

GOVERNANCE AND AUDIT COMMITTEE AGENDA

Wednesday, 4th October 2023 at 7.15pm

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

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

Councillor J Baugh
Councillor J Edwards (Vice Chairman)
Councillor M Green
Councillor A Hooks
Councillor L Jefferis
Councillor A Munday
Councillor G Prime

Councillor R Ramage
Councillor R van Dulken
Councillor T Walsh
Councillor L Walters
Councillor J Wrench (Chairman)
Councillor B Wright

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

D GASCOYNE
Chief Executive

INFORMATION FOR MEMBERS – DECLARATIONS OF MEMBERS’ INTERESTS

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

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

Public Question Time – Registration and Speaking

The Agenda allows for a period of up to 30 minutes for Public Question Time. Members of the public may ask questions or make statement to the Committee on matters listed on the agenda for this meeting.

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

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

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

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

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Comments and Suggestions

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

PUBLIC SESSION		Page
1	Apologies for Absence	
2	Declaration of Interests - Scrutiny Committee	
	1. To declare the existence and nature of any interests 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.	
	2. To declare the existence and nature of any instruction given by or on behalf of a political group to any Councillor who is a member of that group as to how that Councillor shall speak or vote on any matter before the Committee or the application or threat to apply any sanction by the group in respect of that Councillor should he/she speak or vote on any particular matter.	
3	Minutes of the Previous Meeting	
	To approve as a correct record the minutes of the meeting of the Governance and Audit Committee held on 24 th August 2023 (copy previously circulated).	
4	Public Question Time	
	(See paragraph above)	
5	Horizon 120 Project Review Progress Report	6 - 16
	There is a Confidential Appendix for this report which is exempt from publication of the public agenda in accordance with Paragraph 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). The meeting of the Governance and Audit Committee will move into private session if Members wish to refer to any information set out within the Confidential Appendix.	
6	To receive a suite of the Council's Key Financial Indicators as at 31st August 2023	17 - 23
7	Progress Against Internal Audit Plan 2023/24	24 - 34
8	Update of the Regulation of Investigatory Powers Act 2000 (RIPA) & Investigatory Powers Act 2016 (IPA)	35 - 48
9	Strategic Risk Register	49 - 72
10	Governance and Audit Committee Annual Report 2023	73 - 90

11 To receive the Treasury Management Mid-Year Report for 2023-24 91 - 97

12 Monitoring Officer's Annual Report
Report to follow.

13 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

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14 Horizon 120 Project Review Progress Report

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Discussion of the Confidential Appendix to the public report, Horizon 120 Project Review Progress Report - Agenda Item 5 (pages 6 to 16 of the Agenda).

Report Title: Horizon 120 Project: Audit Action Plan Progress Report	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Noting
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Dominic Collins, Corporate Director of Growth	
Enquiries to: Dominic Collins, Corporate Director of Growth Dominic.collins@braintree.gov.uk	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of the Report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Internal Audit activity to report functionally to the Governance and Audit Committee, being the Committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.
- 1.2 This report provides Members with an update of progress on management actions and improvements in the internal control, risk management, project management and governance environment relating to the management of major projects, reflecting the learning arising from Elucidates Horizon 120 project review.

2. Recommendations

- 2.1 The Committee notes the Elucidate report as attached as a Confidential Appendix and the associated action plan as attached in Appendix 2.

3. Summary of Issues

- 3.1 The Horizon 120 project, establishing a business park at economic land provided for as part of the Great Notley village development, has delivered 65 gross acres of land available for businesses to locate to and provide employment opportunities for residents of Braintree District.

Relevant decisions were taken at the following meetings to agree the project and take its various elements forward:

- 3.1.1 Cabinet on the 3rd February 2018 (Proposed Acquisition of Strategic Employment Site);
 - 3.1.2 Cabinet on the 11th February 2019 (Horizon 120 Business Park – Investment in Infrastructure);
 - 3.1.3 Cabinet on the 8th July 2019 (Disposal of land at Horizon 120); and
 - 3.1.4 Cabinet on the 28th May 2020 (Horizon 120 – Infrastructure).
- 3.2 Through these decisions, the project was approved and the Horizon 120 project secured the delivery budget to purchase the land and deliver facilitative infrastructure (including all land works, utilities provision, road infrastructure and access to individual sale plots) to develop the site. The land purchase and works were supported in time by the delivery of a Local Development Order that ensured a positive planning environment to promote the sale of land plots and provision of accommodation for businesses on a high quality and well serviced business park. Option agreements were also secured with Marshgate Developments for the sale of individual site plots across the Horizon 120 site, through which Marshgate has subsequently delivered and promoted several developments across the site, securing new employers to the district and ensuring others have not left the district for other locations.
- 3.3 Completed by Elucidate Consulting Limited in May 2023, the Horizon 120 project review report offers several conclusions as to how the original project was conceived and executed, offering a view on the adequacy of the original business case, project governance and oversight arrangements, appointment and oversight of contractors, adequacy of the service charge arrangements (through which businesses moving on the business park pay for maintenance and servicing of common areas and infrastructure) and the processing of individual land plot sales.
- 3.4 The conclusions and key findings of the review are that whilst there were initial weaknesses in the control framework related to the Horizon 120 project, the controls related to the governance and monitoring of the project were found as effective. The Committee may be pleased to note that these processes in particular were improved in response to the findings of Elucidates report in May 2020 on the Manor Street project (previously reported to this Committee).

- 3.5 Whilst much regarding the control environment of the Horizon 120 project was found as effective, the Elucidate review has offered several areas of recommended action related to:
- 3.5.1 a) business case development;
 - 3.5.2 b) the evidencing of contractor appointments (respecting that the two contracts highlighted in the Elucidate report were appointed under the regime previous to that put in place subsequent to the Manor Street review); and
 - 3.5.3 c) that service charge arrangements for Horizon 120 need consideration.
- 3.6 The key conclusions offered and recommendations made by Elucidate have already been highlighted to the committee as per item 3, Internal Audit Annual Report 2022/23, of the 24th August 2023 meeting of the Governance and Audit Committee.
- 3.7 An action plan, responding to the recommended actions identified in the Elucidate report, has been completed and shared with Management Board and the Cabinet Member for Resources and Performance. The action plan is attached to this report and shows that all of the recommendations offered in the Elucidate report have been taken forward and acted upon at least in part, with actions either having been completed (highlighted in green in the attached report) or ongoing (highlighted in orange in the attached report).
- 3.8 The action plan highlights work that has already been planned and is now being implemented in the area of project management and business case development, particularly with reference to the development and recruitment to a Project Management Office which will provide even more monitoring and performance assurance than is currently in place. Members may however already find comfort in the comments from the Elucidate report, which highlights the considerable work done to increase programme and project management governance and oversight, including financial monitoring, over the last three years since their last review of a Strategic Investment project.
- 3.9 The delivery of the action plan as attached to this report will help the Council to deliver the following Corporate Objectives:
- 3.9.1 A high performing organisation that delivers excellent and value for money services;
 - 3.9.2 Delivering better outcomes for residents and businesses and reducing costs to taxpayers.

4. Options

- 4.1 This report and the associated action plan are offered for noting by the Governance and Audit Committee.

5. Financial Implications

- 5.1 There are no financial implications that arise directly from this report.

6. List of Appendices

- 6.1 Confidential Appendix
- 6.2 Horizon 120 Project Review Action Plan (Appendix 1)

7. Background Papers

- 7.1 Cabinet papers relating to the Horizon 120 project are referenced within this report at 3.1.
- 7.2 Governance and Audit Committee Agenda - 24th August 2023.

Overarching responsibility for drafting and delivery of Action Plan: Corporate Director of Growth, on behalf of Management Board

	RECOMMENDATION FROM ELUCIDATE REPORT	DIRECTORATE / AREA RESPONSIBLE FOR ACTION	MANAGEMENT RESPONSE AND ACTIONS TAKEN	STATUS
01 – Fundamental	<p>Drafting and approval of the Business Case</p> <p>In all major projects a full Business Case is drafted and approved before the project has significant funding committed.</p> <p>The Business Case should adopt the HM Treasury 5 case model with the level of detail commensurate with the size, complexity and risk associated with the project.</p>	<p>Corporate Director for Corporate Services:</p> <ul style="list-style-type: none"> • PMO resource and process • Capital Programme Board <p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> • Strategic Investment team • Investment and Development Programme Board 	<p>As recognised in the Project Governance and Oversight section of the report, new programme and project management structures have been put in place subsequent to the Horizon 120 (H120) project beginning (and subsequent to the arrival of the current Corporate Director responsible for the project). The report also concludes that there is adequate governance and oversight of projects. Whilst these improvements relate to the delivery of projects, they relate in part to the improvements required to support business case development and sign off.</p> <p>It should be noted that recognised business case templates and processes have been used and followed as a matter of course in BDC for a considerable time. However, these processes were not followed strictly in the inception phase of the H120 project.</p> <p>The following processes are now agreed and in place or soon to be in place:</p> <ol style="list-style-type: none"> a) Thresholds for the definition of projects as either minor projects (spend less than £50,000), medium projects (between £50,000 and £249,000) and major projects (£250,000 and above) have been agreed by Management Board and Cabinet Members via the new Capital Programme Board (see below). A new Project Management Office (PMO) is soon to be recruited to (see below) which will further define a relevant project gateway process for each project category in relation to the level of business case required and subsequent project management resourcing and reporting. Draft work to define this is already in hand. b) When formally introduced, the project gateways will be monitored by a new Project Management Office (PMO). The Project Management Office Manager role is out to recruitment at the time of writing. This Office (or officer) will monitor the development of business cases and the progress of 	

			<p>projects ensuring that gateway monitoring and decision making processes are adhered to.</p> <ul style="list-style-type: none"> c) The new PMO approach will include a review of reporting methods and of business case and other templates. This review has already begun by officers in the Strategic Investment team in June 2023 and will be handed over to the PMO when in place. d) The PMO will be reporting into a newly created, Cabinet Member Chaired, Capital Programme Board (CPB, covering the management of capital projects) and the Investment and Development Programme Board (IDPB, covering revenue projects) in order to support further oversight of capital and revenue spend and business case development. The CPB and IDP are already in place, with the creation of the CPB and the re-drafting of the terms of reference for the IDPB agreed at Cabinet at its meeting on the 6th December 2022. e) Significant projects, particularly those that have a potential financial implication (positive or negative) of £20m+, are required to progress through a HM Treasury 5 case business case process. This process has been followed to assess one project in 2022 and is currently being used to assess another project in 2023. Both projects are confidential at this time. f) Any feasibility resources required to begin exploring projects and support the development of business cases are already required to seek approval from Management Board before progressing, thus offering a further gateway to the consideration of potential projects and the development of their business cases. g) Financial commitments for exploring the viability of projects are all tracked against an overarching Feasibility budget (approved by Management Board in Sept 2018) 	
<p>02 - Fundamental</p>	<p>Financial and Commercial Case The business case should be supported by verifiable base</p>	<p>Corporate Director for Corporate Services:</p>	<p>Financial and commercial case evidence and information is required as a part of the HM Treasury 5 case business case process which BDC now follow for the examination of major projects. In the business cases explored so far</p>	

	<p>data and evidenced based assumptions that underpin the financial and commercial cases for the project.</p> <p>There should also be a detailed sensitivity analysis on the base case.</p>	<ul style="list-style-type: none"> PMO resource and process Capital Programme Board <p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> Strategic Investment team Investment and Development Programme Board 	<p>using this process external resources have been secured to ensure the 5 case business case methodology is robustly followed.</p> <p>It should be noted that recognised business case templates and processes have been used and followed as a matter of course in BDC for a considerable time. However, these processes were not followed strictly in the inception phase of the H120 project.</p> <p>Improvements on the resourcing of the Strategic Investment team have also been made to ensure relevant capacity is available to support business case development across BDC's services. Upon the arrival of the PMO (referenced above) the Strategic Investment team will formally become a generalised project management team who will provide their support and expertise to teams across BDC to ensure consistent business case development and project management across the authority.</p>	
<p>03 - Fundamental</p>	<p>Theory of Change</p> <p>For each project the Business Case should fully articulate the theory of change.</p> <p>Documenting the logic of how the project will deliver the planned objectives enables it to be challenged (through review and approval of the business case) and ensures the theory is robust and increases the likelihood the project will be a success.</p>	<p>Corporate Director for Corporate Services:</p> <ul style="list-style-type: none"> PMO resource and process Capital Programme Board <p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> Strategic Investment team Investment and Development Programme Board 	<p>Evidence and information regarding the Theory of Change is required as a part of the HM Treasury 5 case business case process which BDC now follow for the examination of major projects.</p> <p>It should be noted that recognised business case templates and processes have been used and followed as a matter of course in BDC for a considerable time. However, these processes were not followed strictly in the inception phase of the H120 project.</p> <p>Further enhancements to the content of business case templates are currently being considered by the Strategic Investment team and will be implemented by the incoming PMO in early 2024.</p>	
<p>04 - Fundamental</p>	<p>Financial and Non-financial benefits</p> <p>The Business Case should include:</p> <ul style="list-style-type: none"> Detail analysis of financial and non-financial benefits; 	<p>Corporate Director for Corporate Services:</p> <ul style="list-style-type: none"> PMO resource and process 	<p>Financial and non-financial benefits are required as a part of the HM Treasury 5 case business case process which BDC now follow for the examination of major projects.</p> <p>It should be noted that recognised business case templates and processes have been used and followed as a matter of course in BDC for a</p>	

	<ul style="list-style-type: none"> • How the benefits will be measured; and • A forecast Cost Benefit Ratio to compared to that actually achieved. 	<ul style="list-style-type: none"> - Capital Programme Board <p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> - Strategic Investment team - Investment and Development Programme Board 	<p>considerable time. However, these processes were not followed strictly in the inception phase of the H120 project.</p> <p>Further enhancements to the content of business case templates are currently being considered by the Strategic Investment team and will be implemented by the incoming PMO in early 2024.</p> <p>Benefits realisation (comparing business case highlighted benefits and the actual position experienced of those benefits) is specifically referenced within the terms of reference as an area of focus for the Investment and Development Programme Board.</p>	
<p>05 - Fundamental</p>	<p>Service Charge Budgets and Calculations 2022/23</p> <p>The Head of Asset Management should meet with Joscelyne Chase to progress the determination of the 2023/24 service charges.</p> <p>A deadline should be set to complete the determination of service charges and their issue to site owners and tenants.</p>	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> • Asset Management team 	<p>APAM Catella, a recognised real estate and investment management firm, was contracted in 2020 to provide an estimate of service charge requirements for the H120 site. This work identified two service charge budgets; one for the period between construction of on-site buildings (called the “mobilisation” budget representing an estimated period of April 2021 to March 2022) and when the business park is fully developed and operational (called the “fully operational” budget estimated as required from April 2022 and March 2023). These have provided the basis for discussions with Jocelyn Chase, as the subsequently appointed Managing Agent for H120 on behalf of the Council, for the determination of the 2023/24 service budgets.</p> <p>It is recognised practise within the asset management profession that when considering a site that is still being completed and where plots are released on a phased basis, discussions regarding service charges are iterative in nature given the changing position on costs and the operators available to meet those costs (i.e. plot owners and operators). Indeed, in its service charge report (Service Charge Budget Year Ending 31 March 2022 V2) APAM highlights that “Budget costs may be phased in depending on the timing and velocity of on-site development”.</p> <p>That said, the interim Head of Asset Management meets regularly with Jocelyn Chase and the 2023/24 service charge has been estimated and service charge bills will be issued imminently (i.e. before the end of October 2023).</p>	

			When the H120 business park is fully occupied (estimated by the end of 2024/25 financial year) service charge calculation and billing will be much easier and more predictable as per the “fully operational” projections provided by APAM.	
06 – Significant	<p>Decision Tracker</p> <p>The Horizon 120 tracker in place is populated with all recent and future decisions with details of the decision, who approved the decision, the supporting details and the rationale behind the decision made and reference to supporting documentation.</p>	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> - Strategic Investment team 	<p>The tracker used by the Strategic Investment team to monitor project progress was introduced by the Strategic Investment team over the last three years as part of the improvements required highlighted by experience of previous projects (including Manor Street).</p> <p>Whilst all relevant formal decisions (i.e. those that required formal governance processes because of financial and legal regulations) have been undertaken and recorded either as officer delegated decisions, decisions by Cabinet Members, by Cabinet or by Council through the normal routes (i.e. decisions taken and highlighted on the public record as decisions in their own right or in relevant meeting minutes), the Strategic Investment team will add a decisions tracking element to the existing project tracker to highlight when these decisions were taken. The Horizon 120 tracker will therefore be updated with all decisions already taken by the end of October 2023.</p> <p>The Strategic Investment team also complete a Forward Plan of project progress that is reviewed and shared monthly with relevant corporate teams, including Procurement, Governance, Communications, etc, to enable resource planning and raise awareness of upcoming projects and required decisions.</p>	
07 – Significant	<p>The appointment of Calfordseaden LLP and Balfour Beatty</p> <p>The procurement documents and associated approval of the Calford Seaden LLP appointment are located, reviewed and retained on project files.</p> <p>The rationale to appoint Balfour Beatty and use the Scape Framework is formally documented.</p>	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> - Strategic Investment team 	<p>Calford Seaden were appointed through the Fusion 21 procurement framework and their appointment was approved based on the delegations agreed at Cabinet on the 11th February 2019 as per the following recommendation:</p> <p>The Corporate Director (Sustainable Development), in consultation with the Cabinet Member for Corporate Services and Asset Management and the Corporate Director (Finance) to authorise the disposal of land and the entering into contracts for the provision of utilities, services and as relevant the adoption of highways or other infrastructure, and to enter into legal agreements for the design and construction of infrastructure and site facilities.</p>	

			<p>Approval for entering into the contract with Calford Seaden was subsequently given by the Cabinet Member for Corporate Services and Asset Management and the Corporate Director (Finance) via email to the Corporate Director for Growth. The Deed of Professional Appointment was subsequently sealed by the relevant governance officer on the 11th December 2020. Copies of the Deed are retained by the Strategic Investment team.</p> <p>Whilst the decision was formally taken to use the Scape framework to appoint Balfour Beatty to complete the infrastructure works at H120 at Cabinet on the 28th May 2020, the rationale for appointing Balfour Beatty on the Scape Framework rather than using an alternative procurement method was not clearly defined within the relevant Cabinet paper. It is clear however that consistency of contractor was a factor given that Balfour Beatty had already been appointed to deliver the earthworks contract at H120.</p> <p>Exploration of the rationale for appointing Balfour Beatty through the Scape framework will be included within the final post project completion report for H120 when the project is completed (anticipated in 2024/25).</p>	
<p>08 - Fundamental</p>	<p>Service Charge Caps and Council Liabilities</p> <p>The service charge caps should be formally reviewed to ensure:</p> <ul style="list-style-type: none"> the cap levels and duration are documented; the likely liability is determined and factored into to the appropriate 2023/24 budgets; the documentation to approve the cap granted is located; and the arrangement to approve any future service charge caps is documented. 	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> Asset Management team. 	<p>The use of service charge caps is recognised within the property management and development sector as a technique used in negotiation to come to agreement on plots sales. In the case of H120, the caps were negotiated based on the service charge schedules produced by APAM (as referenced in 5 above) which suggested an overall service charge level of £0.45p per square foot. Only one cap, related to one plot on H120, caps the payable service charge below that £0.45p and all other caps for other plots set the level at £0.45p as per APAM’s recommendations.</p> <p>With reference to the recommendations:</p> <ul style="list-style-type: none"> A schedule of the service charge cap levels and duration and against which plots they relate is in place. Recognising, as highlighted in 5 above, that the service charge liabilities will change over time as more plots are sold and operators take up possession of those plots and therefore become liable for relevant proportions of the service charges, the actual service 	

			<p>charge rates due by current plot operators is below £0.45p per square foot given that the current cost of operating the H120 site is below that previously budgeted for by APAM.</p> <ul style="list-style-type: none"> • The service charge caps were highlighted in side letters to the sale agreements, that were themselves approved by the Corporate Director of Finance and Cabinet Member for Transformation at the time of individual plot sales (as per delegations agreed to them at Cabinet on the 8th July 2019). The individual plot sales and their associated side letters were subject to delegated officer decisions at the time and have therefore been documented through those decisions being taken. • Any future service charge caps will be highlighted at the time of delegated decisions on plot sales being taken by the Corporate Director of Finance and Cabinet Member for Resources and Performance. 	
09 – Merits attention	<p>Roadway and Footway Reinstatement Quality</p> <p>The Council should investigate the quality of reinstatement made across the Horizon 120 site.</p>	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> - Strategic Investment team 	<p>A schedule of defects relating to elements of the roadway and footways is already in place with Balfour Beatty that are required to be completed before the release of final contract retention sums (anticipated before the end of 2023/24).</p> <p>A separate schedule of condition and defects is in place with Readie Construction, who constructed the British Offsite and EoS developments on H120, through which defects to roadways and pavements have been identified and are agreed to be rectified (anticipated before the end of 2023/24).</p>	
10 – Merits attention	<p>Plots Sales – Gross Valuations</p> <p>The difference between the gross valuations per acre used of £800k and £750k is investigated and the rationale as to why the sums were used in each case is documented.</p>	<p>Corporate Director for Growth:</p> <ul style="list-style-type: none"> - Strategic Investment team 	<p>As identified in the Elucidate report, all gross valuations for H120 have been supported by valuations and professional guidance and conducted by our recognised valuations contractor, NPS. In this instance plot 4 was the first plot to be sold and plots 1,2 and 3 were sold together at a different time when market conditions, and therefore obtainable value, were different. This is documented in the valuation reports obtained at the time of sale for the relevant plots.</p>	

Report Title: To receive a suite of the Council's Key Financial Indicators as at 31 st August 2023	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Phil Myers, Head of Finance (phil.myers@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 To receive a suite of the Key Financial Indicators of the Council on performance in the current financial year up to 31st August 2023. To evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues as and when they may arise.

2. Recommendations

- 2.1 Members are asked to note the report of the Key Financial Indicators as at 31st August 2023.

3. Summary of Issues

- 3.1 The report includes a summary of the First Quarter Financial Review including the projected outturn for the 2023/24 year at Appendix A.
- 3.2 The Key Financial Indicators (KFIs) and Treasury Management Monitor for the financial year to 31st August 2023 are included as Appendices B and C.

Commentary

3.3 First Quarter Financial Review

- 3.3.1 The Council approved a net budget in February 2023 of £17.5m, to be financed from business rates, government grants, and council taxpayers. A drawdown of £644k of general fund balances was required to set a balanced budget.
- 3.3.2 A review of income and expenditure against budget and forecast for the year has been completed and was reported in the First Quarter Performance Report to Cabinet on 25th September. This showed an overall positive projected variance of £218k as detailed in Appendix A.
- 3.3.3 Staffing expenditure is currently projected to be underspent by £28k after taking into account the £300k corporate efficiency target reflected in the base budget. The Employers' current offer for settling the annual pay award from

April 2023 would add a further estimated £568k of cost (this is extra to the 3% provision already allowed in the budget). The additional in-year cost from the pay award is expected to be covered by extra income; however, this will have an ongoing negative impact on the budget for 2024/25 onwards.

- 3.3.4 Other Expenditure is forecast to be £501k over budget with increased housing benefit costs being incurred due to demands on the Council for homelessness and temporary accommodation and higher costs from supported housing schemes in the district. There are additional operating costs related to the new facilities developed by the Council, including where service charges are currently unrecoverable due to voids and unsold land plots. In addition, the Council has incurred unbudgeted legal costs in relation to the Wethersfield asylum centre appeal for which £162k (out of a total spend to date of £172k) is impacting on the 2023/24 financial year.
- 3.3.5 Offsetting the projected additional expenditure, is a forecast net overachievement of income of £1.4m, this is mainly from treasury management interest income, and a higher gainshare through the council tax sharing arrangement with preceptors.
- 3.3.6 A more detailed commentary on the reasons for the projected variances can be found in the First Quarter Performance report to Cabinet.

3.4 Key Financial Indicators

- 3.4.1 The Key Financial Indicators are set out in Appendix B.
- 3.4.2 The current capital programme totals £13.2m of which £6.7m is profiled to be spent in 2023/24. Actual expenditure incurred to the end of August was £1.4m. Project expenditure incurred includes: works on a garden of remembrance at the Bocking cemetery; ICT server and infrastructure upgrade at Causeway House; planned maintenance, including unadopted roads; disabled facilities grants; and residual costs at the H120 business park. There is currently a projected underspend of £126k across the capital programme mainly in relation to the Plaza project.
- 3.4.3 Capital receipts estimated to be generated in-year total £3.9m and which includes receipts from Right-to-Buy (RTB) sales (via Eastlight Community Housing), and receipts from the sale of Council-owned land and grant of access rights. In the current economic climate, there has been a marked slowdown in the number of RTB sales with three sales completed at the end of August with a total receipt value of £195k. The Council also received £112k from a legacy VAT shelter arrangement with Eastlight. Other minor receipts were received totalling £51k.
- 3.4.4 In terms of the Council's commercial property portfolio, the number of lettable units was 273, including offices and units at I-Construct, the Plaza, Victoria Square, and available space within Causeway House. At the end of August 246 lets were in place giving an occupation rate of 90%. Several vacant units

are close to being let and there continues to be third party interest in space within Causeway House.

- 3.4.5 The total Council Tax collectable debit for the year is £115m. The collection rate as at the end of August was 49.2% (£56.8m collected), which compares to a rate of 48.2% for the same period last year. Collection rates continue to be closely monitored for any impact from the cost-of-living crisis.
- 3.4.6 The total Business Rates collectable debit for the year is £47m. The collection rate as at the end of August was 47.1% (£22.2m collected), which compares to a rate of 47.9% for the same period last year. For 2023/24 businesses have seen their rate liability increase due to unwinding of relief schemes and the business rate revaluation introduced from April 2023.
- 3.4.7 A total of 506 write-offs of Council Tax, with a value of £75k have been authorised in the year to date: 79 in respect of the current year and 427 in respect of previous financial years. The main reason for write-off continues to be Individual Voluntary Arrangements (IVAs). In these cases, whilst debt is written off, collection continues via pre-agreed payment arrangements. Whilst an IVA is in place the Council is prevented from taking any further recovery action. If the debtor later defaults on an IVA, the outstanding debt is restated, and appropriate recovery action would then commence.
- 3.4.8 A total of 27 write-offs of Business Rates, with a net value of £42k, have been authorised in the year to date: 6 in respect of the current year and 21 in respect of previous financial years.
- 3.4.9 The value of sundry debts owed to the Council at the end of August is £2.8m, of which £1.4m is in respect of Housing Benefit overpayments. Payment plans are agreed and range from payment within 14 days, payments by instalments throughout the year, and plans determined under Regulations (prescribed maximum amount that can be received from a debtor's benefit award).
- 3.4.10 The proportion of supplier payments made within 30 days is 98.5% The target is 98%.
- 3.4.11 Up to the end of August the average amount held as short-term investments was £48.1m on which £912k of interest has been secured, equivalent to an annualised return of 4.5%.
- 3.4.12 The amount invested in pooled funds comprising equity, property, and multi-assets is £19m. Dividend income is paid quarterly or monthly depending upon fund, and the amount due to the end of August was £350k, equivalent to an annualised return of 4.4%. The total value of the Council's fund holdings at the end of August was £20.5m, which represented an unrealised gain of £1.5m.
- 3.4.13 Detail of the Council's investment portfolio totalling £70.2m, as at 31st August, is provided at Appendix C.

4. Options

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

5. Financial Implications

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

6. Legal Implications

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

7. Other Implications

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

8. Equality and Diversity Implications

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

9. List of Appendices

Appendix A – First Quarter Financial Review for 2023/24.

Appendix B – Key Financial Indicators for the period 1st April 2023 to 31st August 2023.

Appendix C – Treasury Management – Details of the Council's investments for the period 1st April 2023 to 31st August 2023.

10. Background Papers

First Quarter Performance Report 2023/24 – Cabinet 25th September 2023.

First Quarter Financial Review 2023/24 – Projected Full Year Variance

Business Plan Service	Updated Budget	Forecast Spend for the year	Current Forecast Variance	Forecast RAG Status
	£'000	£'000	£'000	
Asset Management	(2,814)	(2,407)	407	R
Community & Leisure	772	798	26	A
Corporate Management Plan	1,619	1,611	(8)	G
Economic Development	231	211	(20)	G
Environment	912	970	58	R
Finance	1,261	6	(1,255)	G
Governance	1,307	1,280	(27)	G
Housing Services	921	925	4	A
People & Performance	1,003	991	(12)	G
ICT & Facilities	2,009	1,960	(49)	G
Marketing & Communications	642	660	18	A
Operations	7,214	7,087	(127)	G
Strategic Investment	36	-	(36)	G
Sustainable Development	1,448	1,449	1	A
Service Total	16,561	15,541	(1,020)	G
Corporate Financing	1,334	981	(353)	G
Wethersfield Legal Challenge	-	162	162	
Est. Impact of Proposed Pay Award	-	568	568	
Efficiency & Income Allowance	(425)	-	425	
Net Total	17,470	17,252	(218)	G

Business Plan Service	Forecast £'000	Variance by Category		
		Staffing	Other Expenditure	Gross Income
		£'000	£'000	£'000
Asset Management	407	(110)	262	255
Community & Leisure	26	6	(11)	31
Corporate Management Plan	(8)	(9)	1	-
Economic Development	(20)	(20)	-	-
Environment	58	150	-	(92)
Finance	(1,255)	(46)	170	(1,379)
Governance	(27)	(68)	7	34
Housing Services	4	-	7	(3)
People & Performance	(12)	(11)	(1)	-
ICT & Facilities	(49)	(17)	(32)	-
Marketing & Communications	18	(16)	49	(15)
Operations	(127)	10	(48)	(89)
Strategic Investment	(36)	28	0	(64)
Sustainable Development	1	(206)	48	159
Service Total	(1,020)	(309)	452	(1,163)
Corporate Financing	(353)	(19)	49	(383)
Wethersfield Legal Challenge	162	-	162	-
Est. Impact of Proposed Pay Award	568	568	-	-
Efficiency & Income Allowance	425	300	-	125
Net Total	(218)	540	663	(1,421)

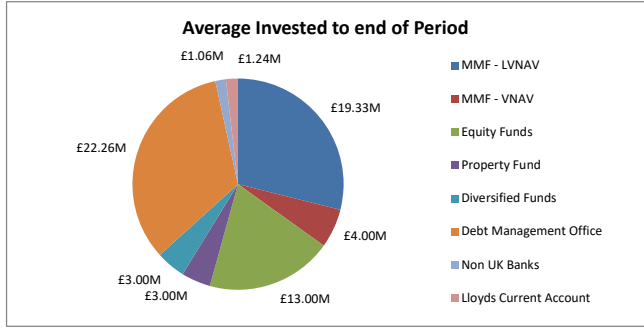
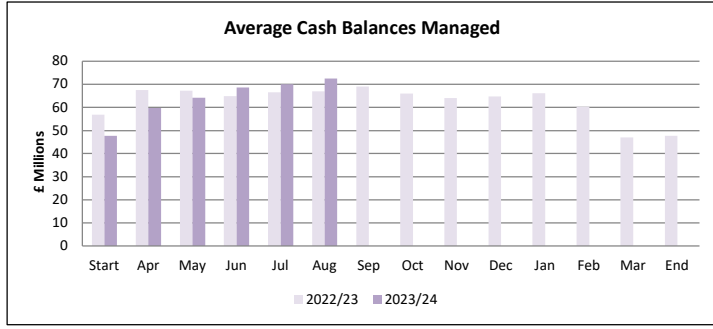
Key Financial Indicators at 31st Aug 2023

APPENDIX B

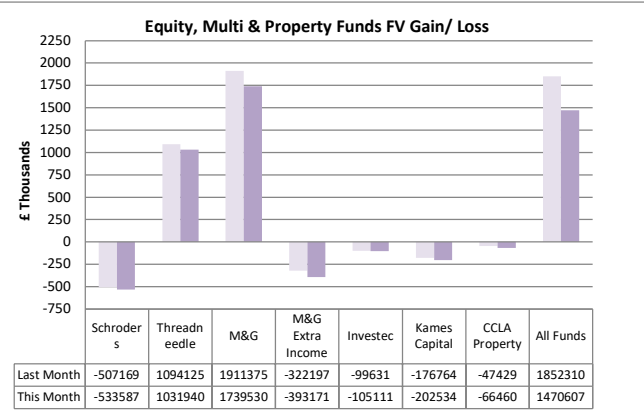
	Full Year Budget 2023/24	Actual 31 Aug 2023	Projected Full-yr Variance
Capital Programme			
Capital Expenditure	6,693	1,428	-126
Capital Receipts	-3,900	-358	

	Full Year Target	Actual 31 Aug 2023	Actual 31 Aug 2022	Variance
Council Tax collection in year - %	97.7%	49.2%	48.2%	1.0%
Council Tax collection - income collected for year - £m	£115.4	£56.8	£52.5	£4.3
Write-offs in year - £'000		£9	£7	£1
Write-offs in year - number		79	41	38
Write-offs all years £'000		£75	£149	-£74
Write-offs all years - number		506	372	134
Business Rates collection in year - %	98.9%	47.1%	47.9%	-0.8%
Business Rates collected for year - £m	£47.1	£22.2	£20.7	£1.4
Write-offs in year - £'000		£18	£11	£7
Write-offs in year - number		6	10	-4
Write-offs all years - £'000		£42	£53	-£11
Write-offs all years - number		27	23	4
Creditors - payment of invoices within 30 days of receipt	98.0%	98.5%	97.8%	0.7%

Debtors - Balance Outstanding	31-Mar-21	31-Mar-22	31-Mar-23	31-Aug-23
	£'000	£'000	£'000	£'000
Charges for services provided by central service e.g. Training, Procurement, Print Room, Marketing, Elections etc.	180	83	83	36
Asset Management	372	270	319	261
Development, Building Control & Environment	140	300	109	208
Finance	102	82	56	137
Community & Leisure	92	103	380	381
Operations	1,312	1,155	1,370	351
Housing	43	73	35	38
Sub-Total	2,241	2,066	2,352	1,412
Housing Benefits Overpayment Recoveries	1,613	1,541	1,441	1,412
Total	3,854	3,607	3,793	2,824
Profile by Recovery Stage:				
Invoice	2,088	2,016	2,085	949
Reminder	791	674	788	585
Pre-legal	145	86	136	482
Enforcement Agent	184	202	244	290
Tracing Agent	2	-	23	23
Charging Order	22	22	20	20
Attachment to Benefits/Earnings	622	607	497	475
Total	3,854	3,607	3,793	2,824
Write offs (debits and credits) in year - value - £000	£0.6	£90.3	£8.2	£2.5
Write-offs in year - number	141	226	179	128



	Investment Activity			
	This Month Made (£m)	Sold (£m)	Cumulative Made (£m)	Sold (£m)
External Investments				
Property Fund	0.0	0.0	0.0	0.0
Equity Funds	0.0	0.0	0.0	0.0
Multi Funds	0.0	0.0	0.0	0.0
MMF - LVNAV	0.0	0.0	0.0	-1.0
MMF - VNAV	0.0	0.0	0.0	0.0
Sub-Total	0.0	0.0	0.0	-1.0
Deposits - Fixed				
UK Bank & Building Soc.	0.0	0.0	0.0	0.0
Non-UK Banks	0.0	0.0	0.0	-3.0
Debt Mgt Office	11.0	-10.0	65.0	-39.5
Local Authorities	0.0	0.0	0.0	0.0
Sub-Total	11.0	-10.0	65.0	-42.5
Lloyds Bank PLC	0.0	0.0	0.0	-0.5
Sub-Total	0.0	0.0	0.0	-0.5
Total	11.0	-10.0	65.0	-44.0

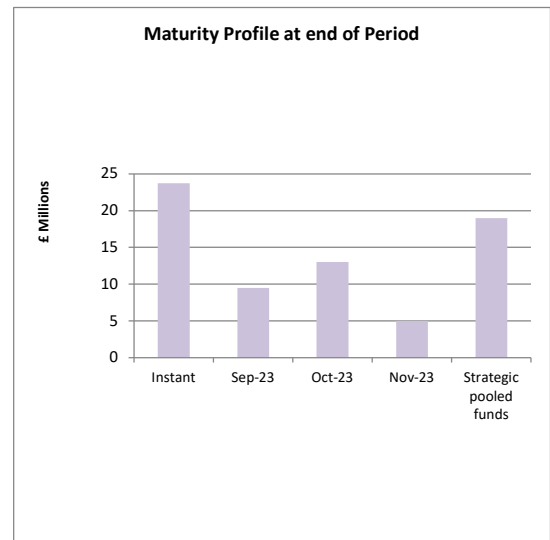


Commentary

Average sum invested in the month £72.56m (Last year £66.96m)
 Average sum invested for the year to date £67.1m (Last year £66.64m)
 Actual sum invested at the end of the period £70.22m (Last year £65.13m)
 Interest secured on instant access accounts, fixed deposits, and MMFs at the end of the period £911894 a return of 4.54% [Annual Updated Budget £514k]
 Note: 3mth LIBID 5.10% 1mth LIBID 4.77% Average Base rate 4.71%
 Dividends earned (declared) on equity, property and diversified funds to the end of the period £350k [Annual Budget £786k]
 Unrealised gain/ -loss at end of period for equity, property and diversified funds is a net £1471k a change of £-382k from last month

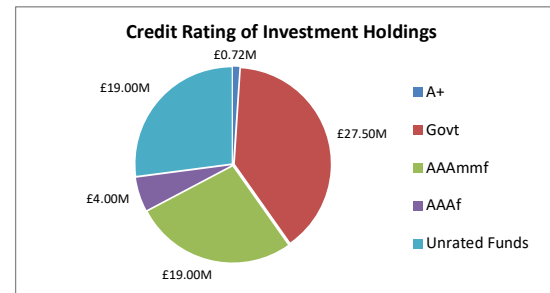
INVESTMENT HOLDINGS AT END OF PERIOD

COUNTERPARTY	Type	Principal	Start	Maturity	Yield
LANDESBANK HESSEN-THURINGEN (HELABA)	FIXED	0	00/01/1900	00/01/1900	0.00%
AUSTRALIA & NZ BANKING GROUP	FIXED	0	00/01/1900	00/01/1900	0.00%
DEBT MANAGEMENT OFFICE	FIXED	3000000	25/05/2023	19/10/2023	4.71%
DEBT MANAGEMENT OFFICE	FIXED	3500000	01/06/2023	19/10/2023	4.70%
DEBT MANAGEMENT OFFICE	FIXED	4000000	05/06/2023	19/10/2023	4.74%
DEBT MANAGEMENT OFFICE	FIXED	3000000	03/07/2023	19/09/2023	5.11%
DEBT MANAGEMENT OFFICE	FIXED	1000000	03/07/2023	20/09/2023	5.12%
DEBT MANAGEMENT OFFICE	FIXED	4000000	03/07/2023	20/11/2023	5.33%
DEBT MANAGEMENT OFFICE	FIXED	500000	01/08/2023	19/09/2023	5.16%
DEBT MANAGEMENT OFFICE	FIXED	1000000	04/08/2023	27/09/2023	5.16%
DEBT MANAGEMENT OFFICE	FIXED	3000000	10/08/2023	27/09/2023	5.17%
DEBT MANAGEMENT OFFICE	FIXED	1000000	15/08/2023	19/10/2023	5.24%
DEBT MANAGEMENT OFFICE	FIXED	1000000	15/08/2023	20/10/2023	5.24%
DEBT MANAGEMENT OFFICE	FIXED	1000000	22/08/2023	25/10/2023	5.29%
DEBT MANAGEMENT OFFICE	FIXED	500000	30/08/2023	25/10/2023	5.28%
DEBT MANAGEMENT OFFICE	FIXED	1000000	30/08/2023	22/11/2023	5.35%
LLOYDS BANK	CALL A/C	722000	31/08/2023	01/09/2023	5.15%
DEUTSCHE	MMF	0			5.07%
GOLDMAN SACHS	MMF	4000000	31/08/2023	01/09/2023	5.13%
CCLA PUBLIC DEPOSIT	MMF	5000000	31/08/2023	01/09/2023	5.11%
FEDERATED PRIME	MMF	5000000	31/08/2023	01/09/2023	5.25%
ABERDEEN STANDARD	MMF	5000000	31/08/2023	01/09/2023	5.20%



EXTERNAL FUND INVESTMENTS

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



Agenda Item: 7

Report Title: Internal Audit Update, Including Progress Against the 2023/24 Internal Audit Plan	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Angela Mitchell, Audit, Insurance and Fraud Manager	
Enquiries to: Angela Mitchell, Audit, Insurance and Fraud Manager angmi@braintree.gov.uk	

1. Purpose of the Report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Internal Audit activity to report functionally to the Governance and Audit Committee, being the committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.
- 1.2 The 2023/24 Internal Audit Plan was approved by the Governance and Audit Committee on 24th August 2023. This report provides Members with an update on the Internal Audit activity, and progress and performance against planned work and any other matters affecting the provision of the Internal Audit Service. This is in accordance with the Governance and Audit Committee role and the requirements of the PSIAS.
- 1.3 The Internal Audit function was subject to an External Quality Assessment (EQA) in February 2023, the outcome of which was detailed in a separate report to GASC. This report identifies progress in respect of addressing actions identified in this and the previous EQA.
- 1.4 The report also provides an update on Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) applications made by the Authority.

2. Recommendations

- 2.1 Members note the progress and performance against the 2023/24 Internal Audit Plan.
- 2.2 Members note the progress in respect of addressing actions identified in the External Quality Assessment of the Internal Audit function.

3. Summary of Issues

3.1 Progress against the 2023/24 Internal Audit Plans

- 3.1.1 Performance against the 2023/24 Internal Audit Plan is detailed in **Appendix 1**.

3.1.2. The following audits have been completed since the last progress report to the Committee (24th August 2023). **Appendix 2** provides a summary of the outcomes of these audits:

- Creditors – **Full Assurance**
- Cash & Bank - **Full Assurance**
- General ledger - **Full Assurance**
- Cyber Security – **Significant Assurance**
- Culture & Ethics / Employee Engagement – **Full Assurance**

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

- A significant proportion of the Audit Manager's time is spent on Insurance work, and some time also spent on Fraud work. The insurance service is currently preparing for the 2023 renewal including negotiations with insurers regarding premium rates, and has dealt with additions to cover requirements and responded to insurance and risk related enquiries, and is also managing a high claim caseload.
- The Audit Manager is reviewing Fraud related policies.
- Additional ad hoc advice and consultancy services have been provided in the areas summarised in Appendix 1.

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

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

3.2.1 There have been no RIPA / IPA applications in 2023/24 to the date of producing this report.

3.2.2 The RIPA Policy has been reviewed and is the subject of a separate report to this Committee.

3.3 **Quality Assurance & Improvement Programme (QAIP)**

3.3.2 Since the last update to the Governance and Audit Committee (April 2023) on the QAIP and the status of implementation of recommendations and suggestions identified in the 2022/23 External Quality Assessment, the following improvements have been made:

- Auditors are provided an indication of the time budget for each assignment (Recommendation 7)

3.4 Corporate Objectives

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

- The 2023/24 Internal Audit Plan includes work across all Corporate Objectives:
 - A sustainable environment and a great place to live, work and play;
 - A well connected and growing district with high quality homes and infrastructure;
 - A prosperous district that attracts business growth and provides high quality employment opportunities;
 - Residents live well in healthy and resilient communities where residents feel supported;
 - A high performing organisation that delivers excellent and value for money services;
 - Delivering better outcomes for residents and businesses and reducing costs to taxpayers.

4. Options

This report invites the Governance and Audit Committee to receive and note the progress against the 2023/24 Internal Audit Plans, additional work performed, and any other matters affecting the Internal Audit service.

5. Financial Implications

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

6. Legal Implications

There are no specific legal implications arising from this report.

7. Other Implications

There are no other implications arising from this report.

8. Equality and Diversity Implications

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

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

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

9. List of Appendices

Appendix 1 – Progress Against the 2023/24 Internal Audit Plan

Appendix 2 - Outcome of Audits Completed Since the Previous Report to Governance Committee (4th August 2023)

10. Background Papers

None.

APPENDIX 1 - PROGRESS AGAINST 2023/24 INTERNAL AUDIT PLAN
(as of 18th September 2023)

This Appendix summarises the work completed in respect of the 2023/24 Internal Audit Plan (presented to the Governance and Audit Committee on 24th August 2023).

	Audit Priority		Current Status	Date Report to Governance & Audit Committee
2023/24 Internal Audit Plan – All Audits				
1	Core Financial Systems <ul style="list-style-type: none"> • Creditors • Cash & Bank • General Ledger 	1	<ul style="list-style-type: none"> • Completed • Completed • Completed 	<ul style="list-style-type: none"> • 4th October 2023 • 4th October 2023 • 4th October 2023
2	Payroll Shared Service	1		
3	Elections	2	In progress	
4	Business Continuity	1		
5	Business Continuity – Key Suppliers	1		
6	Commercial Group	2		
7	Shared Services	1		
8	Cyber Security	1	Completed	4 th October 2023
9	Cyber Security Sub-Group	1		
10	Finance System Access Controls	2	In progress	
11	System Access Controls	2	In progress	
12	Culture & Ethics / Employee Engagement	1	Completed	4 th October 2023
13	Health & Safety	1	Ongoing attendance at corporate meetings	
14	Cost of Living Crisis	1	In progress	
15	Equality Diversity & Inclusion (EDI)	1		
16	Energy Performance	2		
17	Grant Scheme Due Diligence	2		
18	Business Support Grants / Other External Funding Assurance	1		
19	Fraud Risks - Payments	1		
20	Fraud Risks – Strategic Projects / Asset Management	1	In progress	
21	Data Matching	2	In progress	
22	Accuracy of Housing Application Processing	2		
23	Land and Property Inspections	2		
24	Debtors	2		
25	Housing Strategy	2		
26	Operator Licence Compliance	2		

27	North Essex Parking Partnership	2	In progress	
28	Braintree District Museum Trust	2	In progress	
29	Follow Up Reviews – Limited Assurance Reports <ul style="list-style-type: none"> • Housing Application Document Verification (2019/20) • Contract Management – Major Contracts (2020/21) • Managers Self Service (2021/22) • Project Realisation of Benefits (2021/22) • Asset Management and Service Charges (2022/23) • Horizon 120 (2022/23) • Suppliers / Contractor Resilience (2022/23) • CCTV / GDPR Compliance (2022/23) 	1	<ul style="list-style-type: none"> • In progress • Completed • Completed • follow up in progress • • • 	<ul style="list-style-type: none"> • <i>Update 24th August 2023</i> • 24th August 2023 • 24th August 2023 • Corporate Director update to GAC - 4th October 2023
30	Follow Up Reviews - Other	2	In progress	<i>Update 24th August 2023 via Annual Report</i>
31	Office for Local Government	1		
32	Annual Governance Statement	1		

2023/24 ADDITIONAL WORK COMPLETED

During 2023/24 the internal audit function has provided ad hoc advice and guidance in various areas, including the following. No assurance levels are assigned to this work:

- **Financial Appraisals** conducted on potential suppliers to support the procurement process.
- **Verification of DWP account information** (as required by Cabinet Office Baseline Personnel Security Standard), and other DWP account administration
- Follow up advice re **digital verification of ID**.
- Lloyds account user administration
- Advice on **Authorised Signatory** permissions
- Review of Member **Council Tax accounts**
- The service continues to undertake administrative support for the Councils **Barclaycard** arrangements

- Ongoing participation in Corporate **Protect Duty** group.
- **Investigation** work in respect of a staff matter
- Advice was provided to Environmental Health on procedures relating to **setting up a new customer** for Council services
- A review of **spend against a fund provided to the Council**, to support provision of a statement of assurance to the fund provider, was conducted by the Senior Auditor
- The Audit Insurance & Fraud Manager continues to offer advice in relation to **insurance and the management of risks**

APPENDIX 2 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO GOVERNANCE COMMITTEE (24th August 2023)

Recommendations reflect only High and Medium priority matters raised:

Audit	Overview of Scope	Summary of Findings	High / Medium Priority Recommendation(s)	Priority	Agreed / Responsible Officer / Action Date
Creditors Full Assurance	<ul style="list-style-type: none"> • Authorisation of suppliers and ordering in accordance with procedures • Payments only for goods and services which were authorised, ordered and received • Requests to change supplier details evaluated before payments authorised • Invoices paid within 30 days • BACS payments approved by an authorised officer 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • Official order completed for all payments, goods were received and official orders / invoices were approved by authorised signatory • Procurement rules requirement for quotations, and processing of invoice payments were followed • Supplier change requests were in writing and evaluated by Payments Officers before being processed • Performance targets for payment of invoices within 30 days were met • BACS payment processes were followed and payments approved by an authorised signatory 	<p>There were no recommendations arising from this review</p>	<p>N/A</p>	<p>N/A</p>
Cash & Bank Full Assurance	<ul style="list-style-type: none"> • Allocation of income to the correct account • Prompt processing of bank statements 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • Payments by different methods were processed correctly and allocated to the correct customer accounts • Bank statement transactions with missing information are added to the 	<p>There were no recommendations arising from this review</p>	<p>N/A</p>	<p>N/A</p>

	<ul style="list-style-type: none"> • Unidentified remittances posted to suspense and cleared promptly • End of day processes completed • Reconciliations of income completed 	<p>suspense account, and service departments contacted to identify payment details. Transactions on suspense are reviewed and cleared once details supplied, or returned to the payee if not identified</p> <ul style="list-style-type: none"> • End of day processes are followed and transactions posted to accounts the next working day, checks are made to ensure totals correct • Payments system users were checked and confirmed all were current employees with access relevant to their roles 			
General Ledger Full Assurance	<ul style="list-style-type: none"> • Completeness and accuracy of data on the general ledger • Management of access to the Efinancials system • Arrangements for back up and recovery of the general ledger • Authorisation of journals 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • Access to the Efinancials system was restricted to appropriate staff • Back up arrangements were in place • Journal transfers were appropriately authorised and documented (see next column) • Transactions were recorded in the correct general ledger codes • Suspense accounts were cleared before the end of the financial year 	Two journal transfers had been approved by an officer not authorised to do so but whose role warranted that authority, the matter was corrected by updating authorisation arrangements for that officer	N/A	N/A
Cyber Security Significant Assurance	<ul style="list-style-type: none"> • Review of external sources of assurance on cyber security arrangements 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • The Council is subject to regular external checks from independent organisations, and also self-assesses against assessment criteria. 	ICT team intention to complete further assessments and external checks was noted	Medium	Agreed: ICT Technical Services Manager Action Date: 1. Nov 2023

		<ul style="list-style-type: none"> • Anti-virus software has been implemented and the ICT team monitor cyber attack attempts 	Some mobile devices were unable to run the newer versions of software, management are assessing budget implications and risk is mitigated through restrictions on applications accessed via those devices		2. Dec 2023
Culture & Ethics / Employee Engagement Full Assurance	<ul style="list-style-type: none"> • Review of HR data to ensure employee engagement issues are identified and resolved • Employee survey results analysed, and results communicated and acted on • Corporate culture supports inclusion and Equality and Diversity policies are met • Actions in the strategic risk register relating to culture and staffing are in place and effective 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • The Council has strategies and policies supporting employees, and sickness and other statistics are reported quarterly • Staff survey results are available on the intranet and associated actions are considered by Management • Data is published in accordance with the Equality Act 2010 • Equality impact assessments are published on the Council's website • Council priorities relating to the Equality Act and associated Council performance are measured and reported • Culture and staffing is identified as a significant risk included in the strategic risk register. Actions taken and required are identified and a corporate director assigned responsibility for the risk. Progress is reviewed twice yearly 	There were no recommendations arising from this review	N/A	N/A

		by corporate management and Cabinet Members, and approved by the Governance and Audit Committee			
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Key:

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

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

Management Responses for Matters Previously Reported to the Governance and Audit Committee:

- **Follow Up – Manor Street Project.** The follow up report confirmed all original recommendations had been implemented, but made one further recommendation relating to conducting analysis of the project benefits to support delivery of outputs and outcomes and inform the project closure report, and completing Project Closure reports in a timely manner to enable lessons to be learned (reported to Governance and Audit Scrutiny Committee in April 2023). *Update October 2023: Management response is pending*
- **Horizon 120.** The report made recommendations relating to the business case, decision tracker, contractor appointment, and service charge budgets and calculations. *Update October 2023: Corporate Director of Growth is reporting separately to the Governance and Audit Committee in October 2023.*

Report Title: Update of the Regulation of Investigatory Powers Act 2000 (RIPA) & Investigatory Powers Act 2016 (IPA) Policy	
Report to: Governance and Audit Committee	
Date: 4 th October 2022	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Angela Mitchell, Audit, Insurance and Fraud Manager	
Enquiries to: Angela Mitchell, Audit, Insurance and Fraud Manager, (angmi@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 The Governance and Audit Committee functions include monitoring the Council's counter fraud and corruption arrangements: The Regulation of Investigatory Powers Act (RIPA) is the legislation governing covert surveillance techniques used in investigations, and the Investigatory Powers Act (IPA) makes provisions relating to the acquisition of communications data.
- 1.2 The RIPA and IPA policy has been reviewed; the updated policy is provided at **Appendix 1** to this report.

2. Recommendations

- 2.1 Members are requested to approve the updated RIPA and IPA Policy.

3. Summary of Issues

- 3.1 RIPA is the law governing the use of covert techniques by public authorities. If the Council needs to use covert techniques to obtain private information about a person subject to investigation, the law requires that we seek only necessary information and do this in a manner which is proportionate and compatible with human rights. An application to conduct covert surveillance is subject to both internal approval routes, and to judicial approval.
- 3.2 IPA makes further provisions relating to the acquisition of communications data (the 'who', 'when', 'where' and 'how' of a communication, but not the content (i.e., What was said or written). The Act also makes provision for the interception of communications which Local Authorities are not permitted to do. IPA applications are submitted to the National Anti-Fraud Network for review before being passed to the Office for Communications Data Authorisations for approval
- 3.3 The following changes have been made to the RIPA and IPA policy approved by the Governance and Audit Scrutiny Committee in November 2022:

- Section 3.3 Authorising Officers –to reflect the full list of Authorising Officers identified in the Council’s Constitution (para 25.5 General Delegations (j), the following Officers have been added to the list of Authorising Officers:
 - Corporate Director (Dominic Collins)
 - Monitoring Officer (Kim Mayo)
 - Deputy Monitoring Officer (Emma Wisbey)
 - Head of Finance (Phil Myers)

- Section 4.4 Covert Human Intelligence Source (CHIS) – this has been updated to include the following additional paragraphs:
 - 4.4.2 defines further a relationship established or maintained for covert purposes.
 - 4.4.3 defines covert use of a relationship and covert disclosure of information.
 - 4.4.4 defines a ‘Relevant Source’ in the context of a CHIS.
 - 4.4.6 directs readers to information on the procedures and safeguards to be applied in handling material obtained through a CHIS authorisation.
 - 4.4.7 updates the link to the 2022 CHIS revised Code of Practice

- Section 4.5.2 Authorisation Levels and Durations
 - the table has been updated to expand the CHIS authorisation requirements for child / vulnerable person to also include where privileged or confidential information may be required, and to clarify that the Corporate Director acting as Head of Paid Service (HoPS) may authorised this in the absence of the HoPS
 - the table has been updated for surveillance involving confidential information to clarify that the Corporate Director acting as Head of Paid Service (HoPS) may authorised this in the absence of the HoPS

3.4 Braintree District Council has not made any applications for RIPA or IPA since 2012.

3.5 Corporate Objectives

3.5.1 By ensuring compliance with legislation and best practice in investigations, the recommendations set out in this report will help the Council to deliver its Corporate Objectives of:

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

4. Options

This report invites Members of the Governance and Audit Scrutiny Committee to approve the revision to Officer roles in the RIPA and IPA Policy to update current role holders.

5. Financial Implications

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

6. Legal Implications

There are no specific legal implications arising from this report.

7. Other Implications

There are no other implications arising from this report.

8. Equality and Diversity Implications

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

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

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

8.3 The Equality Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

None.

10. Background Papers

None.

RIPA 2000 & IPA 2016 CORPORATE POLICY



REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) and INVESTIGATORY POWERS ACT 2016 (IPA)

Authors:

- James Godsmark, Auditor
- Angela Mitchell, Audit Insurance & Fraud Manager and RIPA Coordinating Officer

Internal Consultants

- Former Corporate Director and Senior Responsible Officer (V7)
- Former Chief Executive and Authorising Officer (V7)
- Former Head of Environment and Authorising Officer (V7)
- Environmental Health Manager (V7)
- Head of Governance and Monitoring Officer (V7)
- Fraud Investigator (V7)

External consultant

- Gerald Horne, IPCO Inspector (reviewed draft May 2020, prior to internal consultation)

Background / Purpose of Policy:

This policy gives staff guidance on the lawful use of covert investigatory techniques under the Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA)

Version Control:

- V1. RIPA 2000 Corporate Guidelines – October 2003
- V2. RIPA 2000 Corporate Guidelines – Revised July 2007
- V3. RIPA 2000 Corporate Guidelines – Revised April 2010
- V4. RIPA 2000 Corporate Guidelines – Revised February 2011
- V5. RIPA 2000 Corporate Guidelines – Revised November 2012
- V6. RIPA 2000 and IPA 2016 (IPA) – Revised September 2016
- V7. RIPA 2000 and IPA 2016 (IPA) – Revised June 2020
- V8. RIPA 2000 (RIPA) and IPA 2016 (IPA) – Revised October 2022 to update role holders
- V9. RIPA 2000 (RIPA) and IPA 2016 (IPA) – Revised September 2023 (DRAFT – this version)

Policy Approval – Officer Level:

- Corporate Director
- Corporate Management Board – (V7 - 16 June 2020)

Policy Approval – Member level:

- Governance and Audit Scrutiny Committee

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1. INTRODUCTION

- 1.1. RIPA sets out a framework for the use of covert investigatory techniques by public authorities. RIPA does not give any powers to carry out covert activities, it regulates them in a manner compatible with human rights laws.
- 1.2. **RIPA must only be used as a final resort** if you cannot obtain the necessary information from another source. Any Officer contemplating the use of RIPA should first consult the RIPA Co-ordinating Officer.
- 1.3. The Investigatory Powers Act (IPA) has updated some elements of RIPA and is now the main legislation governing communications data.
- 1.4. Braintree District Council (BDC) as a local authority can use some surveillance techniques under the RIPA and IPA. These techniques are:
 - Directed surveillance
 - Covert Human Intelligence Sources (CHIS)
 - Communications data (entity and events data)

1.5. BDC **cannot** use the following surveillance techniques:

- Intrusive surveillance
- Targeted interception – the content of Communications (see also 5.1.1)
- Enter or interfere with property, or with wireless telegraphy or postal communications.

2. SCOPE OF POLICY

2.1. This policy applies to all employees (permanent or temporary), contractors and Members of Braintree District Council. The aim of this policy is to give staff guidance on using Investigatory Powers in line with legislation.

3. MANAGEMENT OF RIPA & IPA

3.1. **Senior Responsible Officer – Suzanne Bennett** – is responsible for:

- The integrity of the process in place within the Council for the management of RIPA and IPA.
- Compliance with Part II of RIPA and the Codes of Practice.
- Compliance with Part 3 of IPA and the Codes of Practice
- Engagement with the officers, commissioners and inspectors when they conduct their inspections.
- Where necessary, overseeing the implementation of any post inspection action plans recommended or approved by a Commissioner or similar.
- Oversight of the reporting of errors to the Investigatory Powers Commissioner (IPC) and prevention of further errors.

3.2. **RIPA Co-ordinating Officer** – Angie Mitchell is responsible for:

- maintenance of the Central Record of RIPA activity
- organisation of training requirements
- oversight and quality control of documentation
- raising awareness of RIPA throughout the organisation

3.3. **Authorising Officers:**

- Chief Executive (Dan Gascoyne)
- Corporate Director (Suzanne Bennett)
- Corporate Director (Cherie Root)
- Corporate Director (Dominic Collins)
- Monitoring Officer (Kim Mayo)
- Deputy Monitoring Officer (Emma Wisbey)
- Head of Environmental Services (Josie Falco)
- Head of Operations (Paul Partridge)
- Head of Finance (Phil Myers)
- Audit, Insurance & Fraud Manager (Angie Mitchell)

Authorising officers are personally responsible for ensuring all activity is in accordance with the Act and Statutory Code of Practice and maintaining relevant controls and procedures to ensure this.

3.4. Training:

Officers holding the above roles, and Officers who may conduct activity requiring RIPA authorisation, will be trained at least every 3 years.

4. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

4.1. Overview

4.1.1. RIPA regulates the authority's use of Directed Surveillance and Covert Human Intelligence Sources. BDC can only use these techniques for the purpose of **preventing or detecting crime or preventing disorder**. Surveillance must cease if, as the investigation progresses, this is not the case.

4.1.2. RIPA does not cover surveillance carried out as a result of an **immediate** response to events or circumstances which could not have been foreseen. For example authorisation is not required if a staff member conceals themselves to observe a suspicious person they have come across in the course of their work.

4.2. Application Process

4.2.1. These techniques must be internally approved by an Authorising Officer (see para 3.3 above) and must be **necessary** and **proportionate**. The Authorising Officer must also consider the privacy of people other than the subject, this is known as **collateral intrusion**. Before any surveillance takes place it must be approved by a Justice of the Peace (Magistrate or District Judge).

4.2.2. Application forms can be found at <https://www.gov.uk/government/collections/ripa-forms--2> Copies of all forms used in the RIPA application should be provided to the RIPA co-ordinator.

4.3. Directed surveillance

4.3.1. Local authorities can only conduct direct surveillance in investigations where they are investigating a **criminal offence** which has a **minimum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco** (only specified offences).

4.3.2. Directed Surveillance is covert, but not intrusive (see definition), and is undertaken:

- for the purpose of a **specific** investigation/operation;
- in a manner which is likely to result in obtaining **private information** about a person (whether the subject or third party);
- And not as an immediate response to events.

4.3.3. Further details can be found in the Covert Surveillance and Property Interference revised Code of Practice (2018)
<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>

4.3.4. Directed Surveillance Application, Renewal, Review, and Cancellation forms are available at <https://www.gov.uk/government/collections/ripa-forms--2>

4.4. Covert Human Intelligence Source (CHIS)

4.4.1. A person is a source if they:

- Establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling in the following two points.
- Covertly use such a relationship to obtain information or to provide access to any information to another person; or
- Covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

4.4.2. A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose. (*Section 26(9)(b) of the RIPA 2000*).

4.4.3. A relationship is used covertly, and information obtained is disclosed covertly, if and only if the relationship is used or the information is disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question. (*Section 26(9)(c) of the RIPA 2000*).

4.4.4. The Regulation of Investigatory Powers (Covert Human Intelligence Sources: Relevant Sources) Order 2013 (“the 2013 Relevant Sources Order”) further defines a source (CHIS) holding an office rank or position within the Council (and other specified public bodies) as a “*Relevant Source*” and requires enhanced authorisation arrangements for this type of CHIS.

4.4.5. The management of a CHIS is of upmost importance. Each CHIS will have a handler and controller. The handler will usually be the point of contact with the CHIS. The controller will supervise the CHIS and monitor the use of the CHIS.

4.4.6. The Covert Human Intelligence Sources revised Code of Practice (2022) (Chapter 9) provides guidance on the procedures and safeguards to be applied in the handling of any material obtained through a CHIS authorisation.

4.4.7. Further details can be found in the Covert Human Intelligence Sources revised Code of Practice (2022)

<https://www.gov.uk/government/publications/covert-human-intelligence-sources-code-of-practice-2022>

4.4.8. CHIS Application, Renewal, Review, and Cancellation forms are available at <https://www.gov.uk/government/collections/ripa-forms--2>

4.5. Authorisation levels and durations

4.5.1. Local authorities have a two level authorisation process for RIPA. First the activity must be approved internally by an Authorising Officer or the Head of Paid Service (see below table). Ideally this officer should not have been directly involved in the investigation. Authorisation must be given in writing. This application must then be presented to a Justice of the Peace (Magistrate or District Judge) for authorisation. For more details: *Protection of Freedoms Act 2012 – changes to provisions under the Regulation of Investigatory Powers Act 2000 (RIPA) Home Office guidance to local authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance.*

4.5.2. If the authorisation is approved it is valid for the following durations:

	Internal authorisation levels	Durations (unless renewed or cancelled)
Directed surveillance	Authorising Officer	3 months
Covert Human Intelligence Source (adult)	Authorising Officer	12 months
Covert Human Intelligence Source (where privileged or confidential information may be acquired or if child/vulnerable person to be used as CHIS)	Head of Paid Service (or in his/her absence - Corporate Director acting as HoPS)	4 months
Surveillance involving confidential information	Head of Paid Service (or in his/her absence - Corporate Director acting as HoPS)	As above

4.5.3. Authorisations should be reviewed at least once a month by the Authorising Officer to assess the need for them to continue. Authorisations can be renewed for the same period again if approved by the Authorising Officer and Justice of the Peace. If an authorisation is not renewed before the end date it must cease. All authorisations must be **cancelled** as soon as the surveillance is no longer required.

4.6. Social Media

- 4.6.1. The fact that digital investigation is routine or easy to conduct does not reduce the need for authorisation, and care must be taken to understand how social networking sites are being used. Repeated viewing of 'open source' sites may constitute directed surveillance, and if a relationship is established or maintained by an Officer of the Council or a member of public acting on its behalf, an authorisation for the use and conduct of a CHIS is necessary
- 4.6.2. It is not unlawful for a member of a public authority to set up a false identity but it is inadvisable for a member of a public authority to do so for a covert purpose without an authorisation for directed surveillance when private information is likely to be obtained. Further information is available in the Covert Surveillance and Property Interference revised Code of Practice (2018) paragraphs 3.10 to 3.17
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf
- 4.6.3. Online investigations should only be conducted by suitably trained staff. For further information please see the Corporate Policy on the Use of Social Networking Sites for Investigations, and the Staff Social Media Policy (available via the Beehive).

4.7. CCTV

- 4.7.1. Overt CCTV systems such as those used in towns or shopping centres do not usually require RIPA authorisation. However, should these cameras be used for a specific investigation or operation then an authorisation for direct surveillance may be required.
- 4.7.2. Further information can be found in the Surveillance Camera Code of Practice <https://www.gov.uk/government/publications/surveillance-camera-code-of-practice>

4.8. Retention and disposal of records

- 4.8.1. Staff must ensure they comply with legal frameworks including Data Protection, to ensure the handling of private information is lawful, justified and strictly controlled, including ensuring the security of material through review of the access to / physical storage of data (including electronic, email, paper and other forms of media), and secure destruction in accordance with retention periods.
- 4.8.2. The RIPA Co-ordinating Officer will maintain a central record for all authorised surveillance activity and supporting documents for a period of at least seven years. After this period, if they are no longer required, they will be securely destroyed/deleted
- 4.8.3. The Code of Practice details the procedures and safeguards to be applied in relation to the handling of any material obtained through

directed or intrusive surveillance, further details of information safeguarding requirements are available in Section 9 of the Covert Surveillance and Property Interference revised Code of Practice (2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf

5. INVESTIGATORY POWERS ACT 2016 – COMMUNICATIONS DATA

5.1. Overview

5.1.1. The Investigatory Powers Act 2016 is now the main legislation governing communications data. This includes how local authorities obtain communications data. Communication data includes who, what, when, how and with whom but it **does not** include the content. Local authorities **cannot** obtain Internet Connection Records (ICR) or intercept communications.

Communications data includes electronic communications, telecommunications and postal network.

5.1.2. As with RIPA authorisations data request must be **Proportionate** and **Necessary** and steps must be taken to **avoid Collateral Intrusion**.

5.1.3. BDC can request **Entity data** for the **prevention and detection of any crime**. Entity data is the data regarding entities and the links between them but does not include information about individual events. Entities include individuals, groups or objects (e.g. communication devices). This was previously known as subscriber data.

5.1.4. BDC can only request **Events data** for investigations into a **Serious Crime**. This is defined as an offence:

- Capable of attracting a prison sentence of **12 months** or more;
- By a person who is not an individual (e.g. corporate body);
- That involves the use of violence, results in substantial financial gain or is conduct by a large number of persons in pursuit of a common purpose;
- Which involves, as an integral part of it, the sending of a communication or a breach of a person's privacy.

Events data identifies or describes events which consists of one or more entities engaging in an activities at specific points in time.

5.2. Application process

5.2.1. BDC applies to obtain communications data through the National Anti-Fraud Network (NAFN) who are the Single Point of Contact (SPoC) for BDC. One of the approved persons (as Authoring Officers in para 3.3 above) must be made aware of the application. It can then be sent to the SPoC to be reviewed. If they approve the request it is sent onto **The Office for Communications Data Authorisations (OCDA)** for authorisation. This is a different process to RIPA, of note the internal

approved person does not have an authorising role. Also this application is not made to a Justice of the Peace.

5.2.2. Once approved the authorisation is valid for one month unless extended. If an authorisation is no longer required the SPoC must be informed **immediately**. If the SPoC believes that more work is required on the application they will send it back for a rework. The applicant has **14 days** to complete the work and resubmit. If OCDA reject the application BDC have two options to progress the application. They can revise the application and re-submit it or request the OCDA review their decision. The appeal must be made by the SRO (see Appendix A) within **7 days** of the decision.

5.3. Criminal offences

5.3.1. The Act introduces two offences that applicants need to be aware of:

- 5.3.1.1. S11 Unlawfully Obtaining Communications Data.
Makes it an offence for an officer, without lawful authority, to knowingly or recklessly obtain communications data.
- 5.3.1.2. S82 Telecommunications Operators (TO) Unlawful Disclosure.
Makes it an offence for anyone working for a TO to disclose, without reasonable excuse, the existence of a communications data request without permission.

5.4. Recordable, reportable and serious errors

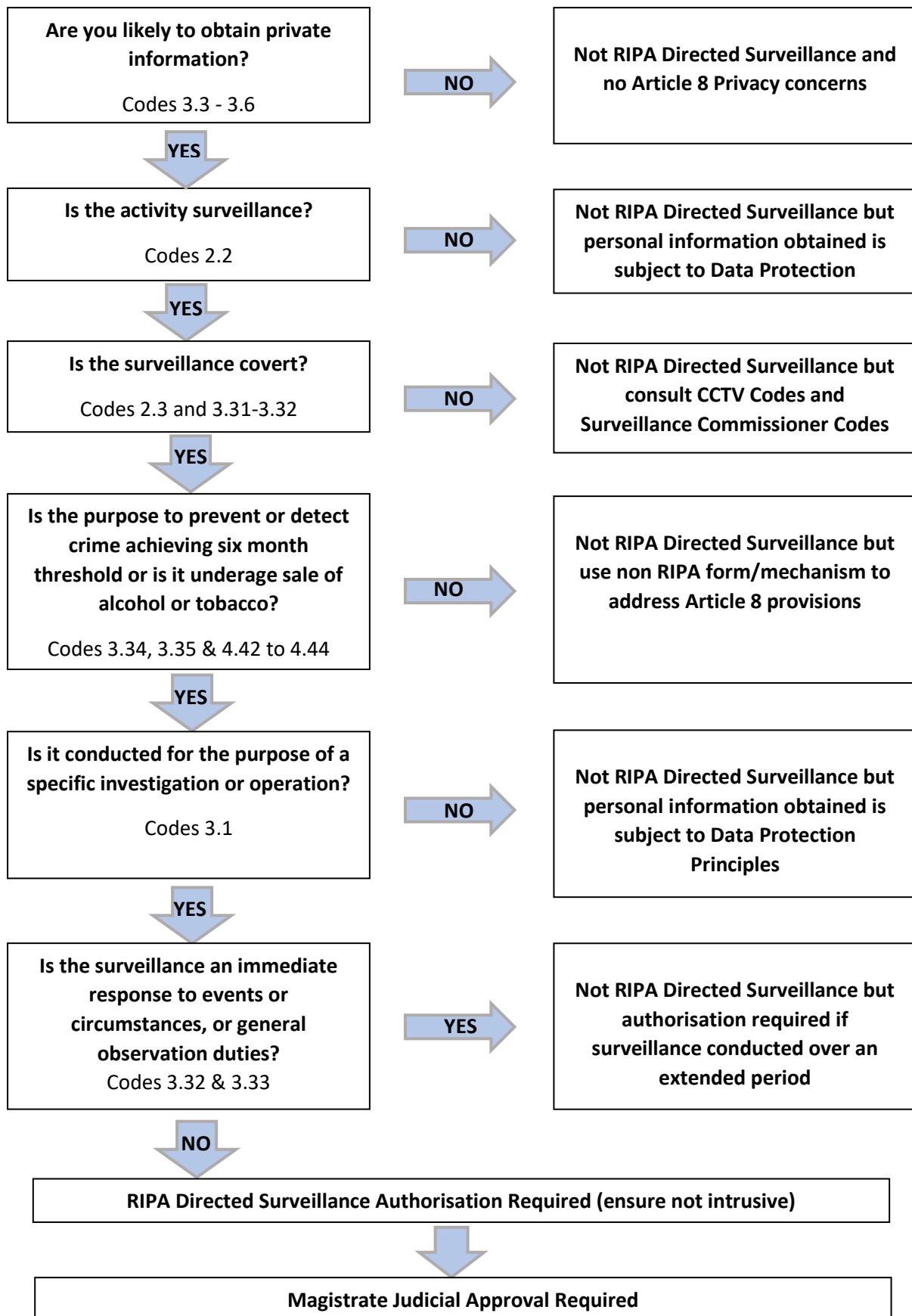
5.4.1. Any errors involved in the acquisition of communications data should be recorded or reported to the IPC as required by law.

5.4.2. For more information see the Communications Data Code of Practice <https://www.gov.uk/government/publications/investigatory-powers-act-2016-codes-of-practice>
Or the NAFN IPA General Awareness Briefing <https://www.local.gov.uk/sites/default/files/documents/NAFN%20Investigatory%20Powers%20Act%20Guidance%20Booklet.pdf>

6. LINKS TO OTHER BRAINTREE DISTRICT COUNCIL POLICIES

- **Social Media Policy** – available via the intranet (Beehive), this policy defines corporate protocols for the general use of social media for corporate and personal purpose, whether or not the social media is being accessed using BDC or personal equipment
- **Policy on the Use of Social Media in Investigations** – this policy defines the permitted scope of use of social media for investigations, and the activity requiring RIPA authorisation

Appendix A – RIPA Directed Covert Surveillance Decision Chart



Appendix B - General Definitions (refer to the legislation for detailed definitions)

Collateral intrusion - occurs when organisations obtain information about people who are not the target of the initial enquiry. Where possible collecting information on other people should be avoided. If it cannot be avoided steps should be taken to mitigate it.

Proportionality – The authorising officer must balance the intrusiveness of the activity on the subject and others against the operational need for the activity. The following should be considered:

- The size and scope of the activity against the gravity/extend of the crime;
- How and why the methods will cause the least possible intrusion;
- Is the activity the most appropriate use of legislation for obtaining the necessary result;
- All less intrusive alternatives to achieve the result.

Covert - concealed, hidden, done secretly

Intrusive surveillance - is covert surveillance, carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.

Private information - includes any information relating to a person's private or family life.

Confidential Information – includes communications subject to legal privilege, communications between a MP and another on constituency matters, confidential personal information or confidential journalistic material.

Report Title: Strategic Risk Register	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance	
Enquiries to: Phil Myers, Head of Finance phil.myers@braintree.gov.uk	

1. Purpose of the Report

- 1.1 The report provides detail of the review and updating of the Council's Strategic Risk Register as agreed by the Cabinet at its meeting on 25th September 2023.

2. Recommendations

- 2.1 Members are asked to note and endorse the Strategic Risk Register.

3. Summary of Issues

- 3.1 The Strategic Risk Register details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term.
- 3.2 The Register forms one part of the Council's overall approach to risk management. Other facets include:
- Processes for identifying and recording operational risks
 - Risk registers for major projects
 - Business continuity planning; and
 - Emergency Planning.
- 3.3 The Register was reviewed and updated by Senior Managers and Management Board and agreed by Cabinet on 25th September 2023 in line with the aim of formally reviewing the Register at least twice a year.
- 3.4 Risks have been reviewed in accordance with the recently updated Risk Management Policy and Strategy which this Committee considered at its last meeting ahead of it being approved by the Cabinet.
- 3.5 The number of strategic risks remain at eleven and each has been reviewed and assessed initially at their Inherent (uncontrolled) state and then reassessed taking into account the controls that have been put in place,

giving a Residual Risk score. Each risk shows the additional actions that are planned to be taken.

- 3.6 Three risks have been assessed as increasing since the previous update agreed by Cabinet in February 2023: Community Resilience; Affordable Housing & Homelessness; and Climate Change. One risk, Emergency Planning, has been revised downwards.
- 3.7 The updated Strategic Risk Register is attached at Appendix A.
- 3.8 A Member Development evening covering Risk Management was to be held on 27th September 2023. This was to provide an overview to Members on the Council's framework for managing risk and to give opportunity for Members to discuss and raise questions with the respective Risk Owners. A verbal update will be provided to the Committee of any issues raised which may be relevant to the consideration of this item.
- 3.9 The recommendations set out in this report will help the Council to deliver its Corporate Objective: A high performing organisation that delivers excellent and value for money services, by demonstrating that the Council has robust arrangements in place to manage and monitor its strategic risks.

4. Options

- 4.1 The report invites Members of the Governance and Audit Committee to review the updated Strategic Risk Register as approved by the Cabinet. The Committee may suggest amendments or wish to seek further clarification on specific risks.

5. Financial Implications

- 5.1 There are no new financial implications arising from this report.

6. Legal Implications

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

7. Equality and Diversity Implications

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk. Where appropriate, each project arising out of the management of a risk will consider an Equality Impact Assessment where appropriate.

8. List of Appendices

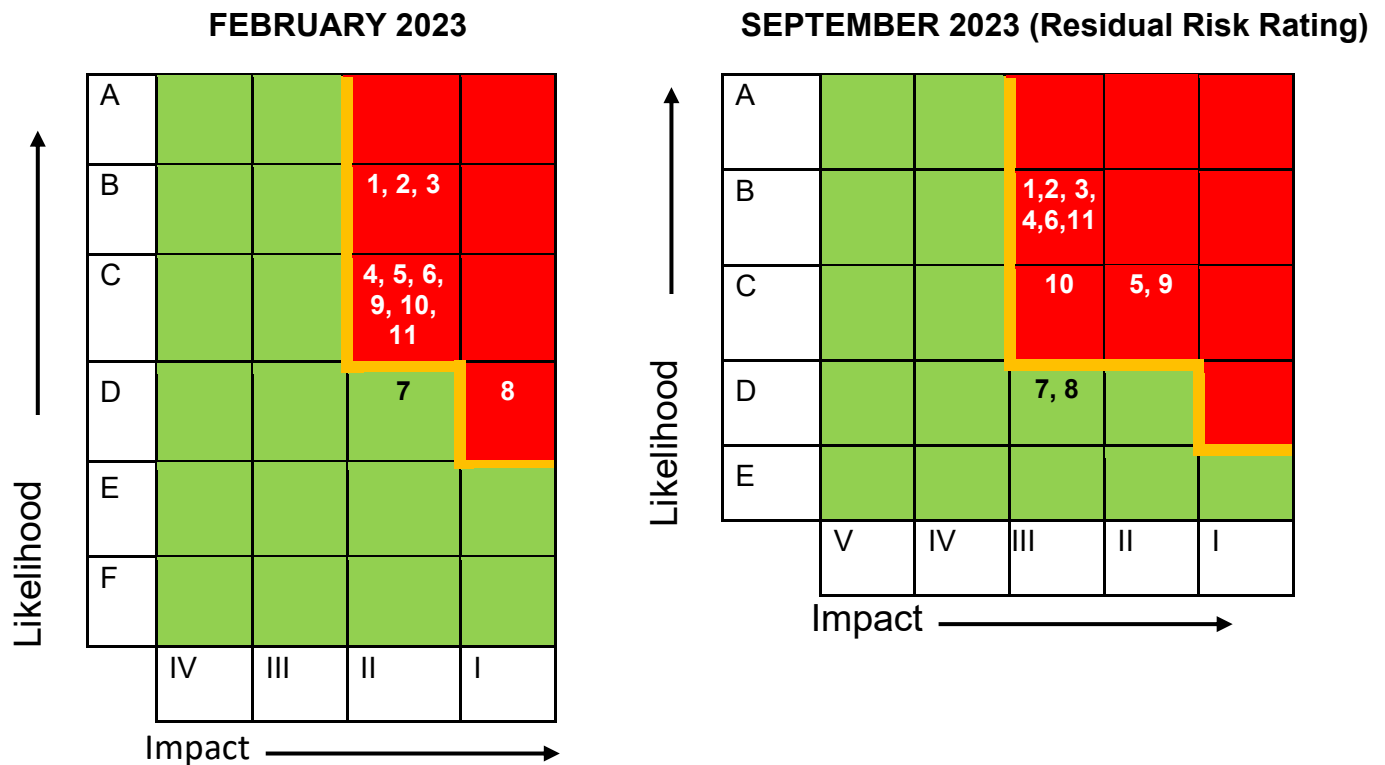
- 8.1 Appendix A – Strategic Risk Register.

9. Background Papers

- 9.1 Strategic Risk Register approved by Cabinet in February 2023 – [Agenda item 8a of meeting held on 6th February 2023](#)

STRATEGIC RISK PROFILE

(Last reviewed by Members via Cabinet February 2023)

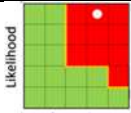
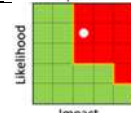



Likelihood: A – Very High B – High C – Significant D – Low E – Almost impossible	Impact: I – Catastrophic II – Critical III - Significant IV – Marginal V – Negligible
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Risk 1: Medium Term Financial Strategy Risk 2: Economic Development Risk 3: Planning Risk 4: Community Resilience Risk 5: Service and project Delivery Risk 6: Affordable Housing & Homelessness Risk 7: Return on Investments Risk 8: Emergency Planning Risk 9: Information Management & Cyber Security Risk 10: Strategic Investment Risk 11: Climate Change

Note: The risk assessment matrix has been changed since the last review

RISK APPETITE	DESCRIPTION
Averse	Avoiding risk is key objective – activities undertaken will be only those considered to carry virtually no inherent risk
Cautious	Safe options with low residual risk – accept some risk where potential benefit is significant. Activity may carry higher inherent risk, but this is deemed controllable to a large extent
Innovative	Innovative, options with greater uncertainty. Potential benefit may be higher, but activity carries high residual risk

<p>Risk 1. Medium term Financial Strategy & Financial Resilience The Council is unable to set a balanced budget without impacting significantly on service delivery and performance and have a deliverable financial strategy over the medium term.</p>				
<p>Risk Owner: Corporate Director (SB) Cabinet Member Owner: Cllr Kevin Bowers</p>				
<p>Corporate Priorities: A balanced budget is essential to enable delivery of all priorities</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	Very High	Critical		Cautious
Residual Risk Rating	High	Significant		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<p>Significant short/ medium term impact of pay and price inflation and a higher interest rate environment. Global supply chain impacted by the ongoing war in Ukraine and sanctions. Geo-political and economic outlook remains volatile.</p> <p>Cost of living crisis and economic downturn impact on the finances of residents and businesses.</p> <p>The absence of a long-term financial agreement with central government making future financial planning very difficult and without certainty over grants and retained business rates. Many streams of government funding is currently subject to bidding rounds.</p> <p>Future reforms of Local Government Finance system and potential impact on medium-longer term finances.</p> <p>Changes in demand for property and/ or ability of tenants to meet lease obligations.</p> <p>Funding streams from third parties & partners experiencing their own financial pressures with the risk to either changes or withdrawal of their level of contributions or an inability to meet contractual obligations.</p> <p>Future capital receipts are subject to demand or decisions on planning or other triggers exercised by third parties.</p> <p>Legislative changes e.g., Environment Act 2021 secondary legislation, Levelling Up & Regeneration Bill.</p> <p>Audit of prior year accounts have been delayed meaning that assurance has not been confirmed by the external auditor on the 2019/20, 2020/21, 2021/22 accounts alongside the recently published draft 2022/23 accounts.</p> <p>Plans to address financial shortfall over the medium-term do not deliver the savings or additional income required or at the pace required.</p>			<ul style="list-style-type: none"> - Income falls across multiple streams leading to shortfall in budget and ability to fund ongoing services. - Collection rates for Council Tax and Business Rates impacted. Income from business rate effected by rating appeals. - Assumptions made in the Medium-Term Financial Strategy (MTFS) are found to be incorrect. Pay and other expenditure increases above levels provided in budgets leading to overspends and/ or unplanned cuts in services or use of balances. - Reduction in government funding and a reset to business rate retention reducing income gains from accumulated growth. - Restricted ability to invest for the long-term through capital to either maintain asset base or meet the Councils priorities and aspirations. - Unplanned increase in borrowing impacting adversely on the revenue account through higher financing charges. - Need to instigate recovery plans at short notice leading to unplanned savings and impact on services. - Changes to usable resources that have been taken into account for financial planning & budget due to changes required post-audit. 	

	<ul style="list-style-type: none"> - Unplanned use of reserves & balances impacting on resilience & ability to invest reserves as intended. - Unable to set balanced budget – Section 151 Officer must issue S114 Notice. Potential trigger for government intervention.
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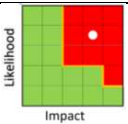
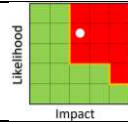

Current Controls:

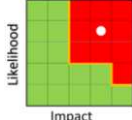
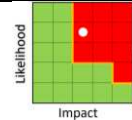

- Annual review of MTFS updating the current and 3-year horizon. Assumptions are kept under review and sensitivity analysis of key variables.
- Annual review and in-year monitoring of reserves.
- In-year budget monitoring and forecasting at regular intervals reported to Management Board and the Cabinet. Review includes progress against achieving savings reflected in budget.
- The Authority has demonstrated in the past that Corporate Management & Members will implement corrective recovery action when necessary to ensure spending is brought into line with Budget.
- Minimum balances level increased to £3m as part of the 2023/24 budget process. Current balances exceed this level.
- Earmarked reserves set aside in addition to general balances to help mitigate risks from fluctuations in income from business rates, recycling material, and treasury management.
- A developing strategy on meeting the projected funding shortfall estimated in the MTFS over the medium-term through a transformation programme and the Investment & Development Programme (IDP).
- Monitoring financial viability of key contract partners and commercial property tenants.
- Monitoring of the disposal of assets and other capital receipts against planned timescale for receipt of sale proceeds.
- New Homes Bonus and gain share from Business Rate Pooling are currently not being used to support base budget, but instead investment.
- Development of capital plans in accordance with the Capital Strategy with full financial appraisal and revenue implications. Oversight through a Capital Programme Board.

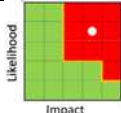
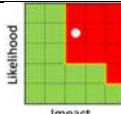
EFFECTIVENESS OF CONTROLS: Completely effective

Additional Actions Required

- Corporate Director & Section 151 Officer**
- Horizon scanning of government announcements concerning Local Government Finance and participate in any consultations.
 - Work with other Essex authorities and Local Government representative bodies to lobby Central Government for resources and greater certainty for financial planning.
 - Continuation of development of MTFS and sensitivity/ stress testing of assumptions
 - Develop strategy to deal with potential for DLUHC not continuing with statutory regulations mitigating accounting requirement for long-term pooled fund investments.
 - Develop & embed transformation agenda across the Authority linked to achievable targets for savings/ additional income

<p>Risk 2. Economic Growth The impacts of Covid and 'Brexit' have combined with international market issues and international socio/political disruption have severely impacted on the economy, including in Braintree District. This could lead to declining employment, Gross Domestic Product (GDP), and productivity.</p>				
<p>Risk Owner: Corporate Director (DC)</p>		<p>Cabinet Member Owner: Cllr Frankie Ricci</p>		
<p>Link to Corporate Priorities: Connecting People and Places / Promoting Prosperity</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	High	Significant		
<p>Direction of Travel : </p>				
Risk Cause(s)			Risk Consequence(s)	
<p>Long term impact of Covid and Brexit on businesses Inflation rises on the cost of materials and staffing Energy cost rises which have squeezed businesses operating costs Lack of workforce available with the right skills</p>			<ul style="list-style-type: none"> - If the District economy is reduced then this could lead to job losses, company closures and a reduction in the standard of living for residents of the District as well as loss of livelihoods for business owners. - Business rates collection less than anticipated 	
Current Controls:				
<p>The Economic Growth Strategy 2023 was agreed in March with an action plan of projects The Council is the host of the North Essex Economic Board (NEEB), a partnership of 6 local authorities working together to deliver economic growth A NEEB strategy has just been approved and an action plan is being developed Braintree business newsletter with over 3000 subscribers and closed Facebook page for businesses to network and share opportunities and best practice. Programme of projects developed through Shared Prosperity Fund (SPF) and Rural England Prosperity Fund (REPF) to support businesses in the district. Strong working relationships with skills providers, Department for Works and Pensions (DWP), Federation of Small Businesses (FSB) and other stakeholders working to support business and skills development</p>				
<p>EFFECTIVENESS OF CONTROLS: Completely effective (as far as BDC influence can go)</p>				
Additional Actions Required				
<p>Corporate Director (DC)</p> <ul style="list-style-type: none"> - Develop the Locate Braintree District website and inward investment marketing campaigns to attract businesses to locate and grow in Braintree District - Continue to develop our business engagement and support offer, including regular networking meetings, to understand what the businesses need from the authority - Deliver the actions as set out in the Economic Strategy Action Plan 				

<p>Risk 3. Planning Changes to the planning systems</p> <p>Risk Owner: Corporate Director (DC) Cabinet Member Owner: Cllr Spray</p> <p>Link to Corporate Priorities: Connecting People and Places / Promoting Prosperity</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	High	Significant		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<p>The government has indicated it is seeking to make substantial changes to the planning system, although none of these changes have been confirmed. This has led to uncertainty and instability in the system.</p> <p>A downturn in the economy could lead to a reduction in housebuilding in the district which would mean the Council failing to meet its housing delivery targets</p> <p>The change in the required number of homes to be built each year in the district has led to a significant backlog of homes to be built which has impacted on the Council's ability to show a 5-year housing land supply</p> <p>The Council is involved in five Nationally Significant Infrastructure Projects (NSIP) which whilst being determined by government, are extremely time-consuming for officers to engage with and respond to the substantial information required to tight timescales.</p> <p>Planning and other related specialist areas are difficult to recruit to and this has led to vacancies within the teams.</p>			<p>Planning may need to be approved on residential sites outside of those allocated in the Local Plan</p> <p>Reduction in staff resources or increased workload could impact on our ability to meet national government targets</p> <p>Inability to participate in NSIP proposals on behalf of residents</p>	
Current Controls:				
<p>Braintree Local Plan adopted to provide the strategic direction for growth and development</p> <p>Staffing levels are delivering the performance needed on targets of efficiency and effectiveness set by government.</p> <p>Performance Planning Agreements (PPAs) are negotiated on most of the larger applications including the NSIPs</p> <p>Strong communication plan including press releases on important issues, regular bulletins and quick responses to social media and press queries.</p> <p>Involvement and ability to influence regional planning matters with staff members being chair of the Essex Planning Officers Association, Biodiversity Net Gain working group, Recreational Avoidance and Mitigation Strategy working group and being part of a range of other regional groups</p> <p>Members forum introduced and changes to the Planning Committee and Local Plan sub-committee constitutions to make them appropriate and fit for purpose.</p> <p>The Council is involved in a project with Suffolk CC to enhance local authority capacity and skills on NSIP projects</p>				
EFFECTIVENESS OF CONTROLS: Completely effective (as far as BDC influence can go)				
Additional Actions Required				
Corporate Director (DC)				
<p>Recruit to vacant roles within the wider service to ensure that staff and specialist resources are available to support the planning process</p> <p>Consider and respond to changes in national planning policy framework, guidance and legislation</p> <p>Continue to hold regular meetings with developers and stakeholders</p>				

<p>Risk 4 Community Resilience Food and child poverty, health inequalities, lack of skills and lower paid employment exacerbated by cost-of-living crisis and welfare changes mean the Community may not have resilience, leading to increased demand for Council and other Public Sector services.</p>				
<p>Risk Owner: Corporate Director (CR) Cabinet Member Owner: Cllr Mary Cunningham</p>				
<p>Corporate Priorities: Supporting our Communities</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	High	Significant		
Direction of Travel (as at 14/08/2023)			↑	
Risk Cause(s)			Risk Consequence(s)	
<p>Cost of living increases are affecting residents' ability to live financially sustainably without support. The number of residents has increased and the impact on those residents has also increased.</p> <p>Employment levels are high, but average pay for those who live and work in the district is lower than other areas of Essex.</p> <p>There is a significant difference in life expectancy and health outcomes for the most and least deprived wards in the district.</p> <p>People may not take opportunities to live an active lifestyle and will be more susceptible to physical and mental health issues as a result.</p> <p>There is a growing population of older people in the district who may require increased support.</p> <p>Charities have been affected financially since the pandemic and are less able to access previous income streams. There are not enough volunteers to enable them to continue in the role that they have been in supporting communities previously. The lack of volunteers is also impacting on the availability of community transport.</p> <p>The rural nature of the district makes it more difficult for some of our residents to access services.</p> <p>Some residents have concerns about community safety and crime rates in their area. Community Safety remains a key priority for residents.</p>			<ul style="list-style-type: none"> • Demand for services from the Council and other public sector organisations increases which exceed capacity. • Increased health inequalities. • Increase in number of households in fuel and food poverty and increase in number of children in poverty. • People feel more socially isolated and lonely. • People have an increased risk of suffering from physical or mental health issues. • Charities are less able to support communities and there are less volunteers. • Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated. 	
Current Controls:				
Supporting residents to be healthy and live well working with a range of partners through the Livewell Boards and the Health and Wellbeing Panel.				

A Cost-of-Living Partnership group has been created to respond to emerging issues. Braintree District Council is investing £1 million over two years to support residents with issues around cost of living.

Work with Braintree, Halstead, and Witham Citizens Advice (CA); Eastlight Community Housing; and DWP to assist those affected by income and welfare changes. We have a Community Employment Support Officer who is working to support those with barriers to employment. Funded by DWP but embedded in BDC to ensure support can be given to those who most need it.

Key partnerships exist across public sector and the community and voluntary sector to support community and population issues, including:

- Community Safety Partnership
- Health and Wellbeing Board
- Local Cultural Education Partnership

BDC's Councillors' Community Grant Fund Programme continues in 23/24. BDC Grant Funding continues to be provided to Community360 to help support the voluntary sector and also the CA to provide advice.

The Braintree District and Eastlight Community Fund provides grants totalling approx. £100,000 annually to projects that help improve health and well-being, increase aspirations and opportunities, or develop skills through training.

Our Health and Wellbeing Board continues to deliver a range of projects to support people to LiveWell across the district, tackling priority areas of health. There are specific sub groups to deal with key issues, including:

- Mental Health Forum
- Dementia Action Alliance
- Social Isolation and Loneliness Forum
- Active Braintree Network
- Holiday Hunger & School Holiday activities

Our Community Safety Partnership delivers an annual plan to respond to current and emerging priorities in order to reduce crime and disorder.

The Council is in the second year of our levelling up programme, part funded by the Shared Prosperity Fund and Rural England Prosperity Fund.

EFFECTIVENESS OF CONTROLS: partially effective

Additional Actions Required

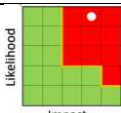
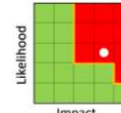

Ensure continued work with the Health and Wellbeing Panel and other partners to identify and respond to community needs.

Continue to provide regular updates on activity to support residents through cost-of-living issues.

Regular reviews of the impact the welfare changes are having on those affected by reforms and work with key partners.

Support Community 360 to provide assistance to charities and community groups across the district.

The Council is working with key partners to respond to the levelling up white paper and key missions. This will seek to tackle a number of highlighted vulnerabilities and triggers identified in the community resilience risk.

<p>Risk 5: Service and Project Delivery The organisation is unable to deliver services or projects either due to unavailability of staff or inability to fill key roles or lack of access to digital/traditional infrastructure</p>				
<p>Risk Owner: Corporate Director (SB) Cabinet Member Owner: Cllr Kevin Bowers</p>				
<p>Corporate Priorities: Delivering and Innovating</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	<i>Very High</i>	<i>Critical</i>		Cautious
Residual Risk Rating	<i>Significant</i>	<i>Critical</i>		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<ul style="list-style-type: none"> - Access to key technological systems is either limited or removed through systems failures, cyber-attacks, provider failures, failure of digital infrastructure or similar - Staff are unable to access key delivery locations or to provide services due to restricted or denied access to traditional infrastructure such as buildings, roads, public transport or electrical, energy and fuel supplies - Key operational assets are unavailable either through failures in procurement, crime or other events that restricts or denies organisation the ability to deliver services - Significant numbers of staff or key individuals are unable to work due to widespread sickness as a result of a pandemic - Inability to recruit to roles due to highly competitive labour market and decreased offer and desirability of the sector - Failure of third parties such as providers, suppliers or partners, to deliver current services/products or at current service levels or at budgeted prices - Failure to meet regulatory or legislative requirements resulting in an incident requiring response - Major incident occurs requiring a significant amount of BDC resource to make a response - Corporate and additional projects resourcing requirements conflict with the delivery of BAU - Industrial action restricts availability of significant numbers, key individuals impacting on service delivery 			<ul style="list-style-type: none"> - Services delivery is reduced or halted for a period of time that begins to have a significant impact on safety or wellbeing of citizens or employees - Service delivery is reduced or halted for a period of time that begins to have a significant impact on the quality of life in the district - Service delivery is reduced or halted for a period of time that begins to have a significant impact on the reputation of the organisation - Projects are unable to be delivered or suffer from material or significant delay, therefore delaying delivery of outputs and outcomes and potentially increasing costs - Supply chain issues increase costs of projects making them unviable or reducing the cost/benefit ratio - Statutory or regulatory requirements are not delivered resulting in punitive action by regulators - Organisational priorities are not delivered - Sickness levels increase and morale decreases 	
Current Controls:				
<ul style="list-style-type: none"> - People strategy and workforce development plans - Workforce planning and succession planning included in business plans - Flexible approach to recruitment, including the provision of market supplements when and where appropriate - Support arrangements including mental health first aiders, employee assistance programme and wellness at work programme in place - Sickness management process in place and managers supported by HR - Employee benefit scheme in place including childcare vouchers, reward scheme and other perks - Cyber security measures in place including training of users - Regular server and workstation upgrades and ensuring latest version of software is used - Disaster recovery plan, including emergency generator, independent resilient network, alternative accommodation identification 				

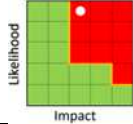
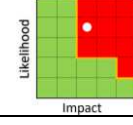

- Business continuity plans in place, tested through planned exercise
- Mandatory training in place to ensure all staff understand regulatory and statutory requirements
- Transformation Reserve in place to support resources required to delivery transformation
- Planning for potential different service delivery models for key contracts
- Effective learning and development opportunities to support and train existing staff into technical roles

EFFECTIVENESS OF CONTROLS: Completely effective

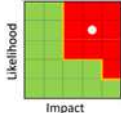
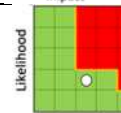

Additional Actions Required

Corporate Director (SB)

- Development and delivery of Transformation Programme. Shared Service element has a key outcome of improved staffing resilience so will play key role in addressing this risk. Other elements of Transformation programme should also be designed to address this risk
- Development of Transformation Programme to include a comprehensive resource plan including requirements for backfill and third-party support
- Further consideration of potential short-term impacts of climate change on service and project delivery and what adaptations are needed to address

<p>Risk 6: Affordable Housing & Homelessness The Council is unable to balance the demand for accommodation with the supply, so that increasing numbers of households require homelessness assistance</p>				
<p>Risk Owner: Corporate Director (CR) Cabinet Member Owner: Cllr Lynette Bowers-Flint</p>				
<p>Corporate Priorities: Connecting People and Places / Supporting Our Communities</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	Very High	Significant		Cautious
Residual Risk Rating	High	Significant		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<p><u>Local / UK Domestic Factors:</u></p> <ul style="list-style-type: none"> - Mortgage rate rises: increase in number of repossessions and buy-to-let landlords raising rents to mitigate their increased costs. - Impact of the increase in cost of living: households, particularly in the Private Rented Sector (PRS) experiencing affordability issues - Freeze in Local Housing Allowance Rates: increasing the gap between actual rent and the benefit support available. - Reduced PRS availability and resulting increased market competition: reduced opportunity to relieve homelessness through offer of accommodation in PRS market. - Renters (Reform) Bill: PRS Landlords exiting the market. - Increase in 'County Line' and other gang-related activity - Increased competition for hotels: households placed further afield. - Continued impact of the pandemic: increase in number of people presenting with mental health needs. - Delayed delivery of final stage of Rough Sleeper pathway: Residents of first stage accommodation are unable to move on, therefore the accommodation does not become available for other individuals or residents are asked to vacate without suitable alternative accommodation, leading to potential return to rough sleeping. <p><u>Assistance to Persons from Overseas:</u></p> <ul style="list-style-type: none"> - Breakdown in arrangements for households in the District providing accommodation to Ukraine nationals - Potential pressure from resettlement of Afghan households from bridging hotels. - Potential for households to be larger in size, therefore more challenging to rehouse. - Potential additional pressure from the asylum dispersal programme - Potential additional pressure from the use of Wethersfield air base as an asylum centre: if asylum decisions issued whilst applicants are at Wethersfield, there is potential for BDC to receive applications for Housing Assistance. Where applications are from healthy single people with no priority need, it may lead to an increase in rough sleepers. 			<p><u>Increased demand for services and accommodation:</u></p> <ul style="list-style-type: none"> - Increase in number of households, including priority households, threatened with homelessness, or awaiting social housing. - Increased time spent in temporary accommodation and, therefore, more units required - Potential increase in rough sleepers <p><u>Impact on service costs and service provision:</u></p> <ul style="list-style-type: none"> - Increase in agency / temporary staffing, and recruitment costs. - Increased demand for, and reduced ability to provide services and resulting increased pressure on staff. - Increase in numbers of customer enquiries and complaints. - Increased cost pressure on the Housing Benefits budget. 	

<p><u>Changes to BDC Staffing and Responsibilities:</u></p> <ul style="list-style-type: none"> - Increased homelessness duties arising from the Domestic Abuse Act: increasing the number of priority need households waiting for social housing - Staff retention: additional pressures in the sector causing staff to elect to change their career leading to increase in use of agency staff and associated costs, increased cost of recruitment, and more officer time spent liaising with agencies/interviewing/training. Gaps in service provision - Staff recruitment: increased competition for staff within the sector leading to recruitment challenges - Housing Assessment Team Manager role reduction of 2 days / week - Capacity issues and lack of resilience during absences adds to pressure on remaining staff and increases likelihood that staff will leave <p><u>Partner Changes Impacting BDC Ability to Deliver:</u></p> <ul style="list-style-type: none"> - Staff turnover within Eastlight Community Homes: impacts on established working relationships and procedures 	
<p>Current Controls:</p>	
<ul style="list-style-type: none"> • The Council has recruited to the following posts: <ul style="list-style-type: none"> ○ 2-year post to investigate empty homes and access to the Private Rented Sector ○ Health & Wellbeing post ○ Cost of Living post ○ Ukraine Resettlement Officer • New Healthy Housing Strategy was adopted in 2023 – the focus on maximising the number of affordable homes brought on-stream, developing a private rented sector ‘offer’ and addressing the number of empty homes will all ensure that housing opportunities for residents are optimised. • Registered Provider Forum established - Enables partners to discuss issues of concern and develop a consistent and appropriate response, e.g., to damp/mould/condensation • Improvement achieved in the balance between inward and outward migration through Gateway to Homechoice. 	
<p>EFFECTIVENESS OF CONTROLS: Partially effective</p>	
<p>Additional Actions Required</p>	
<p><u>Corporate Director (CR)</u></p> <ul style="list-style-type: none"> • The Council is planning to recruit an Assistant Housing Operations Manager (interviews 22/08/23) • Housing Options Triage role (additional 2 days / week on 12-month contract whilst the permanent post holder is on a career break) – contract pending 07/23 • Housing Apprentice – contract pending 07/23 • The Homelessness & Rough Sleeping Strategy (2018-2023) is currently under review to develop an Action Plan with increased focus on homelessness prevention. • Additional resources available via the Homelessness Prevention Grant top up of £194k (grant conditions apply) – research is currently being undertaken to determine how best to utilise these additional resources. • Maximise use of available funding through Homes for Ukraine and Asylum Dispersal schemes 	

<p>Risk 7. Return on Investments The Council is not able to optimise its return on its financial or property investments or suffers financial loss.</p>				
<p>Risk Owner: Corporate Director (SB) Cabinet Member Owner: Cllr Kevin Bowers</p>				
<p>Corporate Priority: Delivering and Innovating</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	Low	Significant		
Direction of Travel as at July 2023				
Risk Cause(s)			Risk Consequence(s)	
<ul style="list-style-type: none"> - Economic & financial market conditions impacting on investment returns and market values. - Cost of living crisis and potential impact on commercial property tenants - Liquidity requirements of the Council are subject to forecast future incoming / outgoing revenue and capital cashflows. - Increased exposure to property and reliance on rental income for the base budget through expansion of portfolio by the strategic investment programme. - Change in property trends reducing demand for certain property types from prospective tenants. - Tightening regulatory framework from HM Treasury/ Department for Levelling Up, Housing & Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA). - DLUHC do not extend statutory regulations that mean changes in fair value of pooled funds is accounted for through unusable reserves protecting the General Fund revenue account from volatile changes in market values beyond 31.3.25. - Significant lease arrangement for Mayland House due to expire Jan 2028 			<ul style="list-style-type: none"> - Reduction or loss of income impacting on the General Fund revenue account resulting in unplanned savings or changes to services. - Impairment loss from failure of a counterparty to a financial investment which needs be met from the General Fund. - Requirement to take back management of property assets and look for alternative tenant. - Forced renewal of lease terms from tenants entering Creditor Voluntary Arrangement. - Property cannot be re-let without significant expenditure or maybe not at all. - Divestment of funds resulting in loss of principal invested. - Suspension of trading in funds due to market conditions preventing the Council to access funds. - Adverse impact on the Council's reputation. - Alternative investments do not provide comparative returns leading to income shortfall against budget/ MTFS. - Changes in the fair value of pooled funds are required to be taken into account for budgeting & council tax setting purposes leading to increased volatility and uncertainty in financial planning 	
Current Controls:				
<ul style="list-style-type: none"> - Capital and Investment Strategy and Treasury Management Strategy are in place in accordance with CIPFA Codes of Practice and Government Statutory Guidance - Treasury Management Practices (TMPs) that set out how the Council manages the inherent risks within its treasury management activities on day-to-day basis. 				

- Expert advice procured through contract with Arlingclose to provide advice on treasury management including credit worthiness advice and monitoring of the Council's pooled fund investments.
- Treasury Management reserve held with a current balance of £1.07m (31.3.23)
- Maintenance of short-term (daily) and medium/ long-term cashflow forecasts to manage daily liquidity and projection of future investment balances available or requirements for borrowing (including conversion of internal borrowing to external debt).
- Portfolio diversification and limits on investment types of investment, duration, and counterparties.
- Pro-active asset management of the commercial property portfolio & lease/ tenant arrangements.

EFFECTIVENESS OF CONTROLS: Completely effective

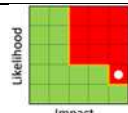
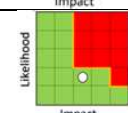

Additional Actions Required

Corporate Director (SB) and S151 Officer

- Continue to develop the Capital and Treasury Management Strategy in line with evolving regulatory and professional code requirements.
- Consider implications and options for the potential removal of statutory regulations on accounting for changes in fair value of pooled fund investments. This to consider current and future investments, including whether volatility and risk can be managed without detriment to service delivery and sustainability, while complying with proper accounting practices.

Corporate Director (DC)

- Continue towards implementing the recommendations arising from the recent Asset Management Review.
- To review and develop options for Mayland House offices.

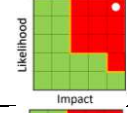
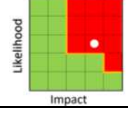

<p>Risk 8. Emergency Planning The Council is unable to respond to an emergency as required under the Civil Contingencies Act 2004</p>				
<p>Risk Owner: Corporate Director (CR) Cabinet Member Owner: Cllr Graham Butland</p>				
<p>Corporate Priorities: Supporting Our Communities</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	Low likelihood	Catastrophic impact		Averse
Residual Risk Rating	Low likelihood	Significant impact		
<p>Direction of Travel (as at 28.07.2023)</p>				
Risk Cause(s)			Risk Consequence(s)	
<ul style="list-style-type: none"> - Emergency event both response and recovery - New roles and legislative powers that require enactment and management - Braintree District Council has responsibilities under the Civil Contingencies Act (CCA) 2004 as a Category 1 responder: to plan for and respond to major emergencies working alongside the blue light services. Part 1 of CCA 2004 places legal obligations on emergency services and local authorities to assess the risk of, and plan and exercise for emergencies as well as undertake business continuity management. - BDC does not have the resources to respond effectively to the Emergency and continue to deliver services. - The COVID pandemic has added an extra dimension as it cannot be responded to in the same way as previous emergency planning issues. This is due to the long-term nature and progression of the pandemic. 			<p>District Wide</p> <ul style="list-style-type: none"> - Possible loss of life or serious harm or injury to residents and/or staff. - Loss of physical assets e.g., premises. - Ineffective response to an incident causes extended disruption. - Vulnerable residents at risk through lack of core service delivery. - Delays/perceived shortfall in Council's response in recovery phase. <p>Council</p> <ul style="list-style-type: none"> - Lack of preparedness results in the inability to identify and deliver key/critical services e.g., benefits, refuse collection, homelessness applications, food inspections, etc. - Increased short term demand for services e.g., housing - alternative accommodation, repairs, waste team clean-up operation. - Major impact on reputation if the Council is perceived to not provide an adequate response. - Council facing Public Inquiry – risk of cost, reputation and public trust. - Priorities and projects are not delivered. - Being found wanting at public inquiry. 	
Current Controls:				
<ul style="list-style-type: none"> - A robust, peer reviewed Emergency Plan and Recovery Plan have been developed. - The new Recovery Plan improves the Council's ability to support the community following an incident. - Communications & Media plan. - A Members' Protocol has been produced setting out guidance for Members during an emergency. - Mutual Aid agreements are in place between authorities and BDC is strengthening its procedures to receive Mutual Aid with a revised Memorandum of Understanding. - Each service has to planned and tested procedures for resilience to unexpected and potentially long-term challenges. - Pandemic Flu Plan agreed. - Regular review of our response and adaptation of response if required. 				

- Training delivered: senior/tactical training, recovery training, loggist training, rest centre training; and communications training.
- Peer reviewed training programme for staff involved at all levels, volunteers-tactical-strategic.
- New starters have a requirement to assist in emergencies detailed in their role profiles.
- Active responses were progressed using command structures for COVID Ukraine, storms, Sudanese evacuation, fire and public disorder events.
- Senior Staff underwent Multi Agency Gold Incident Command (MAGIC) training in 22/23.
- Corporate Recovery Plan approved and adopted in 2022

EFFECTIVENESS OF CONTROLS: **partially effective**

Additional Actions Required

- Bi-yearly review of Emergency Plan.
- Bi-yearly review of Communications and Media Plan.
- Review of Flood Plan and Severe Weather Plan diarised for 2023
- Rest Centres plan – run an annual exercise.
- Continue to deliver training programme
- Dialogue with partner organisations.
- Services need to demonstrate the capability and capacity to manage excessive additional demand due the Council's responsibility for response and recovery under the CCA 2004, Housing Act. Local Government Act and other relevant legislation.
- Bi-yearly review of Recovery Plan.
- Testing of dual emergency response – Exercise deferred due to the pandemic, now planned for 2023/24.

<p>Risk 9: Information Management and Cyber Security Increased use of technology and larger volumes of information stored increases the impact of cyber security threats including ability to deliver key services, enforcement, unable to collect money / pay money, unable to share data with partners, vulnerable to cyber-attack or data breach incident</p> <p>Risk Owner: Corporate Directors (CR and SB) Cabinet Member Owner: Cllr Kevin Bowers</p> <p>Corporate Priorities: Effective management of information and cyber risks is essential to enable delivery of all priorities</p>					
RISK SCORE		Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating		A – Very High Likelihood	I – Catastrophic		Cautious
Residual Risk Rating		C – Significant	II – Critical		
Direction of Travel					
Risk Cause(s)			Risk Consequence(s)		
<p>Cyber-attack, Distributed Denial of Service, Phishing, Ransomware, Security / Data Breaches are all triggers that need mitigation to prevent potential loss of information and ability to deliver services.</p> <p>The Council has been responsive to technology and has used it to shape the way services are delivered, to drive efficiency and improve productivity.</p> <p>With the increased use of technology and larger amounts of information stored comes an increase of the impact created through cyber security threats.</p> <p>Increased use of technology and increased amounts of information stored also increases the likelihood of data being incorrectly handled by employees.</p> <p>Increased reliance on technology, including remote working tools since more staff have been working from home.</p>			<p>Loss of ability to deliver service/degradation in service.</p> <p>Loss of reputation.</p> <p>Enforcement from Information Commissioner's Office with potentially significant fines and reputational damage.</p> <p>Inability to collect/payout money to customers.</p> <p>Inability to share customer data with partners.</p> <p>The Council cannot meet its requirements under the Data Protection legislation.</p> <p>The Council is not able to adequately manage its information, which would then prevent it from being able to carry out services effectively.</p> <p>Unplanned financial cost to the Council.</p> <p>Potential losses/damage to residents/service users/employees whose data is incorrectly handled</p>		
Current Controls:					
<ul style="list-style-type: none"> - Information security policies – regularly reviewed and updated. - External auditing and challenge on a regular basis against policies and systems as well as regular external penetration testing with action plans created. - Regular review of technical infrastructure, including firewalls, hardware and software. - Public Services Network (PSN) compliance. - Training/education in cyber security and information security for employees including Learning Management System mandatory courses. - Regular meetings of local, regional and national cyber-security groups to review all aspects of cyber-security. 					

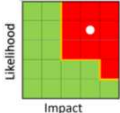
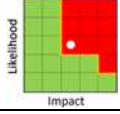

- Regular engagement with the National Cyber Security Centre and use of cyber protection tools and services.
- Regular meta-compliance checks for all employees and members.
- Controls in place around the use of technology to work virtually and collaboratively.
- Latest versions and security patches to be maintained for all software / operating systems.

EFFECTIVENESS OF CONTROLS: partially effective

Additional Actions Required

Corporate Director (SB and CR)

- Continued review of cyber security arrangements.
- Continue to raise awareness of information management and cyber security issues for all staff and members.
- Targeted training following phishing campaigns.
- End of life hardware replaced as and when necessary.
- Continue to keep abreast of cyber security issues and ensure that these are factored into BDC response.
- Obtain certification for Cyber Essentials and Cyber Essentials+

<p>Risk 10: Strategic Investment</p> <p>Lack of infrastructure inhibits delivery of required housing and associated facilities, reduces employment and business opportunities and limits growth in Council Tax/NDR. Capital investment is impacted by socio-economic and market conditions and funding availability and requires robust project management.</p> <p>Risk Owner: Corporate Director (DC) Cabinet Member Owner: Cllr Kevin Bowers</p> <p>Corporate Priorities: Promoting Prosperity / Connecting People and Places</p>				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	<i>High</i>	<i>Critical</i>		Cautious
Residual Risk Rating	<i>Significant</i>	<i>Significant</i>		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<p><u>Economic / Politicial:</u></p> <ul style="list-style-type: none"> - Macro-economic conditions with high inflation, and rising interest rates and cost of borrowing, changing political emphasis, availability of skilled resource and national and international market conditions (e.g. construction supply chains) - Inability to secure prudential borrowing at preferential interest rates and the impact of the government's changes to PWLB accessibility removes potential capital funding route. - Capital investments are subject to variations in market conditions occurring during development of projects / business cases and between business case sign off and project delivery/completion, impacting cost, time taken and viability of projects - Prolonged period (>six months) of house price deflation. - Prolonged period (>12 months) of commercial rent deflation. - Higher inflation increases construction costs. - Regulatory changes on Minimum Revenue Provision increasing revenue financing costs - Rising yield expectations by institutional investors & rising construction costs - Movement in market conditions. <p><u>Project Management</u></p> <ul style="list-style-type: none"> - Failure and delays in securing planning consent on development projects. - Lack of robust project management could lead to inconsistent decision making, failure to agree and deliver priorities, under-utilisation of finite resources, weak cost control, over-reliance on external advice without proper challenge or consideration of the brief/scope/purpose - Failure to clarify and agree core project and/or programme objectives, Critical Success Factors (CSFs) or Key performance Indicators (KPIs). 			<p><u>Economic Growth</u></p> <ul style="list-style-type: none"> - Inhibited delivery of Local Plan housing requirements and associated healthcare, community, and town centre facilities - Businesses/jobs may relocate outside of District and lead to fewer new businesses/jobs being created and falling Gross Value Added (GVA) in the district. - Depressed land values <p><u>Project Delivery</u></p> <ul style="list-style-type: none"> - Dilution of support for programme / funding from other partners or government may not be available to support the action plan priorities. - Project failure or delay due to lack of stakeholder engagement. - Projects undeliverable due to refusal of planning consent <p><u>Return on Investments / Income</u></p> <ul style="list-style-type: none"> - Impact on the business case stated financial viability and sustainability of projects (including impacts on commercial rents and operational costs) - Unplanned and/or abortive expenditure. - Approved schemes already in development may not achieve required financial return. - Interest charges have to be charged to revenue rather than capitalized against projects. 	

<p>Infrastructure</p> <ul style="list-style-type: none"> - Lack of investment in infrastructure acts as a barrier to required housing growth and reduces opportunities for businesses to grow. <p>Partners:</p> <ul style="list-style-type: none"> - Many investment opportunities require work with partners and suppliers who may or may not have the same level of commitment to a project as BDC. <p>Competition</p> <ul style="list-style-type: none"> - Competition from large commercial development plans in neighbouring districts. 	<ul style="list-style-type: none"> - Revenue costs of projects developed but aborted not charged to capital and fall upon Council's revenue budget. <p>Other:</p> <ul style="list-style-type: none"> - Loss of revenue growth in Council Tax and Business Rates. - Public perception of Council spending and lack of effective control. - Failure to sell/lease newly developed properties.
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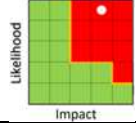
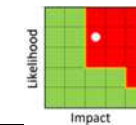
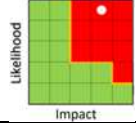
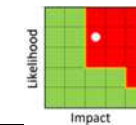
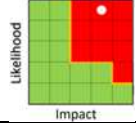
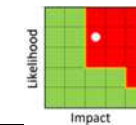

Current Controls:

- Feasibility reserve approved and ring-fenced.
- All investment opportunities rely on cost/value advice provided by expert third party specialists in support of business case development.
- All investment opportunities appraised via investment tool and/ or HMT Green Book appraisals.
- Strong working relationship with Essex County Council, NHS, the South East Local Enterprise Partnership (LEP), Homes England on major projects and key priorities to support delivery and potential funding routes.
- Project engagement across relevant BDC teams (including Asset Management, Finance, Legal, Operations, Planning and Procurement) to ensure early engagement on scheme development to ensure end product delivers on objectives and is fit-for-purpose.
- Procurement of appropriate architects, cost and planning consultants secured for each scheme.
- Business case development with specialist external advice.
- Robust programme assurance processes and extensive management information and reporting outputs.
- Strong emphasis on project documentation, tools and techniques.
- Highly developed budget monitoring processes in partnership with the Finance department.
- Effective contract management processes.

EFFECTIVENESS OF CONTROLS: Partially Effective

Additional Actions Required

Corporate Director (DC)	
<ul style="list-style-type: none"> - Monitoring of costs and spend is in place 	<ul style="list-style-type: none"> - Use of expert third parties to provide comprehensive cost estimates and advice of market trends is in place.
<ul style="list-style-type: none"> - Consistent modelling to agreed financial parameters is in place 	<ul style="list-style-type: none"> - Increased networking and promotion of BDC's investment aspirations with key external stakeholders and potential funders. Continue to source local and national funding resources which could provide grants for key projects is in place
<ul style="list-style-type: none"> - Implementation of timely, high-quality marketing strategies for all development projects is in place 	<ul style="list-style-type: none"> - Early engagement with Planning Team and judicious use of the pre-application process is in place
<ul style="list-style-type: none"> - Increase organisational "maturity" and embed rigorous and consistently applied project and programme processes and reporting is in place 	<ul style="list-style-type: none"> - Regular review of approved parameters and hurdle rates is in place
<ul style="list-style-type: none"> - Weighted NPV measure to reflect non-financial priorities is in place 	<ul style="list-style-type: none"> - Independent evaluation of business case is in place

<p>Risk 11. Climate Change The Council has declared a climate emergency with an aim to make the Council's activities, as far as practical, carbon neutral by 2030 – risk of failure to deliver targets.</p> <p>Risk Owner: Cherie Root Cabinet Member Owner: Cllr Tom Cunningham</p> <p>Corporate Priorities: Enhancing Our Environment</p>																		
<table border="1"> <thead> <tr> <th>RISK SCORE</th> <th>Likelihood</th> <th>Impact</th> <th>Risk Score</th> <th>Risk Appetite</th> </tr> </thead> <tbody> <tr> <td>Inherent Risk Rating</td> <td>Very High</td> <td>Critical</td> <td></td> <td rowspan="2">Cautious</td> </tr> <tr> <td>Residual Risk Rating</td> <td>High</td> <td>Significant</td> <td></td> </tr> </tbody> </table>					RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite	Inherent Risk Rating	Very High	Critical		Cautious	Residual Risk Rating	High	Significant	
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Residual Risk Rating	High	Significant																
Direction of Travel																		
Risk Cause(s)			Risk Consequence(s)															
<p>'Climate change' refers to changes in the earth's climate that are caused by increasing levels of greenhouse gases such as carbon dioxide (CO₂) in the atmosphere.</p> <p>Climate change adaptation describes measures that can be put into place to help us adapt to the changes in our climate that are now inevitable. These changes range from increased temperatures and drought conditions to extreme weather events such as intense periods of rainfall and subsequent flash flooding.</p> <p>The Council has declared a "Climate Emergency" with an aim to make Braintree District Council activities, as far as practical, carbon neutral by 2030.</p> <p>Climate change will impact council services, from the buildings that we manage through to open spaces and our role in emergency planning, as well as impacting on Braintree district residents, particularly those who are most vulnerable.</p> <p>The services provided by the Council are reliant on access to all parts of the district by our vehicles and the ability of staff to travel to their place of work. This is combined with the potential increasing and changing demand for services including parks and landscapes, environmental health, community support, health and wellbeing, building control etc</p> <p>.</p> <p>The scale and degree of change required to meet net zero will require significant resources which the District Council will not be able to provide on its own. It will require a coordinated response from partners including Government to meet the challenge.</p> <p>Key Identified Triggers:-</p> <ul style="list-style-type: none"> • Increase in mean temperature • Decrease in air quality 			<p>Failure to maintain/deliver services and an increased cost of delivering services</p> <p>Increased financial costs for Council (due to insurance excesses/ pressures on service delivery)</p> <p>Future Capital investment needed in alternative fuel infrastructure and vehicles</p> <p>Reduction in resilience of the organisation</p> <p>Reputation of Council damaged through failure to deliver services.</p> <p>Failure to give local community leadership in preparing for climate change.</p>															

<ul style="list-style-type: none"> • Depletion of key resources including water • Severe weather event(s) including drought, floods and gales. • Failure to deliver 2030 carbon neutral target 	
<p>Current Controls:</p>	
<ul style="list-style-type: none"> - Climate Local Strategy 2021 - 2030 in place and a number of actions being undertaken to reduce negative impact on climate from council services and assets as well as encouraging residents and businesses to reduce their impact on the climate. - A Climate Change working group has been established. An action plan has been developed to ensure all Council functions and decision making is in line with the shift to carbon neutral by 2030. - Emergency Plan considers climate related risks and our response to this type of emergency. - The Climate Local Strategy has a number of actions in place to support the community to adapt to climate change. <p>Business Continuity plans are essential for the Council to be able to respond to the effect of climate change on our estate and our staff which impacts our services.</p> <p>Progress to Date</p> <ul style="list-style-type: none"> - Business Continuity plan for the organisation to respond to risks - Joint working with ECC who are also tackling Climate Change. - Completed actions from the Climate Local Action Plan 2014 – 2018 (Feb 2021). Further details on achievement available - Declared Climate Emergency July 2019 - Climate Change Working Group in place representing the Council, Businesses and Residents with academic support to develop the next Climate Local Strategy - 2-year Emergency Planning desktop exercise, concerning severe weather / emergency events, for BDC - Officer Climate Group established to encourage engagement. - Oct 22 Full Council approval of monitoring plan and key targets - Internal Climate Delivery Board established bringing all Senior Project Leads together to the strategy and deliver actions on the Climate Action Plan - Full Council Update in May 23 - Annual Reporting template developed pending release of BEIS Carbon figures in Autumn 23 	
<p>EFFECTIVENESS OF CONTROLS: partially effective</p>	
<p>Additional Actions Required</p>	
<ul style="list-style-type: none"> - Climate Strategy has now been adopted. - Continue to review Emergency Plan to consider emerging climate related issues and risks. - Implement the outcomes from the Environment Act. - Climate Actions Performance reporting will be via Pentana system. Management Board to monitor outcomes and targets - Annual performance report to be submitted - Monitoring of Success Factors and KPIs – Annual Review - Delivery of objectives of Climate Change Strategy and agree associated overarching KPIs - Carbon reporting (Dept. for Energy Security and Net Zero for district) and internal report for Council emission 	

Report Title: Governance and Audit Committee Annual Report	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Recommendation
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Councillor Justin Wrench, Chairman of Governance and Audit Committee	
Enquiries to: Angela Mitchell, Audit Insurance and Fraud Manager, (angmi@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 The Terms of Reference for the Governance and Audit Committee require the Committee:
- *To report to the Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose; and*
 - *To publish an annual report on the work of the Committee.*
- 1.2 This report provides the Committee with an opportunity to consider its work and performance in accordance with the Committee Terms of Reference.

2. Recommendations

- 2.1 Members are invited to review the Committee's Draft 2022/23 Annual Report to determine any changes required prior to submission to Full Council.

3. Summary of Issues

- 3.1 The purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit, it makes an important contribution to ensuring that effective management arrangements are in place.
- 3.2 The Governance and Audit Committee performs the functions of an Audit Committee, and as such is a key component of the Council's governance framework, providing independent and high-level resource to support good governance and strong public financial management.
- 3.3 The *CIPFA Audit Committees – Practical Guidance for Local Authorities and Police 2022* identifies the importance of holding Audit Committees to account on the extent to which it has fulfilled its purpose, and recommends the

preparation of an annual report by the Committee as a helpful way to address key areas of accountability, including whether the Committee has:

- Fulfilled its agreed terms of reference.
- Adopted recommended practice.
- Ensured development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities.
- Assessed its own effectiveness or been the subject of a review and considered conclusions and actions from that review.
- Assessed its impact on the improvement of governance, risk and control within the authority.

3.4 This report summarises the work undertaken by the Governance and Audit Committee in the year to August 2023.

3.5 The Governance and Audit Committee's role in the provision of assurance on governance, internal control and risk management arrangements is key to delivery of all Council priorities and Corporate Objectives:

- A sustainable environment and a great place to live, work and play.
- A well connected and growing district with high quality homes and infrastructure.
- A prosperous district that attracts business growth and provides high quality employment opportunities.
- Residents live well in healthy and resilient communities where residents feel supported.
- A high performing organisation that delivers excellent and value for money services.
- Delivering better outcomes for residents and businesses and reducing costs to taxpayers.

4. Options

4.1 This report invites Members of the Governance and Audit Committee to consider and make changes to the Governance and Audit Committee Self-Assessment prior to it being presented to Council.

5. Next Steps

5.1 The final self-assessment report will be presented to Full Council at its meeting on 11th December 2023.

6. Financial Implications

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

7. Legal Implications

7.1 The Council has a duty to maintain an effective internal audit provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015). Various guidance also emphasises the importance of the Audit Committee, including:

- Delivering Good Governance in Local Government: Framework (CIPFA / Solace, 2016)
- The Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)
- CIPFA Audit Committees – Practical Guidance for Local Authorities and Police 2022

7.2 This report is required under the approved Terms of Reference for the Governance and Audit Committee.

8. Other Implications

8.1 There are no other implications arising out of this report at this time.

9. Equality and Diversity Implications

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

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

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

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

10. List of Appendices

10.1 Appendix 1 – Governance and Audit Committee Annual Report 2022/23.

11. Background Papers

11.1 None.

GOVERNANCE & AUDIT COMMITTEE

ANNUAL REPORT 2022/23 (to August 2023)

INTRODUCTION from the CHAIR of the GOVERNANCE & AUDIT COMMITTEE

This Annual Report of the Governance & Audit Committee summarises the Committee's work and achievements relating to its Audit role for 2022/23 (and to July 2023). It is intended to:

- Reassure the Council and other stakeholders that the Committee is undertaking its responsibilities properly and in a way which allows it to exercise effective oversight; and
- Demonstrate to the District's residents and other stakeholders the importance that the Council places on good governance, openness, and probity in public life. The report sets out the contribution the Committee makes to achieving those aims. The Committee's meetings are open to the public and its reports are available on the Council's website.

To provide ongoing assurance over the Council's internal controls and systems, the Committee meetings in 2022/23 were attended by the Chief Executive, Corporate Director, Head of Finance, the Audit Insurance & Fraud Manager, the Financial Services Manager, and Committee Services, as well as representatives from BDO, the Council's External Auditor. Other Council officers attend the Committee meetings as required.

Operating effectively, the work of the Governance and Audit Committee will enhance corporate awareness of the need for internal control and implementation of agreed audit recommendations, increase public confidence in the objectivity and fairness of financial and other reporting, reinforce the importance and independence of internal and external audit and other similar review processes, and provide additional assurance through its processes of independent and objective review.

I would like to express my thanks to those Officers and Members who have supported the work of this Committee by presenting, discussing, and challenging reports, and engaging in training and improvement activity to develop the knowledge and skills needed for this key area of the Council's arrangements for effective governance.

Cllr Justin Wrench, Chair of the Governance and Audit Committee
September 2023

1. Introduction

- 1.1. Both Central Government and CIPFA (Chartered Institute of Public Finance Accountants) promote the view that certain governance related functions are best delivered by an Audit Committee. The Governance and Audit Committee (GAC) performs both the role of Audit Committee, and a Standards role, and as such is a key component of the Council's Corporate Governance framework providing an independent and high-level focus on the audit, assurance and reporting arrangements which underpin good governance and financial standards, thus adding value to the authority's governance arrangements. The Committee's functions include:
- i) **Audit:** - To provide assurance to Members and the public that there are adequate controls to mitigate risks and that the Authority has effective governance arrangements. The Committee oversees the Council's internal audit function and risk management arrangements, receives and approves external audit reports, scrutinises the Statement of Accounts, and makes reports and recommendations to the Cabinet, Committees, and the Council on the adequacy of corporate governance and risk management arrangements and the associated control environment.
 - ii) **Governance and Standards:** To deal with a range of matters including relating to Councillor conduct, and provision of advice and guidance to the Council, Cabinet and individual Councillors on the application and review of the Constitution.
- 1.2. The role of an audit committee is different to the role of a scrutiny or standards committee. The CIPFA Publication '*Audit Committees: Practical Guidance for Local Authorities (2022)*' (CIPFA Guidance) identifies the audit committee role in relation to standards is to oversee the arrangements that are in place to establish and maintain ethical standards and to obtain assurance over them to support the Annual Governance Statement (AGS) and to not duplicate the authority's specific arrangements to oversee and operate standards such as via a standards Committee. Where Members also hold scrutiny or standards roles, they should take care to not blur their roles. The supplementary guidance recommends the committee roles of audit, and scrutiny or standards are separated: the Standards committee oversees member conduct and reviews member complaints which is not a function of the audit committee. Where the audit committee takes on the role of the standards committee, there should be clear distinction between the two roles and responsibilities in the terms of reference and meeting agendas.
- 1.3. The purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and

external audit, it makes an important contribution to ensuring that effective management arrangements are in place.

1.4. The CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 outlines the following core functions of an audit committee, enabling such a committee to provide oversight of a range of core governance and accountability arrangements, respond to recommendations of assurance providers and help to maintain robust arrangements:

- Maintenance of governance, risk, and control arrangements
 - Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance
 - Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk related issues, for both the body and its collaborative arrangements
 - Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.
- Financial and governance reporting
 - Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
 - Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them
- Establishing appropriate and effective arrangements for audit and assurance
 - Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities
 - In relation to the authority's internal audit functions:
 - Oversee its independence, objectivity, performance, and conformance to professional standards
 - Support effective arrangements for internal audit
 - Promote the effective use of internal audit within the assurance framework
 - consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit

- contribute to the operation of effective external audit arrangements, supporting the independence of auditors and promoting audit quality
 - support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review, and accountability.
- 1.5 The effectiveness of arrangements for the GAC has been assessed against the best practice for Audit Committees contained in the CIPFA Guidance.

2. Matters Considered

- 2.1 **Constitution of the Committee:** CIPFA's *Position Statement: Audit Committees in Local Authorities and Police* recommends that in local authorities the committee should:
- **Be directly accountable to the authority's governing body**
 - Committee Terms of reference confirm the committee reports to Council on findings, conclusions and recommendations on the adequacy and effectiveness of governance, risk management and internal control frameworks, financial reporting arrangements, and on the Committee's performance in relation to the terms of reference and the effectiveness of the committee in meetings its purpose.
 - **be independent of both the executive and scrutiny functions**
 - Since the Governance and Audit Scrutiny Committee 2021/22 Annual Report, the Committee name has changed to the Governance and Audit Committee, omitting the reference to Scrutiny in the title. The work of the Governance and Audit Committee supports the Corporate Scrutiny function, and the Committee receives separate reports for work relating to Scrutiny and Internal Audit functions.
 - **Have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups**
 - The Committee will access and engage with other committees/functions as appropriate and in accordance with the committee scope of work
 - **Have rights to request reports and seek assurances from relevant officers**
 - The Committee requests such reports and assurances as appropriate, for example the Committee will receive an update on a major project in 2023/4
 - **Be of an appropriate size to operate as a cadre of experienced, trained committee members (Large committees should be avoided)**
 - Nine Members were appointed to the former Governance and Audit Scrutiny Committee

- This was increased to 13 Members following the revision to Governance and Audit Committee in May 2023
- Appointments are in accordance with the political balance rules specified by the Local Government and Housing Act 1989
- **The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation**
 - The Committee does **not** currently co-opt any independent members.



2.2 **Work of the Committee:** The Committee undertakes a wide range of activities and works closely with internal and external auditors to achieve its aims and objectives. The Committee monitors, challenges and provides assurance on matters relating to internal and external audit, financial reporting, risk management, corporate governance, and compliance issues. The work undertaken and reports considered by the Committee allow it to:

- Provide independent assurance on the adequacy of the governance, risk management framework and associated control environment;
- Provide independent review of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; and
- Oversee the statutory financial reporting process

2.2.1 Appendix 1 summarised the scope of GAC work and responsibilities (as stated in the committee Terms of Reference), and commentary on the extent to which this work has been completed by the committee. **The following areas will require additional work or consideration** (see Appendix 1 for further detail):

- The Counter Fraud Strategy is pending review and update by management.
- The committee reviews the External Auditor reports and Annual Audit Letter, some reports have been delayed and the committee and officers are working with the External Auditor to progress completion of External Audit work.
- Reporting on findings, conclusions and recommendations relating to committee work, and arrangements for bringing any concerns arising from financial statements to the attention of Council, will be determined by the Chair of GAC in conjunction with the Head of Governance and S151 Officer

2.2.2 The following table summarises the **significant matters considered by the Committee** during 2022/23. Annual Committee appointments were made by Council at the AGM held on 25th April 2022, and updated for 2023/24 at the AGM held 25th May 2023.

Meetings Held 	2022					2023			
Reports Presented 	Apr (1)	Apr (2)	May	Jul	Nov	Jan	Apr	Aug	Oct
Committee Matters									
Governance & Audit Committee self assessment / annual report					✓				✓
Constitution									
Annual Constitution Review	✓								
Planning Committee Members Forum			✓						
Governance Matters									
Annual Governance Statement 2021/22				✓					
Code of Corporate Governance and Annual Governance Statement 2022/23								✓	
External Audit (EA) and Financial Reporting									
EA Plan 2021/22									
EA Plan 2022/23									
EA Annual Audit Letter 2019/20 (verbal update)							✓		
EA Annual Audit Letter 2020/21									
EA Annual Audit Letter 2021/22									
EA Annual Audit Letter 2022/23									
Statement of Accounts and EA Audit Completion Report 2020/21						✓			
Statement of Accounts and EA Audit Completion Report 2021/22									
Statement of Accounts and EA Audit Completion Report 2022/23									
Key Financial Indicators		✓		✓	✓	✓	✓	✓	
Treasury Management Report				✓	✓			✓	
Treasury management Strategy						✓			
Outcome of HB Subsidy work 2020/21							✓		
Outcome of HB Subsidy work 2021/22									
Outcome of HB Subsidy work 2022/23									

EA general update (2019/20 update, 2020/21 update, 2021/22 planning, HB subsidy assurance process)			✓		✓				
Local Audit Update								✓	
Meetings Held →	2022					2023			
Reports Presented <i>(continued)</i> ↓	Apr (1)	Apr (2)	May	Jul	Nov	Jan	Apr	Aug	Oct
Internal Audit (IA)									
IA Annual Report 2021/22				✓					
IA Annual Report 2021/22								✓	
IA Plan 2022/23				✓					
IA Plan 2023/24								✓	
IA Charter			✓				✓		
Progress Against IA Plans / RIPA update			✓	✓	✓	✓	✓	✓	✓
Major Project Report									✓
External Quality Assessment of IA							✓		
Risk management									
Revised Risk Management Policy & Strategy								✓	
Review of Strategic Risk Register				✓			✓		
Standards									
Monitoring Officer Annual Report									✓
Fraud									
Fraud update		✓				✓			
RIPA / IPA Policy Review									✓

2.2.3 Differentiating Between Audit and Scrutiny Functions of the Governance and Audit Committee: The above table demonstrates that Committee work relating to the Constitution was heard at meetings convened specifically for that purpose. The Monitoring Officer Annual report, whilst considered alongside Audit related committee business, is a separate report.

2.3 Committee Membership and Attendance:

	2022				2023		
	Apr (2)	May	Jul	Nov	Jan	Apr	Aug
Cllr J Baugh (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr M Cunningham (Jan 2021 to May 2023)	N/A	N/A	N/A	N/A	✓		N/A
Cllr J Edwards (from 2023) (Vice Chair)	N/A	N/A	N/A	N/A	N/A	N/A	✓

Cllr P Euesden (2019 to 2023 (Vice Chair May from 2022))	✓	✓	✓	✓	✓	✓	N/A
Cllr M Green (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr A Hooks (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr D Hume (2019 to Feb 2023)						N/A	N/A
Cllr L Jefferis (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr H Johnson (Vice Chair 2019 to Apr 2022)	✓	N/A	N/A	N/A	N/A	N/A	N/A
Cllr D Mann (2019 to 2023)	✓	✓	✓	✓	✓	✓	N/A
Cllr A Munday (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr G Prime (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr R Ramage (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	
Cllr S Rehman (2022 to 2023)	N/A	✓			✓		N/A
Cllr Miss Santomauro (2019 to Jan 2023)					N/A	N/A	N/A
Cllr R Van Dulken (Chair 2019 to 2021) (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	
Cllr T Walsh (from 2019)			✓		✓		✓
<i>Continued</i>	2022				2023		
	Apr (2)	May	Jul	Nov	Jan	Apr	Aug
Cllr Mrs L Walters (from 2019)					✓	✓	
Cllr D White (2021 to 2023)							N/A
Cllr J Wrench (Chair from 2021)	✓		✓	✓	✓	✓	✓
Cllr B Wright (from 2023)	N/A	N/A	N/A	N/A	N/A	N/A	✓
Cllr J McKee (in attendance)					✓		
Officers & External Audit Representatives:							
Kim Cole, Head of Governance / MO	✓						
Emma Wisbey, Governance & Members Manager		✓			✓	✓	
Jessica Mann, Governance & Members Officer	✓	✓	✓				✓
Alison Webb, Governance & Members Officer				✓		✓	
Amanda Lindsell, Scrutiny Officer					✓		
Dan Gascoyne	N/A	N/A	N/A		✓		
Suzanne Bennett, Corporate Director	N/A	N/A	✓				
Phil Myers, Head of Finance / S151 Officer	✓		✓	✓	✓	✓	✓
Angie Mitchell, Audit Insurance & Fraud Manager	✓		✓	✓	✓	✓	✓
Mark Jarvis, Financial Services Manager	N/A	N/A	✓	✓	✓		✓
Emma Goodings, Head of Planning & Economic Growth	N/A	✓	N/A	N/A	N/A	N/A	N/A
Chris Paggi, Planning Development Manager	N/A	✓	N/A	N/A	N/A	N/A	N/A

Steve Bladen (BDO – External Audit)	✓	N/A				✓	✓
Sebastian Evans (BDO – External Audit)		N/A		✓	✓		
Aphrodite LeFevre (BDO – External Audit)		N/A			✓		

2.4 **Committee Training:** In February 2022, the Governance and Audit Committee Members were joined by Members from Chelmsford City Council and Tendring District Council for *Effective Audit Committees* training which gave an overview and update on the functions and purpose of an audit committee including legal requirements, explained good governance and gave examples of poor practice, provided a comparison between the differing roles of an Audit Committee and a Scrutiny Committee, explained assurance types and sources, gave an overview of the Annual Governance Statement, explained the role of internal audit and its contribution to the work of the committee, explained the Committee role in risk management, summarised the role of External Audit and financial reporting arrangements, and offered thoughts on making the Audit Committee effective.

The Governance team is currently working with the Governance and Audit Committee Chair and reviewing options for further Audit Committee training for Members.

2.5 **Regional Audit Committee Chairs Forum** – In December 2021 the LGA agreed with central government to establish a forum in each region, to bring chairs together to share information, insights and ideas as part of an enhanced package of support for audit. The forum was initially organised and hosted by Norfolk CC and was transferred to ECC in July 2023.

- The inaugural meeting in March was attended by Cllr Wrench and Angie Mitchell
- Information and slides from the second meeting (August 2022) were circulated to Cllrs Wrench and Euesden (and to officers Suzanne Bennet, Phil Myers, and Angie Mitchell)
- Cllr Wrench attended the third meeting in November 2022
- A further meeting of the forum was held in March 2023 and slides circulated to the Chair
- The next meeting is expected to be held in September 2023, Cllr Wrench has submitted feedback on the forum content.

APPENDIX 1 – Summary of Work Performed in Accordance with Governance & Audit Committee Terms of Reference

Governance, Risk and Control	
Review Council's Corporate Governance arrangements, and the Annual Governance Statement	Reports in July 2022 and August 2023
Consider Value for Money arrangements	Formal Value for Money opinion from External Auditor included in the Use of Resources opinion, <i>the last report was provided October 2021</i>
Consider the framework of assurance to ensure is adequately addresses Council risks and priorities	Various reports, and oversight of audit planning process to ensure scope of internal audit allows for provision of relevant assurance
Monitor development and operation of risk management, and endorse the annual Risk Management Strategy	Risk Register reviewed in July 2022 and April 2023 Risk Management Policy & Strategy has been updated management and was presented to GAC in August 2023.
Consider reports on effectiveness of internal control environment and monitor implementation of agreed actions	Internal Audit reports on outcomes of audits and implementation of recommendations reviewed in 2022 (January, April, July and November) and in 2023 (January, April and August)
Review the assessment of fraud risks and potential harm to the Council from fraud and corruption Monitor the Counter Fraud Strategy, actions and responses	Fraud update reports considered April 2022 and January 2023 Counter Fraud Strategy is pending review and update by management
Review governance arrangements for significant partnerships or collaborations	Review of significant partnerships is included the Audit plans and audit outcomes report to Committee
Internal Audit	
Approve the IA charter	April 2022 and April 2023
Approve the risk based internal audit plan, IA resource requirements, and approach to sources of assurance	July 2022 and August 2023
Approve significant interim changes to the risk based internal audit plan or resources	Plan progress reviewed in 2022 (January, April, July and November), and in 2023 (January, April and August), no significant changes
Enquire of management and Internal Audit Manager of any inappropriate scope or resource limitations	Included in Internal Audit annual report, considered in July 2022 and August 2023
Consider any impairments to independence or objectivity arising from additional (non-Audit) roles or	Identified in Audit Charter presented to Committee April 2022 and April 2023

responsibilities of the Audit Manager, and review associated safeguards	
Consider reports from Audit Manager on IA performance, key findings from audit work, issues of concern, results of Quality Assurance & Improvement Programme, conformance to Public Sector IA Standards, and areas to include in the AGS	Summarised in the Internal Audit Annual report (July 2022 and August 2023), also in an update on progress of the External Quality Assessment action plan was reviewed as part of the IA Progress update in April 2022, and in a report on an External Quality Assessment of conformance of the Internal Audit Service (April 2023)
Consider the Audit Manager Annual Report	July 2022 and August 2023
Consider summaries of internal audit findings, including where Audit Manager concluded an unacceptable level of risk	IA Progress Reports in 2022 (January, April, July and November), and in 2023 (January, April and August) included assurance level for audits, and outcome of follow up work in respect of 'Limited Assurance' reviews
Contribute to the Quality Assurance and Improvement Programme, in particular the External Quality Assessment (EQA)	Committee Members contributed to the EQA in 2022/23 (outcome reported to GAC in April 2023). EQA's are required to be scheduled at least every 5 years.
Consider report on IA effectiveness to support the Annual Governance Statement	IA Annual Opinion July 2022 and August 2023
Provide Audit Manager free and unfettered access to the GAC Chair and opportunity for private meeting with Committee	Audit Manager able to access GAC Chair directly, has not had cause for private meeting but GAC would support any such request
External Audit	
Support external audit independence through consideration of external auditor annual assessment of independence and review of any issues raised by PSAA (or Council's Auditor panel if opted out of PSAA)	The Committee considered a report (in January 2022) on the appointment of external auditors from 2023/24 to 2027/28, this report explained issues affecting the local audit provision and the resulting delays in the provision of audit opinions. The Audit Completion Report for 2020/21 was presented to GAC in Jan 2023 and included commentary on External Auditor independence.
Consider external auditor annual letter and reports	External Auditor reports are reviewed by GAC, however EA reporting in the last year has been limited. GAC and Officers are working with the External Auditor to progress completion of External Audit work
Comment on scope and depth of external audit work, ensure it gives value for money	The External Audit Plan for 2020/21 work was considered by GAC in October 2021, this plan summarised the scope of work (as required by the Code of Audit Practice) and the fee for the

	work (in line with the fee scales published by Public Sector Auditor Appointments (PSAA)). The External Auditor intends to conclude 2019/20 and 2020/21 work before submitting plans for subsequent years
Commission work from internal and external audit	GAC review internal audit plans and challenge the scope as appropriate, the 2022/23 IA Plan was approved by GAC in July 2022 and the 2023/24 plan was presented to GAC in August 2023. The Council appoints the external auditor via PSAA, and commissions Housing Benefit Subsidy Certification work from the External Auditor.
Advise on effectiveness of relationships between external and internal audit and other inspection agencies	GAC has general oversight of both Internal and External audit plans / scope of work, and reports. Internal Audit cooperates and shares reports with the External Auditor. The External Auditor operates in accordance with the requirements of the Code of Audit Practice (issued by the Comptroller and Auditor General) which requires auditors to consider how best to obtain assurance... working effectively with other auditors where appropriate
Financial Reporting	
Review annual Statement of Accounts, considering whether accounting policies have been followed and any concerns arising from financial statements to bring to the attention of Council	Statements of Accounts and the External Auditor Completion Report (which draws attention to any issues) are reviewed by GAC (last was 2019/20 accounts to GAC in October 2021). Arrangements for bringing any concerns arising from financial statements to the attention of Council, will be determined by the Chair of GAC in conjunction with the Head of Governance and S151 Officer
Consider external auditor report on issues arising from the audit of the accounts	External Auditor reports are reviewed by GAC, however EA reporting in the last year has been limited. GAC and Officers are working with the External Auditor to progress completion of External Audit work
Accountability Arrangements	
Report to Council on findings, conclusions and recommendations concerning adequacy and effectiveness of governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions	Aspects of GAC business are reported to Council and to the assigned the Portfolio holder, and the Annual Governance Statement is signed by the Leader

Report to Council on the committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose	Report to be agreed by Governance and Audit Committee in October 2022
Publish an annual report on the work of the committee	2021/22 Report agreed by GAC in November 2022 2022/23 Report presented to GAC in October 2023
Governance Arrangements	
Promote high standards of conduct by Members and co-opted Members, and advise and assist Parish Councils and Councillors to maintain high standards of conduct	High standards are promoted via the adoption and application of Codes of Conduct. The Monitoring Officer also handles complaints, provides advice as required, and has regular meetings with Group leaders to resolve potential issues before they arise
Advise the Council on the adoption or revision of the Members' Code of Conduct	The Member Code of Conduct is included in the Council's Constitution and was last reviewed by GAC in April 2022 The Monitoring Officer is reviewing a new model Code of Conduct which will be reported to GAC and the Developing Democracy Group, and which is expected to be presented to the next AGM in April 2024.
Receive reports from the Monitoring Officer and assess the operation and effectiveness of the Members' Code of Conduct	The Monitoring Officer report is scheduled to be presented to GAC at the October 2023 meeting
Advise and train Members and co-opted Members on matters relating to the Code of Conduct	Code of Conduct matters were included in the Member Induction training (last provided May/June 2023), and refreshers are provided as necessary
Advise the Council on the content of / requirement for codes/protocols/other procedures relating to standards of conduct	Review of proposal for Planning Committee Member's Forum (May 2022)
Oversee Council arrangements for dealing with complaints, and inform Council and the Chief Executive of issues arising from determination of Code of Conduct complaints	Oversight is through the adoption of Constitution / Codes of Conduct and through the issue and publication of decision notices? The Monitoring Officer is reviewing the policy on dealing with Code of Conduct Complaints, this will be presented to the Developing Democracy Group and to the next AGM in April 2024.
Grant exemptions to politically restricted posts	None required
Set allowances and expenses of the Independent Person / Reserve	The Independent Person was appointed in November 2021 following interview with two members of the former Corporate Governance Group. Remuneration arrangements were

	delegated to the Monitoring Officer in consultation.
Receive referrals from the Monitoring Officer into allegations of misconduct	The Monitoring Officer determines allegations in the first instance and would instigate formal investigation if considered appropriate and report the outcome of any formal investigation to GAC. No allegations have required formal investigation.
Hear and determine complaints through referral to the Standards Sub Committee	None required
Grant dispensations after consultation with the Independent Person (S33(2) (b), (c) and (e) of the Localism Act 2011 And hear and determine appeals against refusal to grant dispensations	None required

Report Title: To receive the Treasury Management Mid-Year Report for 2023/24	
Report to: Governance and Audit Committee	
Date: 4 th October 2023	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Mark Jarvis, Financial Service Manager	
Enquiries to: Mark Jarvis, Financial Services Manager (majar@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 The Council has adopted the Code of Practice for Treasury Management in Public Services published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which requires the Council to receive at least one mid-year report on its treasury management activities.
- 1.2 The mid-year report is to be considered by the Governance and Audit Committee prior to its submission to Full Council.

2. Recommendations

- 2.1 To consider the Treasury Management Mid-Year Report for 2023/24 and recommend its submission to Full Council.

3. Summary of Issues

- 3.1 The Treasury Management Strategy for 2023/24 was approved by Full Council at its meeting held on 20th February 2023. The mid-year report for 2023/24 is attached to this report as an **Appendix**.
- 3.2 The recommendation set out in this report will help the Council to demonstrate that it is achieving its corporate objectives of being a high performing organisation that delivers excellent and value for money services; and is delivering better outcomes for residents and businesses and reducing costs to taxpayers. Details of how the Council's treasury management activities contribute towards these objectives are set out in the mid-year report.

4. Options

- 4.1 The Committee may suggest changes to the mid-year report and/ or provide comments which the Cabinet Member for Resources and Finance can take into account when presenting the final report to Full Council.

5. Next Steps

- 5.1 The final mid-year report will be submitted to Full Council at its meeting on 11th December 2023.

6. Financial Implications

- 6.1 There are no new financial implications arising from this report. The financial impact from the Council's treasury management activities is reported in the Council's Quarterly Performance Report.

7. Legal Implications

- 7.1 The Council's treasury management activities are subject to regulation by the CIPFA Code. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

8. Other Implications

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

9. Equality and Diversity Implications

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

10. List of Appendices

Treasury Management Mid-Year Report 2023/24.

11. Background Papers

Treasury Management Strategy Statement 2023/24.

1. Introduction

- 1.1 The Authority's Treasury Management Strategy for 2023/24 was approved by Full Council as part of the overall budget at the meeting on 22nd February 2023. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

2. External Context

Economic Background

- 2.1 From the start of the quarter until May it looked like peak global monetary policy rates were in sight as inflation continued to ease and central banks turned more dovish in tone. Only a few weeks later, stronger and more persistent inflation data, particularly in the UK, changed the picture.
- 2.2 The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to August 2023, down from 6.8% in July, and down from a recent peak of 11.1% in October 2022.
- 2.3 After a sharp rise in interest rate expectations, with clearly serious implications for mortgage markets due to higher inflation and wage data, the Bank of England's Monetary Policy Committee (MPC) reaccelerated monetary policy tightening over the period with successive rises in May, June and August, taking Bank Rate to 5.25%.
- 2.4 In September, the Bank of England kept interest on hold for the first time in almost two years. The nine-strong MPC was divided 5-4 with a minority pushing for a further quarter-point rise. The Bank's governor cast the decisive vote in favour of a pause. There is still a large degree of uncertainty within markets however markets are still anticipating a further increase before the end of 2023.

Financial Markets

- 2.5 Financial market sentiment and bond yields remained volatile, the latter continuing their general upward trend as uncertainty and concern over higher inflation and higher interest rates continued to dominate.
- 2.6 Gilt yields rose over the first 5 months of the year. The 5-year UK benchmark gilt yield rose from 3.30% to 4.67%, the 10-year gilt yield from 3.43% to

4.36%, and the 20-year yield from 3.75% to 4.62%. The Sterling Overnight Rate (SONIA) averaged 4.64% over the period.

Credit Review

- 2.7 Arlingclose continue to monitor and assess credit default swap levels for signs of ongoing credit stress but made no changes to the recommended counterparty list or durations. Nevertheless, heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority’s counterparty list remains under constant review.

3. Local Context

- 3.1 On 31st August 2023, the Authority had cash and investments totalling £70.2m and borrowing of £5.6m.
- 3.2 The treasury management position on 31st August 2023 and the change over the six months is summarised below:

	31.3.23 £m	Movement £m	31.08.23 £m
Borrowing	5.80	(0.20)	5.60
Pooled Funds ¹	19.00	-	19.00
Short-term investments ¹	27.00	23.50	50.50
Cash	1.13	(0.41)	0.72
Cash and Investments	47.13	23.09	70.22
Net Cash and Investments	41.33		64.62

¹ Excludes unrealised change in market values

4. Borrowing

- 4.1 CIPFA’s 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 4.2 As outlined in the treasury strategy, the Authority’s chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority’s long-term plans change being a secondary objective. The Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 4.3 The Authority has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It currently has no

plans to do so in future. The current external borrowing is shown in the table below.

	Amount £m	Amount Remaining £m	Rate %	Period (Years)	Maturity
PWLB – EIP Equal Instalments of Principal	6.00	5.60	2.59%	15	29/05/2037
Total borrowing	6.00	5.60	2.59%		

4.4 There has been a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Over the period, Bank Rate rose from 4.25% at the beginning of April to 5.25% at the end of September and was also significantly higher than its level of 2.25% at the end of September 2022.

5. Treasury Investment Activity

5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. For the period April to August the Authority's investment balances averaged £67.1m with the highest amount held being £75.2m. The change in investment position over the period is shown in the table below:

	31 Mar 23 £m	Movement Apr-Aug £m	31 Aug 23 £m
Pooled Funds			
Equity funds	13.00	-	13.00
Diversified funds	3.00	-	3.00
Property fund	3.00	-	3.00
Sub-total	19.00	-	19.00
Short-term investments			
Debt Management Office	3.00	24.50	27.50
Money Market Funds (low volatility)	20.00	(1.00)	19.00
Money Market Fund (variable)	4.00	-	4.00
Sub-total	27.00	23.50	50.50
Lloyds Bank	1.13	(0.41)	0.72
Total	47.13	23.09	70.22

5.2 Investment balances typically peak around September before reducing over the remaining six-months. Balances have been elevated again during the first half-year from the front loading of income from Council Tax / Business Rates, along with the current profiled spend on the capital programme. This means that cash balances are expected to reduce significantly towards the end of the current financial year.

- 5.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.4 The amount of interest earned on short-term investments in the period April to August is £912k, which represents an annualised return of 4.54%.
- 5.5 The Authority’s medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will fluctuate whilst investments are held with this risk being managed by holding for a minimum a three- to five-year period, during which total returns would be expected to exceed cash interest rates.
- 5.6 Given current market sentiment in the past twelve months, the valuation of these funds at the end of August had an overall valuation of £20.5m representing an unrealised gain of £1.5m.
- 5.7 Pooled funds have no defined maturity date, but are available for withdrawal after a notice period, therefore, their performance and continued suitability in meeting the Authority’s medium- to long-term investment objectives are regularly reviewed.
- 5.8 The progression of risk and return metrics for the Authority’s investments are shown in the following extracts from quarterly investment benchmarking:

Period end	Credit Rating ¹	Bail-in exposure ¹	WAM ¹ (days)	Pooled funds volatility	Income return %	Total return ² %
31.03.23	A+	88%	8	9.52%	4.12%	1.64%
30.06.23	AA-	45%	35	9.08%	4.45%	3.89%
Similar LAs	A+	65%	45	5.34%	4.26%	1.54%
All clients	A+	63%	11	7.12%	4.32%	2.34%

Source: Arlingclose quarterly benchmarking

¹ Relates to internally managed investments

² Income plus change in market value of pooled funds

6. **Compliance**

- 6.1 All treasury management activities undertaken during the period to end of August complied fully with the CIPFA Code of Practice and the Authority’s approved Treasury Management Strategy, and specifically:
- Borrowing remained within the Operational and Authorised Boundary approved by Full Council of £30m and £50m, respectively;
 - Investments were made primarily in Money Market Funds (MMFs) and with the Debt Management Office where the aggregate limits are unlimited, subject to an individual fund limit of £5m for MMFs.

- Fixed term deposits with major UK and non-UK banks and building societies, which meet the Council's credit criteria.
- Lloyds Bank current account.

7. Other Developments

- 7.1 In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for 2 years until 31st March 2025, but no other changes have been made. Whether the override will be extended beyond the new end date is unknown but commentary to the consultation outcome suggests not. The Authority will review with Arlingclose the implications for the investment strategy and what action may need to be taken ahead of the proposed end date.
- 7.2 DLUHC have also launched a consultation on the capital risk metrics which will be required to monitor English local authorities when the Levelling up and Regeneration Bill becomes law. Any authority breaching a given threshold for a capital risk metric will be investigated further and may receive a risk mitigation direction from DLUHC requiring it to take action such as selling property and using the proceeds to repay debt.
- 7.3 As part of the consultation, the proposal lists four metrics to be used to assess if borrowing and investment practices are prudent, sustainable and affordable, while leaving authorities the freedom to continue to set their own capital strategies. The four metrics proposed are listed below:
- The total of a local authority's debt (including credit arrangements) as compared to the financial resources at the disposal of the authority.
 - The proportion of the total of a local authority's capital assets which are investments made, or held, wholly or mainly in order to generate financial return.
 - The proportion of the total of a local authority's debt (including credit arrangements) in relation to which the counterparty is not central government or a local authority.
 - The amount of minimum revenue provision charged by a local authority to a revenue account for a financial year.