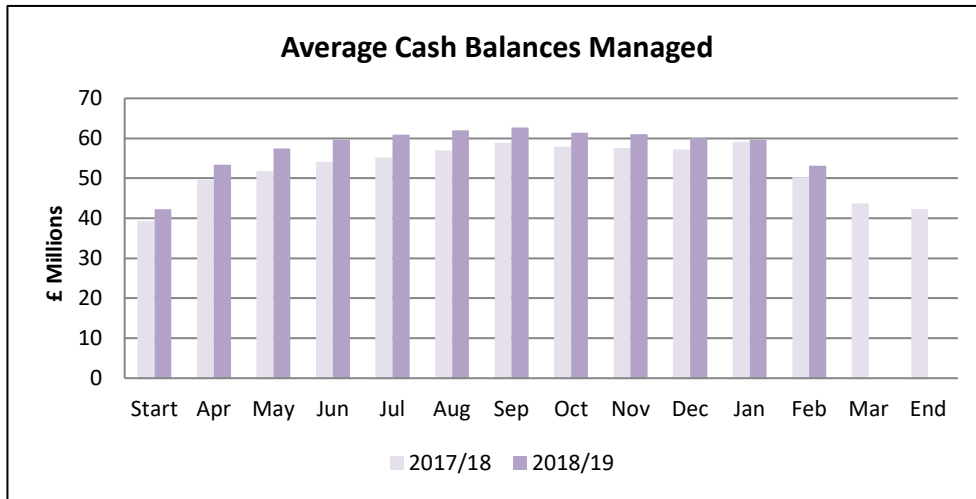
	Full Year Budget 2018/19	Actual as at 28 Feb 2019	Profile to 28 Feb 2019	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Revenue (Controllable)	14,784	8,990	9,862	-872	-8.8%
Capital Programme (Excl. capital salaries incl. below)	12,701	9,683			
General Fund - Salaries	16,688	14,696	14,998	-302	-2.0%
Commercial & Industrial Property - Rental income	-2,663	-2,578	-2,699	121	-4.5%

	Full Year Target	Actual as at 28 Feb 2019	Actual as at 28 Feb 2018	Variance
Council Tax collection in year - %	98.30%	97.19%	97.20%	-0.01%
Council Tax collection - income collected for year - £m	£88.48	£86.00	£81.20	£4.80
Write-offs in year - £'000		£32	£34	-£2
Write-offs in year - number		300	235	65
Write-offs all years £'000		£86	£78	£8
Write-offs all years - number		910	791	119
Business Rates collection in year - %	98.60%	97.07%	96.50%	0.57%
Business Rates collected for year - £m	£43.39	£42.12	£41.20	£0.92
Write-offs in year - £'000		£75	£61	£14
Write-offs in year - number		26	34	-8
Write-offs all years - £'000		£243	£69	£174
Write-offs all years - number		64	101	-37
Creditors - payment of invoices within 30 days of receipt	99.25%	99.05%	99.41%	-0.36%

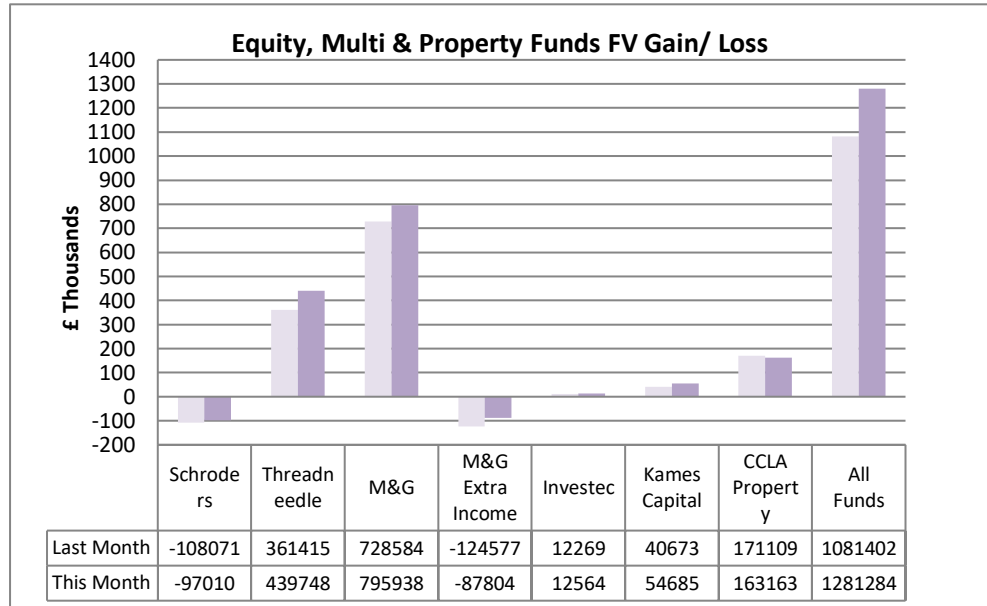
<b>Debtors - Balance Outstanding</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>28-Feb-19</b>
	£'000	£'000	£'000	£'000
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	319	303	197	182
Capital Projects	8	3	0	3024
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	143	8	7	32
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	10	103	80	38
Development & Environment	271	619	538	190
Finance	61	108	111	80
Leisure	169	208	65	219
Operations	288	936	1219	211
Housing	77	83	47	53
Sub-Total - excluding Hsg. Benefits	1,346	2,371	2,264	4,029
Housing Benefits	1,647	1,436	1,745	1,710
<b>Total</b>	<b>2,993</b>	<b>3,807</b>	<b>4,009</b>	<b>5,739</b>
Target is for Debt Outstanding (excluding Housing Benefits, charging orders and large value invoices raised in final days of the month-end) to be £0.6million by 31 March 2018.				692
Profile by Recovery Stage:				
Invoice	1,377	2,561	2,542	4,107
Reminder	275	281	329	418
Final Notice	190	-	-	-
Pre-legal	338	212	567	480
Enforcement Agent	426	387	310	329
Tracing Agent	4	11	2	-
Charging Order	23	32	31	31
Attachment to Benefits/Earnings	360	322	228	374
Summons		1	-	-
<b>Total</b>	<b>2,993</b>	<b>3,807</b>	<b>4,009</b>	<b>5,739</b>
Write offs in year - value - £000	£20.0	£25.5	£161.4	£5.1
Write-offs in year - number	245	371	392	136

**Progress on achieving Efficiency Savings Targets**

The amount of the Efficiency Savings target included in the budget for 2018/19 is a net amount of £200,000. The underspend on salaries of £302,000, recorded above, is after offsetting £183,000 of the target.



	Investment Activity			
	This Month Made (£m)	Sold (£m)	Cumulative Made (£m)	Sold (£m)
<b>External Investments</b>				
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	2.0	0.0
MMF - CNAV	0.0	-5.0	37.8	-35.3
MMF - VNAV	0.0	0.0	0.0	0.0
<b>Sub-Total</b>	<b>0.0</b>	<b>-5.0</b>	<b>39.8</b>	<b>-35.3</b>
<b>Deposits - Fixed</b>				
UK Bank & Building Soc.	0.0	0.0	12.0	-9.0
Non-UK Banks	0.0	0.0	3.0	0.0
Debt Mgt Office	0.0	-1.5	34.0	-34.0
Local Authorities	3.0	-3.0	12.0	-14.0
<b>Sub-Total</b>	<b>3.0</b>	<b>-4.5</b>	<b>61.0</b>	<b>-57.0</b>
Lloyds Bank PLC	0.0	0.0	1.2	0.0
<b>Sub-Total</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>
<b>Total</b>	<b>3.0</b>	<b>-9.5</b>	<b>102.0</b>	<b>-92.3</b>

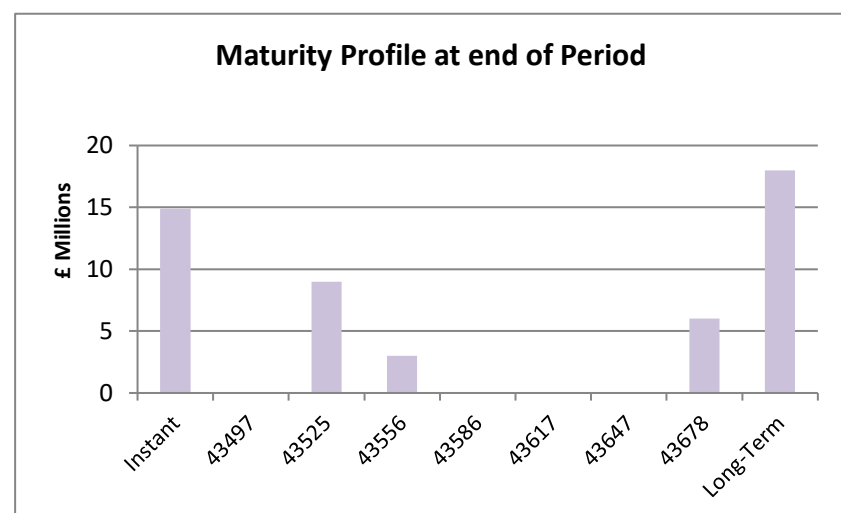


**Commentary**

Average sum invested in the month £53.19m (Last year £50.29m)  
 Average sum invested for the year to date £59.28m (Last year £55.38m)  
 Actual sum invested at the end of the period £50.89m (Last year £49.31m)  
 Interest secured on instant access accounts, fixed deposits, and MMFs at the end of the period £272205 a return of 0.69% [Annual Budget £55k]  
 Note: 3mth Libid 0.75% 6mth LIBID 0.88%  
 Dividends earned (declared) on equity and property funds to the end of the period £709124 [Annual Budget £760k]  
 Unrealised gain/ -loss at end of period for equity and property funds is a net £1281284 a change of £199882 from last month

**INVESTMENT HOLDINGS AT END OF PERIOD**

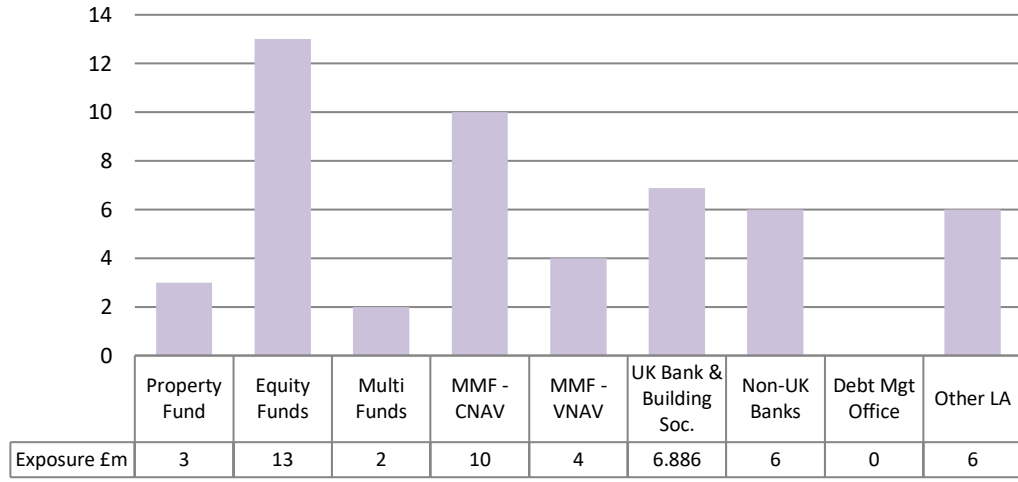
COUNTERPARTY	Type	Principal	Start	Maturity	Return
SANTANDER	FIXED	3000000	01/02/2019	01/08/2019	1.00%
BARCLAYS	FIXED	0	00/01/1900	00/01/1900	0.00%
NATIONWIDE	FIXED	0	00/01/1900	00/01/1900	0.00%
EASTLEIGH BOROUGH COUNCIL	DEPOSIT - LA	0	00/01/1900	00/01/1900	0.00%
DUNDEE CITY COUNCIL	DEPOSIT - LA	3000000	17/09/2018	23/04/2019	0.91%
AUST AND NZ BANKING	FIXED	3000000	05/12/2018	20/03/2019	0.92%
LANDESBANK HESSEN-THURINGEN (HEL	FIXED	3000000	03/10/2018	01/03/2019	0.83%
BANK OF SCOTLAND	FIXED	3000000	14/11/2018	01/03/2019	0.92%
DEBT MANAGEMENT OFFICE	FIXED	0	00/01/1900	00/01/1900	0.00%
LLOYDS BANK	CALL A/C	886000	28/02/2019	01/03/2019	0.65%
DEUTSCHE	MMF	0	28/02/2019	01/03/2019	Variable
GOLDMAN SACHS	MMF	5000000	28/02/2019	01/03/2019	Variable
STANDARD LIFE	MMF	5000000	28/02/2019	01/03/2019	Variable



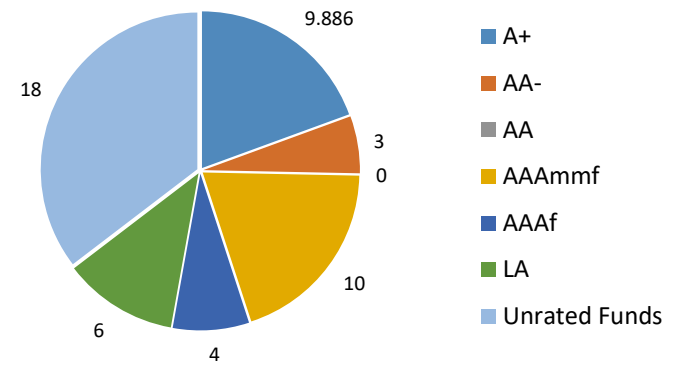
**EXTERNAL FUND INVESTMENTS**

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
KAMES CAPITAL	MULTI	1000000	Variable
INVESTEC	MULTI	1000000	Variable
CCLA – LAMIT PROPERTY	PROPERTY	3000000	Variable
ROYAL LONDON CASH PLUS	MMF-VNAV	4000000	Variable

**Counterparty Type at end of Period**



**Credit Rating of Investment Holdings**



<b>Internal Audit Annual Report 2018/2019</b>		<b>Agenda No: 7</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services</b>	
<b>Report presented by:</b>	<b>Angela Mitchell, Audit Insurance and Fraud Manager</b>	
<b>Report prepared by:</b>	<b>Angela Mitchell, Audit Insurance and Fraud Manager</b>	
<b>Background Papers:</b>	<b>Public Report</b>	
None.	<b>Key Decision: No</b>	
<b>Executive Summary:</b>		
<p>The Public Sector Internal Audit Standards requires the Head of Internal Audit to deliver an annual internal audit report and opinion that can be used by the organisation to inform its Annual Governance Statement. The annual audit opinion must conclude on the overall adequacy and effectiveness of the organisation's control framework of governance, risk management and control during the year.</p> <p>The Head of Internal Audit annual opinion provides a conclusion on the overall adequacy and effectiveness of the organisation's control framework of governance, risk management and control during the year 2018/19.</p> <p>The Annual Report from the Audit Insurance &amp; Fraud Manager is attached, the conclusion from the 2018/19 work is that the Councils systems of internal control and the internal control environment provide reasonable assurance over key business processes and financial systems.</p>		
<b>Recommended Decision:</b>		
To accept the Internal Audit annual report for 2018/2019.		
<b>Purpose of Decision:</b>		
To accept the Internal Audit annual report for 2018/2019 in support of the Annual Governance Statement.		

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

<b>Financial:</b>	None.
<b>Legal:</b>	None.
<b>Safeguarding:</b>	None.
<b>Equalities/Diversity:</b>	None.
<b>Customer Impact:</b>	None.
<b>Environment and Climate Change:</b>	None.
<b>Consultation/Community Engagement:</b>	None.
<b>Risks:</b>	To comply with the Public Sector Internal Audit Standards.
<b>Officer Contact:</b> Angela Mitchell	
<b>Designation:</b> Audit, Insurance and Fraud Manager	
<b>Ext. No:</b> 2821	
<b>E-mail:</b> Angie.mitchell@braintree.gov.uk	

**INTERNAL AUDIT**

**ANNUAL REPORT 2018/2019**

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3. Role Of Internal Audit	3
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## 1. PURPOSE

- 1.1. This is the annual report of the Audit Insurance & Fraud Manager (AIFM) as required by the Public Sector Internal Audit Standards (PSIAS) for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.
- 1.2. The report includes the AIFM annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is based on:
- The work carried out by Internal Audit during the year
  - Assurances provided by independent external sources
- 1.3. The report provides information on:
- The delivery of the Internal Audit Plan;
  - Audit reports issued and issues of concern;
  - Implementation of agreed actions;
  - Internal Audit Performance; and
  - The quality assessment and improvement programme

## 2. BACKGROUND

- 2.1. The Local Government Act 1972 (s151) requires the Council to make arrangements for the proper administration of financial affairs, and the Accounts and Audit (England) Regulations 2015 require the Council 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'
- 2.2. The PSIAS require an annual report to be considered by the Committee fulfilling the role of the 'Board' as defined by the PSIAS – at Braintree DC this falls within the remit of the Governance Committee. The PSIAS detail the matters that are required to be included in the annual report as:



- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme

### 3. THE ROLE OF INTERNAL AUDIT

3.1. The PSIAS define the role of Internal Audit as:

*An independent Internal Audit is an independent, objective, assurance and consulting activity designed to add value to and improve an organisation's operations.*

*It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

3.2. The Audit Insurance & Fraud Manager reports functionally to the Head of Finance and the Governance Committee. The Audit Charter formally defines the purpose, authority and responsibility of Internal Audit.

3.3. The AIFM had had no constraints placed upon her, and no impairments to independence and objectivity, in respect of: determining the overall audit coverage and access to Council systems, operations, records and officers; the audit methodology applied; the scope of Internal Audit work, performance of that work and communication of the results including proposing actions for improvement and forming opinions on individual audit reports issued.

### 4. OVERALL OPINION

#### **Audit Opinion**

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2019 provide reasonable assurance over key business processes and financial systems.

**Angela Mitchell**

**Audit Insurance & Fraud Manager**

April 2019

4.1. The Head of Audit Annual Report provides the Governance Committee with an opinion for inclusion in the Annual Governance Statement (AGS). The overall opinion for 2018/19 of *reasonable assurance* is unchanged from last year, the internal control environment remains generally effective.

4.2. Assurance can never be absolute. The audit opinion reflects the AIFM view on the current state of the internal control environment and the effectiveness of the current systems of internal control across the Council on the basis of the audit work conducted. There may be weaknesses in the systems of internal control that we are not aware of because they did not form part of our programme of work

or were not brought to our attention. This report provides further narrative on the scope of our work.

If significant changes occur to the internal control environment prior to the Committee approving the AGS the Committee will be informed.

4.3. In preparing the Revised Internal Audit Plan for 2018/19, managers were consulted to determine any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. We noted the following sources of assurance:

- The statutory external audit of accounts and grant certification work. The External Audit work for 2018/19 is currently in progress. (Previous external auditor reports gave an unqualified opinion with no matters to report)
- LGA Cyber Security Stocktake
- PSN Customer Compliance (annual assessment)
- Commissioned External Productivity Reviews of various Council functions (providing benchmarking and analysis)
- Driver Vehicle Standards Agency
- Food Standards Agency Audit of Food Hygiene Service Delivery
- We also considered the work of other internal oversight and review functions, including:
  - Risk Management oversight and reporting
  - Performance management
  - Financial performance management and reporting

## 5. DELIVERY OF THE 2018/19 INTERNAL AUDIT PLAN

5.1. The Revised 2018/19 Internal Audit Plan related audit work to the Council's Strategic Risks and Corporate priorities, and was developed following consultation with the Chief Executive, Directors and Heads of Service, and also a wider risk assessment of relevant factors to determine audit needs. The Audits were prioritised and an outline scope recorded.

5.2. During 2018/19 the following staffing changes and other activities affected the resources available for completion of the 2018/19 Planned work:

- The former Audit Insurance & Fraud Manager retired on 12 March 2018, the new manager commenced employment on 30 April 2018. A Provisional Internal Audit Plan for 2018/19 was prepared by the former AIFM prior to her departure, to provide a focus for the Audit staff work prior to the new AIFM commencing employment. A revised Internal Audit Plan was approved by the Governance Committee in July 2018, work which had been commenced on 8 audits included in the Provisional Plan was completed.
- The AIFM has spent time responding to the action plan arising from the External Quality Assessment of Internal Audit (undertaken in December 2017), to ensure the work and outputs accord with the requirements of the Public Sector Internal Audit Standards, including developing the team approach and procedures such as relating to audit planning and reporting arrangements. This development is ongoing.

- The AIFM has presented to Senior Managers and provided training and support to staff and the Governance Committee on the role and approach of Internal Audit.
- The Audit Insurance & Fraud Manager's time was allocated to other management responsibilities including Insurance & Fraud. The Insurance aspect of the role was developmental for the AIFM, and therefore resources were allocated to building knowledge of the insurance portfolio and requirements, and to developing aspects of the service.
- Significant Audit resources have been spent on unplanned investigation work, this work is ongoing.
- The Audit Team have provided corporate support in areas outside the normal remit of Internal Audit, and consultancy and advice in a number of areas to support colleagues across the Council.

5.3. Audit work in respect of the Revised 2018/19 Internal Audit Plan was conducted with due regard to the relative priority of audits. All audits conducted in 2018/19 resulted in either a Full or Substantial assurance rating, and the audits in progress at the close of 2018/19 were also expected to lead to a Full or Significant assurance assessment. As a consequence of subsequent actions and wider risk mitigation there are no areas of concern within those reviews that require to be brought to the attention of the Governance Committee.

5.4. The reports completed at the close of 2018/19 were as follows (audit outcomes are notified to the Governance Committee as audits are completed). Assurance levels are for the scope of work performed:

<b>AUDIT</b>	<b>No. of High Priority Recommendations</b>	<b>No. of Medium Priority Recommendations</b>	<b>No. of Low Priority Recommendations</b>
<b>FULL ASSURANCE</b>			
Travel & Subsistence	0	0	0
Cemeteries	0	0	0
Procurement	0	0	1
Financial Systems Feed in to EFin	0	0	1
Housing Register	0	0	1
Homelessness	0	0	0
<b>SUBSTANTIAL ASSURANCE</b>			
Fees & Charges	0	1	0
Petty Cash	0	1	0
Refuse Collection including Trade Waste	0	1	0
Leased Cars	0	4	0

Community Grants	0	0	2
Debtors / Income	0	1	4
Partnerships	0	2	0
Cyber Security	2	1	0
Consultants	0	1	1
Performance Indicators	0	1	3
<b>Audits substantially in Progress, to be completed (these audits are also anticipated to result in an assessment of Significant Assurance)</b>			
Projects – Other			
Asset Acquisitions			
Business Continuity			
Risk Management			
<b>Some work also performed in the following areas - no opinion assigned, further work is scheduled in 2019/20</b>			
Contract Management Major Contracts			
Housing Development Company			
Information Management			
Strategic Investment Projects – Advisory			
Major Project Stakeholder Investment			
Annual Governance Statement			
Corporate Governance			
Investments			
Pre-Application Service			
PCI DSS			

*Definitions of assurance levels are detailed at the end of this report*

- 5.5. Audits in the 2018/19 Plan identified as Priority 3 (Low priority) have not been completed. Audits in the Revised 2018/19 Internal Audit Plan which were not completed have been reviewed as part of the 2019/20 Internal Audit Planning process, and where appropriate included in the 2019/20 Plan.

## 6. INTERNAL AUDIT PERFORMANCE

- 6.1. Internal Audit Performance is assessed in the following qualitative ways:
- Delivery of the ‘Head of Internal Audit’ Annual Opinion, including statement on compliance with the Public Sector Internal Audit Standards (PSIAS)
  - Proportion of Strategic Risks Over Which Assurance is Provided
  - Implementation of Agreed Actions
  - Stakeholder engagement
- 6.2. **Delivery of the ‘Head of Audit’ Annual Opinion:** The Function must perform sufficient annual coverage to enable an opinion to be given on the state of governance, risk management and internal control, considering the organisation’s risk profile and focussing work on the areas which matter the most, and reflecting on other areas of assurance. In addition, the PSIAS require the Internal Audit

activity to collectively possess the knowledge, skills and other competencies needed to perform its responsibilities.

- *The coverage of audit work performed in 2018/19 is identified in Section 5 above*
- *The Head of Audit (Audit Insurance & Fraud Manager) is a Chartered Internal Auditor with over 24 years experience in Internal Audit gained across a number of Public Bodies*
- *The Senior Auditor has over 30 years experience in Internal Audit at Braintree District Council*
- *The Trainee Internal Auditor has approaching 2 years Internal Audit experience and is studying for the ACCA*
- *The function's annual opinion is delivered to the Governance Committee in April 2019*
- *See below re Quality Assurance & Improvement Programme re statement on compliance with the PSIAS*

**6.3. Proportion of Strategic Risks Over Which Assurance is Provided:** The Revised 2018/19 Internal Audit Plan identified audit priorities relating to each Strategic Risk, and also linked audits to Corporate priorities.

- *Audits and other work has been performed across the Council's Strategic risks and Corporate priorities- the Audit Plan identifies the scope of coverage for strategic risks and corporate priorities. In some areas work was commenced in 2018/19 and is included in the 2019/20 Internal Audit Plan to enable completion*

**6.4. Implementation of Agreed Actions:** High and Medium priority recommendations are subject to follow up work by Internal Audit. For audits where the agreed completion date has elapsed, we have confirmed recommendations have been implemented. Follow up work is ongoing.

- *Of the 2 High priority recommendations made in 2018/19*
  - o *The implementation date has not yet elapsed, these will be followed up at a later date*
- *Of the 13 Medium priority recommendations made in 2018/19*
  - o *2 have been confirmed as completed*
  - o *1 is pending further clarification from the responsible service*
  - o *6 have just become due for implementation and are in the process of being followed up*
  - o *4 are not yet scheduled for implementation*

**6.5. Stakeholder Engagement:** Effective Internal Audit relationships benefit from engagement between the Internal Audit function and the business for the planning, conduct and reporting of engagements, and for liaison on matters affecting internal control, governance and risk management.

- *The AIFM engages with Senior managers as part of the Internal Audit Planning process*
- *Internal Audit staff engage with audit sponsors to agree the scope of the audit, in conducting fieldwork, and to agree the content of reports and management response*
- *Auditee response to issues raised is positive, with improvement actions agreed*
- *The Chief Executive has reported satisfaction with the approach adopted by the Internal Audit team*

## 7. QUALITY ASSURANCE & IMPROVEMENT PROGRAMME (QAIP)

7.1. The PSIAS require an annual self-assessment against the PSIAS to be performed at least annually, and an external assessment to be conducted at least once in every 5 years, and for a commentary on compliance with the PSIAS to be included within the Annual Report.

- *An External Quality Assessment (EQA) against the PSIAS was conducted in December 2017 and reported to the Governance Committee*
- *A self-assessment is conducted at least annually and the results reported to the Governance Committee. The Internal Audit function is continuing to develop approaches in accordance with best practice and the PSIAS. An update on progress of implementation of the Action Plan arising from the EQA was reported to the Governance Committee in October 2018*
- *During 2018/19 the internal audit function was progressing from partial compliance with the requirements of the PSIAS, and adopting changes to progress towards 'generally conforms'. Some improvements are ongoing.*

7.2. Quality assurance is achieved through establishing practices which maintain performance, including the day to day supervision, review and measurement of internal audit activity which is built in to routine procedures:

- *Team outputs are reviewed by the AIFM, or the Senior Auditor in her absence, including: Terms of Reference, Working Papers, and the Audit Report. A review sheet is completed with commentary on the results of the review*
- *The team engages in continuous improvement activity to ensure a consistent and up to date approach is adopted. Training has been provided to staff by the AIFM, and staff periodically attend other organised topical training events and read Internal Audit professional publications. In addition the team maintains active engagement with other Essex Internal Audit functions through the Essex Audit Group*

7.3. A review of fraud related corporate policies and procedures has identified a number which have not been updated for some years and therefore now require review to ensure they continue to meet requirements. These were reported to the Governance Committee in January 2019.

## 8. GOVERNANCE COMMITTEE

8.1. The work of Internal Audit is reported regularly to the Governance Committee, this provides Members with an opportunity to review and monitor the Internal Audit team outputs, and gain assurance that the function is fulfilling its statutory obligations. The reporting to the Governance Committee is an integral component of corporate governance.

8.2. Internal Audit reporting to the Governance Committee includes the following:

- The Internal Audit Plan, including the process for determining the Audit Plan

- Progress of audit work and performance against the plan, including outputs from audit work
- The results of reviews of Compliance with the Public Sector Internal Audit standards
- The Head of Audit Annual Opinion
- Any matters of concern will be reported as they arise

## 9. DEFINITIONS

OVERALL AUDIT OPINION	
<b>Full Assurance</b>	Internal controls meet acceptable standards and are consistently applied. There is reasonable, but not absolute, assurance that adequate risk management and controls are in place for the activity.
<b>Significant Assurance</b>	There is significant assurance that the internal control framework meets the minimum acceptable standards. Some weaknesses or inconsistent application in controls mean that some risks are not adequately mitigated.
<b>Limited Assurance</b>	The internal control framework does not meet the minimum acceptable standard. Some weaknesses or inconsistent application in controls mean that some risks are not adequately mitigated and require significant improvements.
<b>No Assurance</b>	The internal control framework does not meet the minimum acceptable standards and no assurance can be given.

RECOMMENDATION PRIORITY	
<b>High</b>	Can have a significant impact on operational performance so essential to provide satisfactory control of serious risk.
<b>Medium</b>	Can have a moderate impact on operational performance so important to provide satisfactory control of risk
<b>Low</b>	Minor impact on operational performance but offers improvement to internal control

### Internal Control Environment:

Comprises the systems of governance, risk management and internal control. The key elements of an organisation's control environment include:

- Establishing and monitoring objectives
- Policy and decision making which ensures compliance with established policies, procedures, laws and regulations
- Embedding risk management
- Economical, effective and efficient use of resources, and continuous improvement
- Financial management and the reporting of financial management
- Performance management and reporting of performance management

**Angela Mitchell, Audit Insurance & Fraud Manager**  
**8 April 2019**



<b>ANNUAL GOVERNANCE STATEMENT 2018/19</b>		<b>Agenda No: 8</b>
<b>Corporate Priority:</b>	<b>A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b>	
<b>Report presented by:</b>	<b>Trevor Wilson, Head of Finance</b>	
<b>Report prepared by:</b>	<b>Trevor Wilson, Head of Finance</b>	
<b>Background Papers:</b>	<b>Public Report</b>	
'Delivering Good Governance in Local Government – Framework' published by CIPFA and SOLACE 2016	<b>Key Decision: No</b>	
<a href="#">Braintree District Council Local Code of Corporate Governance</a> agreed by Governance Committee on <a href="#">12<sup>th</sup> April 2018</a>		
<b>Executive Summary:</b>		
<p>The annual review of the Council's governance, risk management and internal control arrangements has been undertaken to support the production of the Annual Governance Statement (the Statement) for 2018/19.</p> <p>This review includes the established information and assurance gathering processes to ensure that the published Annual Governance Statement is correct as well as a review of the Council's Governance framework against a best practice framework devised by CIPFA/SOLACE.</p> <p>The aim of the review process is to ensure that the Council has effective governance, risk management and internal control processes in place to assist with accountability and delivery of objectives. Any shortfalls identified in these arrangements through the review process are included as action points for the coming year.</p> <p>The review process includes:</p> <ul style="list-style-type: none"> <li>• Obtaining assurance from Senior Managers, who report to a member of the Management Board, that key control systems have operated effectively within their areas of responsibility throughout the year</li> <li>• Reviewing the Council's governance framework against the best practice framework devised by CIPFA/SOLACE</li> <li>• Annual update of the Local Code of Corporate Governance: current version was agreed by the Governance Committee on 12<sup>th</sup> April 2018.</li> </ul>		



- Reviewing all External Audit and Inspection reports and Internal Audit reports.

The published Annual Governance Statement is required to detail the governance and control framework in place in the Council during 2018/19 and up to the date of publication of the Statement. Where arrangements are not in line with best practice or are not working effectively, this should be recorded in the Statement together with action plans for improvement.

### **The Annual Governance Statement**

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

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

Following the annual review the proposed updated Local Code of Corporate Governance is included at Appendix A. A draft of the Annual Governance Statement is included at Appendix B for Member's consideration.

### **Decision:**

To agree:

1. the updated Local Code of Corporate Governance as detailed in Appendix A; and
2. the Annual Governance Statement for 2018/19, as detailed in Appendix B, for signing by the Leader of the Council and the Chief Executive.

### **Purpose of Decision:**

To evidence that the Council has conducted a review of the effectiveness of its system of internal control for 2018/19, ensure that the Annual Governance Statement for 2018/19 is correct and in order for the Leader of the Council and the Chief Executive to sign.

<b>Any Corporate implications in relation to the following should be explained in detail</b>	
<b>Financial:</b>	None arising from this report.
<b>Legal:</b>	Meets requirement to undertake an annual review of the Council's Governance arrangements (Regulation 6(1) of the Accounts and Audit Regulations 2015).
<b>Safeguarding</b>	None arising from this report.
<b>Equalities/Diversity</b>	Various aspects of the Annual Governance Statement are directly relevant to diversity and social inclusion. Examples include arrangements to consult with and encourage the participation of all sections of the community, communications with stakeholders and the requirement for services to be provided in accordance with equality policies.
<b>Customer Impact:</b>	Review provides assurance of the adequacy of the Council's governance arrangements and identifies actions to be taken in the coming year to further improve the arrangements.
<b>Environment and Climate Change:</b>	None arising from this report.
<b>Consultation/Community Engagement:</b>	None arising from this report.
<b>Risks:</b>	The Council is legally required to 'conduct a review at least once in a year of the effectiveness of its system of internal control'.
<b>Officer Contact:</b> Trevor Wilson	
<b>Designation:</b> Head of Finance	
<b>Ext. No.</b> 2801	
<b>E-mail:</b> Trevor.wilson@braintree.gov.uk	



# Braintree District Council

## Local Code of Corporate Governance

### INTRODUCTION

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

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

The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times, consistent with the requirements of legislation and government policies, avoiding self-interest and, if necessary, overriding a perceived organisational interest. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

### GOOD CORPORATE GOVERNANCE

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

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

The principles are as follows:

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

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

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

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

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

[Council Constitution](#)

[Key Corporate Strategy documents](#)

### **MONITORING AND REVIEW**

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

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

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

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

**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

<p><b>Rationale:</b> Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p> <p>In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p><b>Braintree District Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Behaving with integrity</b></p> <ul style="list-style-type: none"> <li>• Developed a Code of Conduct for Members to ensure that high standards of conduct are maintained.</li> <li>• Established a procedure outlining arrangements for breaches of the Member Code of Conduct.</li> <li>• The Governance Committee has an overall view of conduct issues with a Standards Sub Committee established and appointments made, which is called as and when required.</li> <li>• An Officer Code of Conduct that sets down standards of behaviour and conduct the Council expects of its employees. Reference is made to the Code on the Induction Checklist.</li> <li>• Standard decision making reporting format to ensure that all those responsible for taking decisions have the necessary information on which to do so.</li> <li>• An employee policy for acceptance of gifts and hospitality.</li> <li>• Registers of Members’ interests and records of gifts and hospitality are published on the Council’s website.</li> <li>• Members’ declarations of interests are a standing item on all agendas. Minutes show declarations of interest were sought and appropriate declarations made.</li> <li>• Members appointed to represent the Council on Outside Bodies are expected to provide a report to Council on an annual basis.</li> <li>• A Corporate Complaints Policy is published on the Council’s website.</li> <li>• A Whistleblowing Policy is in place.</li> <li>• Statement of Core Values and Behaviours available to staff and Members on the Council’s intranet ‘The Beehive’.</li> </ul> <p><b>Demonstrating strong commitment to ethical values</b></p> <ul style="list-style-type: none"> <li>• A Constitution which sets out delegations of the Cabinet, committees and senior officers, and the decision making process to be applied. It also emphasises that the Council will act within the law.</li> <li>• Terms of Reference that exists for all committees and decision making meetings.</li> <li>• Contract Procedure Rules emphasise the expectation for partners and contractors to act with integrity and in</li> </ul>
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	<p>compliance with ethical standards expected by the Council.</p> <ul style="list-style-type: none"> <li>• Many Council staff are also subject to the ethics of their professional body.</li> </ul> <p><b>Respecting the rule of law</b></p> <ul style="list-style-type: none"> <li>• The Constitution identifies the Head of Governance as the Council’s Monitoring Officer and sets out the role of the Monitoring Officer.</li> <li>• An Anti-Fraud &amp; Corruption Strategy which is supported by an Anti-Money Laundering Policy, Information Security Policy &amp; Codes of Practice and Whistleblowing Policy. There is a fraud hotline for employees and customers to report irregularity and fraud.</li> </ul>
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<b>Core Principle B: Ensuring openness and comprehensive stakeholder engagement</b>	
<p><b>Rationale:</b> Local government is run for the public good; organisations therefore should ensure openness in their activities.</p> <p>Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p><b>Braintree District Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Openness</b></p> <ul style="list-style-type: none"> <li>• A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request.</li> <li>• Adoption of a standard reporting format in relation to committee reports.</li> <li>• A ‘Corporate Implications’ template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format.</li> <li>• Agendas, reports and minutes are published on the Council’s website. Meetings are open to the public unless in the case of exempt items.</li> <li>• Agendas include a set period for Public Question Time.</li> <li>• Dates for submitting, publishing and distributing timely reports are set and adhered to.</li> <li>• The Corporate Strategy sets out the priorities and strategic direction for the Council.</li> <li>• Web casts of Council and Cabinet meetings on the Council’s website.</li> <li>• The Annual Statement of Accounts is published annually prior to external audit and post audit.</li> </ul>

	<p><b>Engaging comprehensively with institutional stakeholders</b></p> <ul style="list-style-type: none"> <li>• Adopted a Channel Strategy which sets out ways in which the Council will use a variety of channels to deliver services to, and interact with, customers.</li> <li>• The Council has signed a Local Compact for joint working with the voluntary and community sectors in the district.</li> </ul> <p><b>Engaging stakeholders effectively including individual citizens and service users</b></p> <ul style="list-style-type: none"> <li>• The Council seeks the views from individuals, organisations and businesses on a range of topics. The Council has a People’s Panel and The Next Step Panel, the latter is specifically for 16 to 24 year old age group. Links to current consultations are published on the website: <a href="#">Consultations</a></li> <li>• Consultation activity is reviewed annually to evaluate how well each consultation exercise meets its planned objectives. Consultation across the Council is increasingly managed using a calendar of planned activities.</li> <li>• The Council has arrangements to engage with all sections of the community including hard to reach groups.</li> <li>• Use of social media to increase interaction and engagement with customers: Social Media Policy and links at <a href="#">Social Media</a></li> <li>• Satisfaction surveys are undertaken regularly both centrally and by services.</li> <li>• Contact publication – communicates the Council’s vision and priorities and is published once per year and is sent to all households in the District.</li> <li>• e-mail newsletters incorporating news, information and events are sent on an ad hoc basis to those residents requesting this service.</li> </ul>
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**Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit**

<p><b>Rationale:</b> The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to</p>	<p><b>Braintree District Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Defining Outcomes</b></p> <ul style="list-style-type: none"> <li>• The Corporate Strategy and Annual Plan set out the Council’s vision and priorities together with its aims and actions.</li> <li>• Medium-Term Financial Strategy covering a rolling four-year period is agreed annually.</li> </ul>
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<p>intended benefits and outcomes, and remain within the limits of authority and resources.</p> <p>Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<ul style="list-style-type: none"> <li>• Annual Business Plans form a key part of delivering the Council’s overall vision.</li> <li>• Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals.</li> </ul> <p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>• Climate Local Strategy which sets out our objectives and a framework for local action on climate change and energy.</li> <li>• A ‘Corporate Implications’ template is included in the standard report format which helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report format.</li> <li>• Asset Management Plan – the Council has a wide range of land and property assets used in the delivery of services and to support the corporate priorities.</li> <li>• A business case framework is used for projects.</li> </ul>
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**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

<p><b>Rationale:</b> Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action).</p> <p>Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved.</p> <p>They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling</p>	<p><b>Braintree District Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Determining interventions</b></p> <ul style="list-style-type: none"> <li>• A financial planning process that determines level of resources to achieve Council priorities and outcomes and meet statutory duties.</li> <li>• The format of decision making reports to ensure that all relevant information is considered such as analysis of options, resource implications and consultation feedback. Options are clearly defined and analysed to ensure decisions are based on the best possible information.</li> </ul> <p><b>Planning interventions</b></p> <ul style="list-style-type: none"> <li>• Corporate Strategy covers four-year period. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives</li> <li>• Business Plans for each service area, these include clear identification of objectives and targets, reflect Corporate Strategy priorities and include the identification of risks to meeting the objectives. They are updated annually and incorporate the financial plans for the year ahead for the service areas.</li> </ul>
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<p>effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<ul style="list-style-type: none"> <li>• The Medium-Term Financial Strategy, Workforce Plan, Asset Management Plan and Capital Programme identify how resources are aligned to priorities.</li> <li>• Risks associated with partnership and joint working arrangements are identified and recorded in the risk register.</li> <li>• Financial management and reporting processes that enable regular and timely reporting to budget-holders, Management Board, Cabinet and the Governance Committee.</li> <li>• Key performance indicators and key actions are determined annually and monitored via the Pentana Performance Management system.</li> <li>• Annual work programmes developed by the Overview &amp; Scrutiny Committee.</li> </ul> <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"> <li>• The annual budget is prepared in line with agreed priorities and the Medium-Term Financial Strategy. The Council publishes its Financial Strategy annually to set an indicative four year financial plan to fit the longer term strategic vision as well as a detailed one year budget. This is intended to include realistic estimates of revenue and capital – expenditure and income.</li> </ul>
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**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

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

<p><b>Rationale:</b> Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture</p>	<p><b>Braintree District Council's commitment to achieving good governance is demonstrated below:</b></p> <p><b>Managing risk</b></p> <ul style="list-style-type: none"> <li>• Risk management arrangements that are embedded across all service areas and help inform decision making.</li> <li>• The Council's Risk Management Policy requires that consideration of risk is embedded in all key management processes. These include policy and decision-making, service delivery planning, project and change management, revenue and capital budget management and partnership working.</li> <li>• Strategic risks are reviewed at least once per annum and are detailed in the Corporate Risk Register.</li> <li>• A Risk Register of operational risks is maintained by the Audit, Insurance and Fraud Manager and is reviewed annually with Heads of Service as part of the business planning process in February/March.</li> <li>• The Cabinet approves the Corporate Risk Register and the Governance Committee oversees the effectiveness of risk management arrangements and provides assurance to the Council in this respect.</li> <li>• Management Action Plans are provided for those risks which have a high risk rating and include details of the responsible officer.</li> </ul> <p><b>Managing performance</b></p> <ul style="list-style-type: none"> <li>• Management Board, Cabinet and the Governance Committee receive performance monitoring reports at regular intervals.</li> <li>• Key performance indicators and key actions are determined annually and monitored via the Pentana Performance Management system.</li> <li>• Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.</li> <li>• The decision-making process is scrutinised by the Overview and Scrutiny Committee which has the power to call-in decisions. Specific meetings of the Overview and Scrutiny Committee are held in November and then January for Members (in public) to scrutinise the proposed Budget and Medium-Term Financial Strategy.</li> </ul>
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<p>that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<ul style="list-style-type: none"> <li>• The Overview and Scrutiny Committee also undertakes some policy development work, by means of Task and Finish Groups.</li> <li>• Agenda, minutes of scrutiny meetings and any associated reports with recommendations to the Cabinet are published on the Council’s website.</li> <li>• Contract Procedure Rules and Financial Regulations set out the Council’s arrangements and ensure that processes continue to operate consistently.</li> <li>• An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks.</li> </ul> <p><b>Robust internal control</b></p> <ul style="list-style-type: none"> <li>• An annual report is produced by Internal Audit which provides an opinion on the Council’s control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA’s guide to the role of the Head of Internal Audit.</li> <li>• Counter Fraud Strategy which is subject to review and is approved by the Governance Committee.</li> <li>• Annual Governance Statement (AGS) that provides a summary of how the Council is meeting the principles of good governance. The AGS is subject to review by the Governance Committee.</li> <li>• The Governance Committee, which is independent of Cabinet, oversees the management of governance issues, internal controls, risk management and financial reporting. Its performance is subject to annual self-assessment.</li> <li>• Governance Committee Terms of Reference are reviewed and revised to reflect professional bodies’ expectations and best practice.</li> <li>• Training is provided to Governance Committee Members on areas relevant to their role.</li> <li>• There are frameworks in place in relation to child and adult safeguarding.</li> <li>• The council is subject to External Audit and inspection regimes which require action plans that are assigned to officers.</li> </ul> <p><b>Managing data</b></p> <ul style="list-style-type: none"> <li>• The Council’s Information Security Policy and Codes of Practice provide guidance on the arrangements that must be in place to ensure personal data is kept protected and secure.</li> </ul>
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	<ul style="list-style-type: none"> <li>• The Governance Committee receives detail of compliance with the Information Security policy in the Audit, Insurance and Fraud Manager’s annual report.</li> <li>• The Data Quality Policy sets out the Council’s approach to data quality in relation to non-financial performance data to ensure that high standards are clearly set, achieved and maintained. <a href="#">Data Quality Policy</a></li> <li>• Effective information sharing is undertaken in accordance with the General Data Protection Regulation.</li> <li>• Data subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council’s overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc. <a href="#">Privacy Policy</a></li> <li>• Information Sharing Agreements, are reviewed on a regular basis, are in place to document the sharing of information.</li> <li>• Data verification and validation processes are integrated within systems and processes.</li> <li>• Public Services Network (PSN) Code of Connection.</li> </ul> <p><b>Strong public financial management</b></p> <ul style="list-style-type: none"> <li>• Compliance with CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).</li> <li>• Contract Procedure Rules and Financial Regulations set out the Council’s arrangements and ensure that processes continue to operate consistently.</li> <li>• Medium-Term Financial Strategy covering a four-year period reviewed and updated annually.</li> <li>• The financial position is reported quarterly to Cabinet and the Governance Committee.</li> </ul>
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<p><b>Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	
<p><b>Rationale:</b>  Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also</p>	<p><b>Braintree District Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>• Agendas, reports and minutes are published on the Council’s website.</li> <li>• Details of Council spending with suppliers, value in excess of £250, are published monthly on the Council’s website. A register of the Council’s contracts is also available on the Council’s website.</li> </ul>

<p>ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.</p> <p>Both external and internal audit contribute to effective accountability.</p>	<ul style="list-style-type: none"> <li>• Details of senior managers' remuneration and Member's allowances and expenses are published annually in the Council's Statement of Accounts. <a href="#">Statements of Accounts</a></li> </ul> <p><b>Implementing good practices in reporting</b></p> <ul style="list-style-type: none"> <li>• Annual Financial Statements are compiled, published to timetable and included on the Council's website.</li> <li>• Annual Governance Statement produced.</li> <li>• Standard template for committee reports requires an executive summary in addition to the detailed report.</li> </ul> <p><b>Assurance and effective accountability</b></p> <ul style="list-style-type: none"> <li>• The Annual Governance Statement sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. Areas for improvement are included, as necessary.</li> <li>• An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements.</li> <li>• External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for Money.</li> <li>• The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.</li> <li>• The respective roles of officers and associated responsibilities are set out in the Constitution.</li> </ul>
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## **Braintree District Council Annual Governance Statement 2018/19**

### **1. Council responsibility for Good Governance**

Braintree District Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Accounts and Audit Regulations 2015 require the Council to publish with its Statement of Accounts an Annual Governance Statement (AGS). The AGS explains how the Council delivers good governance and reviews the effectiveness of these arrangements.

### **2. The Council’s Governance Framework**

The Council’s governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and those activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

Key elements of the Council’s framework are:

- The **Council Constitution** which sets out how the Council operates and how it makes decisions. The Constitution details what the Council must do to make decisions efficiently, transparently and accountably. The statutory Monitoring Officer undertakes a review of the Constitution annually to ensure the Council’s arrangements remain compliant with legislative requirements and is fit for purpose in supporting the Council’s Corporate Strategy.
- The Council **Corporate Strategy**, sets out the vision and priorities for the Braintree District for the four-year period 2016 to 2020 and was agreed by Full Council on 22<sup>nd</sup> February 2016. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives.
- The **System of Internal Control** which is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood and potential impact of

those risks being realised, and to manage them efficiently, effectively and economically.

- The **Local Code of Corporate Governance**, which sets out how the Council's strategies, policies, plans, procedures, processes, structures, attitudes and behaviours are in place to deliver good governance to all, as well as summarising the processes in place to support the delivery of strategic outcomes.

The Council's updated Local Code of Corporate Governance was approved by the Governance Committee in March 2018 and is based on the guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) "Delivering Good Governance in Local Government – a Framework" (April 2016). It is subject to annual review and the revisions will be considered for approval by the Governance Committee in April 2019.

The governance framework has been in place at Braintree District Council for the year ended 31<sup>st</sup> March 2019 and up to the date of the approval of the Statement of Accounts.

The key components of the Local Code of Corporate Governance are:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in the Council's Constitution, Schemes of Delegation and Financial Regulations which are regularly reviewed and revised where appropriate.
- Codes of Conduct are in place for elected members and officers to make sure that public business is conducted with fairness and integrity, which define the high ethical values and standards of behaviour expected.
- The Monitoring Officer is responsible for ensuring that the Council operates within the law and that decisions are administered correctly.
- Corporate complaints policy agreed and published on the Council's website.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Council meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality. Unless confidential, decisions made by Council, the Executive (Cabinet/Cabinet Members) or other Committees are documented in the public domain.
- The Council has systems in place to ensure that relevant decisions taken by officers are published in accordance with legislative requirements.
- A standard decision-making report format is used to ensure that the decision maker is presented with all of the information necessary to inform the decision, including outcomes of consultation and issues identified in the 'Corporate Implications' template.



- The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with residents and service users.

### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy. The Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.
- The 'Corporate Implications' template used in the decision making process considers risks and impacts for individuals and communities; safeguarding; and other legal or governance matters to ensure that fair access to service is not adversely affected.
- The Council's Performance Management Framework.

### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

- Corporate Strategy covers four-year period. An Annual Plan details the agreed projects and initiatives to deliver each of the priorities of the Corporate Strategy in the forthcoming year, as well as details of how we plan to measure progress against these objectives.
- In determining how services and other courses of action should be planned and delivered the Council has well established engagement frameworks with internal and external stakeholders which is undertaken at a strategic, service and individual level.
- The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local residents as stated in the Council's Corporate Strategy, values and priorities.

### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- The Chief Executive (as the designated role of Head of Paid Service) is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.
- Annual Performance Reviews of all staff ensure performance is managed and development needs for each member of staff are identified and monitored. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet members and the Chairman of the Overview and Scrutiny Committee.

- There is a Member Induction and Member Development programme in place which includes specialist training for members with specific committee roles such as licensing and planning.

### **F. Managing risks and performance through robust internal control and strong public financial management**

- The Council has a Risk Management Policy and approach including robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public.
- The Chief Finance Officer (the Section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.
- The Council's system of internal financial control is based on a framework of Financial Regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.
- The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably.
- A Medium Term Financial Strategy and plans for revenue (4-year) and capital (4-year) based on corporate priorities are developed by the Cabinet and supported by the Management Board, and presented for approval by Council in February each year.
- Revenue and Capital Budget Monitoring reports are presented to the Cabinet on a regular basis for monitoring and control purposes including the annual outturn.

### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- The Audit, Insurance and Fraud Manager provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out by an in-house Internal Audit team in conformance with the Public Sector Internal Audit Standards.
- The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The Governance Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.
- The Council's Overview and Scrutiny arrangements are well established and provide challenge and review and promote service improvement.

### **3. Review of Effectiveness of the Governance Framework**

The Council reviews annually the effectiveness of its governance framework including the system of internal control. The review relates to the governance framework which has been in place at Braintree District Council for the year ended 31<sup>st</sup> March 2019 and up to the date of approval of the Statement of Accounts. Any issues identified as a significant governance issue are reported within the AGS, and the progress made by management in 2019/20 to address these issues will be

reported regularly to the Governance Committee as the body charged with governance.

The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

Both in-year and year-end review processes have taken place. In-year review mechanisms include:

- The Cabinet is responsible for monitoring overall financial performance and received comprehensive reports on a quarterly basis. Budgetary reports provided details of income and expenditure against profile together with a prediction of the financial position at the year-end. Key Performance Indicators and progress of projects are also included in the quarterly reports.
- Report by the Corporate Director (Section 151 Officer) on the robustness of the budget and the adequacy of balances.
- The work programme of the Overview & Scrutiny Committee included reviews of the Medium Term Financial Strategy and Budget Proposals for 2019/20, Annual Report of the Braintree District Community Safety Partnership and of the role of the Highway Authority in the Braintree District; and the management of two Task and Finish groups investigating Recycling, Re-use and Reduce and Social Isolation and Loneliness.
- There were no complaints referred to the Standards Sub Committee during the year. There have been a small number of complaints raised under the Member Code of Conduct. These have been reviewed in line with the Council's processes by the Monitoring Officer, this has also included the undertaking of an investigation on one complaint. The issues raised are particular to their circumstances and do not reflect a wider or systemic issue. They are not regarded as significant governance issues within the meaning of the Annual Governance Statement.
- The Governance Committee provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the year and received regular reports on risk management, internal control and governance matters.
- The Governance Committee agreed, on 18<sup>th</sup> September 2013, to the adoption of the Public Sector Internal Audit Standards and an Internal Audit Charter. In agreeing the Committee acknowledged that: the Audit Manager has other managerial responsibilities including Insurance, Risk and Benefit Fraud and that arrangements are in place to ensure that the post holder is not involved in audit reviews of these areas and accepts any recommendations resulting from the audit reviews in order to maintain independence.
- Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. The effectiveness of Internal

Audit and its conformance with the Public Sector Internal Audit Standards was externally assessed during 2017/18. Whilst the outcome was that it partially conforms to the Standards an action plan was agreed to deliver improvement and achieve conformance and progress against the action plan was reported to the Governance Committee during the year.

- The external auditors reviewed the Council's arrangements for:
    - Preparing accounts in compliance with statutory and other relevant requirements
    - Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
    - Managing performance to secure economy, efficiency and effectiveness in the use of resources
- The results of the review, which included: an unqualified true and fair opinion of the financial statements; and satisfactory conclusion with the Annual Governance Statement, Whole of Government Accounts and Value for Money arrangements for 2017/18, were presented to the Governance Committee on 25<sup>th</sup> July 2018.
- A positive Annual Audit Letter for 2017/18 was received from the External Auditor, Ernst & Young, with no significant issues to be raised with Members, key stakeholders or members of the public.
  - Members reviewed the Council's strategic risk register in October 2018. The Governance Committee received details of Management Board's action plans to manage those strategic risks which have a high risk rating.
  - The Council completed a self-assessment of its arrangements to safeguard and promote the welfare of children during 2018. The results recorded were 31 of the self-assessment criteria were met in full and 4 were partially met. The outcome and resulting action plan were submitted to the Essex Safeguarding Childrens Board: which has a statutory duty to assess the extent to which its partners are fulfilling their duties to safeguard and promote the welfare of children, young people and vulnerable adults.
  - The Council completed the Local Government Association (LGA) Cyber Security Stocktake questionnaire during summer 2018. A rating of Amber/Green (65-79) was received.
  - External inspections during the year included:
    - The Driver and Vehicle Standards Agency undertook, in December 2017, an audit of the Council's undertakings and declarations to ensure compliance with its Operators Licence. The majority of systems and processes were observed to be good however there were some areas of concern which were referred to the Traffic Commissioner and a public enquiry was held in September 2018. A comprehensive action plan was developed and delivered by the year-end. An independent audit of the actions is to be undertaken by 31<sup>st</sup> October 2019.
    - The Food Standards Agency's (FSAs) conducted an audit of the Council's Food Hygiene Service Delivery on 29<sup>th</sup> and 30<sup>th</sup> January 2019, focussing on food hygiene complaints and foodborne infectious diseases. The outcome was that effective systems are in place. Service management is considering the report, including the six recommendations, and will develop an action plan as appropriate.
    - Public Services Network (PSN) Compliance – compliant

- SOCITM Better Connected web content reviewed (customer contact/access) – 3 star rating achieved
- Local Government and Social Care Ombudsman: in 2018/19 the Ombudsman received a total of 15 matters, out of which 8 were investigated as complaints. The Ombudsman upheld 1 complaint with a finding of maladministration but with no injustice to the complainant.

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

- Signed assurances from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's Annual Report for 2018/19 was considered by the Governance Committee on *24<sup>th</sup> April 2019*. The conclusion was that the Council's internal control environment and systems of internal control as at 31<sup>st</sup> March 2019 provide reasonable assurance over key business processes and financial systems.
- The Council's Local Code of Corporate Governance has been reviewed and updated for 2019/20 and was considered by the Governance Committee on *24<sup>th</sup> April 2019*.

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

- Continue preparations to ensure compliance with the General Data Protection Regulations (GDPR) which comes into effect on 25<sup>th</sup> May 2018. *Processes including reporting breaches and dealing with data subject access requests; privacy notices; and record of processing activities in place and staff training completed. Additional resource with a new post of Governance and Information Lawyer created and appointment made during year.*
- To deliver the agreed action plan from the External Quality Assessment on the effectiveness of the internal audit function. *Progress against the plan was reported regularly to the Governance Committee during 2018/19.*

Based on the review the Council can confirm that it has an effective governance arrangements in place, subject to any significant governance issues identified in the section below.

#### **4. Significant Governance Issues**

A governance issue arises when something has gone or is going wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk. Determining the significance of a governance issue will always contain an element of judgement.

An issue is likely to be significant if one or more of the following criteria applies:

- It has seriously prejudiced or prevented achievement of a principal objective.
- It has resulted in the need to seek additional funding to allow it to be resolved.
- It has required a significant diversion of resources.
- It has had a material impact on the accounts.
- It has been identified by the Governance Committee as significant.
- It has resulted in significant public interest or has seriously damaged reputation.
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.
- It has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

Based upon the assurance systems in place and the council's approach to continuous learning through external and internal review, there are no significant governance issues that have arisen during the year. Notwithstanding inherent risks facing local government and strategic risks that have been identified and reviewed throughout the year, the Council's governance arrangements provide robust mechanisms to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

### **5. Conclusion**

We have been advised on the implications of the review of the effectiveness of the governance framework and the revision and update of the Local Code of Corporate Governance by the Governance Committee at their meeting on *24<sup>th</sup> April 2019*.

We undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2018/19, and will reflect and report on their operation and effectiveness as part of our next annual review.

Graham Butland  
Leader of the Council

Andy Wright  
Chief Executive

<b>Draft Internal Audit Plan 2019/2020, and Progress Against the 2018/19 Internal Audit Plan</b>		<b>Agenda No: 9</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services</b>	
<b>Report presented by:</b>	<b>Angela Mitchell, Audit Insurance and Fraud Manager</b>	
<b>Report prepared by:</b>	<b>Angela Mitchell, Audit Insurance and Fraud Manager</b>	
<b>Background Papers:</b>	<b>Public Report</b>	
None.	<b>Key Decision: No</b>	
<b>Executive Summary:</b>		
<p>The purpose of this report is to present the Draft Internal Audit Plan for 2019/20 to the Governance Committee for consideration and approval, and to inform the Committee of the work completed and in progress in respect of the 2018/19 Internal Audit Plan agreed by the Committee on 25<sup>th</sup> July 2018.</p> <p><u>Draft Internal Audit Plan 2019/20:</u> The Internal Audit Plan builds on the previous year's work and is based on the corporate risks facing the Council and linked to the Council's Corporate Priorities. Delivery of the Plan is dependent on resources, and on changing audit needs which may arise during the year. Progress against the Audit Plan and additional work completed will be reported to future meetings of the Governance Committee.</p> <p>A copy of the plan for 2019/2020 is attached (Appendix 1).</p> <p><u>Internal Audit Progress Report 2018/19:</u> This report provides Members with an update on progress against planned work in respect of the Internal Audit Plan for 2018/2019 (approved by the Governance Committee on 25<sup>th</sup> July 2018) and any other matters affecting the provision of the Internal Audit Service.</p> <p>A summary of the progress against the 2018/19 Internal Audit Plan is attached (Appendix 2).</p> <p>A summary of the outcomes of audits completed since the last report to the Governance Committee is attached (Appendix 3).</p>		
<b>Recommended Decision:</b>		
<p>That Members:</p> <p>a) Endorse the Internal Audit Plan process and draft Internal Audit Plan for</p>		

- 2019/2020; and  
 b) Note the work completed and in progress in respect of the Revised Internal Audit Plan for 2018/19

**Purpose of Decision:**

The Public Sector Internal Audit Standards (PSIAS) requires the Internal Audit activity to report functionally to the Governance Committee, being the committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.

Members are requested to endorse the draft Internal Audit Plan for 2019/2020 which has been prepared in accordance with the Accounts and Audit Regulations 2015 (Section 5) and which require an effective internal audit of risk management, control and governance processes taking into account the Public Sector Internal Audit Standards and guidance.

This report also provides an update on Internal Audit activity, and progress and performance against the approved Internal Audit Plan in accordance with the Governance Committee role and the requirements of the PSIAS.

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

<b>Financial:</b>	None.
<b>Legal:</b>	None.
<b>Safeguarding:</b>	None.
<b>Equalities/Diversity:</b>	None.
<b>Customer Impact:</b>	None.
<b>Environment and Climate Change:</b>	None.
<b>Consultation/Community Engagement:</b>	None.
<b>Risks:</b>	None.
<b>Officer Contact:</b>	Angela Mitchell
<b>Designation:</b>	Audit, Insurance and Fraud Manager
<b>Ext. No:</b>	2821
<b>E-mail:</b>	Angie.mitchell@braintree.gov.uk



## **1. INTERNAL AUDIT PLAN 2019/20 - INTRODUCTION**

The Public Sector Internal Auditing Standards (PSIAS) require Internal Audit to produce a risk based Internal Audit Plan that:

- Gives the '*Chief Audit Executive*' (CAE) sufficient evidence to provide an annual audit opinion on the Council's framework of governance, risk management and internal control based on the outcome of planned work;
- Uses existing sources of assurance where possible; and
- Demonstrates how internal audit work is linked to the Council's objectives and significant risks, and therefore provide relevant assurance

The PSIAS also require the Audit Committee (Governance Committee for this Council) to approve but not direct the Audit Plan. This means the Committee may challenge whether the plan is sufficient and adequately focussed, particularly given the plan's purpose to provide the Committee (as those charged with governance) with a key source of assurance to be considered when it decides whether to recommend the Annual Governance Statement for signing by the Chief Executive and Leader of the Council.

### **1.1. INTERNAL AUDIT PLANNING PROCESS**

The proposed Internal Audit Plan 2019/20 relates audit work to the Council's corporate risks. Delivery is dependent on resources and planned work has been prioritised to ensure resources are focussed on the areas of greatest audit need. The time on each review will be responsive to relative priority and ongoing assessment throughout the audit.

The Plan has been developed following meetings with the Chief Executive, Directors and Heads of Service to discuss their services and key objectives and risks, the feedback from these meetings informed a wider risk assessment that prioritised the Council's activities for audit coverage considering the following factors:

- Corporate priorities and risks, risk management (including fraud risks), and significant projects or proposals linked to corporate priorities;
- Significant changes (such as to systems, structures, delivery models or governance arrangements);
- Assessments of the systems of internal control (including recent Internal Audit assurance or assurance from reliable third parties), any known or suspected weaknesses or concerns (including relating to performance or data quality) and any areas where assurance is sought;
- Inherent risk (such as whether the activity has significant income or expenditure, reputational sensitivity, inherent complexity, whether third parties are involved in delivery or if there is a high potential risk of fraud);
- The regulatory environment;
- Effectiveness of governance arrangements (including oversight arrangements and complexity of operations); and
- Horizon scanning to assess new risks and challenges.

The Audit Plan is structured around the Council's corporate risks and is linked to the Council's strategic priorities. The Plan no longer automatically includes cyclical

audits (such as of the core financial systems), all audits are determined using the above process.

The Plan includes a number of other activities that, whilst not audits, are chargeable to the audit plan as they are integral to its delivery, these activities include audit planning, reporting to the Governance Committee and other audit management tasks such as reviewing the audit charter.

The draft Internal Audit Plan is attached at Appendix 1 to this report

## **2. PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2018/19**

The progress against the Internal Audit Plans for 2018/19 is identified in Appendix 2 to this report.

The following audits have been completed since the last report to the Governance Committee (23<sup>rd</sup> January 2019). Appendix 3 provides a summary of the outcomes of these audits:

- Performance Indicators – **Significant Assurance**
- Partnerships – **Significant Assurance**
- Housing Register – **Full Assurance**
- Homelessness – **Full Assurance**
- Cyber Security – **Significant Assurance**

Work has also been performed in the following areas, for which an assurance level has not been assigned at this time. Further work is planned during 2019/20 in these areas:

- Planning Pre-Application Service
- Contract Management – Major Contracts
- Information Management
- PCI DSS
- Strategic Investment Projects (Advisory)
- Annual Governance Statement
- Corporate Governance
- Follow Up of Prior Audit Recommendations

The proportion of planned work completed has been affected by the following factors:

- Work has been undertaken in line with the Provisional Audit Plan on 8 audits which were not reflected in the revised plan
- The Internal Audit function has developed new processes, and has made changes to the reporting format to ensure work and outputs accord with the requirements of the PSIAS, and in accordance with the outcomes of the External Quality Assessment. These changes have required staff to learn and adjust to new practices, and staff development in line with these changes is ongoing
- The Audit Manager's time is also spent on Insurance matters (including the renewal process, review of the scope of cover and claims management),

and Fraud (including the supplication of sanctions, and the expansion of the scope of anti-fraud activity)

- Significant resources have been spent on unplanned work, including internal investigations and ad hoc advisory work to support colleagues across the Council

Many other audits recorded as 'In Progress' are also substantially complete and expected to be finalised soon. An audit is considered complete when the content and actions have been agreed by management.

The Internal Audit Plan is prioritised, audit resources will be focussed in the areas considered to be greatest priority and progress of and any changes to planned work will be reported to the Governance Committee at each meeting.

## **2.1. OTHER INTERNAL AUDIT ACTIVITY**

The service continues to implement actions arising from the External Quality Assessment of the service as reported to the Governance Committee in April 2018. A full update of the progress of implementation will be provided to a future meeting of the Governance Committee.

In addition to Planned Audit Work, the service provides consultancy and advice, a summary of the areas where such additional support has been provided are included in Appendix 2.

The work completed in respect of the 2018/19 Internal Audit Plan is attached at Appendix 2 to this report.

DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
<p><b>Risk 1 Medium Term Financial Strategy:</b>                      Resource shortfall and savings not achieved, arising from deviation from revenue and efficiencies required to meet funding changes. Triggered by changes in achievability of planned cost reductions/income, incorrect financial assumptions, and funding changes</p>						
1	Core Financial Systems	<p><i>Periodic reviews of core financial systems are considered for significant changes in system or processes, and to provide assurance over Business as Usual. Systems include: Debtors, Creditors, Business Rates, Council Tax, LCTS, Investments, Payroll, Cash &amp; Bank, and General Ledger</i></p> <p><i>See separate audits of Payments, Debtors, Payroll, Investments, and IT access controls</i></p>	1	Assurance	Finance & Performance	Head of Finance
2	Contract Management – Major Contracts	<p>Review adequacy of management oversight of key contracts including performance management, change control processes, and ongoing due diligence on supplier resilience &amp; risk</p> <p>Review of third party assurance (Productivity Expert Review and Commercial Manager)</p>	1	Assurance / Alternative Sources of Assurance	Health & Communities	Heads of Governance & Environment
3	Online Payments system	<p>Review of the link between online payments / bookings to back office systems to ensure records are accurate and updated in a timely manner</p> <p>Identify any service areas still handling cash</p>	1	Assurance	Finance & Performance / Overall Strategy & Direction	Head of Finance
4	Payroll	<p>Cross check (following the May 2019 District Elections) of Members on the Payroll to ensure new Members set up properly with correct allowances, and outgoing Members correctly cancelled</p> <p>Consultants Pay – review adequacy of records and checks on consultant timesheets and invoices</p>	2	Compliance	Finance & Performance	Head of Finance / Head of Governance
5	Overtime - Operations	<p>Identify recording arrangements for hours worked by Operations staff.</p> <p>Review accountability, management and defined protocols for overtime, including completion of contracted hours before overtime.</p> <p>Sample check for compliance with protocols</p>	2	Assurance	Finance & Performance	Head of Finance / Head of Operations

\* Priority:

1 – These audits are key for delivery of Chief Audit Executive opinion for 2019/20 (this opinion contributes to the Council’s Annual Governance Statement)

2 – These audits support the annual opinion but are lower priority for audit

3 - These items are lower priority for internal audit review, where resources do not allow completion of the full plan, audit work will focus on highest priority audits

## DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
6	Operations Quotations	Review of adequacy of processes for quoting for work, ensuring adequate consideration of costs, and fair and consistent pricing Review of Commercial Manager benchmarking	3	Assurance / Alternative source of assurance	Environment & Place Overall Strategy & Direction	Head of Operations
7	Debtors Efficiency	High level review of efficiency of process for setting up and amending debtor accounts, to identify opportunities for automation	3	High Level review	Finance & Performance / Environment & Place	Head of Operations / Head of Finance
	<i>See also Risk 7 below</i>					
<b>Risk 2 Economic Development:</b>						
Planned District economic growth not achieved, arising from Businesses becoming disengaged with the District, arising from insufficient support for businesses, skills gaps, inadequate infrastructure, and macroeconomic uncertainty						
8	North Essex Garden Communities (NEGC)	High level review of governance, communication & decision making framework, and management of partnership risks	1	High level assurance / alternative sources of assurance	Strategic Growth & Infrastructure	Head of Economic Development & Planning
9	S106 Income	Overview of S106 funds and progression of projects using the funds	2	High Level assurance	Economic Development	Head of Asset Management / Planning Development Manager
	<i>See also risk 10 below</i>					
<b>Risk 3 Local Plan:</b>						
Development which conflicts with the agreed spatial strategy and without adequate infrastructure, and consequential impact on economic growth and housing, and loss of planning appeals						
10	Development Management	Review of quality and consistency of data and information, including review of complaints to identify areas of concern and corporate response Review impact on Planning Performance Indicators	1	Assurance / Alternative source of assurance	Strategic Growth & Infrastructure	Planning Development Manager
11	Planning Agreements	High level review of process for determining fees for Planning Agreements, ensuring fair and consistent approach	2	Assurance	Strategic Growth & Infrastructure	Planning Development

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DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
						Manager
<b>Risk 4 Community Resilience:</b> Increased demand for temporary housing and housing related payments, and increased poverty, arising from increased demand for services following introduction of Universal Credit, reductions in ECC Housing Related Support Funding, and the Homelessness Reduction Act						
12	Community Transport Volunteers	Review Community Transport Volunteer protocols to ensure adequate arrangements for driver health & safety (including ongoing checks on driver health and convictions)	2	Assurance	Health & Communities	Head of Housing & Community Services
13	Handy Person Scheme	Review of safeguarding, and arrangements for allocating jobs, ensuring completion of work to high standard, and arrangements for payment for work completed	2	Assurance	Health & Communities	Head of Housing & Community Services
14	Safeguarding	High level review of arrangements for ensuring awareness and reporting of concerns	2	High level / Safeguarding	Health & Communities	Head of Housing & Community Services
<b>Risk 5 Service and Project Delivery:</b> Service and project delivery failure arising from inadequate capability and capacity and resulting in errors, reduced controls, breaches of procedures, and disengaged staff						
15	Contract Management	Review adequacy of contract management framework and assess sample of contracts for compliance with good contract monitoring and management protocols Review of work undertaken by Procurement / Commercial Manager to ensure maintenance of contracts Register	1	Assurance / Alternative source of assurance	Finance & Performance Overall Strategy & Direction	Corporate Director
16	DVSA Compliance	Review of compliance with license conditions Review of effectiveness of checks to ensure compliance	2	Compliance / Assurance	Finance & Performance Overall Strategy & Direction	Head of Operations
17	Agency staffing – Operations Service	Review records to establish the extent of over staffing and understaffing Review of processes for determining daily staffing need and establishment staff availability to identify shortfall required to be filled by Agency staff Review arrangements for allocation of Agency staff	2	Assurance	Environment & Place	Head of Operations

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DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
18	Taxi Licensing	Compliance review of checks on applications to ensure safeguarding requirements met	2	Compliance / Safeguarding	Health and Communities	Head of Environment
19	Organisational Learning	Review effectiveness of arrangements for organisational learning, including from project post implementation reviews, internal and external assessments.	3	Governance & Assurance	Finance & Performance / Overall Strategy & Direction	Corporate Director
20	Pest Control	Overview of set up of 'My Account' including data security and fraud risks	3	Assurance	Health & Communities and Finance & Performance	Head of Environment Leisure & Heritage

**Risk 6 Affordable Housing**  
 Affordable housing needs not met, resulting in increased demand on temporary accommodation, withdrawal of housing associations from supported housing schemes, and inability to provide suitable supported accommodation for larger families and under 35's

21	Housing Application Document Verification	Review effectiveness of processes for ensuring authenticity of documents presented in support of Housing applications	2	Governance, Fraud & Assurance	Health & Communities	Head of Housing & Community Services
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**Risk 7 Return on Investments:**  
 Loss of investment principle or interest, or loss of rental income and increased costs (such as unoccupied business rates) arising from failure of investment counterparty, tenant ceasing trading, or collapse of equity market

22	Investments <i>(see also Risk 1)</i>	Review of alternative sources of assurance: - Finance Manager advised the existing oversight arrangements are Arlingclose, External Audit, Financial Services, and Members (Governance Committee, Council, and the Investment Panel) Review of Council policy / strategy against revised Code of Practice and Prudential Code Review of response to changing market conditions	2	Assurance including alternative sources of assurance	Finance & Performance	Head of Finance
	<i>See also Risk 1 and also Projects above</i>					

**Risk 8 Emergency Planning**  
 Inadequate civil contingency arrangements leading to failure to respond appropriately to a major incident or civil emergency, or inability to deliver key / critical services, arising from inadequate preparation, plans or trained staff

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## DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
23	Risk Management	Overview of corporate risk management framework and risk maturity Review of sample of risks to assess existence and effectiveness of mitigating controls	1	Risk management	Finance & Performance / Overall Strategy & Direction	Corporate Director / Head of Finance
24	Business Resilience	Review of reliance on key staff identified through Business Continuity arrangements	2	Assurance	Finance & Performance	Head of Environment Leisure & Heritage
<b>Risk 9 Information Management and Cyber Security</b>						
Loss of ability to deliver services, or inability to protect personal and sensitive customer data arising from inadequate information management and vulnerability to Cyber attack						
25	Information Management	Review arrangements for the Payroll Shared Service to ensure adequate security over data relating to the difference Authorities Review of compliance against key GDPR requirements, including for significant databases (Economic Development & Planning Policy) Review storage of data for sample of areas Support to Corporate Strategic Information Governance Group	1	Governance /Compliance/ IT / Alternative source of assurance	Finance & Performance	Head of Governance
26	Corporate Governance	Review of protocols for officer and Member declarations of interest	1	Governance	Overall Strategy & Direction	Head of Governance
27	Digital Strategy and Cyber Security	Review of Digital Strategy Risk Management, governance arrangements and benefits realisation. Review of IT access controls for Council systems including starters, leavers, movers and changes to administration permissions. Review of compliance with PSN requirements, and arrangements for ensuring supplier compliance with cyber security requirements	1	Governance / IT Alternative source of assurance	Finance & Performance	Corporate Director
28	Culture & Ethics	High level review of arrangements for ensuring positive culture and ethical approach <i>EQA recommendation to include this in the Audit Plan</i>	2	High level / Culture & Ethics	Overall Strategy & Direction	Head of Governance

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## DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
29	PCI DSS Compliance	Review of arrangements for ensuring compliance with the Payment Card Industry Data Security Standards, including review of self-assessment	2	Assurance	Finance & Performance	Head of Finance
30	Uniform System - Street Scene Protection Scheme	Review of system inputs and outputs, accountability, management controls and information	3	Assurance	Environment & Place	Head of Operations
31	Performance Management	Sample check of performance indicators to review robustness of data collation and accuracy of presentation of results	3	Assurance	various	Head of Finance
<b>Risk 10 Strategic Investment</b>						
Expected Financial return not realised from projects or District Investment Strategy targets not delivered, arising from lack of investment, or house price / commercial rent deflation						
32	Strategic Investment Projects - Advisory	Advisory support to current significant corporate projects including review against corporate protocols High level review of governance arrangements, decision making framework (including delegation arrangements), risk management (including partnership risks), and project management milestones, for sample of projects Review adequacy of project procedures for approval of projects and project changes, and project procurement Identify fraud risks for Strategic Growth and assess against protocols Review of adequacy of engagement across the Council on significant projects Review budget management processes Review Productivity Expert report on Capital works spend	1	Advisory / Assurance / Alternative source of assurance	Economic Development Finance & Performance	Head of Strategic Investment
<b>Other Planned Work</b>						
33	Annual Governance Statement	<ul style="list-style-type: none"> <li>- Review of process for producing and evidence supporting the Council's AGS</li> <li>- Ensure the AGS covers all elements set out in best practice</li> <li>- Ensure Assurance statements have been obtained to</li> </ul>	1	Assurance	Finance & Performance	Head of Finance

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## DRAFT INTERNAL AUDIT PLAN 2019/20

Ref	Audit Title	Outline Scope	Priority *	Review Type	Links to Corporate Priorities	Audit Sponsor
		<p>support the elements of the AGS</p> <ul style="list-style-type: none"> <li>- To confirm areas of improvement identified in the AGS are clear and have action plans in place with arrangements for monitoring progress</li> </ul> <p><i>See also audits of specific governance arrangements</i></p>				
34	Follow Up Reviews	We will follow up all Limited Assurance reports and review evidence of implementation of high and medium priority recommendations from previous year	2	Follow Up	Various	Various
35	Fraud Risks	<ul style="list-style-type: none"> <li>• Unit 4 Fuel system – proactive review of set up of system and monitoring arrangements to give comfort of correlation between fuel usage and vehicle profile</li> <li>• NDR / CT – identify fraud risk areas and review against monitoring</li> <li>• Recruitment – identify fraud risk areas and review against recruitment practice</li> </ul> <p><i>(External Audit Plan 2018/19 includes review of risk of fraud in revenue recognition)</i> <i>(See also Risk 10 above)</i></p>	2	Advisory / alternative source of assurance	Environment & Place / Finance & Performance	Corporate Director / Head of Operations / Head of Finance
36	Additional work	Additional work arising during the year will be accepted where relevant to the provision of the opinion over corporate governance, risk or internal control, and to corporate priorities or strategic risks		various	Various	various
<b>Other Activity Chargeable to the Audit Plan</b>						
	Audit Planning	To develop the 2019/20 Internal Audit Plan				Head of Finance
	Report to the Governance Committee	To prepare reports required by the Governance Committee throughout 2018/19				Head of Finance
	Audit Management	To undertake required Audit Management activity including quality assurance and continuous improvement processes, and to review and update where necessary the Audit Charter and strategy				Head of Finance

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## DRAFT INTERNAL AUDIT PLAN 2019/20

**Auditors will be mindful of the following when conducting general audit work:**

- Information management / GDPR
- Risk management
- Data Quality
- Governance

**Strategic Planning** – Items for consideration 2020/21, these will be reviewed during planning for 2020/21

- Housing Development Company – If set up, we will conduct a high level review of governance, decision making & communications, decision making framework, and management of partnership risks
- Maintaining service provision through management of Annual Leave (Operations Service)
- Vehicle Maintenance Workshop
- Disabled Facilities Grants / Major Housing Grants – controls over issue of grant funds
- Building Control – recording of payments
- Town Hall income – adequacy of arrangements for collection, banking and recording
- Procurement – embedding of outcomes from reviews, including Productivity Expert report
- North Essex Parking Partnership (NEPP) – Review of governance and performance
- Planning Delegations - Benchmarking and efficiencies review of Planning delegation arrangements
- Planning Enforcement

*\* Priority:*

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2 – These audits support the annual opinion but are lower priority for audit

3 - These items are lower priority for internal audit review, where resources do not allow completion of the full plan, audit work will focus on highest priority audits

## APPENDIX 2 – PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2018/19

This Appendix summarises the work completed in respect of the revised 2018/19 Internal Audit Plan (approved by the Governance Committee in July 2018), and also reflects the audits in the provisional internal audit plan (approved by the Governance Committee in April 2018) for which work was commenced prior to the new Audit Insurance and Fraud Manager commencing in post. Audits were assigned based on their relative priority.

	Audit	Priority	Current Status	Completed – Date Report to Governance Committee
<b>2018/19 Provisional Plan – Audits in Progress prior to revised plan approval</b>				
	Fees and Charges		Completed	25/07/2018
	Petty Cash		Completed	25/07/2018
	Travel & Subsistence		Completed	25/07/2018
	Refuse Collection including Trade Waste		Completed	25/07/2018
	Cemeteries		Completed	25/07/2018
	Performance Indicators & Data Quality		Completed	24/04/2019
	Consultants		Completed	24/10/2018
	Leased Cars		Completed	24/10/2018
	Community Grants		Completed	24/10/2018
<b>2018/19 Revised Plan – All Audits</b>				
1	Contract Management – Major Contracts	1	Work completed / ongoing 2019/20	24/04/2019
2	Debtors / Income	1	Completed	23/01/2019
3	Procurement	1	Completed	23/01/2019
4	Financial Systems – Feed in to Efin	1	Completed	23/01/2019
5	Investments	2	2019/20 Plan	
6	Housing Development Company	1	2019/20 Plan	
7	Pre-Application Service	2	Completed	24/04/2019
8	Planning Delegations	3	Note 1	
9	Discretionary Housing Payments / Exceptional Hardship Fund	3	Note 2	
10	Projects – Other	1	In Progress	
11	Partnerships	1	Completed	24/04/2019
12	Consultants	2	Completed	24/10/2018
13	Housing Register	1	Completed	24/04/2019
14	Homelessness	1	Completed	24/04/2019
15	Asset Acquisitions	1	In Progress	
16	Business Continuity	1	In Progress	
17	Business Resilience	2	2019/20 Plan	
18	Information Management	1	Work completed / ongoing 2019/20	24/04/2019
19	Cyber Security	1	Completed	24/04/2019
20	Performance Indicators	2	Completed *	24/04/2019
21	PCI DSS Compliance	2	Work completed / ongoing 2019/20	24/04/2019
22	Freedom of Information Requests / Complaints	3	Note 3	
23	Strategic Investment Projects – Advisory	1	Work completed / ongoing 2019/20	24/04/2019
24	Major Project Stakeholder Engagement	1	In progress / 2019/20 Plan	
25	Annual Governance Statement	1	Completed	24/04/2019
26	Corporate Governance	1	Work completed / ongoing 2019/20	24/04/2019
27	Animal Welfare	3	Note 4	
28	Taxi Licensing	3	2019/20 Plan	
29	Land Charges	3	Note 5	

## APPENDIX 2 – PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2018/19

30	Risk Management	1	In Progress	
31	Culture & Ethics	2	2019/20 Plan	
32	Safeguarding	3	2019/20 Plan	
33	Follow Up Reviews	2	Work completed / ongoing 2019/20	24/04/2019
34	Fraud Risks	2	In Progress / ongoing	

### Notes:

#### **Audits in Progress / Nearing Completion**

- Projects – Other
- Asset Acquisitions
- Business Continuity
- Risk Management

#### **2019/20 Internal Audit Plan includes the following audits either commenced in or deferred from the 2018/19 Plan:**

- Investments: Relevant information relating to alternative sources of assurance has been requested
- Housing Development Company: Governance arrangements are not yet determined therefore deferred pending company being set up
- Business Resilience: This audit will build on the findings of the Business Continuity audit, which is in progress. The Business Resilience audit will review the reliance placed on key staff as identified through business continuity planning
- Major Project Stakeholder Engagement: The 2019/20 audit will review the adequacy of engagement across the Council on significant projects as part of a wider review of significant corporate projects
- Taxi Licensing: This was identified as low priority for 2018/19, but a review of compliance with safeguarding requirements is included in the 2019/20 Plan
- Culture & Ethics: A high level review of arrangements for ensuring positive culture and ethical approach is included in the 2019/20 Plan. Audit staff are conducting ongoing investigations with reference to corporate Codes of Conduct.
- Safeguarding: This was identified as low priority in 2018/19. A high level review of arrangements for ensuring awareness and reporting of concerns is included in the 2019/20 plan.

#### **Other Audits Planned for 2018/19 but not completed:**

- Note 1: Planning Delegations: This was low priority for audit in the 2018/19 Internal Audit Plan, the Planning Development Manager will review delegation arrangements in 2019/20 and the status will be reviewed as part of planning for the 2020/21 Internal Audit Plan preparation
- Note 2: Discretionary Housing Payments / Exceptional Hardship Fund: This was identified as low priority for audit in 2018/19 (to perform a compliance check to award criteria) and planning for the 2019/20 Internal Audit Plan did not identify this area as priority for audit
- Note 3: Freedom of Information Requests / Complaints: This was identified as low priority for audit in 2018/19 (to review the speed and accuracy of FOI Act responses, and completeness of records and response to complaints). Planning for the 2019/20 Internal Audit Plan did not identify this area as priority for audit
- Note 4: Animal Welfare - This was identified as low priority for audit in 2018/19 (to perform a compliance check against regulations) and planning for the 2019/20 Internal Audit Plan did not identify this area as priority for audit
- Note 5: Land Charges - This was identified as low priority for audit in 2018/19 (a light touch review of arrangements for payment and recording of land charges) and

## **APPENDIX 2 – PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2018/19**

planning for the 2019/20 Internal Audit Plan did not identify this area as priority for audit

### **ADDITIONAL WORK COMPLETED**

Since the last report to the Governance Committee the following additional work has also been performed by the Internal Audit Function:

- Review of card purchases (ongoing)
- Review of Vending Machine use (ongoing)
- Review of Fitness Class Income

### **Consultancy**

Since the last report to the Governance Committee the function has provided ad hoc advice and guidance in a number of areas, including:

- Advice on provision of services to a debtor
- Review of Councillor Council Tax accounts
- Support to Procurement in Marketplace workflow
- Information on Epay BACS Transactions to support upgrade preparation
- Advice on Periodic Invoices
- Advice on cash handling
- Review of Authorisation Limits
- Advice on interpretation of Procurement rules
- Assistance with user profiles for Marketplace

## APPENDIX 3 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO THE GOVERNANCE COMMITTEE

The following work has been completed since the preparation of the report for the Governance Committee meeting (23 January 2019):

Audit	Overview of Scope	Summary of Findings	Recommendation(s)	Priority	Agreed / Responsible Officer / Action Date
<p><b>Performance Indicators</b></p> <p><b>Significant Assurance</b></p>	<p>The audit reviewed the following for Performance Indicators relating to planning applications, missed bins, leisure centres, telephone response times and delivery of affordable homes :</p> <ul style="list-style-type: none"> <li>- The data collection processes</li> <li>- The date reported on the Pentana system</li> <li>- The clarity of the indicator ensuring enabling proper interpretation of results</li> </ul>	<p>Generally good practice relating to retention of supporting information, communication with waste crews on collection arrangements, regular meetings with the Leisure provider and regular updates from housing developers. There were some opportunities to improve in the retention of evidence of client confirmation of extensions of time for planning applications, some missed bin reports being closed prematurely (leading to a second report being raised), and limitations in collection of some leisure centre usage data</p>	<p>Re-opened missed bin cases are monitored and trends monitored</p> <p>Review source of information used for collection rates for missed bins</p> <p>Retain details of reasons for approval for extensions of time for planning applications</p> <p>Record the existence of inaccurate or incomplete usage data in Performance reports</p>	<p>Med</p> <p>Low</p> <p>Low</p> <p>Low</p>	<p>Agreed by Waste &amp; Transport Manager Ongoing review will be conducted</p> <p>Agreed by Waste &amp; Transport Manager – will consult other Local Authorities to ensure consistent approach</p> <p>Pending management response</p> <p>Agreed by Leisure &amp; Heritage Manager (advised resolved, all data is now complete)</p>
<p><b>Planning Pre-Application Service</b></p> <p>Assurance Level not assigned</p>	<p>The Audit was scoped to include a review of completion of application forms, payment of fees, reclaiming of fees, timescale for processing and reputation management</p>	<p>Audit work commenced then deferred due to the high workload of the Planning team. The Planning Development Manager separately identified areas of improvement required around the Planning Pre-Application service provision and presentation of information, he will complete his review and introduce service improvements during 2019/20 and a review of fees will follow.</p>	<p>None – the Planning Development Manager has identified improvements required to the Pre-Application service, which he will resolve during 2019/20</p>	<p>N/A</p>	<p>Planning &amp; Development Manager to complete review and embed improvements during 2019/20</p>

**APPENDIX 3 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO THE GOVERNANCE COMMITTEE**

<p><b>Contract Management – Major Contracts</b></p> <p>Assurance Level not assigned</p>	<p>The Audit scope included reviews of the Leisure Centre Contract, and the Vehicle Maintenance Contract</p>	<p>For the Leisure Contract - we have reviewed aspects of performance management arrangements, these were included in the Performance Indicators report.</p> <p>For the Vehicle Maintenance Contract - vehicle maintenance arrangements have been brought back in-house with effect from April 2019, the team has been in liaison with the Operations service concerning arrangements</p> <p>A further audit of Contract Management – Major Contracts is scheduled for 2019/20 to review other significant contracts</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><b>Partnerships</b></p> <p><b>Significant Assurance</b></p>	<p>The audit reviewed a sample of partnerships and the extent to which assurance could be gained that: partnerships were in line with corporate objectives, financial arrangements were defined, partnership risks had been assessed, an exit strategy existed, monitoring was conducted, there were measurable objectives and outcomes for the partnership, and that an adequate assessment had been made of the partnership before engagement</p>	<p>The review identified that the partnerships reviewed were generally operating in line with corporate objectives, where appropriate there were defined financial arrangements and risk assessments, there were exit strategies, monitoring was occurring and there were measurable objectives</p> <p>We did however note opportunities to develop corporate partnership protocols and to provide partnership guidance, reflecting the key role of partnerships in delivery of Council objectives</p>	<p>Determine protocols for identification and management of partnerships, to include</p> <ul style="list-style-type: none"> <li>- Register of significant partnerships</li> <li>- Risk management / partnership risk registers</li> <li>- Approval, Governance and oversight arrangements</li> </ul> <p>We have provided examples of good practice of partnership oversight from other Local Authorities</p>	<p>Med</p>	<p>A Corporate Group, led by the Chief Executive, was set up as part of the corporate Business Planning process, this group is reviewing information provided by Internal Audit as part of its role to determine the corporate approach</p>



### APPENDIX 3 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO THE GOVERNANCE COMMITTEE

<p><b>Housing Register</b></p> <p><b>Full Assurance</b></p>	<p>The audit reviewed applications to ensure they were processed in accordance with the allocations policy, there was verified proof of identify from the applicant, checks on entitlement had been conducted, and changes to entitlement were identified and actions.</p>	<p>For our sample we noted there were completed applications for the entries on the Housing Register, proof of identify was provided, relevant documentation was retained electronically, changes of entitlement were recorded and processing of applications was in accordance with the allocations policy.</p> <p>We did however note that allocations were not always processed within the 28 days noted in the Allocations Policy</p>	<p>Process applications within 28 days as stated in the policy</p>	<p>Low</p>	<p>Agreed by the Senior Housing Assessment &amp; Policy Officer Actioned March 2019</p>
<p><b>Homelessness</b></p> <p><b>Full Assurance</b></p>	<p>The audit reviewed the auctioning of early intervention cases, completion of personal housing plans, completion of homelessness decisions by the end of the relief period, and implementation of the Homelessness Strategy Action Plan</p>	<p>We noted good practice in the completion of Housing Options initial enquiry forms, the interview preparation pack, and Personal Housing Plans, decisions were made within the legal timeframe (56 days), and applicants are formally advised when the Council's Duty of Care has ended. There were no improvement areas noted.</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><b>Information Management</b></p> <p>Assurance Level not assigned</p>	<p>A Corporate Strategic Information Governance Group was formally convened to ensure coordination and strategic management of Information Governance. The Group membership includes the: Corporate Director (SIRO), Head of Governance (DPO), Audit Insurance &amp; Fraud Manager, Governance and Member Manager, ICT &amp; Facilities Manager, Sustainability Manager and Governance and Information Lawyer.</p>	<p>The Group is ensuring Information Governance protocols are adopted, will assess and monitor risks, investigate breaches and monitor compliance, as such this group provides an alternative source of assurance</p> <p>Specific aspects of Information management are also included in the 2019/20 Internal Audit Plan</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><b>Cyber Security</b></p> <p><b>Significant Assurance</b></p>	<p>The audit reviewed user awareness of / adherence to the Council's ICT Policies, access levels, processes relating to the application of security patches and</p>	<p>Good practices were noted relating to the results of and response to the Cyber Security stocktake, knowledge of compliance with the Information Security Policy, the application of security updates,</p>	<p>Recommendations were included in the report – to preserve security, specific details of any</p>		<p>Actions agreed by the ICT &amp; Facilities Manager, and the ICT team continues to review and develop</p>

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	removable media, the number of users and licenses, PSN compliance, records of IT hardware, existence on and IT Business Continuity / Disaster Recovery Plan, and the response to the LGA Cyber Security Stocktake	encryption of removable devices, monitoring of users and licenses and compliance with PSN requirements.	recommendations are excluded from this public report.		cyber security resilience
<b>PCI DSS</b> Assurance Level not assigned	The audit was scheduled to review arrangements for ensuring compliance with the Payment Card Industry Data Security Standards, including through a review of the self-assessment.	The Self-assessment had not been completed by the close of 2018/19. The Finance Manager considered card payments made via the managed service were compliant, and was reviewing areas of potential vulnerability to ensure compliance. The self-assessment is expected to be completed during 2019/20, therefore an audit of PCI DSS is included in the 2019/20 Internal Audit Plan to review the assessment outcome.	N/A	N/A	N/A
<b>Strategic Investment Projects Advisory</b> Assurance Level not assigned	The reviews were planned to include: - governance arrangements, decision making, risk management, and project procedures	The Corporate Director has identified areas of improvement and provided guidance on protocols to be formalised, and consideration has been given to the scope of authorisation within the team. Audit staff have performed Financial appraisals of companies tendering for Strategic Investment Projects. Further work is planned in 2019/20 and therefore included in the 2019/20 Internal Audit Plan as a combined review.	N/A	N/A	N/A
<b>Annual Governance Statement</b> Assurance Level not assigned	The review included evidence supporting the AGS, scope, assurance statements, and existence of action plans for areas of improvement.	The Audit Insurance & Fraud Manager’s Annual Opinion contributes to the Council’s AGS. The 2017/18 Assurance statements were reviewed as part of Audit Planning processes for the revised 2018/19 Internal Audit Plan (reported to the Governance Committee in July 2018). (Some Assurance statements for 2018/19 are currently pending). The AGS is reviewed by the External Auditor – their report to the Governance Committee (July 2018) confirmed the AGS was ‘consistent with other information from our audit of the financial statements and we have no other matters to report’ The 2017/18 AGS noted no significant Internal Control issues for the year, and identified planned improvements in the areas:			

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		<ul style="list-style-type: none"> <li>- Preparations to ensure compliance with GDPR – we have confirmed progress through our work on Information Management (see above)</li> <li>- Deliver the agreed action plan from the External Quality Assessment on the effectiveness of the Internal Audit function – annual self-assessments on compliance with the PSIAs are reported to the Governance Committee</li> </ul> <p>A further review of the 2018/19 AGS will be undertaken as part of the 2019/20 Internal Audit Plan</p>			
<b>Corporate Governance</b>  Assurance Level not assigned	A review of the protocols for officer declarations of interest.	The intranet includes requirements for conflicts of interest to be notified via an online form to the employee's Line Manager, with forms also being open to inspection by the Monitoring Officer (MO), Deputy MO, and the Audit Insurance & Risk Manager 5 notifications were submitted during 2018/19, a further review is planned for 2019/20	N/A	N/A	N/A
<b>Follow Up Reviews</b>	Follow Up reviews are conducted to ensure implementation of High and Medium priority recommendations	Where recommendations were scheduled to be completed, we have confirmed implementation Follow up work is ongoing, and any concerns regarding implementation will be reported to the Governance Committee	N/A	N/A	N/A

**Key:**

For the scope of objectives subject to review during the audit:

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