

GOVERNANCE AND AUDIT COMMITTEE AGENDA

Thursday, 25th July 2024 at 7.15pm

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

THIS MEETING IS OPEN TO THE PUBLIC

Members of the public will be able to view and listen to this meeting via YouTube.
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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 P Heath
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.

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

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

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

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

Further information on Public Question Time is available on the [Council's website](#).

Health and Safety

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Documents

Agendas, Reports and Minutes may be accessed via www.braintree.gov.uk

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

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Webcast and Audio Recording

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The meeting will also be broadcast via the Council's YouTube Channel.

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

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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 17th April 2024 (copy previously circulated).

4 Public Question Time

Only Registered Speakers will be invited by the Chairman to speak during public question time.

Please see the agenda notes for guidance.

5 Local Audit Update 6 - 10

6 To receive a suite of the Council's Key Financial Indicators 11 - 19

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8 Internal Audit Update, including Progress Against the Internal Audit Plan 2024-25 38 - 49

9 Internal Audit Charter - July 2024 50 - 68

10 Strategic Risk Register 69 - 97

11	Treasury Management Annual Report 2023-24	98 - 108
12	Annual Governance Statement 2023-24	109 - 125
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.

Report Title: Local Audit Update	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	For: Decision
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance and S151 Officer	
Enquiries to: Phil Myers, Head of Finance and S151 Officer (phil.myers@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 To provide an update on the position regarding local audit.

2. Recommendations

- 2.1 Members are asked to note the report.

3. Summary of Issues

- 3.1 At the Committee's meeting held on 17th April 2024, an update on the position regarding local audits was provided, including details of the announcement in February by the previous government on its proposals to clear the backlog of audits and to put the local audit system on a sustainable footing. This had been accompanied by a consultation on legislative changes to the Accounts and Audit Regulations.
- 3.2 The government were proposing a three-stage approach: **Reset** involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30th September 2024; **Recovery** through the use of backstop dates to allow assurance to be rebuilt over multiple audit cycles and to avoid reoccurrence of a backlog; and **Reform** involving addressing the systemic challenges in the local audit system.
- 3.3 Consultation on the proposals had closed and the Committee were provided the Council's response to that consultation.
- 3.4 The Committee also received an Audit Progress Report from BDO LLP setting out their intentions with regards to each open audit for the period 2019/20 - 2022/23. This was presented subject to government confirming its proposals, and indicated that BDO LLP would:
- Conclude audits of 2019/20 and 2020/21 by the backstop date.
 - Issue disclaimed audit opinions on 2021/22 and 2022/23.
 - Complete their value for money work and issue a single Auditor's Annual Report covering the period up to 2022/23.

- 3.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) was separately consulting on temporary changes to the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 (the Code).
- 3.6 The Committee were advised that the government's response to its consultation was still awaited, including enactment of the enabling legislation. However, due to the announcement of the general election and parliament being dissolved on 30th May, the proposals did not come into effect in time. The issue of resolving the backlog of local audits now sits with the new government.
- 3.7 CIPFA has also recently announced that due to the delay caused by the general election it has decided not to implement the short-term updates to the Code and will instead now focus on longer term improvements in local authority financial statements and reporting.
- 3.8 BDO LLP, have indicated that they still intend to follow their process previously set out to the Committee, which was to seek to complete the 2019/20 and 2020/21 audits before 30th September 2024.
- 3.9 At the last Committee it was also reported that the Council was still awaiting a formal response from BDO LLP to the request to provide an account of the delay that had been experienced with the Council's audits. A response was received on 2nd May 2024, which is attached to this report as **Appendix A**.

Draft Statement of Accounts for 2023/24

- 3.10 The deadline for local bodies for the publication of unaudited accounts for 2023/24 was the 31 May 2024, and the Council achieved this date with draft accounts published on its website. At the time, it was being reported in media that only around 40% of local authorities had been able to achieve the deadline.
- 3.11 As the accounts were published uncertified, the statutory public inspection period has been deferred. This position has been adopted given the current outstanding position on prior year audits and remains under review.
- 3.12 The accounts are now subject to audit review by KPMG LLP and will be presented to the Committee for approval at a future meeting along with the auditor's report and findings.
- 3.13 Subject to any further announcement by the government on resolving the local audit issue, it may be necessary to revise the Committee's timetable of meetings in order to enable governance processes to be completed.

4. Options

- 4.1 The Committee is asked to note the report.

5. Financial Implications

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

6. Legal Implications

- 6.1 There are no legal implications arising from 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; and
- (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 issues set out in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8. List of Appendices


- 8.1 **Appendix A** – Letter from Geraint Jones, Partner, Head of London Audit, BDO LLP, dated 2nd May 2024

9. Background Papers

- 9.1 None.

Mr Phil Myers
Head of Finance / S151 Officer
Braintree District Council
Causeway House
Braintree
Essex
CM7 9HB

2 May 2024



Dear Mr Myers

I am writing in relation to your letter dated 16 February 2024 addressed to Steve Bladen regarding the external audit of Braintree District Council. I lead our London Audit Group and oversee our Public Sector audit team, working with the Key Audit Partners on their audit delivery schedules.

Firstly, I apologise for the delay in responding in writing to your letter. I am aware that subsequent to your letter, an update was given to the Governance and Audit Committee on 17 April 2024 and so I hope that you are already aware of our plan for completion of the 2019/20 and 2020/21 and subsequent audits. Given the questions that you raise, I thought it would be helpful to give the background to the current position and then to confirm our expectations relating to the completion of the remaining audits.

As you will be aware, there is a considerable backlog across the sector and there have been issues nationally that have either increased the resources required to complete local authority audits or have caused delays. These have included:

- Backlog initially created during Covid and lockdown that has not been recovered
- Enhanced quality requirements following well publicised audit failures
- Implementation of new auditing standards
- Infrastructure accounting and inadequate historical records for highways and infrastructure spend
- Increased complexity of group structures, nature of transactions and asset ownership
- Difficulty recruiting auditors to the sector.

Whilst not all of these are relevant to our work with Braintree District Council, they have had an impact across our public sector audit portfolio and have left us behind where we would want to be on several audits. In relation to capacity, we have recruited in the market and have used some staff from other BDO audit teams, although the specialist nature of public sector audits is such that it is not possible for us to try to reallocate staff in large numbers from the corporate audit teams.

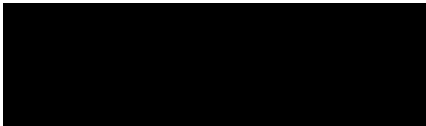
As you will be aware, the government recently consulted on the introduction of backstop dates which would require audits up to 2022/23 to be finalised by 30 September 2024. We await the government's response to the consultation. However, as Steve Bladen explained in the Governance and Audit Committee on 17 April 2024, our expectation is that our 2019/20 and 2020/21 audits will be completed before the backstop date. We have restarted the work necessary to close the 2019/20 and 2020/21 audits, though there do remain issues to be finalised such as the infrastructure asset considerations, along with other audit and review procedures. Our expectation is that we will present audit completion reports to the Council in September 2024.

Whilst we cannot be certain that the backstop proposals will be enacted, the introduction of the 30 September 2024 date means that our focus will need to be on reporting on all of our outstanding audits by that date. Work that would have otherwise been directed to audits that would have finished later in 2024 will now need to be directed to performing sufficient work to issue disclaimer audit opinions and performing Value For Money reporting procedures by 30 September 2024. If the backstop proposals are implemented in their current form, our expectation is that we will issue disclaimer audit reports on Braintree District Council's 2021/22 and 2022/23 audits. We do expect to complete the Value For Money work within that timetable. We do not yet have clarity as to the process around the disclaimer of audit opinions and the firms meet regularly with the Financial Reporting Council to seek clarification in relation to this.

I appreciate that it will be disappointing to you and the Council that the audits will not all be completed in the usual cycle but I think we all acknowledge the future benefit of the backlog being cleared so that there can be a return to a more timely reporting cycle.

Please contact me if you have any questions in relation to above or if you would like to discuss any points.

Your sincerely



Geraint Jones
Partner - Head of London Audit
For and on behalf of BDO LLP

Report Title: To receive a suite of the Council's Key Financial Indicators	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	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 at the 31st March 2024, and for the first quarter of the current financial year up to 30th June 2024. To provide detail of the budget outturn for 2023-24.
- 1.2 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 March 2024, and First Quarter for 2024-25 to 30th June 2024
- 2.2 To note the budget outturn for the 2023-24 financial reporting period.

3. Summary of Issues

- 3.1 The report includes the budget outturn for 2023-24 as summarised in Appendix A.
- 3.2 The Key Financial Indicators (KFIs) and Treasury Management Monitors for the financial year to 31st March 2024 and First Quarter 2024-25 to 30th June 2024 are included as Appendices B and C.

Commentary

3.3 Financial Outturn 2023-24

- 3.3.1 The updated net budget for 2023-24 was £17.6million, to be financed from business rates, government grants, and council taxpayers. A drawdown of £644,000 of general fund balances was originally assumed when setting a balanced budget.
- 3.3.2 Budget transfers were approved in-year to reflect the additional cost of the staff pay award, to be funded in 2023-24 by increased treasury management income. Full Council approved spending of up to £300,000 on costs relating to

the legal appeals against the use of the former Wethersfield air base for an asylum centre.

- 3.3.3 The main components of the updated budget included staffing related costs of £24.2million; other expenditure of £42.5million; and income of £49.1million. Other expenditure included £24.4million of Housing Benefit payments to claimants with 98% of this being funded by government subsidy shown under income.
- 3.3.4 After allowing for carry forwards, the budget outturn was an overall positive variance of £1.1 million, which is summarised in **Appendix A**.
- 3.3.5 Staffing expenditure was lower than budget by £610,000. This favourable position was achieved in part due to staffing costs being defrayed from one-off new burdens funding and other external contributions. Staffing vacancies across a range of services also contributed to this overall position.
- 3.3.6 Other expenditure (excluding legal expenses on Wethersfield) exceeded budget by £660,000. Increased expenditure was incurred on Housing Benefits; new property assets due to primarily to voids and delayed sales; and increased costs for operational vehicles, in part due to an aging fleet pending replacement vehicles being procured. Savings were made on external interest payments as planned capital borrowing was deferred. Expenditure in the year in relation to the Wethersfield legal challenges amounted to £234,000, including an element of awarded costs.
- 3.3.7 Income was overachieved by £1.7million, primarily from treasury management interest and dividends; and a higher income gainshare from the Council Tax Sharing Arrangement with the major preceptors. There was a shortfall in income from planning applications, partially offset by an uplift to statutory fees that came into effect from early December.
- 3.3.8 A more detailed commentary on the budget variances is provided in the Fourth Quarter and Annual Performance report contained in the agenda for the Cabinet meeting held on 1st July 2024.
- 3.3.9 A significant proportion of the budget outturn has already been reflected in the 2024-25 Budget. Where services have reported adverse outcomes, action has either been taken or is proposed that should mitigate or reduce any future risks.

3.4 Key Financial Indicators

- 3.4.1 The Key Financial Indicators are set out in **Appendix B**.
- 3.4.2 The capital programme at 31st March 2024 was £14.6million, of which £7.8million had been profiled to be spent in 2023-24. Actual expenditure was £5.1million, and £2.7million of capital budgets have been carried over into 2024-25 as projects are either in progress or are still expected to be delivered. A small underspend of £32,000 was identified across the programme.

- 3.4.3 Disabled facilities grants accounted for £1.6million of the spend in the year, with other capital investment incurred on: vehicles and other operational equipment (£877,000); community facilities such as cemeteries, sports & leisure, play areas, parks & open spaces (£837,000); ICT infrastructure and systems (£563,000); property planned maintenance (£346,000); and Horizon business park and the Plaza (£292,000).
- 3.4.4 Capital programme detail for 2024-25 will be included in future reports to the Committee following completion of the first quarter financial review.
- 3.4.5 Capital receipts in 2023-24 totalled £1.2million, which was lower than had been originally anticipated. The main reason for the lower amount was the delay in receipts from the sale of several plots of Council land currently under offer for residential development, but subject to planning. There was a reduction in the number of right-to-buy sales completed in the year by Eastlight Community Housing which was likely due to the slowdown in the housing market after mortgage rates increased.
- 3.4.6 The number of lettable units for the Council's commercial property portfolio was 273, including offices and units at I-Construct, the Plaza, Victoria Square, and available space within Causeway House. The occupancy rate at 30th June 2024 was 254 units let or 93%, which is an improvement of 1% on the position at 31st March 2024.
- 3.4.7 The Council Tax in-year collection rate for 2023-24 was 97.6% and although this was slightly down against the previous year, performance was above the Essex and shire district averages of 97% and 97.2%, respectively. In the period to the end of June 2024, collection performance is 29.1% which is lower than the rate achieved for the same period in 2023-24. Collection performance in the early months of 2023-24 was impacted positively by the New Homes & Growth Dividend credited to accounts at the start of the financial year, nevertheless, underlying performance is down, which is a trend also mirrored across many other Essex authorities. The collection rate assumed in the Council's Budget of 98.25% is a longer-term view which provides for the collection of arrears in subsequent years; however, in light of current performance this rate will be reviewed during the upcoming budget process.
- 3.4.8 The Business Rate in-year collection rate for 2023-24 was 98.1%. The rate is lower than the previous year; however, performance was better than the Essex and shire district averages, both 97.8%. In the period to the end of June 2024, collection performance is 30.2% which is slightly higher than the rate achieved for the same period in 2023-24. The amount collectable from businesses has increased due to the annual reduction in transitional relief which is provided to help businesses adjust to higher bills due to the Rating Revaluation which came into effect from last April.
- 3.4.9 A total of 1242 write-offs of Council Tax in 2023-24, with a total value of £215,000 were authorised. The number of write-offs was reduced from the

previous year and the average write-off value less. In the current year, total write-offs approved up to 30th June is 309 with a value of £87,000. The main reason for write-off continues to be Individual Voluntary Arrangements (IVAs). In these cases, collection continues via pre-agreed payment arrangements which prevents further recovery action. If the debtor defaults on an IVA, any outstanding debt is restated, and appropriate recovery action instigated.

3.4.10 A total of 51 write-offs of Business Rates, with a net value of £86,000, have been authorised in the year to date. Whilst the number of write-offs is slightly higher than the previous year, the average amount is less. In the current year, total write-offs approved up to 30th June is 27 with a value of £34,000.

3.4.11 The amount of sundry debts owed to the Council at the end of March was £4.2million, of which £2.8million is at invoice stage, including amounts subject to pre-agreed payment arrangements. The amount of Housing Benefit overpayments outstanding reduced from £1.4million to £1.3million. Payment plans are subject to Regulations (prescribed maximum amount that can be received from a debtor's benefit award). The amount of debt outstanding at 30th June is £3.9million with £1.3million related to Housing Benefit.

3.4.12 The proportion of supplier payments made within 30 days in 2023-24 was 98.3%. The target for 2024-25 has been increased to 98.5% and the cumulative proportion at 30th June was 98.2% (in-month achievement for June was 98.5%).

3.4.13 The average amount held as short-term investments across the whole of 2023-24 financial year was £49million on which £2.4million of interest was earned, equivalent to an annualised return of 4.97%. In the first quarter of 2024-25, the average amount invested to the end of June was £53million, with interest secured of £684,000, or an equivalent annualised return of 5.2%.

3.4.14 The amount invested in pooled funds comprising equity, property, and multi-assets in 2023-24 was £19million. Dividend income was £1.01million, equivalent to an annualised income return of 5.30%. The main sources of dividends are declared quarterly, and information was still awaited from several funds, therefore, return information on pooled funds will be provided in the next report to the Committee. The total value of the Council's fund holdings at 31st March 2024 was £21.2million and rose to £21.8million by end of June, reflecting a total unrealised gain of £2.8million.

3.4.15 Detail of the Council's investment portfolio totalling £76.1million, as at 30th June 2024 is provided at **Appendix C**.

4. Options

4.1 The Committee is asked to note the report but may wish to ask questions and/or request further information to be provided at a future meeting as deemed appropriate.

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

9. List of Appendices

Appendix A – Extract of the Budget Outturn for 2023-24.

Appendix B – Key Financial Indicators

Appendix C – Treasury Management - Details of the Council's investments for the period 1st April to 30th June 2024.

10. Background Papers

[Fourth Quarter & Annual Performance Report 2023-24 – Cabinet Agenda for meeting held on 1st July 2024.](#)

APPENDIX A

Appendix A – Financial Outturn 2023/24 – Full Year Variance

Business Plan Service	Updated Budget £'000	Actual Spend £'000	Total Variance £'000	Carry Forwards £'000	Net General Fund £'000	RAG Status
Asset Management	(2,819)	(2,557)	262	0	262	R
Community & Leisure	800	877	77	0	77	R
Corporate Management Plan	1,498	1,533	35	0	35	A
Economic Development	237	230	(7)	0	(7)	G
Environment	944	1,013	69	16	85	R
Finance	660	(689)	(1,349)	50	(1,299)	G
Governance	1,325	1,279	(46)	22	(24)	G
Housing Services	958	944	(14)	0	(14)	G
ICT & Facilities	2,045	1,879	(166)	0	(166)	G
Marketing & Communications	648	620	(28)	0	(28)	G
People & Performance	1,027	889	(138)	77	(61)	G
Operations	7,518	7,164	(354)	0	(354)	G
Strategic Investment	36	36	0	0	0	G
Sustainable Development	1,500	1,746	246	0	246	R
Service Plan Total	16,377	14,964	(1,413)	165	(1,248)	G
Corporate Financing	1,691	1,009	(682)	142	(540)	G
Wethersfield Legal Challenge	0	234	234	0	234	
Efficiency Savings Target	(425)	0	425	0	425	
Net Total	17,643	16,207	(1,436)	307	(1,129)	G

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

Business Plan Service	Salaries			Other Expenditure			Gross Income		
	Updated Budget	Actual	Variance	Updated Budget	Actual	Variance	Updated Budget	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management	594	509	(85)	1,088	1,359	271	(4,502)	(4,426)	76
Community & Leisure	998	1,002	4	1,019	1,054	35	(1,217)	(1,179)	38
Corporate Management	1,577	1,561	(16)	335	386	51	(414)	(414)	0
Economic Development	366	312	(54)	14	62	48	(142)	(143)	(1)
Environment	1,913	2,080	167	355	345	(10)	(1,324)	(1,412)	(88)
Finance	2,622	2,510	(112)	26,319	26,541	222	(28,281)	(29,740)	(1,459)
Governance	1,016	858	(158)	660	676	16	(352)	(256)	96
Housing Services	1,534	1,535	1	329	325	(4)	(905)	(916)	(11)
ICT & Facilities	1,009	925	(84)	1,040	958	(82)	(4)	(4)	0
Marketing & Communications	537	524	(13)	290	284	(6)	(180)	(189)	(9)
People & Performance	950	813	(137)	180	179	(1)	(103)	(103)	0
Operations	7,389	7,299	(90)	6,594	6,704	110	(6,465)	(6,839)	(374)
Strategic Investment	248	324	76	(148)	(153)	(5)	(64)	(135)	(71)
Sustainable Development	2,820	2,580	(240)	487	652	165	(1,808)	(1,487)	321
Service Plan Total	23,573	22,832	(741)	38,562	39,372	810	(45,761)	(47,243)	(1,482)
Corporate Financing	951	782	(169)	3,930	3,780	(150)	(3,190)	(3,553)	(363)
Wethersfield Legal Challenge	-	-	-	-	234	234	-	-	-
Efficiency Savings Target	(300)	-	300	-	-	-	(125)	-	125
Net Total	24,224	23,614	(610)	42,492	43,386	894	(49,076)	(50,796)	(1,720)

Key Financial Indicators

APPENDIX B

	Full Year Budget 2023/24	Actual 31 Mar 2024	Variance (incl. slippage)
Capital Programme			
Capital Expenditure £'000	7,846	5,149	-2,697
Capital Receipts £'000	-3,900	-1,200	

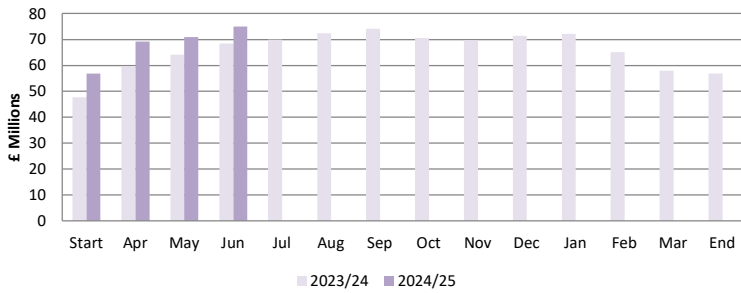
	Actual 31 Mar 2023	Actual 31 Mar 2024	Variance	Full Year Target	Actual 30 Jun 2024	Actual 30 Jun 2023	Variance
Council Tax							
Collection rate	97.7%	97.6%	-0.1%	97.6%	29.1%	30.5%	-1.4%
Income collected (£ million)	£106.8	£113.4	£6.6	£124.1	£36.1	£35.0	£1.0
Write-offs in year (£ thousands)	£36	£56	£20		£7	£4	£3
Write-offs in year (Number)	420	227	-193		26	49	-23
Write-offs all years (£ thousands)	£309	£215	£94		£87	£47	£40
Write-offs all years (Number)	1263	1242	-21		309	272	37
Business Rates							
Collection rate	98.9%	98.1%	-0.8%	98.1%	30.2%	30.1%	0.1%
Income collected (£ million)	£42.8	£46.0	£3.2	£53.1	£16.0	£14.2	£1.9
Write-offs in year (£ thousands)	£38	£66	£28		£5	£6	£1
Write-offs in year (Number)	22	16	-6		5	3	2
Write-offs all years (£ thousands)	£96	£86	£10		£34	£26	£9
Write-offs all years (Number)	46	51	5		27	15	12
Other Income							
Write offs (debits and credits) in year (£ thousands)	£8.2	£5.7	£2		£9.5	£2.6	7
Write-offs in year (Number)	179	234	55		47	74	-27
Supplier payment of invoices within 30 days of receipt	98.0%	98.3%	0.4%	98.5%	98.2%	98.5%	-0.3%

Debtors - Balance Outstanding	31-Mar-23	31-Mar-24	Variance		30-Jun-24
	£'000	£'000	£'000		
Charges for services provided by central service e.g. Training, Procurement, Print Room, Marketing, Elections etc.	83	120	37		73
Asset Management	319	444	125		569
Development, Building Control & Environment	109	185	76		271
Finance	56	79	23		84
Community & Leisure	380	527	147		608
Operations*	1,370	1,500	130		949
Housing	35	36	1		35
Sub-Total	2,352	2,891	539		2,589
Housing Benefits Overpayment Recoveries	1,441	1,352	-89		1,288
Total	3,793	4,243	450		3,877
Profile by Recovery Stage:					
Invoice**	2,085	2,773	688		2,377
Reminder	788	557	-231		575
Pre-legal	136	130	-6		150
Enforcement Agent	244	288	44		272
Tracing Agent	23	24	1		23
Charging Order	20	19	-1		19
Attachment to Benefits/Earnings	497	452	-45		461
Total	3,793	4,243	450		3,877

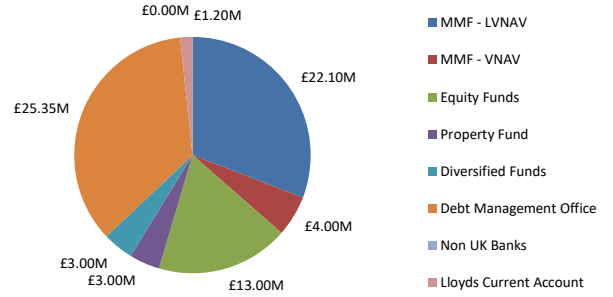
* March figures will include billed commercial waste for following financial year

** includes accounts subject to agreed payment arrangements

Average Cash Balances Managed



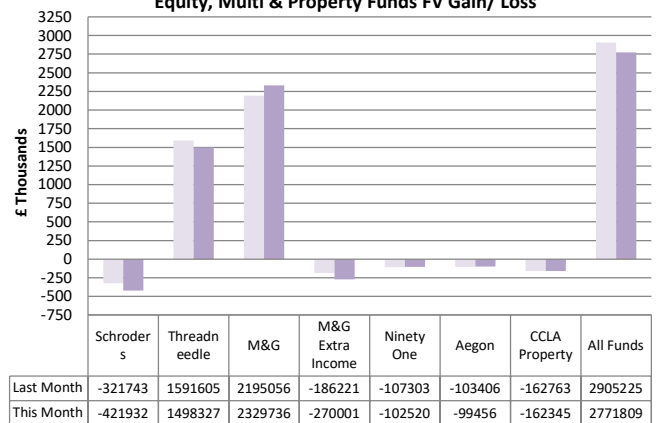
Average Invested to end of Period



Investment Activity

	This Month		Cumulative	
	Made £m	Sold £m	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	-1.0	0.0	-4.5
MMF - VNAV	0.0	0.0	0.0	0.0
Sub-Total	0.0	-1.0	0.0	-4.5
Deposits - Fixed				
UK Bank & Building Soc.	0.0	0.0	0.0	0.0
Non-UK Banks	0.0	0.0	0.0	0.0
Debt Mgt Office	10.5	-6.5	44.0	-23.0
Local Authorities	0.0	0.0	0.0	0.0
Sub-Total	10.5	-6.5	44.0	-23.0
Lloyds Bank PLC	0.0	-1.1	0.0	-0.8
Sub-Total	0.0	-1.1	0.0	-0.8
Total	10.5	-8.6	44.0	-28.3

Equity, Multi & Property Funds FV Gain/ Loss

**Commentary**

Average sum invested in the month £74.95m (Last year £68.46m)

Average sum invested for the year to date £71.65m (Last year £64.09m)

Actual sum invested at the end of the period £76.08m (Last year £67.47m)

Interest secured on instant access accounts, fixed deposits, and MMFs at the end of the period £683816 a return of 5.21% [Annual Updated Budget £1.348m]

Note: 3mth LIBID 5.21% 1mth LIBID 5.21% Average Base rate 5.25%

Dividends earned (declared) on equity, property and diversified funds to the end of the period £tbc [Annual Budget £786k]

Unrealised gain/ -loss at end of period for equity, property and diversified funds is a net £2772k a change of £-133k from last month

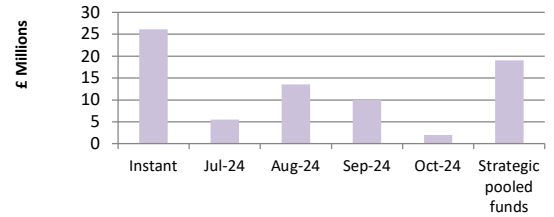
INVESTMENT HOLDINGS AT END OF PERIOD

COUNTERPARTY	Type	Principal	Start	Maturity	Yield
DEBT MANAGEMENT OFFICE	FIXED	2000000	02/04/2024	30/09/2024	5.08%
DEBT MANAGEMENT OFFICE	FIXED	1500000	10/04/2024	31/07/2024	5.14%
DEBT MANAGEMENT OFFICE	FIXED	1500000	12/04/2024	26/09/2024	5.14%
DEBT MANAGEMENT OFFICE	FIXED	1500000	15/04/2024	22/07/2024	5.18%
DEBT MANAGEMENT OFFICE	FIXED	2000000	29/04/2024	22/07/2024	5.20%
DEBT MANAGEMENT OFFICE	FIXED	1500000	30/04/2024	01/08/2024	5.18%
DEBT MANAGEMENT OFFICE	FIXED	5000000	01/05/2024	01/08/2024	5.20%
DEBT MANAGEMENT OFFICE	FIXED	500000	07/05/2024	22/07/2024	5.17%
DEBT MANAGEMENT OFFICE	FIXED	1000000	09/05/2024	20/08/2024	5.14%
DEBT MANAGEMENT OFFICE	FIXED	2000000	15/05/2024	19/08/2024	5.13%
DEBT MANAGEMENT OFFICE	FIXED	1000000	29/05/2024	28/08/2024	5.20%
DEBT MANAGEMENT OFFICE	FIXED	1000000	30/05/2024	28/08/2024	5.20%
DEBT MANAGEMENT OFFICE	FIXED	4000000	03/06/2024	19/09/2024	5.19%
DEBT MANAGEMENT OFFICE	FIXED	1000000	03/06/2024	20/09/2024	5.19%
DEBT MANAGEMENT OFFICE	FIXED	2000000	18/06/2024	19/08/2024	5.17%
DEBT MANAGEMENT OFFICE	FIXED	1500000	20/06/2024	25/09/2024	5.18%
DEBT MANAGEMENT OFFICE	FIXED	1000000	27/06/2024	17/10/2024	5.13%
DEBT MANAGEMENT OFFICE	FIXED	1000000	28/06/2024	18/10/2024	5.12%
LLOYDS BANK	CALL A/C	580000	30/06/2024	01/07/2024	5.15%
DEUTSCHE	MMF	1500000	30/06/2024	01/07/2024	5.08%
GOLDMAN SACHS	MMF	5000000	30/06/2024	01/07/2024	5.11%
CCLA PUBLIC DEPOSIT	MMF	5000000	30/06/2024	01/07/2024	5.21%
FEDERATED PRIME	MMF	5000000	30/06/2024	01/07/2024	5.20%
ABERDEEN STANDARD	MMF	5000000	30/06/2024	01/07/2024	5.20%

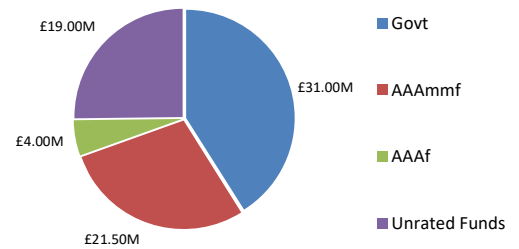
EXTERNAL FUND INVESTMENTS

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

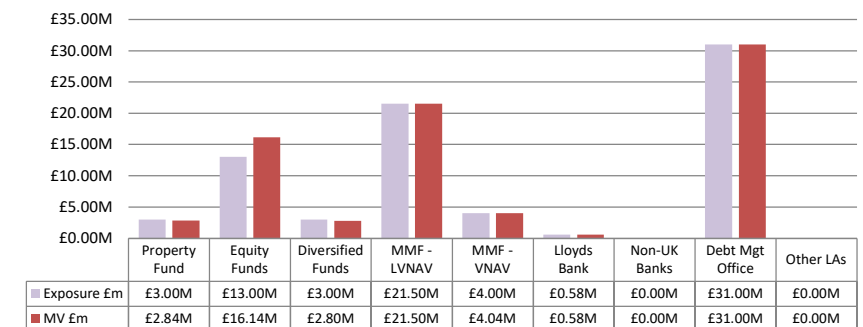
Maturity Profile at end of Period



Credit Rating of Investment Holdings



Counterparty Type at end of Period



Report Title: Internal Audit Annual Report 2023/24	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	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 (angie.mitchell@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit report and opinion that can be used by the organisation to inform its Annual Governance Statement.
- 1.2 The 2023/24 Annual Report from the Audit Insurance and Fraud Manager is attached at Appendix 1, the conclusion from the 2023/24 work is that the Council's systems of internal control, and the internal control environment, are generally adequate with improvement required in some areas.

2. Recommendations

- 2.1 To note and accept the Internal Audit Annual Report 2023/24.

3. Summary of Issues

- 3.1 The Head of Internal Audit's Annual Report and opinion provides the Council with an independent source of evidence on the design and effectiveness of its systems of internal control, risk management and governance. This report summarises the work undertaken by Internal Audit during the year 2023/24 and provides the rationale for the resulting audit opinion on the overall adequacy and effectiveness of the Council's framework of internal control, risk management and governance. The report includes a statement on conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme.

3.2 Corporate Objectives

- 3.2.1 The recommendations set out in this report will help the Council to deliver the following Corporate Priorities:
 - The Internal Audit function conducts work to deliver assurance across all Corporate Objectives:

- Communities – our communities can thrive
- Prosperity – our people prosper
- Environment – our environment is cherished
- Making the authority Fit for the Future

4. Options

- 4.1 This report invites Members of the Governance and Audit Committee to note and accept the Head of Internal Audit Annual Report and opinion.

5. Financial Implications

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

6. Legal Implications

- 6.1 The Council has a duty under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations (2015) to maintain an adequate and effective internal audit function, taking into account Public Sector Internal Auditing Standards (PSIAS) or guidance. The PSIAS require the Chief Audit Executive to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

7. Other Implications

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

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not; 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 proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

- 9.1 Appendix 1 - Internal Audit Annual Report 2023/24

10. Background Papers

None.

INTERNAL AUDIT

ANNUAL REPORT 2023/24

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1. PURPOSE

- 1.1. This is the annual report of the Audit, Insurance & Fraud Manager (AIFM) as required by the Public Sector Internal Audit Standards (“the Standards”) for the period 1st April 2023 to 31st March 2024.
- 1.2. The report includes the AIFM annual opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. This opinion is based on:
 - The work carried out by Internal Audit during the year
 - Assurances provided by independent external sources
- 1.3. The report provides information on:
 - The delivery of the Internal Audit Plan;
 - Audit reports issued and matters of concern;
 - Implementation of agreed actions;
 - Internal Audit Performance; and
 - The quality assessment and improvement programme

2. BACKGROUND

- 2.1. The Local Government Act 1972 (s151) requires the Council to make arrangements for the proper administration of its financial affairs, and the Accounts and Audit (England) Regulations 2015 require the Council to ‘undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Standards or guidance’.
- 2.2. The Standards require an annual report to be considered by a committee fulfilling the role of the ‘Board’ as defined by the Standards – for this Council this falls within the remit of the Governance and Audit Committee. This enables the Committee to review and monitor the outputs of internal audit activity and gain assurance that the function is fulfilling its statutory obligations. This process is an integral component of corporate governance. The Standards detail the matters that are required to be included in the annual report as:
 - The opinion;
 - A summary of the work that supports the opinion; and
 - A statement on conformance with the Standards and the results of the quality assurance and improvement programme
- 2.3. The Local Government Application Note informs application of the Standards and defines requirements for Local Government Internal Audit.
- 2.4. The Internal Audit function must also comply with the Institute of Internal Auditors **Code of Ethics** – this is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing, including: **Integrity**, **Objectivity**, **Confidentiality**, and **Competency**.

3. THE ROLE OF INTERNAL AUDIT

- 3.1. The Standards define the role of Internal Audit as:
An independent, objective, assurance and consulting activity designed to add value to and improve an organisation’s operations.

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

- 3.2. The AIFM reports functionally to the Head of Finance and the Governance and Audit Committee. The Audit Charter formally defines the purpose, authority and responsibility of Internal Audit.
- 3.3. The AIFM had no constraints placed upon her, and there were no impairments to the audit team's independence and objectivity, in respect of: determining the overall audit coverage and access to Council systems, operations, records and officers; the audit methodology applied; the scope of Internal Audit work, performance of that work and communication of the results including proposing actions for improvement and forming opinions on individual audit reports issued.
- 3.4. Internal Audit provides a combination of assurance activity (assessing the design and effectiveness of systems and processes) and consulting activity (guidance and advice for the development of those systems and processes). The assurance opinion is based on:
- Delivery of internal audit work and written reports from internal audit activity completed in the course of the year (audit work is planned to give sufficient assurance on the management of key risks)
 - Observations from consultancy / advisory support
 - Results of follow up work (to assess implementation of prior year recommendations)
 - Notable changes to the Council's ambitions, processes, management structure and use of technology
 - Review of assurance from other assurance providers
 - Quality and performance of the Internal Audit Service and degree of compliance with the Standards.

4. OTHER ASSURANCE PROVIDERS

- 4.1. Assurances are also taken from the following sources:
- **Service Leadership and Management:** Council Managers are the first line of defence and responsible for ensuring business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Managers are also responsible for ensuring there is a sound system of control which includes arrangements for managing risk. They are required to escalate key governance concerns or weaknesses as they occur. Assurance Statements for 2023/24 on the adequacy and effectiveness of the systems of internal control and risk management operating within their service areas were received from managers.
 - **Corporate Oversight Functions:** responsible for developing and designing governance and risk processes, and providing oversight, including:
 - Policies and procedures to guide and advise services (e.g. Risk Management Policy)
 - Ensuring services are compliant and meeting defined organisational requirements (e.g. Financial Services, Procurement and Governance)
 - Statutory Officer opinions over the governance of the Authority (Head of Paid Service, S151 Officer, and Monitoring Officer)

- **External Sources of Assurance:** independent reviews conducted by external providers – details of which are included in para. 5.3.3 below.

5. OVERALL OPINION

Audit Opinion: Generally Adequate, improvement required in some areas.

I am satisfied that sufficient assurances were available to enable me to draw a reasonable conclusion of the effectiveness of the Council's arrangements for governance, risk management, internal control and fraud to enable me to provide an opinion for 2023/24.

Based upon work undertaken and review of other sources of assurance, *it is my opinion that the Council's systems for internal control, risk management and governance as of 31 March 2024 generally provide **adequate assurance** that key business processes and financial systems accord with proper practice. Significant progress has been made in improving weaknesses previously identified, but there remain areas where actions are yet to be fully addressed and embedded.*

Internal Audit work was conducted across all 5 Corporate Priorities (within the 2020 – 2024 Corporate Plan) and across 10 Strategic Risks. With a positive response by management, the weaknesses identified were generally operational in nature and would not impact achievement of corporate priorities or significantly increase strategic risks.

Eighteen audit reviews conducted in 2023/24 resulted in a 'Full or Substantial' assurance opinion. Two reviews were assessed as 'Limited Assurance' at the time of the audit fieldwork, we will follow up on matters raised in these reports and anticipate positive actions to resolve the weaknesses identified.

There are ongoing actions from prior year audits: we continue to work with management towards resolution and the Corporate Management Team review progress of implementing recommendations. The conclusion of the External Auditor review relating to 2019/20 and subsequent years is currently pending, and the outcome of their work and any implications will be reviewed when complete.

The Council continues to face many challenges and changes, leading to inevitable changes to the usual control framework. The potential associated increase to the Council's exposure to risks, loss and fraud was considered and reflected in audit planning. The Council continues to respond in an agile and effective way to change, reinforcing strong governance and leadership arrangements.

Angela Mitchell, Audit Insurance & Fraud Manager

10th July 2024

- 5.1. The AIFM Annual Report provides the Governance and Audit Committee with an opinion for inclusion in the Annual Governance Statement (AGS). The overall opinion for 2023/24 is that the internal control environment is *generally adequate, with improvement required in some areas*. If significant changes occur to the internal control environment prior to the Committee approving the AGS the Governance and Audit Committee will be informed.
- 5.2. Assurance can never be absolute. The audit opinion reflects the AIFM's view on the current state of the internal control environment and the effectiveness of the current systems of internal control across the Council based on the audit work conducted. There may be weaknesses in the systems of internal control that we are not aware of because they did not form part of our programme of work or

were not brought to our attention. Not every Council activity or risk will be subject to audit coverage in any one year, this report provides further narrative on the scope of our work.

- 5.3. CIPFA guidance reflecting on the availability of assurance and the impact on annual audit opinions arising from the following factors which have been considered in forming the annual opinion:
- changing risks and impacts on the organisation.
 - whether key governance, risk management and internal control arrangements have deteriorated or been maintained.
 - changes to the resource base of internal audit.
 - demands on internal audit for advisory or non-audit support which do not directly contribute to the Internal Audit opinion; and
 - operational disruption impacting on the access of internal auditors to key staff, information, or systems.
- 5.3.1. The 2023/24 Internal Audit Plan was approved by the Governance and Audit Committee in August 2024. Whilst much of the 2023/24 planned work is complete (or substantially complete), changes and high workload experienced by both the Audit Insurance & Fraud team and our colleagues across the Council has affected final completion of some reviews. In addition the delay in finalising the plan means some items have been carried forward into the 2024/25 Internal Audit Plan.
- 5.3.2. In addition to audit work, the following activity contributes to the annual audit opinion:
- Information gained through attendance at corporate groups to understand the current risks and actions taken to mitigate those risks
 - Consideration of committee and other reports for areas affecting governance, risks or controls
 - Audit knowledge of processes and initiatives.
 - Consideration of assurances available from other providers including from first and second lines of defence, independent regulators and peers
 - Quality review mechanisms for work
 - An External Quality Review of the Internal Audit function is conducted at least every 5 years and was last conducted during 2022/23, and annual self-assessments of compliance with standards are conducted in intervening years.
- 5.3.3. In preparing the Internal Audit Plan for 2023/24, senior managers were consulted to determine any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. We noted the following sources of assurance:
- Oversight of Investments by advisors, External Audit and Members
 - Public Sector Network Connection Compliance (annual assessment, although this is to be withdrawn therefore alternative assurance will be sought in future).
 - Driver Vehicle Standards Agency inspection reports
 - Internal Audit staff have also engaged with the following services to gain assurance on related risk recognition and the corporate response:
 - Health Safety & Welfare Corporate Committee. *Three meetings of this committee were held in 2023/24.*
 - We also considered the work of other internal oversight and review functions, including:

- Risk Management oversight and reporting
- Performance management
- Financial performance management and reporting
- The status of the statutory external audit of accounts and grant certification work was reviewed. The External Audit Completion report for 2019/20 (presented to the Governance and Audit Scrutiny Committee on 28th October 2021) indicated the expectation that an unmodified opinion would be given on the financial statements, and that an 'except for' use of resources conclusion would be issued due to issues identified in relation to the Manor Street development. The 2019/20 work has yet to be finalised, and External Audit work on subsequent years has also not yet been completed.

5.4. The Standards require that where the 'Chief Audit Executive' (Audit, Insurance and Fraud Manager (AIFM) for Braintree District Council) has responsibility for matters beyond internal auditing, that these are periodically highlighted to for review. The AIFM also has functional responsibility for Insurance and Fraud and has adopted appropriate safeguards as defined in the Internal Audit Charter.

6. DELIVERY OF THE 2023/24 INTERNAL AUDIT PLAN

6.1. The 2023/24 Internal Audit Plan focussed audit work on the Council's Strategic Risks and Corporate priorities, and was developed following consultation with the Chief Executive, Directors, and Heads of Service, and also a wider risk assessment of relevant factors to determine audit needs. The Audits were prioritised and an outline scope recorded.

6.2. The following affected the resources available for completion of the 2023/24 planned work:

- The AIFM continues to develop the service including to respond to action plans arising from EQA's of Internal Audit, to ensure the work and outputs accord with the requirements of the Public Sector Internal Audit Standards. This included reporting to the Governance and Audit Committee, this development is ongoing.
- The AIFM has supported the Head of Finance in the development of the Council's approach to Risk Management and the review of Strategic Risks
- The AIFM advises staff and Members on the role and approach of Internal Audit.
- The AIFM's time was allocated to other management responsibilities including Insurance & Fraud. The Insurance aspect of the role is significant and include preparations for annual insurance renewal, arranging new covers, and claims handling (many requiring significant resource input)
- Audit resources were spent on some unplanned investigation work.
- The Audit Team have provided corporate support in areas outside the normal remit of Internal Audit, and consultancy and advice in a number of areas to support colleagues across the Council.
- The Trainee Auditor commenced study for the Certified Internal Auditor qualification via an Apprenticeship.

6.3. Audit work in respect of the 2023/24 Internal Audit Plan was conducted with due regard to the relative priority of audits. Audits conducted in 2023/24 generally resulted in either a Full or Substantial assurance rating, although two audits resulted in Limited Assurance rating (see below). Subsequent improvement actions and wider risk mitigation addressed the issues raised in

many reviews; however, some actions are ongoing, and also some prior year audit recommendations have not yet been concluded. The following paragraphs provide further detail.

6.4. Two of the 2023/24 audits were assessed as a Limited Assurance outcome. Recommendations are identified which would reduce risks and improve controls. Management responses to some recommendations are pending:

- **North Essex Parking Partnership** – the review included the terms of the operating agreement relating to financial costs and related limitations, approval of the partnership accounts, adequacy of financial controls, and arrangements for partnership challenge of costs. Full audited accounts were not provided by the partnership which had shared plans for deficit recovery, however the financial position was reported to have improved. The Partnership and associated finances was subject to ongoing review by the Joint Committee, the Operations Strategy and Policy Manager was working with the lead partner and Joint Committee to seek transparency in reporting and assurance on partnership financial arrangements
- **Use of Council vehicles** – the review included arrangements and rules associated with taking vehicles home, and recording of private use of the vehicles. Recommendations related to the use of agreements or declarations to ensure understanding of the use of vehicles, and recording of mileage readings and journey purpose.

6.5. The Audit team contributed to the development of Risk Management processes, this work was ongoing in 2023/24. The review and assessment of Strategic Risks is undertaken by Management Board, the Corporate Management Team, and Members.

6.6. The reports completed for 2023/24 were as follows (audit outcomes are notified to the Governance and Audit Committee as audits are completed). Assurance levels are for the scope of work performed:

No: Recommendations:	High Priority	Medium Priority	Low Priority
FULL ASSURANCE (no high / medium priority recommendations)			
<i>2022/23 Plan, completed in 2023/24 (and reported in 2023/24 Annual Opinion)</i>			
Investments			
Budget Monitoring			
Risk Management			
Business Support Grants			
Performance Management			
<i>2023/24 Plan:</i>			
Creditors			
Cash & Bank			
General Ledger			
System Access Controls			
Culture & Ethics / Employee Engagement			
Cost of Living Crisis			
Grant Funding Due Diligence			
Debtors			
Housing Strategy			
Operator Licence Compliance			
Braintree District Museum Trust			
SIGNIFICANT ASSURANCE			

<i>2022/23 Plan, completed in 2023/24 (and reported in 2023/24 Annual Opinion)</i>			
Local Council Tax Support	-	1	-
<i>2023/24 Plan:</i>			
Elections	-	1	-
Business Continuity	-	1	-
Cyber Security (PSN)	-	1	-
Finance System Access Controls	-	1	-
Shared Prosperity Fund	-	-	2
Fraud Risks – Strategic Projects / Asset Management	1	-	-
Land and Property Inspections	-	1	-
LIMITED ASSURANCE			
<i>2022/23 Plan, completed in 2023/24 (and reported in 2023/24 Annual Opinion)</i>			
Horizon 120	6	2	2
Supplier / Contractor Resilience	-	2	-
<i>2023/24 Plan:</i>			
North Essex Parking Partnership	1	-	-
Use of Vehicles (additional non-planned work)	2	-	-
Additional Work was completed in the following areas, no assurance level assigned			
Risk Management – Support provided in review of Strategic Risks			
Administer NFI Data Matching Exercise and review matches			
Personnel security standard checks (DWP requirement for system access)			
Review of member council tax accounts ahead of the budget approval meeting			
Assistance in conducting financial appraisals in connection with procurement of contracts			
Follow-up reviews (implementation of previous audit recommendations)			
Various ad hoc consultancy and advice			
Investigation work in respect of staffing matters			
Attendance at Corporate Health Safety and Welfare Meetings (including review of Policy)			

Assurance levels are defined at the end of this report

6.7. The 2023/24 work also included follow up of previous Limited Assurance reports:

- **Housing Application Document Verification (2019/20):** The service was exploring alternative means of gaining assurance on validity of documents and applications and sought to work with other Local Authorities and Gateway to Homechoice. Corporate refresher training was arranged by the HR team on Verifying ID Documents and ID Fraud Prevention, including digitally supplied ID, and was attended by Housing and other staff.
- **Contract Management – Major Contracts (2020/21):** Actions were confirmed to have been completed
- **Managers Self Service (2021/22):** Actions were confirmed to have been completed
- **Project Realisation of Benefits (2021/22):** The Council's appointed Project Management Officer Manager (commenced employment in April 2024) is expected to resolve issues identified in this audit (relating to completion of project closure documentation and updating guidance on completion of post implementation reviews).
- **Asset Management and Service Charges (2022/23):** The Council's Head of Property and Asset Management (commenced employment in April 2024) is preparing an Asset Management Strategy which will include arrangements for performance monitoring. This will be subject to further follow up work.

- **Horizon 120 (2022/23):** The Corporate Director informed the Governance and Audit Committee (October 2023) of the progress relating to recommendations in this report. Further work was anticipated regarding the drafting and approval of business cases and approval of the same before funding was committed, the processes had been agreed and the new Project Management Office (PMO) will be defining the gateway processes. In addition, the PMO were to locate and retain procurement documents and approval records, and to document the rationale for appointments and use of a framework. This will be subject to further follow up work.
- **Suppliers / Contractor Resilience (2022/23):** Terms and conditions now include requirements for contractors to maintain adequate business continuity plans and measures, (and evidence of same), and documents and processes are being implemented consistently across the Essex Procurement Partnership. Annual checks of resilience are carried out on Framework Agreement suppliers, practices for ongoing checks on other contracts are to be confirmed.
- **CCTV / GDPR Compliance (2022/23):** Many actions have been confirmed as complete. The Body Worn Video policy has been updated and is awaiting review by Legal Services. This will be subject to further follow up.

6.8. Audits in the 2023/24 Internal Audit Plan which were not completed have been reviewed as part of the 2024/25 Internal Audit Planning process, and where appropriate included in the 2024/25 Plan.

7. INTERNAL AUDIT PERFORMANCE

- 7.1. Internal Audit Performance is assessed in the following qualitative ways:
- Delivery of the 'Head of Internal Audit' Annual Opinion, including statement on compliance with the Public Sector Internal Audit Standards
 - Proportion of Strategic Risks over which assurance is provided
 - Implementation of agreed actions
 - Stakeholder engagement
- 7.2. **Delivery of the 'Head of Audit' Annual Opinion:** The Function must perform sufficient annual coverage to enable an opinion to be given on the state of governance, risk management and internal control, considering the organisation's risk profile and focussing work on the areas which matter the most, and reflecting on other areas of assurance. In addition, the Standards require the Internal Audit activity to collectively possess the knowledge, skills and other competencies needed to perform its responsibilities.
- *Outcome of 2023/24 audit work is identified in Section 6 above*
 - *The Audit, Insurance & Fraud Manager is a Chartered Internal Auditor with 30 years' experience in Internal Audit gained across a number of Public Bodies*
 - *The Senior Auditor has over 36 years' experience in Internal Audit at Braintree District Council*
 - *The Trainee Auditor commenced employment in Internal Audit in February 2023 and commenced study for the Certified Internal Auditor qualification during 2023/24*
 - *The function's annual opinion is delivered to the Governance and Audit Committee in July 2024*
 - *See below reference to the Quality Assurance & Improvement Programme regarding a statement on compliance with the Standards*

7.3. Proportion of Corporate Priorities and Strategic Risks over which assurance is provided: The 2023/24 Internal Audit Plan prioritised and linked audits to strategic risks and corporate priorities.

- work was performed across all strategic risks and corporate priorities except:
 - o Risk 3 (Planning). An audit of Planning was conducted in 2022/23
 - o Risk 12 (Landscape Services). This was a new risk added in 2024, consideration will be given to audits associated with this area in the course of preparing the 2025/6 Internal Audit Plan
- The 2023/24 Audit Plan identified the scope of coverage for each review. Some audit work was commenced in 2023/24 and is included in the 2024/25 Internal Audit Plan to enable completion.

Audit work contributed to the following corporate priorities and strategic risks:

CORPORATE PRIORITIES 2020-2024	STRATEGIC RISKS 2023/24	
A. Connecting people & places B. Enhancing our environment C. Supporting our communities D. Promoting prosperity E. Delivering and innovating	1. Medium Term Financial Strategy 2. Economic Development 3. Planning 4. Community Resilience 5. Service & Project Delivery 6. Affordable Housing and Homelessness	7. Return on Investments 8. Emergency Planning 9. Information Management and Cyber Security 10. Capital Programme 11. Climate Change 12. Landscape Services (new risk January 2024)

AUDIT	Strategic Risk												Corporate Priority				
	1	2	3	4	5	6	7	8	9	10	11	12	A	B	C	D	E
Creditors	✓				✓												✓
Cash & Bank	✓				✓												✓
General ledger	✓				✓												✓
Elections	✓				✓												✓
Business Continuity								✓			✓						✓
Cyber Security (PSN)									✓				✓				✓
Finance System Access Controls					✓												✓
System Access Controls									✓								✓
Culture & Ethics / Employee Engagement					✓										✓		✓
Health & Safety					✓												✓
Cost of Living Crisis				✓											✓		✓
Grants Funding Due Diligence	✓	✓		✓											✓	✓	
Fraud Risks – Strategic Projects / Assets	✓				✓		✓			✓						✓	✓
Land & Property Inspections							✓							✓			✓
Debtors	✓																✓
Housing Strategy				✓		✓									✓		✓
Operator Licence Compliance					✓									✓	✓		✓
North Essex Parking Partnership	✓				✓												✓
Braintree District Museum Trust				✓	✓										✓		
Use of Vehicles					✓												✓

7.4. Implementation of Agreed Actions: High and Medium priority recommendations are subject to follow up work by Internal Audit. For audits where the agreed completion date has elapsed, we review the status of implementation of recommendations. Follow up work is ongoing, as we recognise that other service priorities across the Council has resulted in implementation of some recommendations being delayed.

AUDIT YEAR	HIGH PRIORITY RECOMMENDATION STATUS	MEDIUM PRIORITY RECOMMENDATION STATUS
2018/19	2 recommendations: All have previously been confirmed as complete	26 recommendations - 22 have been confirmed as completed - For the Leased Car audit (4 recommendations) the policy is being revised, and the number of leased cars held continues to reduce
2019/20	21 recommendations: - 17 are complete - 4 are in progress – (1 relates to Contract Management and is pending updated confirmation of status, 3 relate to Housing (see also para. 6.7 above)	14 recommendations: All have previously been confirmed as complete
2020/21	1 recommendation: This recommendation is complete	17 recommendations: - 13 are complete - 4 are pending confirmation of status (1 relating to Information Management, and 3 relating to GDPR and document retention)
2021/22	3 recommendations: All 3 are complete	17 Recommendations: - 7 are complete - 10 are in progress and pending updated confirmation of status (2 for Procurement, 1 for Uniform system security, 3 for DFG process. 2 for Project realisation of benefits (expected to be resolved with new PMO in post), 1 for information management and access to Market Trader information, 1 for social media
2022/23	12 recommendations: - 9 are complete - 3 are in progress (relating to approval of updated Body Worn Video updated policy, Asset Management Strategy, and Horizon 120 (Project Management office to define gateway process)	17 recommendations: - 10 are complete - 8 are in progress and pending updated confirmation of status (relating to recording of Planning dates on Uniform, Authorised Signatory policy update and resolution of approval limits for credit notes, documenting the appointments relating to Horizon 120 in the final post completion

		report, and ensuring project management protocols are in place, updating the Performance Management system, and updating guidance on the intranet)
2023/24	4 recommendations - All are pending follow up	5 recommendations - All are pending follow up

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

- *The AIFM engages with Senior managers as part of the Internal Audit Planning process.*
- *Internal Audit staff engage with audit sponsors to agree the scope of the audit, in conducting fieldwork, and to agree the content of reports and management response.*
- *Auditee response to issues raised is positive, with improvement actions agreed.*
- *The approach to Audit Planning is reported to the Governance and Audit Committee and overseen by the S151 Officer.*
- *The Annual Report confirms that the Internal Audit Team's independence has not been compromised*
- *The Chief Audit Executive's Opinion within the Annual Report has been expanded to reflect on Corporate Priorities and Risks*

8. INTERNAL AUDIT INDEPENDENCE

8.1 The Public Sector Internal Audit Standards require internal audit to confirm to the Governance and Audit Committee at least annually the organisational independence of the audit activity. Independence and objectivity mean the internal audit activity is able to make unbiased judgements and decisions based on audit work, and is free from internal or external interference. Internal Audit achieves independence through the involvement of the Governance and Audit Committee involvement in:

- Approval of the risk based internal audit plan.
- Receiving communications from the Chief Audit Executive (CAE – the Audit Insurance and Fraud Manager) on internal audit activity and outcome of audit work
- Approval of the Internal Audit Charter which defines the function's statutory role, status and authority within the Council

8.2 The Standards require specific safeguards to be in place where the CAE has responsibility for matters beyond internal auditing. The CAE has responsibility for and involvement in the following non-audit operational functions:

- Operational responsibility for the Insurance and Fraud functions.
Responsibility for these areas is recognised by senior management and the Governance and Audit Committee, the CAE reports on insurance matters to the Head of Finance / S151 Officer, and engages the services of a broker to advise on the scope of cover and insurance arrangements. For Fraud matters

the CAE reports to the Head of Finance / S151 Officer and the Governance and Audit Committee.

- Corporate support relating to the Council's arrangements for risk management, including update of the risk management policy and strategy. *Members and Senior Officers remain responsible for the oversight arrangements, and the identification and management of risks.*
- The CAE provides administrative support for the Council's credit card account, *but does not hold a Council credit card.*

8.3 Where audits are performed of areas within the CAE scope of responsibility, the scope of work will be approved by the Head of Finance, where appropriate external or specialist providers will be engaged, and any review will be undertaken independently of the CAE and the outcome reported directly to the Head of Finance.

8.4 During 2023/24 and to the date of producing this report, the CAE and Internal Audit team have not experienced interference in determining the scope of Internal Audit, the performance of audit work, or in communication of the results.

9. QUALITY ASSURANCE & IMPROVEMENT PROGRAMME (QAIP)

9.1. The Public Sector Internal Audit Standards require an annual self-assessment against the Standards, and an external assessment to be conducted at least once in every 5 years, and for a commentary on compliance to be included within the Annual Report.

- *An External Quality Assessment (EQA) was conducted in February / March 2023 and reported to the Governance and Audit Scrutiny Committee in April 2023*
- *Self-assessment against the EQA Action Plan and the Local Government Application Note is conducted at least annually and the results reported to the Governance and Audit Committee.*
- *Building on previous improvements, during 2023/24 the internal audit function continued to develop approaches in accordance with best practice and the Standards, including by:*
 - *The Audit Manager Reported directly to Management Board to present the Draft Internal Audit Plan*
 - *Details of audit improvements are included in the Quality Assurance and Improvement Programme reporting*
 - *The Internal Audit Plan identifies the days needed for each category of audit activity*
 - *Auditors are provided an indication of time budget for each assignment*
- *The internal audit function has complied with the definition of Internal Audit (see paragraph 3.1 above)*
- *The internal audit function has complied with the Code of Ethics (see paragraph 2.4 above)*
- *The internal audit function conforms with the Standards and the Local Government Application Note, but areas where the function would benefit from further development were identified in the Quality Assurance & Improvement Programme (QAIP) and External Quality Assessment (EQA) Action Plan Update to the Governance and Audit Scrutiny Committee on 20th April 2024 (included within the Internal Audit Update report).*

- 9.2. Quality assurance is achieved through establishing practices which maintain performance, including the day to day supervision, review and measurement of internal audit activity which is built into routine procedures:
- *Team outputs are reviewed by the AIFM, or the Senior Auditor, including: Terms of Reference, Working Papers, and the Audit Report. A review sheet is completed with commentary on the results of the review. The AIFM continues to experience a high insurance workload, and as such there has been some delay in review of some audit documentation.*
 - *The team engages in continuous improvement activity to ensure a consistent and up to date approach is adopted. Guidance is provided to staff by the AIFM, and staff periodically attend other organised topical training events and read Internal Audit professional publications.*
 - *Professional development of staff is actively encouraged and supported, the Trainee Auditor commence study in 2023/24 for Certified Internal Auditor status. In addition, the team maintains active engagement with other Internal Audit functions including through the Chief Auditor Network and contact with colleagues from other Essex Local Authorities via the Essex Audit Group.*
- 9.3. A review of fraud related corporate policies and procedures identified a number which require updating to ensure they continue to meet requirements. These were reported to the Governance and Audit Committee in January 2024. In 2023/24 and to the date of this report, the following Policies were reviewed and presented to the Governance and Audit Committee:
- Regulation of Investigatory Powers Act 200 (RIPA) and Investigatory Powers Act (IPA) – Committee notified of updates to Officers involved in the authorisation and oversight of RIPA and IPA, further detail was provided on the arrangements relating to Covert Human Intelligence Sources, and the Authorisation Levels and Durations was updated to reflect arrangements for children and vulnerable adults and where privileged or confidential information may be required – October 2023

10. GOVERNANCE AND AUDIT COMMITTEE

- 10.1. The work of Internal Audit has been reported regularly to Members via the Governance and Audit Committee, providing Members with an opportunity to review and monitor the Internal Audit team outputs, and gain assurance that the function is fulfilling its statutory obligations. The reporting to the Governance and Audit Committee continues to be an integral component of corporate governance.
- 10.2. Internal Audit reporting to the Governance and Audit Committee includes the following:
- The Internal Audit Plan, including the process for determining the Audit Plan
 - Progress of audit work and performance against the plan, including outputs from audit work
 - The results of reviews of compliance with the Public Sector Internal Audit standards
 - The Head of Audit Annual Opinion
 - Any matters of concern will be reported as they arise

11. DEFINITIONS

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

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

Internal Control Environment:

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

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

Report Title: Internal Audit Update, Including Progress Against the 2024/25 Internal Audit Plan	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	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 2024/25 Internal Audit Plan was approved by the Governance and Audit Committee on 17th April 2024. 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 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 2024/25 Internal Audit Plan.

3. Summary of Issues

3.1 Progress against the 2024/25 Internal Audit Plans

- 3.1.1 Performance against the 2024/25 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 (17th April 2024). **Appendix 2** provides a summary of the outcomes of these audits:
 - Commercial Group – **Full** Assurance
 - Business Rates – **Significant** Assurance
 - Council Tax – **Full** Assurance
 - Revenues and Benefits System Access Controls – **Significant** 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 renewal process for 2024 is in progress and involves working with services to respond to a significant number of questions from insurers and negotiating premium rates with the assistance of a broker. The team has also dealt with additions to cover requirements, responded to insurance and risk related enquiries, and continues to manage the insurance claim caseload.
- The Audit Manager is reviewing Fraud related policies and legislative change.
- 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.

3.2 **Quality Assurance & Improvement Programme (QAIP) and External Quality Assessment (EQA) Action Plan Update**

3.2.1 The outcome and action plan in respect of the External Quality Assessment of conformance of the Internal Audit Service to the Public Sector Internal Audit Standards was presented to the Governance and Audit Committee on 20th April 2023. The following improvements have been implemented since the last update to the Governance and Audit Committee (April 2024) on the QAIP and the status of implementation of recommendations and suggestions identified in the 2022/23 External Quality Assessment.

- Internal Auditors have commenced completion of work programmes in advance of audit fieldwork, this will be subject to review of scope and content (Recommendation 9)

3.2.2 The revised Global Internal Audit Standards (GIAS) will impact on some action plan items and adjustments will be made to align with the new standards. Guidance on application of the GIAS within the public sector is awaited.

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

3.3.1 There were no RIPA / IPA applications in 2024/25 to the date of producing this report.

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 2024/25 Internal Audit Plan includes work across all Corporate Objectives:
 - Communities – our communities can thrive
 - Prosperity – our people prosper
 - Environment – our environment is cherished
 - Making the authority Fit for the Future

4. Options

- 4.1 The Governance and Audit Committee are invited to receive and note the progress against the 2024/25 Internal Audit Plan, additional work performed, and any other matters affecting the Internal Audit service.

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 new legal implications arising from this report.

7. Other Implications

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

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not; 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 proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

- 9.1 Appendix 1 – Progress Against the 2024/25 Internal Audit Plan
- 9.2 Appendix 2 - Outcome of Audits Completed Since the Previous Report to Governance Committee (17th April 2024).

10. Background Papers

None.

APPENDIX 1 - PROGRESS AGAINST 2024/25 INTERNAL AUDIT PLAN
(as at 12th July 2024)

This Appendix summarises the work completed in respect of the 2024/25 Internal Audit Plan (presented to the Governance and Audit Committee on 17th April 2024).

	Audit	Priority	Current Status	Date Report to Governance & Audit Committee
2023/24 Planned Audits to be Completed in 2024/25				
	Payroll Shared Service	1	<i>Deferred to summer 2024</i>	
	Business Continuity – Key Suppliers	1	In progress	
	Commercial Group	2	Completed	25 th July 2024
	Equality Diversity & Inclusion	1	In progress	
	Energy Performance	2	In progress	
	Fraud Risks - Payments	1	In progress	
	Accuracy of Housing Application Processing	2	In progress	
	Service Charges Management	1	In progress	
2024/25 Internal Audit Plan				
1	Core Financial Systems <ul style="list-style-type: none"> • Business Rates • Council Tax • Payroll 	1	<ul style="list-style-type: none"> • Completed • Completed • 	<ul style="list-style-type: none"> • 25th July 2024 • 25th July 2024
2	Continuous Improvement	2		
3	Horizon 120	1		
4	Strategic Information Governance Group	1		
5	Building Security – Door Access Systems	1		
6	Post Completion Reviews – Manor Street & IConstruct	1		
7	Procurement Frameworks	1		
8	Risk Management	1		
9	Cyber Security	1		
10	Revenues & Benefits System Access Controls	1	Completed	25 th July 2024
11	Cyber Security Sub Group	1		
12	ICT Disaster Recovery	1		
13	Housing Incentive Schemes	2		
14	Equality Diversity & Inclusion	1		
15	Health & Safety	2		
16	Climate Performance	2		
17	Grants / Funding Due Diligence	1		
18	Local Council Tax Support	1		
19	Data Matching	2		
20	Fraud Risks – Procurement	1		

21	Declarations of Interest Compliance	1		
22	Service Assurance Statements	2		
23	Plaza Operations Audit	1		
24	Service Charges Management (other)	1		
25	Elections	2		
26	Operator Licence Compliance	2		
27	Value for Money on Fit for the Future Programme	1		
28	Shared Services	1		
29	Follow Up Reviews – Limited Assurance Reports <ul style="list-style-type: none"> • Housing Application Document Verification (2019/20) • Project Realisation of Benefits (2021/22) • Asset Management and Service Charges (2022/23) • Manor Street (2022/23) – follow up recommendation • Horizon 120 (2022/23) • Suppliers / Contractor Resilience (2022/23) • CCTV / GDPR Compliance (2022/23) • North Essex Parking Partnership (2023/24) • Use of Council Vehicles (2023/24) 	1	<ul style="list-style-type: none"> • In progress • In progress • In progress • In progress • In progress • Complete • In progress • • 	<ul style="list-style-type: none"> • <i>Updates 24th Aug 2023 & 17th Apr 2024</i> • <i>Update 17th Apr 2024</i> • <i>Update 17th Apr 2024</i> • <i>Update 17th Jan 2024</i> • <i>Corporate Director update: 4th Oct 2023</i> • <i>Update 17th Apr 2024</i> • <i>Updates 17th Apr & 25th July 2024</i> • •
30	Follow Up Reviews - Other	2	In progress	<i>Update 25th July 2024 via Annual Report</i>
31	Annual Governance Statement	1	2023/24 AGS reported to Governance and Audit Committee 25 th July 2024, incorporating Internal Audit Opinion	

2024/25 ADDITIONAL WORK COMPLETED

During 2024/25 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 and for ongoing assurance over supplier resilience.
- **Verification of DWP account information** (as required by Cabinet Office Baseline Personnel Security Standard), and other DWP account administration
- Lloyds account user administration
- Advice on **Authorised Signatory** permissions and maintaining records of Authorised signatories
- The service continues to undertake administrative support for the Councils **Barclaycard** arrangements
- Ongoing participation in Corporate **Protect Duty** group.
- Coordination of the upload of data and general administrative arrangements, and review of data matches arising from the **National Fraud Initiative (NFI) data matching exercise**
- Circulated **fraud alerts** to relevant services (various topics)
- The Audit Insurance & Fraud Manager continues to offer advice in relation to **insurance and the management of risks**, and to respond to associated **Freedom of Information Act (FOI)** requests
- Corporate **Risk Management** support including for update of Strategic Risk Register and Member Evening
- Supported **Member Training** on Audit Committee role
- Review of DEFRA **Grant** letter to establish reporting requirements
- Administer Council staff access to a **credit checking system**
- **Training support** to Accountancy member of staff
- Participation in Corporate **Business Continuity** exercise

APPENDIX 2 – OUTCOME OF AUDITS COMPLETED SINCE THE PREVIOUS REPORT TO GOVERNANCE COMMITTEE (17th April 2024)

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
Commercial Group Full Assurance	High level review of the scope of work, outputs and corporate response to the group work	Areas of good practice: <ul style="list-style-type: none"> • The group has an agreed programme of work and completed business cases for some commercial income streams, and benchmarking of fees and charges • The group has reviewed financial information from trading services • The group's work is feeding into the Transformation Programme Fit for the Future programme of work 	<i>There were no high or medium priority recommendations arising from this review.</i>	N/A	N/A
Business Rates Significant Assurance	<ul style="list-style-type: none"> • Reconciliation of number of properties and total rateable value with Valuation Office (VO) records • Application of changes notified by the VO • Application of payments to the correct account • Recovery procedures • Write off processes 	Areas of good practice: <ul style="list-style-type: none"> • Property information (numbers and rateable values) is only updated on receipt of schedules from the VO, reconciliations are conducted between the two systems • Payments are posted to accounts and a reconciliation of daily income is conducted between the payments system, the revenues system, and the finance system 	The difference in total number of properties and rateable value between Council records and VO records to be investigated and resolved	Medium	Agreed: Recovery & Revenues Manager Action Date: September 2024

	<ul style="list-style-type: none"> • Appropriateness of system access permissions 	<ul style="list-style-type: none"> • Recovery procedures are defined and followed, stages of recovery are recorded on the Revenues system • Write offs are processed in accordance with Financial Procedure Rules and approved by an authorised officer. System access to effect write offs is restricted • Revenues System access permissions were appropriate to officer roles 			
Council Tax Full Assurance	<ul style="list-style-type: none"> • Accurate and up to date database of taxable properties and liable persons • Bills are correct and issued in timely manner • Refunds and write offs are correctly processed and authorised • Effectiveness of accounting and reconciliation processes • Appropriateness of system access permissions 	<p>Areas of good practice:</p> <ul style="list-style-type: none"> • Council Tax property information is only updated on receipt of schedules from the Valuation Office (VO) and reconciliations are conducted between the two systems • Payments are posted to accounts and a reconciliation of daily income is conducted between the payments system, the revenues system and the finance system • Recovery procedures are defined and followed, stages of recovery are recorded on the Revenues system • Write offs are processed in accordance with Financial Procedure Rules and approved by an authorised officer. System access to effect write offs is restricted • Revenues System access permissions were appropriate to officer roles 	<i>There were no high or medium priority recommendations arising from this review.</i>	N/A	N/A
Revenues & Benefits	Assessment of the adequacy of system	Areas of good practice:	Notification of staff leavers should be	Medium	Agreed:

System Access Controls Significant Assurance	access controls and assigned access permissions (including for staff changing roles and leavers)	<ul style="list-style-type: none"> • Revenues and Benefits System access permissions were appropriate to officer roles and responsibilities, with greater restrictions applied to users outside the Revenues and Benefits Team • A management trail is retained evidencing requests for access • Periodic checks on users are conducted by the Control Team to ensure users remain active • Users are required to confirm compliance with ICT policies and procedures, and to complete an Information Security course which includes IT security • Enforced password changes are in place 	provided directly to the Revenues & Benefits System Control Team		Revenues & Benefits Manager Action Date: September 2024
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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.*

Reasonable, but not absolute, assurance that adequate risk management and controls are in place.

Significant Assurance *Significant assurance that the internal control framework meets minimum acceptable standards.*

Some weaknesses or inconsistent application in control means some risks are not adequately mitigated.

Limited Assurance *Internal control framework does not meet minimum acceptable standard.*

Weaknesses or inconsistent application of controls means some risks are not mitigated and require significant improvement

No Assurance *The internal control framework does not meet the minimum acceptable standards and no assurance can be given*

Follow Up Reviews (Limited Assurance Reports):

- **Housing Application Document Verification (2019/20) - Ongoing:** The service was exploring alternative means of gaining assurance on validity of documents and applications and working with other Local Authorities and Gateway to Homechoice, and whilst recommendations are not yet completed, the Council's Learning and Development team are seeking to arrange update training to reflect the increase in digitally supplied documents. *Update April 2024 – In Progress - Corporate refresher*

training on 'Verifying ID documents and ID Fraud Prevention', including advice on digitally supplied ID, was arranged through the Organisational Learning and Development team and attended by Housing and Other staff. (July 2024 – no further update)

- **Project Realisation of Benefits (2021/22) – ongoing:** The report made recommendations relating to completion of project closure documentation and to conducting project Post Implementation Reviews. Actions were agreed by management originally with an expected implementation date of April 2023. The matters raised are expected to be resolved with the creation of a Project Management Office, the Manager post will soon be advertised. *Update April 2024 – In Progress - a Project Management Office lead was appointed and commenced employment early April 2024, and it is expected the post holder will resolve outstanding recommendations in this area. (July 2024 – no further update)*
- **Asset Management and Service Charges (2022/23) – ongoing:** Both recommendations are In Progress:
 - Completion of rent reviews (high priority) - *Update April 2024 – the service is reviewing the asset schedule to enable electronic reporting, and progress has been made with conducting outstanding rent reviews*
 - preparation of an Asset Management Strategy (high priority) – *Update April 2024 – a Head of Asset Management has been appointed (to commence employment in April 2024) and external consultants will be appointed to support Strategy development. Monitoring of vacant properties and income targets will follow.*
 - *July 2024 – consultants have been engaged and are working with the Council*
- **Horizon 120 (2022/23) – ongoing.** The Corporate Director (Growth) provided a detailed update to the Governance and Audit Committee in October 2023. *Update April 2024 – a formal internal audit follow up is scheduled in the 2024/25 Draft Internal Audit Plan. (July 2024 – no further update)*
- **Suppliers and Contractors Resilience (2022/23) – ongoing:** *Recommendation progress is as follows:*
 - Ongoing review of supplier risk during term of contract or framework agreement to enable prompt identification of resilience issues (high priority) – *Update April 2024 – Annual financial checks have been carried out for suppliers on Framework agreements, Senior Management are considering practices for ongoing checks for other contracts. (July 2024 – no further update)*
- **CCTV GDPR Compliance (2022/23) – ongoing:** *Recommendation progress is as follows:*
 - Improve CCTV signage (high priority) – *Update July 2024 – Completed - signage has been improved in all locations.*
 - Acceptable Use Code of practice to be updated to state requirement for ICT authorisation for procurement of CCTV systems (medium priority) – *Update July 2024 – Completed – IT Code of Practice includes general requirement for ICT team to not install or modify systems without authorisation*
 - IT to have central oversight of CCTV (medium priority) – *Update July 2024 – Completed – The CCTV system is on a separate network monitored by the IT team*

- Written policy on Body Worn Video in line with national guidance (high priority) – *Update April 2024 – In Progress – revised policy prepared and awaiting Legal Services review (July 2024 – no further update)*
- Remove withdrawal of consent relating to Body Worn Video from privacy policy – *Update July 2024 – privacy notice updated therefore subject to Legal Services review of revised policy this is complete*
- **North Essex Parking Partnership (2023/24) – ongoing:** *Update April 2024 – a formal internal audit follow up is scheduled in the 2024/25 Draft Internal Audit Plan (July 2024 – no further update)*
- **Use of Council Vehicles (2023/24)** – The review included the following high priority recommendations. *July 2024 - these are pending follow up:*
 - Formal agreements to be signed by officers taking their vehicles home to confirm their understanding of permitted use
 - Mileage readings and purpose of journey to be recorded and reviewed by Operations Management to ensure compliance with HMRC policy

Agenda Item: 9

Report Title: Internal Audit Charter – July 2024	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	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 To ensure that there is an Internal Audit Charter which complies with the Public Sector Internal Audit Standards.

2. Recommendations

- 2.1 To approve the updated Internal Audit Charter.

3. Summary of Issues

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1st April 2013 and were revised March 2017. These standards currently form the proper practices for Internal Audit required by the Accounts and Audit Regulations 2015 but will be replaced in 2025 by new Global Internal Audit Standards (GIAS).
- 3.2 The PSIAS require an Audit Charter to be in place defining the purpose, authority and responsibility of the Internal Audit function, and for the Charter to be reviewed periodically and presented to the Governance and Audit Committee for approval. The Charter was last reviewed and approved by the Committee on 20th April 2023. A further review will be conducted in light of anticipated guidance on implementation of the new GIAS.
- 3.3 The Council's Internal Audit function receives its mandate from the Governance and Audit Committee. The mandate specifies the authority, role and responsibilities of the internal audit function and is documented in the service's Charter. The Charter sets out the purpose, the commitment to achieving prescribed Standards, the independence and objectivity of the function and how this is achieved, the scope of internal audit work, the internal audit quality and assurance programme, and the responsibility of the Council's Internal Audit function to deliver the annual internal audit opinion.

- 3.4 The Internal Audit Charter has been reviewed to ensure it remains up to date, and reflects requirements of the PSIAS, including the recommendations arising from the recent External Quality Assessment of Internal Audit. The Charter was updated in 2023 to include additional detail around the Code of Ethics, updates to the non-audit operational functions performed by the team including relevant past employment and to identify the approach to audits of areas which fall within the operational responsibility of the Audit Manager, and additional detail around the Core Principles for the Professional Practice of Internal Auditing.
- 3.5. The following further updates have been made in the 2024 revision of the Charter:
- References to the Governance and Audit Scrutiny Committee have been updated to the Governance and Audit Committee.
 - The reference to the role of the Chief Financial Officer in Local Government has been expanded (Sections 3 and 6).
 - A statement on adherence to Institute of Internal Auditors Practice Advisories Guides and Position Papers, and Council policies and procedures has been added (Section 3).
 - Clarified the matters which the Governance and Audit Committee authorises internal audit to include free, full and unrestricted access to material and personnel pertinent to carrying out audit engagements (Section 6).
 - Wording reflecting the Audit Manager's contribution to Risk Management, and to the non-audit roles undertaken by the Senior Auditor and Auditor have been updated in the non-audit operational functions paragraph (Section 8).
- 3.6 An effective, skilled and properly resourced Internal Audit function which operates in accordance with Public Sector Internal Audit Standards (PSIAS) will focus governance, risk management and internal control assurance work across all corporate priorities and risks will support the theme of making the authority Fit for the Future, and generally support achievement of all corporate priorities.

4. Options

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

5. Financial Implications

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

6. Legal Implications

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

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

7. Other Implications

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

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not; 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 proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of Appendices

9.1 Appendix 1 - Internal Audit Charter 2023/24.

10. Background Papers

10.1 [Public Sector Internal Audit Standards.](#)



INTERNAL AUDIT CHARTER

July 2024

Braintree District Council Internal Audit Charter

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INTERNAL AUDIT CHARTER

1. Introduction

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

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

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

2. Purpose and Mission

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

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

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

3. Standards and Statutory Requirements

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

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

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

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

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

The CIPFA Statement of the Role of Chief Financial Officer in Local Government also states that the Chief Financial Officer must:

- Ensure an effective Internal Audit function is resourced and maintained; and
- Ensure that the authority has put in place effective arrangements for Internal Audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom

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

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

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

The IIA Practice Advisories, Practice Guides, and position papers will be adhered to as applicable, and Internal Audit will also adhere to the Council’s relevant policies and procedures and Internal Audit’s own methodology and operating procedures.

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

4. Definitions

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

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

5. Professionalism & Ethics

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

Integrity:

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

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

Objectivity:

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

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

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

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

Confidentiality:

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

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

Competency:

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

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

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

6. Authority

The Audit Manager reports functionally to the Governance and Audit Committee, and organisationally to the Head of Finance who as the authority's S151 officer is responsible for maintaining an adequate and effective system of Internal Audit. The Audit Manager also has access to Corporate Directors and the Chief Executive who carry the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

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

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

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

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

- Have full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scope work, apply techniques required to accomplish audit objectives and issue reports.

- Obtain assistance from the necessary personnel of the Council as well as other specialised services from within or outside the Council in order to complete the engagement.

7. Scope of Internal Audit Activity

The scope of internal audit encompasses but is not limited to the objective examination of evidence for the purpose of providing independent assessment to the Governance and Audit Committee, management and other parties such as External Audit on the adequacy and effectiveness of governance, risk management and control processes for the Council. This extends to any services provided through partnership arrangements or external providers.

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

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

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

8. Independence & Objectivity

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

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

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

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

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

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

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

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

- The Audit Manager is also operationally responsible for the Insurance and Fraud functions and supports the Council in Risk Management. Responsibility for these operational areas is recognised by senior management and the Governance and Audit Committee, and Members and Senior Officers retain responsibility for oversight, identification and management of risks.
- The Audit Manager is one of the administrators for the Council's Credit card account but does not hold a Council Credit Card.
- The Senior Auditor performs the following non-audit operational activities, and will therefore not perform any audit in these areas:
 - Provides ad hoc support for Barclaycard administration.
 - Accesses the DWP Customer Information System (CIS) to administer Council users (supporting Benefit team System Administrators to provide resilience – as changes require approval of a second administrator)
- The Senior Auditor and Trainee Auditor perform the following non-audit operational activities and will therefore not perform any audit in this area:
 - Equifax passwords user administration (this system is used by both Fraud and Benefits staff)
 - Maintain records (but not oversight) of gifts and hospitality, authorised signatories and declarations of interest.
 - As part of the Procurement process, the Senior Auditor and Auditor have been required to conduct financial appraisals on organisations submitting tenders, or those with whom the Council contracts.
- The Trainee Auditor was until the 31st January 2023 employed in the Council's Procurement team, and has thus far not undertaken audits of the Procurement function or use of the Council's Barclaycard. This was expected to continue until at least a year had elapsed, but they are not expected conduct such audits in the coming year.

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

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

- Ensure the scope of audit work to be performed is approved by the Head of Finance

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

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

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

9. Reporting

Assignment Reporting:

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

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

Senior Management / Governance and Audit Committee Reporting:

The Audit Manager reports periodically on:

- Internal Audit's purpose, authority and responsibility;
- Internal Audit's plan and performance relative to the plan;
- Internal Audit's conformance with the Institute of Internal Auditors (IIA) Code of Ethics and Standards, and action plans to address any significant conformance issues;
- Significant risk exposure and control issues including fraud risks, governance issues and other matters requiring the attention of the Governance and Audit Committee;

- Results of audit engagements or other activities, including opportunities for improving governance, risk management and control processes; and
- Any response to risk by management that may be unacceptable to the Council.

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

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

Annual Governance Statement:

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

10.Resources

The Corporate Director and Head of Finance (\$151 Officer) will provide the Audit Manager with the resource necessary to fulfil the Council requirements and expectations for a robust and adequately scoped Internal Audit function. The Audit Manager will, at least annually, submit to Senior Management and the Governance and Audit Committee an Internal Audit Plan for review and approval. The plan will take into account the requirement to produce an annual Internal Audit Opinion on the assurance framework and will be developed based on a prioritisation of potential audit activities. Significant matters affecting delivery of the plan will be discussed with Senior Management and the Governance and Audit Committee. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

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

proposed solutions will be reported to senior management and the Governance and Audit Committee.

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

11. Fraud and Corruption

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

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

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

12. Relationship with External Audit and Other Assurance Activities

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

13. Quality Assurance & Improvement Programme (QAIP)

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

Core Principle	Interpretation
Demonstrates integrity	<i>Work is performed with honesty, diligence and responsibility. (See also para. 5 above).</i>

Demonstrates competence and due professional care	<i>Staff will perform services for which they have the necessary knowledge, skills and experience, perform work in accordance with the Public Sector Internal Audit Standards, and are encouraged to continually improve their proficiency. (See also para. 5 above).</i>
Is objective and free from undue influence (independent)	<i>Independence relates to the function's reporting position within the Authority, and to avoidance of conflicts of interest. (See also para 5 above re objectivity)</i>
Aligns with the strategies, objectives, and risks of the organisation	<i>The Internal Audit Plan is based on an assessment of the Council's corporate priorities and strategic risks</i>
Is appropriately positioned and adequately resourced	<i>The Audit Manager is able to report directly to Members and to the Management Board. Resources for the function will be kept under review to ensure that the function is able to perform sufficient work to enable provision of the annual internal audit opinion.</i>
Demonstrates quality and continuous improvement	<i>The Quality Assurance and Improvement Programme (QAIP) covers all aspects of internal audit activity and enables ongoing assessment to identify opportunities for improvement</i>
Communicates effectively	<i>The Chief Audit Executive [Audit Manager] maintains effective communication with the Chief Executive and Chair of the Audit Committee and interacts directly with the Board [Governance & Audit Committee]. The Audit Manager will communicate the activity's plans and resource requirements, engagement objectives, audit scope, audit results and overall opinion, the results of the QAIP, and must deliver an overall annual internal audit opinion</i>
Provides risk-based assurance	<i>The Chief Audit Executive establishes risk-based plans to determine audit priorities, consistent with the organisation's goals</i>
Is insightful, proactive and future-focussed	<i>Auditors will be proactive, and through their evaluations offer insight and comment on future impact</i>
Promotes organisational improvement	<i>Internal Audit will contribute to the improvement of the organisation's governance, risk management and control processes, by using a systematic, disciplined and risk-based approach to their work</i>

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

The programme includes:

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

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

Angela Mitchell
Audit Insurance & Fraud Manager
July 2024

Report Title: Strategic Risk Register and Risk Management Policy and Strategy	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	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 of the Council's Strategic Risk Register as agreed by Cabinet at its meeting on 1st July 2024.
- 1.2 This report also details the review of the Council's Risk Management Policy and Strategy.

2. Recommendations

- 2.1 Members are asked to note and endorse the Strategic Risk Register.
- 2.2 Members are asked to note the Risk Management Policy and Strategy.

3. Summary of Issues

3.1 Strategic Risk Register

- 3.1.1 The Strategic Risk Register details the significant risks which have the potential to impact on the delivery of the Corporate Strategy over the medium-term.
- 3.1.2 The Strategic Risk Register forms a key part of the Council's overall approach to risk management.
- 3.1.3 The Strategic Risk Register was previously agreed by Cabinet on 4th March 2024 and reported to the Governance and Audit Committee on 17th April 2024. The aim is to formally review strategic risks at least twice a year. The Corporate Management Team have reviewed the risks, along with the relevant Cabinet Member Risk Owners.
- 3.1.4 A Member Development Evening was held on the 9th May 2024, at which opportunity was given to all Members to participate in a review and discussion of the strategic risks facing the Council and the updated register. The evening generated wide discussion with responses provided by Cabinet Members and senior officers. There were no changes proposed to the strategic risks or register.
- 3.1.5 Reflecting on the outcome of the Corporate Peer Challenge, arrangements are currently being made for a facilitated review of Strategic Risks, the outcome of

which will be reported to a future meeting of the Governance and Audit Committee.

3.2 Risk Management Policy and Strategy

- 3.2.1 The Risk Management Policy and Strategy was last revised and approved by the Governance and Audit Committee on 24th August 2023 and approved by Cabinet on 25th September 2023.
- 3.2.2 The Risk Management Policy and Strategy is subject to annual review. Whilst no changes are proposed at this time, corporate developments are currently in progress which may affect the policy and which relate to the adoption of improved processes by the Project Management Office, Service Reviews, and the planned facilitated review of the Strategic Risks. The Risk Management Policy and Strategy will therefore be subject to a further future review reflecting on improvements arising from corporate activity.
- 3.2.3 The recommendations set out in this report support the Council to maintain robust risk management arrangements across the delivery of its Corporate Strategy and to ensure the organisation remains fit for the future.

4. Options

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

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 from 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; and
 - (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.

8. List of Appendices

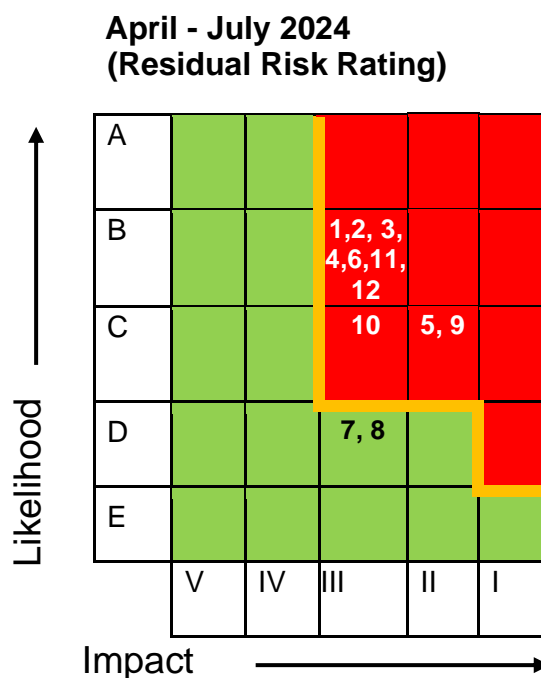
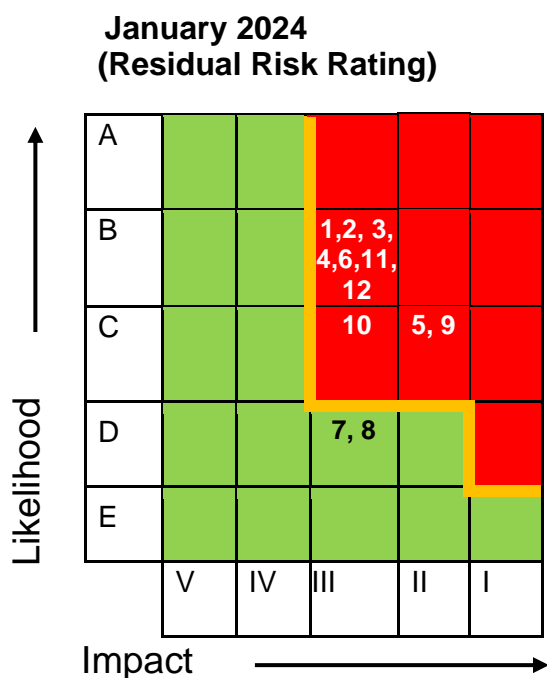
- 8.1 Appendix 1 – Strategic Risk Register.

9. Background Papers

- 9.1 Strategic Risk Register approved by Cabinet in July 2024 - [Agenda item 13 of meeting held on 1st July 2024](#)
- 9.2 Risk Management Policy and Strategy approved by Cabinet in September 2023 - [Agenda item 10 of meeting held 2th September 2023](#)

STRATEGIC RISK PROFILE

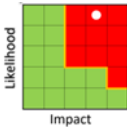
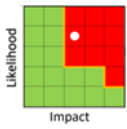

Reviewed by Members via: Cabinet March 2024, Member Evening May 2024, and Cabinet July 2024



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

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: Major Capital Programme (<i>formerly Strategic Investment</i>)
Risk 11: Climate Change
Risk 12: Landscape Services (<i>new Jan 2024</i>)

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

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.				
Risk Owner: Corporate Director (SB) Cabinet Member Owner: Cllr Kevin Bowers				
Corporate Priorities: A balanced budget is essential to enable delivery of all priorities				
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 potential escalation of conflict in the Middle East. Geo-political and economic outlook remains volatile.</p> <p>Cost of living and a relatively weak prospect for economic growth impact on the finances of residents and businesses.</p> <p>The absence of a multi-year finance settlement with central government and allocation of one-off grants makes future financial planning very difficult and without much degree of certainty over grants and retained business rates. Whilst government have recently signalled a move to simplify funding streams there are still several programmes that are subject to bidding rounds. Late grant allocations with conditions containing ‘hard’ deadlines risks not being able to maximise use of funding where reliant on third parties.</p> <p>Future reforms of Local Government Finance system and potential impact on medium-longer term finances.</p> <p>Autum Statement 2023, set out a future outlook for public sector finances that raises the risk over future funding cuts to non-priority/ un-protected departments which cascades through to local authorities and particularly those authorities not responsible for adult and children services.</p> <p>Changes in demand for property and/ or ability of tenants to meet lease obligations.</p> <p>Funding arrangements with third parties & partners who are 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>			<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.- Increased credit loss risk due to non-collection of debt.- 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.	

<p>Legislative changes e.g., Waste reforms and planning reforms</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 and 2022/23 accounts. An opinion is expected to be provided on the 2019/20 and 2020/21 accounts and the 2021/22 and 2022/23 accounts disclaimed on the basis that the auditor is unable to carry out any work prior to meeting the government's proposed backstop date.</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"> - Changes to usable resources that have been taken into account for financial planning & budget due to changes required post-audit. - 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.
Current Controls:	
<ul style="list-style-type: none"> - Annual rolling 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. 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 income, and treasury management, and service delivery. - A developing three-year strategy on meeting the projected funding shortfall estimated in the MTFS over the medium-term through the 'Fit for the Future' 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. - Horizon scanning of government announcements concerning Local Government Finance and participate in any consultations 	
EFFECTIVENESS OF CONTROLS: Completely effective	
Additional Actions Required	
<p><u>Corporate Director & Section 151 Officer</u></p> <ul style="list-style-type: none"> - Work with other Essex authorities and Local Government representative bodies to lobby Central Government for resources and greater certainty for financial planning. - 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 - Agree new Reserves Policy 	

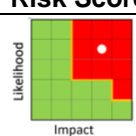
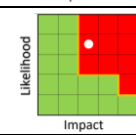

Risk 2. Economic Growth

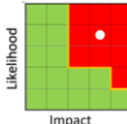
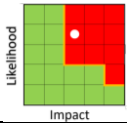

International socio/political and economic disruption continues to impact on the UK national economy, caused by particular situations of inter and intra-national conflict and crisis that are impacting on world financial markets and supply chains. The national UK economic landscape itself remains unpredictable with a relatively weak economy suffering from low growth and high inflation at a time when the economy continues to recover from the recent impacts of the Covid pandemic and the UK's exit from the EU. All of the above factors will continue to impact on the Braintree District economy, potentially impacting on the competitiveness and viability of some businesses, with downstream impacts on the employment of residents and their quality of life.

Risk Owner: Corporate Director (DC)

Cabinet Member Owner: Cllr Frankie Ricci

Link to Corporate Priorities: Prosperity

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)	
Slow growth in the national economy and the risk of recession Inflation rises on the cost of materials and staffing. Energy cost rises which have increased businesses operating costs and impacted on profitability. Lack of workforce available with the right skills.			<ul style="list-style-type: none">- If the growth of 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 2023 with an action plan of projects which are currently being delivered.</p> <p>The Council is the host of the North Essex Economic Board (NEEB), a partnership of 9 local authorities working together to deliver economic growth support to businesses and residents.</p> <p>A NEEB strategy has been approved in 2023 and an action plan has been agreed.</p> <p>BDC are delivering a business support programme funded by the Shared Prosperity Fund (SPF) within the District in 2023 and 2024 delivering support for sole traders, green skills and digital skills.</p> <p>BDC are also working with partners through NEEB to deliver a coordinated business support programme across North Essex also funded via the SPF.</p> <p>Braintree business newsletter with over 3000 subscribers and closed Facebook page for businesses to network and share opportunities and best practice. Economic Growth team are delivering business networking events every quarter to broker and signpost support and advice.</p> <p>BDC has launched a grant funding round of the Rural England Prosperity Fund (REPF) to support businesses in rural areas of the district offering grants of £50,000.</p> <p>Strong working relationships exist 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>				
EFFECTIVENESS OF CONTROLS: Completely effective (as far as BDC influence can go)				
Additional Actions Required				
Corporate Director (DC)				
<ul style="list-style-type: none">- Develop the Locate Braintree District brand and website and promote inward investment marketing campaigns to attract businesses to locate and grow in Braintree District (alongside relevant partners).- Deliver the actions as set out in the BDC Economic Strategy Action Plan.- Deliver the actions as set out in the NEEB strategy action plan.- Work with North Essex partners to find new opportunities to coordinate economic growth support activity.				

Risk 3. Planning The government continues to suggest and legislate changes to the planning system, in support of delivering a national increase in housing supply. All changes have the potential to impact on the expectations, delivery methods and budgets of the Councils planning service.				
Risk Owner: Corporate Director (DC) Cabinet Member Owner: Cllr Spray				
Link to Corporate Priorities: Communities and Prosperity				
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 made and continues to make changes to the planning system. Before changes are made this leads to uncertainty in the system and difficulty in making decisions. When changes are made, they are often made immediately with no time to plan for implementation.</p> <p>The Government has announced (December 2023) it intends to make several changes to the current planning system, including:</p> <ul style="list-style-type: none">• Made a multitude of changes to the National Planning Policy Framework.• Consult on removing the use of Extensions of Time (EoT's) for minor developments and make them exceptional for major developments. If the proposals are confirmed this will severely impact on how the planning team deal with applications and the ability for consultations and negotiations.• The planning guarantee timescales (the time within which a planning application should be determined) are expected to be reduced, which could mean more applicants asking for refunds if decisions have not been issued within certain time limits.• The government is introducing mandatory Biodiversity Net Gain (BNG) stipulations for major developments in January 2024 and minor developments in April 2024. This will require new skills and take significant resources to deliver.• Natural England is requiring a full review of the Essex RAMs (Essex Coast Recreational Disturbance Avoidance and Mitigation) Strategy which could significantly increase the amount charged per home or could prevent development altogether.			<p>That Local Plan making or decision making is delayed or unsettled by potential future changes to the Planning system.</p> <p>More applications may be refused if EoT's are no longer allowed, with the consequence of more planning appeals being made against council determinations, which may require the Council to spend more money defending its decisions at appeals.</p> <p>Some planning applications are likely to be of a poorer quality if negotiation time (i.e. EoT's) is removed.</p> <p>Cost implications of having to refund more planning application fees due to the loss of the planning guarantee.</p> <p>Not being able to properly implement BNG due to lack of staff expertise or resources.</p> <p>Charges for RAMs could make development unviable thus impacting on housing delivery numbers.</p> <p>Natural England could put a block on new development if it believes the impact on protected sites is too great.</p>	
Current Controls:				
EFFECTIVENESS OF CONTROLS: Completely effective (as far as BDC influence can go)				

Additional Actions Required

Corporate Director (DC)

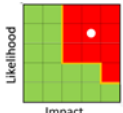
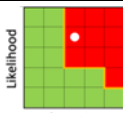

Continue to lobby government on making sure changes to the planning system deliver what is required. Liaise with groups including PAS (Planning Advisory Service), EPOA (Essex Planning Officers Association), EELGA to lobby for appropriate changes to the system and more resources.

Officers reviewing national changes and implementing required changes to processes and service as appropriate quickly and effectively, including anticipating potential impacts and acting proactively. This includes potential changes of removal of EoT's for most applications.

RAMs working group working with EPOA and Natural England to revise the RAMs evidence base and strategy.

Working across Essex to provide BNG training and work together with Essex County Council to appoint a shared officer to work on behalf of all authorities to share knowledge and best practice.

Strong monitoring and management of planning applications to ensure decisions are made and the planning guarantee refund period is not met.

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.				
Risk Owner: Corporate Director (CR)		Cabinet Member Owner: Cllr Mary Cunningham		
Corporate Priorities: Communities				
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>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. In work poverty is a concern in the district.</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 predicted 80% increase in over 80 year olds in the district who may require increased support.</p> <p>The community and voluntary sector continue to have fewer 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:				
<ul style="list-style-type: none">○ Health and Wellbeing post○ 2 year Cost of Living Officer post○ 2 year Community Support and Employment officer post○ Health and Wellbeing Apprentice○ Community Engagement Officer post until March 2025				
Live Well Strategy 2023 – 2028 is in place which sets out the strategic aim to support residents to be healthy				

and live well working with a range of partners through the Livewell Boards and the Health and Wellbeing Panel.

The Poverty Report has been refreshed and the action plan will be delivered through the Cost-of-Living Partnership group. 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 24/25. 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 third 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

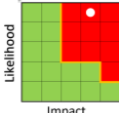
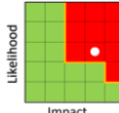

Ensure continued work with the Health and Wellbeing Panel and other partners to identify and respond to community needs.

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 Community360 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.

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				
Risk Owner: Corporate Director (SB)		Cabinet Member Owner: Cllr Kevin Bowers		
Corporate Priorities: Fit for the Future				
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				

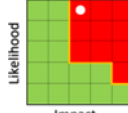
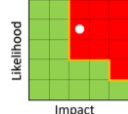

- Business continuity plans in place, tested through planned exercise
- Mandatory training in place to ensure all staff understand regulatory and statutory requirements
- Transformation Reserve in place to support resources required to delivery transformation
- Planning for potential different service 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
- Ensuring structured approach to training aligned with succession planning, building on good practice already in place across some technical and professional roles

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				
Risk Owner: Corporate Director (CR) Cabinet Member Owner: Cllr Lynette Bowers-Flint				
Corporate Priorities: Communities				
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)	
<u>Local / UK Domestic Factors:</u> <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- Unknown impact in the Local Housing Allowance increase effective from April 2023.- Temporary Accommodation (TA) subsidy frozen at 2011 levels, adding financial strain on finances / budgets in regard to TA costs- Withdrawal of Public Health funding from the Housing Related Support Accommodation Based Support Contract. This includes the primary resource for homeless households towards whom the Council has an accommodation duty- 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.			<u>Increased demand for services and accommodation:</u> <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- More types of Temporary Accommodation required – supported, adapted etc- Potential for more Temporary Accommodation placements out of district- Potential increase in rough sleepers <u>Impact on service costs and service provision:</u> <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.	
<u>Assistance to Persons from Overseas:</u> <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.				

<ul style="list-style-type: none"> - 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. - Results from public consultation indicates that the public's perception is that refugee / asylum are impacting housing waiting lists in BDC <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 to be placed in temporary accommodation and alternative longer-term accommodation sourced - 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 - Advertising short-term contracts is impacting recruitment and retainment - 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 	
Current Controls:	
<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 ○ 2 year Assistant Housing Operations Manager ○ 18 month Private Rented Sector tenancy sustainment officer ○ 2 year Housing Strategy Officer ○ 2 year Ukraine Resettlement Officer ○ 12 month Ukraine Support Officer ○ X2 data and x1 Housing Apprentices • Healthy Housing Strategy was adopted in 2023 – the focus on maximising the number of affordable homes brought on-stream. The first year of the strategy was dedicated to developing a private rented sector 'incentive scheme'. The second year of the strategy will be focused on addressing specialist housing to meet the needs of our current and future residents. • Empty Homes Policy developed to support BDC to address the number of empty homes will all ensure that housing opportunities for residents are optimised. • Registered Provider and Private Rented Sector 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. • Local Housing Allowance will be returning to the 30th percentile of local rents from April 2024. • Homelessness and Rough Sleeping Strategy 2024 – 2029 to be adopted in May 2024 which will prioritise through the action plan how BDC and partners work to prevent homelessness and break the cycle of rough sleeping 	

- Temporary Accommodation Review to establish what is required for the needs of households presenting as homeless and in priority need.

EFFECTIVENESS OF CONTROLS: Partially effective

Additional Actions Required

Corporate Director (CR)

- Additional resources available via the Homelessness Prevention Grant top up of £192,531 for 2024-25 (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
- Approval being sought to recruit x1 Housing Options Officer (HOO) on a short-term contract to support the change of focus of x2 HOOs to Early Intervention
- Review of service to be undertaken – Fit for the Future
- ECC are committed to continuing conversations with BDC to explore how homeless individuals can best access a range of support services, recognising the planned end of the Peabody Housing Related Support Accommodation Based Support Contract, funded via the Public Health Grant, from April 2025.

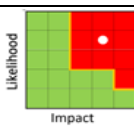
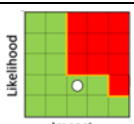

Risk 7. Return on Investments

The Council is not able to optimise its return on its financial or property investments or suffers financial loss.

Risk Owner: Corporate Director (SB)

Cabinet Member Owner: Cllr Kevin Bowers

Corporate Priority: Fit for the Future

RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	Low	Significant		
Direction of Travel				
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
- 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

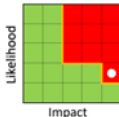
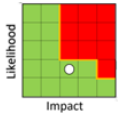

Additional Actions Required

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)

- Development of a new Asset Management Strategy and associated annual action plan.
- To continue to consider and develop options for Mayland House and other key assets.
- Continue to review major leases within the portfolio and consider future options/ scenarios.

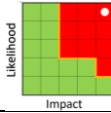
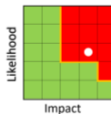

Risk 8. Emergency Planning The Council is unable to respond to an emergency as required under the Civil Contingencies Act 2004				
Risk Owner: Corporate Director (CR) Cabinet Member Owner: Cllr Graham Butland				
Corporate Priorities: Communities and Fit for the Future				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	Low likelihood	Catastrophic Impact		Averse
Residual Risk Rating	Low likelihood	Significant impact		
Direction of Travel				
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><u>District Wide</u></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><u>Council</u></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 2024
- Rest Centres plan – run an annual exercise
- Continue to deliver training programme
- Dialogue with partner organisations – including with Essex Resilience Forum on a collective approach to community resilience
- 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 – planned for July 2024.
- Expand Gold and Silver teams and pool of rest centre managers

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				
Risk Owner: Corporate Directors (CR and SB)		Cabinet Member Owner: Cllr Kevin Bowers		
Corporate Priorities: Effective management of information and cyber risks is essential to enable delivery of all priorities				
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.				

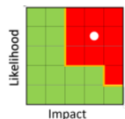
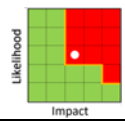

- Regular engagement with the National Cyber Security Centre and use of cyber protection tools and services.
- Regular meta-compliance checks for all employees and members.
- Controls in place around the use of technology to work virtually and collaboratively.
- Latest versions and security patches to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

EFFECTIVENESS OF CONTROLS: partially effective

Additional Actions Required

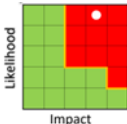
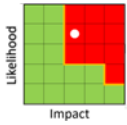

Corporate Director (SB and CR)

- 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+

Risk 10: Major Capital Programme				
Delays in delivery of the major Capital Programme projects will affect corporate priorities outlined in the annual and business plans, impacting scheduled timelines, leading to missed objectives and potentially hindering the overall success of strategic initiatives				
Risk Owner: Corporate Director (DC)		Cabinet Member Owner: Cllr Kevin Bowers		
Corporate Priorities: Communities and Prosperity				
RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Cautious
Residual Risk Rating	Significant	Significant		
Direction of Travel				
Risk Cause(s)			Risk Consequence(s)	
<p><u>Economic / Political:</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><u>Other:</u></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.
<p>Current Controls:</p> <ul style="list-style-type: none"> - Feasibility reserve: A dedicated reserve has been approved and ring fenced to ensure that feasibility studies are conducted thoroughly and with adequate resources, allowing for informed decision-making at each stage of project development - Cost/value advice from third party specialists: All investment opportunities undergo rigorous evaluation with the support of expert third-party specialists. Their insights and assessments contribute to the development of comprehensive business cases, ensuring that investment decisions are based on robust cost/value considerations. - Investment appraisal tools and HMT Green Book: Every investment opportunity is subjected to appraisal using sophisticated investment tools and adheres to the principles outlined in the HMT Green Book. This rigorous approach ensures that projects are assessed systematically, considering both financial and wider societal impacts. - Collaborative partnerships with key stakeholders: Strong working relationships with Essex County Council, the new Essex Local Enterprise Partnership, NHS and Homes England are cultivated to align major projects with strategic priorities. These partnerships facilitate project delivery and provide potential avenues for funding and support. - Comprehensive project engagement across relevant teams: Engagement across various BDC teams, including Asset Management, Finance, Legal, Operations, Planning and Procurement, ensures early involvement in scheme development. This collaborative approach guarantees that projects are aligned with objectives and are fit-for-purpose from inception. - Procurement of specialist consultants: Appropriate architects, cost and planning consultants are meticulously selected for each scheme to ensure that projects benefit from specialist expertise, fostering optimal design and delivery outcomes. - Business case development with external advice: Business cases are developed with specialist external advice, incorporating robust financial, strategic, and risk assessments to support informed decision making. - Robust programme assurance processes: Extensive programme assurance processes are in place to monitor project progress, mitigate risks, and ensure compliance with established standards. Management information and reporting outputs provide stakeholders with transparent insights into project performance. All processes are being reviewed and supplemented through the new Project Management Office. - Emphasis on project documentation and techniques: A strong emphasis is placed on comprehensive project documentation, supported by the implementation of industry-leading tools and techniques to enhance project management effectiveness and efficiency - Budget monitoring in partnership with Finance: Highly developed budget monitoring processes are implemented in close partnership with the Finance department to ensure financial accountability, transparency, and effective resource allocation throughout the project lifecycle. - Effective contract management: Rigorous contract management processes are established to oversee the execution of contracts, safeguarding project objectives, and ensuring adherence to contractual obligations and performance standards <p>EFFECTIVENESS OF CONTROLS: Effective</p>	
<p>Additional Actions Required</p>	
<p>Corporate Director (DC)</p>	
<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.

-	- Consistent modelling to agreed financial parameters is in place	- 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	
	- Implementation of timely, high-quality marketing strategies for all development projects is in place	- Early engagement with Planning Team and judicious use of the pre-application process is in place	
	- Increase organisational "maturity" and embed rigorous and consistently applied project and programme processes and reporting is in place	- Regular review of approved parameters and hurdle rates is in place	
	- Weighted NPV measure to reflect non-financial priorities is in place	- Independent evaluation of business case is in place	

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.				
Risk Owner: Cherie Root Cabinet Member Owner: Cllr Tom Cunningham				
Corporate Priorities: Environment				
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>'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>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• Depletion of key resources including water• Severe weather event(s) including drought, floods and gales.			<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"> • Failure to deliver 2030 carbon neutral target 	
Current Controls:	
<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>	
<u>Progress to Date</u>	
<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 	
EFFECTIVENESS OF CONTROLS: partially effective	
Additional Actions Required	
<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 	

Risk 12. Landscape Services

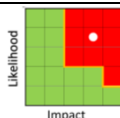
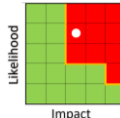
Tree related risks are rising as a result of more building, a growing population, and increasing impacts of weather events. The Council, as a tree owner, has a legal duty of care to take reasonable management measures to avoid reasonably foreseeable injury or harm to life and property. Staff capacity to manage the risk is limited.

This risk is linked to Risk 11 (Climate Change) as trees make a significant contribution to climate change resilience.

Risk Owner: Corporate Director (DC)

Cabinet Member Owner: Cllr Spray

Link to Corporate Priorities: Environment and Fit for the Future

RISK SCORE	Likelihood	Impact	Risk Score	Risk Appetite
Inherent Risk Rating	High	Critical		Averse
Residual Risk Rating	High	Significant		
Direction of Travel			N/A - New Risk (January 2024)	
Risk Cause(s)			Risk Consequence(s)	
<p>The Council’s tree stock is considerable (approx. 11,838). Due to climate change, wetter winter months and longer periods of drought during summer months, there is greater potential for tree failure across the year.</p> <p>There have been several storm events over the last two years, Storm Eunice (Feb 22), Storm Ciarán (Nov 23), and most recently Storm Henk (Jan 24). The risk of further storm events increases the risk of tree failure (physical breakage).</p> <p>Ongoing staff shortages within the Landscape Services team, due to a difficult and competitive employment market, means limited proactive surveys have been conducted of tree stocks on land owned by the Council, whilst reactive work has been prioritised. Interim Arboricultural Officers have been appointed on temporary contracts to support the critical business functions of the team, whilst permanent replacements are being sought.</p> <p>Focus is required on ensuring that the Council's tree management data and systems are up to date in order to track surveys undertaken, the felling of trees and planting of new trees.</p>			<p><u>Risks to persons or property:</u> The HSE reports that UK deaths from falling trees or branches is relatively low, (approximately 6 per year), however substantial fines may be imposed where deaths and injury are foreseeable. Recent storms have resulted in tree damage to property in the Braintree District. Proactive inspection protocols (zoned according to assessed risk) are necessary to comply with legislative duties and to mitigate risk and impact on persons and property and resultant fines. Consultation as part of the response to planning applications will reduce the likelihood of future impacts on residents.</p> <p><u>Insurance Liability and Premium:</u> The Council is experiencing an increase in insurance claims associated with trees and vegetation, impacting affected residents and the Council. Reduction of claim likelihood and ability to defend claims relies on tree risk management activity.</p> <p>The Council’s Liability insurer has imposed an increase in premium as a direct result of the increase in claims and a requirement to evidence that adequate surveying and management regimes are in place.</p> <p><u>Other:</u> Further financial, legal, and reputational impacts arise from tree related incidents.</p>	
Current Controls:				

- Interim qualified, experienced and knowledgeable Arboricultural Officers appointed which have improved the response to customers and insurance claims.
- Interim resource used to undertake as much surveying of Council tree stock as possible, and to promptly action required works identified.

EFFECTIVENESS OF CONTROLS: Partially Effective (given current interim resource)

Additional Actions Required

Corporate Director (DC)

- Complete the Landscape Services restructure and recruit to vacant posts through additional resources confirmed in 2024/25 budget. Structure to reflect resource required for appropriate system of ongoing proactive inspection and response, and contribution to Planning consultation.
- Adoption of formal tree management policy encompassing risk profiling and zoning to guide proactive inspection protocols and assess the impact and likelihood of failure.
- Finalise a new procurement framework to support the speedy and efficient procurement of specialist tree related contractors, to undertake tree surveying work, and to undertake works to trees.
- Identify system requirements for maintenance of tree records and undertake a review of the Council's tree management software (ARBORtrack) to assess whether it is fit for purpose / review other available systems. Ensure data capture is accurate, so database can be used as evidence for the Council's Insurance team.
- Develop network of and engagement with volunteer District Tree Wardens to enhance local knowledge of arising issues.
- Continue work as part of the Council's Climate Change activity to ensure a coordinated response to tree planting and management, and in the assessment of tree value.

Report Title: Treasury Management Annual Report 2023/24	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	For: Recommendation
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Mark Jarvis, Financial Services Manager	
Enquiries to: Mark Jarvis, Financial Services Manager mark.jarvis@braintree.gov.uk	

1. Purpose of the Report

- 1.1 To provide the Committee opportunity to review the draft Treasury Management Annual Report for 2023/24 before the report is considered by Full Council.

2. Recommendations

- 2.1 To recommend submission of the Treasury Management Annual Report for 2023/24 to Full Council.

3. Summary of Issues

- 3.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management strategy prior to the commencement of the financial year; receive at least one mid-year report; and then receive an annual report after the financial year-end.
- 3.2 The Treasury Management Strategy for 2023/24 was approved by Full Council at its meeting held on 20th February 2023. A mid-year report was considered by the Governance and Audit Committee on 4th October 2023. The annual report for the 2023/24 financial year is attached as **Appendix 1**.
- 3.3 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.

4. Options

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

5. Next Steps

- 5.1 The final annual report will be submitted to Full Council at its meeting on 23rd September 2024.

6. Financial Implications

- 6.1 There are no new financial implications arising from this report as the position has already been reflected in the financial outturn for 2023/24. The treasury management position will form the basis for updating the Capital and Investment Strategy for 2025/26 and developing proposals for the 2025/26 budget and update to the Medium-Term Financial Strategy.

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 the recommendation in 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; and
 - (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 – Treasury Management Annual Report 2023/24.

11. Background Papers

11.1 None.

Treasury Management Annual Report 2023/24

1. Introduction

- 1.1 Treasury management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the approval of a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.2 The Treasury Management Strategy for 2023/24 was approved by Full Council at its meeting held on 20th February 2023. The Authority has invested substantial sums of money and continues borrow to fund its capital programme and is therefore exposed to financial risks. The successful identification, monitoring and control of risk remains central to the treasury management strategy.
- 1.3 The Council currently contracts with Arlingclose Limited as its treasury management adviser and receives specific advice on investment, debt and capital finance issues. However, responsibility for final decision making remains with the Council and its officers. The contract with Arlingclose runs until 30th November 2025.

2. External Context

- 2.1 **Economic background:** UK inflation continued to fall from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.2% in March but was still above the Bank of England's 2% target at the end of the period. The core measure of CPIH, i.e. excluding food and energy, also slowed in March to 4.7% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.
- 2.2 Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus

remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

- 2.3 **Financial markets:** Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to higher inflation. From October, rates began to decline and fell sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.
- 2.4 **Credit review:** Credit Default Prices, an indicator of stress in the financial markets, began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders' CDS ended the period at similar levels to those seen in early 2023.
- 2.5 In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.
- 2.6 Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree caution is still merited with certain authorities.

3. **Local Context**

- 3.1 On 31st March 2024, the Authority had net cash and investments of £56.3million. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below.

Table: Resources available for investment at 31 March 2024

		31-Mar-24
		£m's
	Usable reserves	45.1
	Working capital & other balances	26.0
A	Reserves & working capital	71.1

	Borrowing Capital Financing Requirement	20.2
	Less actual external borrowing	(5.4)
B	Equals internal borrowing	14.8
a – b	Resources available for investment	56.3

- 3.2 As at the 31st March 2024, the working capital balances had increased compared to last year primarily due to an increase in Collection Fund balances of which £15.1million is due to be redistributed to Government and precepting authorities in 2024/25 and 2025/26.
- 3.3 Borrowing and investments were kept below their underlying levels, referred to as internal borrowing, which reduces overall risk and interest costs. The level of internal borrowing decreased in the year by a net £0.9million, primarily due to Minimum Revenue provision.
- 3.4 The treasury management position at 31st March 2024 and the change during the year is shown in the table below.

Table: Treasury Management Summary

	31-Mar-23	2023/24	31-Mar-24
	Balance	Movement	Balance
	£m's	£m's	£m's
Borrowing	5.8	(0.4)	5.4
Pooled Fund Investments	19.0	-	19.0
Short-Term Investments	27.0	9.5	36.5
Cash and Cash Equivalents	1.1	(0.3)	0.8
Total Investments¹	47.1	9.2	56.3
Net Cash & Investments	41.3	8.8	50.9
¹ Excludes changes in market value of pooled fund investments			

4. Borrowing Update

- 4.1 CIPFA's 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.
- 4.2 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also

expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code and with the Public Works Loan Board (PWLB) lending rules.

5. **Borrowing strategy**

- 5.1 As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required.
- 5.2 During the year, no new borrowing was taken out and cash balances being used to temporarily defray borrowing. This is shown in table 3.1 above.

6. **Other Debt Activity**

- 6.1 The authority did not enter into any new finance leases during 2023/24 and therefore the finance lease liability as at the 31st March 2024 reduced to £2.8million (£2.9million as at 31st March 2023).
- 6.2 In March 2024, the Council procured 6 street cleansing vehicles which was temporary financed by internal resources until a review of the leasing options could be concluded.

7. **Treasury Investment Activity**

- 7.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Investment balances ranged between £47.7million and £77.3million, with an average amount invested across the year of £68.0million. At 31st March 2024, the investment position was as shown in the table below:

Table: Investment Position 31 March 2024

	31 Mar 2023	2023/24 movement		31 Mar 2024	31 Mar 2024	31 Mar 2024
	Balance	Made	Matured	Balance	Yield	WAM ¹
	£m's	£m's	£m's	£m's	%	days
<u>Pooled Funds²:</u>						
Equity	13.0	-	-	13.0	5.37%	T+3/4d
Diversified	3.0	-	-	3.0	5.35%	T+3d
Property	3.0	-	-	3.0	4.98%	180d
Sub-total	19.0	-	-	19.0	5.30%	
<u>Short-term Investments</u>						
Other local authorities	-	-	-	-	-	-
Short-Term Investment	3.0	-	(3.0)	-	4.20%	-
Debt Management Office	-	118.0	(110.5)	7.5	4.95%	-
MMF ³ (low volatility)	20.0	6.0	(1.0)	25.0	5.00%	On-call

MMF (variable)	4.0	-	-	4.0	4.96%	T+2d
Sub-total	27.0	124.0	(114.5)	36.5	4.97%	
Cash at bank	1.1			0.8		On-call
Total	47.1			56.3		

¹ Weighted average maturity – T+ indicates settlement days after transaction day

² Sum invested excluding any change in market values

³ Money Market Funds

7.2 By the end of the financial year, the overall amount of cash and investments had increased by over £9million from that held at 31st March 2023, which is largely a consequence of the collection fund balances which will be due to be repaid to precepting authorities in 2024/25 and 2025/26.

7.3 Both the CIPFA Code and government guidance require funds to be invested prudently, and to have regard to security and liquidity, before seeking the optimum rate of return, or yield. The Authority's 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.

7.4 Bank Rate increased by 1% over the period, from 4.25% at the beginning of April 2023 to 5.25% by the end March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 4.06% and 5.39% by the end of March 2024.

7.5 The progression of risk and return metrics for the Authority's investments are shown in the following extracts from quarterly investment benchmarking:

Table: 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	9.53%	4.12%	1.64%
30.06.23	AA-	45%	35	9.08%	4.45%	3.89%
30.09.23	AA-	43%	24	8.76%	4.88%	5.93%
31.12.23	AA-	48%	22	9.17%	5.03%	5.80%
31.03.24	A+	78%	5	7.89%	5.06%	5.91%
Similar LAs	A+	61%	50	2.66%	5.07%	5.20%
All clients	A+	61%	9	3.30%	5.10%	5.03%

Source: Arlingclose quarterly benchmarking

¹ Relates to internally managed investments

² Income plus change in market value of pooled funds

7.6 **Externally Managed Pooled Funds:** £19million of the Authority's investments are invested in externally managed strategic pooled funds where short-term

security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generate income which is used to support services in year.

7.7 The Authority is invested in bond, equity, multi-asset, and a property fund. During 2023/24, the values in corporate bond and equity markets had increased by £477,000 from an unrealised gain of £1.746million to £2.223million. This is primarily due to greater stability in global markets following significant increases in interest rates over the past 24 months. Furthermore, despite the economy facing challenging times, dividends throughout increased with global corporate dividends hitting record highs which is reflected in the council's pool fund investments receiving dividends of £1.0million in-year.

7.8 As pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium-long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down; but with the confidence that over a three-five-year period total returns will exceed cash interest rates.

8. **Budgetary Performance**

8.1 Interest paid on borrowing was to £214,000, with a further £108,000 of interest paid on finance leases. The borrowing costs were lower compared to prior years due to the refinancing of the Council's LOBO debt in 2022/23 which created saving of £48,000 a year.

8.2 The following table shows the investment income generated for the year compared to prior year.

Table: Investment Income 2023-24

	2022/23 Actual			2023/24 Actual		
	Average invested	Income	Yield	Average invested	Income	Yield
	£m's	£m's	%	£m's	£m's	%
Pooled Funds	19.0	0.9	4.84%	19.0	1.0	5.30%
Short-term investments	45.2	0.9	2.01%	49.0	2.4	4.97%
Total	64.2	1.8	2.84%	68.0	3.4	5.06%

8.3 The above table shows that income was considerably higher compared to last year by £1.6million. This is primary due to the increase in interest rates over the period.

8.4 On 11th December 2023, Full Council approved a budget transfer of up to £600,000 between Treasury Management income and all service staffing

budgets to offset the in-year additional cost of the April 2023 pay award settlement. This increased the in-year budget to £1.9million. As a result of the high interest rate and the performance on the Council's pooled fund, a surplus of £1.5million was achieved after taking into consideration of the additional cost of the pay award.

9. **Compliance**

9.1 The Head of Finance (S151 officer) reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

9.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below.

Table: Compliance against debt limits

	2023/24	31-Mar-24	2023/24	2023/24	
	Maximum	Actual	Operational	Authorised	Complied
			Boundary	Limit	
	£m	£m	£m	£m	
Borrowing	5.8	5.4	30.0	50.0	√
Finance Lease	3.0	2.8			
Total Debt	8.8	8.2			

9.3 Whilst internal resources have been used to meet the borrowing requirement (as measured by the CFR), had this been matched by new external borrowing instead, this would have pushed debt levels up by a further £14.8million and a revised total at 31st March 2024 of £23.0million, which remains within the above limits.

Table: Compliance with Investment Limits

	2023/24	31-Mar-24	2023/24	Complied
	Max	Max	Limit	
	£m	£m	£m	
Any AAA rated money market fund	5	5	5	√
Loans to any single UK local authority	3	-	5	√
Any unrated pooled fund	5	5	5	√
Aggregate unrated pooled funds	19	19	25	√

9.4 For the purposes of day-to-day banking the aim is to maintain a balance of no more than £1.5million on operational current accounts, subject to short-term cash flow requirements. The following table shows how the Authority performed against this objective.

Table: Day-to-day banking balance

	2023/24	2023/24	2023/24	31-Mar-24
	Min	Max	Weighted	Actual
			Average	
Objective:	£m	£m	£m	£m
Aim not to have > £1.5m at any time	0.1	3.6	1.2	1.4
No of days <= £1.5m			298	
As % of days in the year			81%	

- 9.5 The number of days where the day-to-day bank balance was maintained at or below £1.5million was higher than that in 2022/23 (195 days or 53%).
- 9.6 Whilst limits were set on the principal sums invested for periods longer than a year to control exposure to the risk of incurring losses by seeking early repayment of investments, no such investments were made in the year.

Report Title: Annual Governance Statement for 2023/24	
Report to: Governance and Audit Committee	
Date: 25 th July 2024	For: Recommendation
Key Decision: No	Decision Planner Ref No: N/A
Report Presented by: Phil Myers, Head of Finance and S151 Officer	
Enquiries to: Phil Myers, Head of Finance and S151 Officer (phil.myers@braintree.gov.uk)	

1. Purpose of the Report

- 1.1 To evidence that the Council has conducted a review of the effectiveness of its system of internal control and to review the Annual Governance Statement before its approval by Cabinet.

2. Recommendations

- 2.1 To recommend to Cabinet the Annual Governance Statement for 2023/24 as set out in **Appendix A** for approval.

3. Summary of Issues

- 3.1 The Committee is required to review the Annual Governance Statement (the AGS) before approval by the Cabinet, and in doing so to consider whether the AGS accurately reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 3.2 The AGS is prepared based on an annual review of the Council's governance, risk management and internal control arrangements. The review considers established information and assurance gathering processes. Whilst the AGS is primarily aligned to the financial reporting year, it should be up to date at the time of publication.
- 3.3 The aim of the review process is to ensure that the Council has effective governance, risk management, and internal control processes in place to assist with accountability and delivery of objectives. Any shortfalls or emerging issues impacting on governance matters are identified and included in the AGS as action points for the coming year.

- 3.4 The review process for the 2023/24 AGS has included:
- Obtaining assurances from Senior Managers who report to a member of the Management Board and who are responsible for service delivery. The assurance statements cover the key controls that have operated within their areas of responsibility.
 - Reviewing the Council's governance framework against best practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
 - Reviewing all external audit and inspection reports and internal audit reports to the extent these are available.
- 3.5 The Corporate Peer Challenge undertaken in October 2023, and the Peer Team's final report has provided an element of additional insight and assurance over the governance and operating procedures in place.
- 3.6 The continuing backlog in the audit of the Council's accounts for the financial years 2019/20 through to 2022/23, does have an adverse impact on the level of independent assurance available to the Council on the financial position reported in draft Statement of Accounts, and for the latter two years, the arrangements for securing value for money. Arrangements to resolve the audit backlog were consulted on by the previous government during February/March 2024, but were then delayed due to the subsequent announcement of the General Election on 4th July 2024.
- 3.7 In line with best practice, the AGS contains the following:
- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the Council's Local Code of Corporate Governance;
 - reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the Cabinet, the Governance and Audit Committee, internal audit, and others as appropriate;
 - reference to action taken on issues raised in the previous year's AGS;
 - an action plan showing future actions to be taken to deal with governance issues; and
 - an overall opinion on the level of assurance that the governance arrangements can provide and confirmation that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 3.8 The final approved AGS is certified by the Leader of the Council and Chief Executive and published on the Council's website.
- 3.9 The recommendation set out in this report helps the Council to deliver on its Corporate Strategy by demonstrating the presence of sound governance arrangements.

4. Options

- 4.1 The report invites the Governance and Audit Committee to recommend the draft AGS to Cabinet for approval. The Committee may determine that amendments are required to the draft before approving its recommendation.

5. Next Steps

- 5.1 The AGS will be considered for approval by the Cabinet at its meeting to be held on 9th September 2024.
- 5.2 The AGS is expected to be up to date at the time of publication of the audited Statement of Accounts, so it should account for significant events that could affect the assessment of the Council's governance arrangements up to that point.

6. Financial Implications

- 6.1 There are no new financial implications associated with this report.

7. Legal Implications

- 7.1 The report meets the requirement to undertake an annual review of the Council's governance arrangements as required by the Audit and Accounts Regulations 2015, as amended.

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

9. List of Appendices

- 9.1 Appendix A – Draft Annual Governance Statement for 2023/24

10. Background Papers

- 10.1 [Delivering Good Governance in Local Government – Framework’ published by CIPFA and SOLACE 2016.](#)

Braintree District Council Annual Governance Statement 2023-24

1. Scope of Responsibility

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

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

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*. A copy of the Council’s Code is on our website: [Here](#)

The Annual Governance Statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations, which requires the Council to prepare an annual governance statement.

2. The Purpose of the Governance Framework

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

The core elements of the framework are:

- **The Constitution**, which sets out how the Council operates and how it makes decisions. The Constitution details the process through which the Council can make decisions efficiently, transparently, and accountably. The Monitoring Officer keeps under review the Constitution to ensure the Council’s arrangements are compliant with legislative and other best practice and remains fit for purpose in supporting delivery of the Council’s Corporate Strategy.
- **The Corporate Strategy**, which sets out the vision and priorities for the Braintree District. A new Corporate Strategy has recently been agreed covering the four-year period 2024 to 2028. An Annual Plan details the agreed projects and initiatives to deliver against each of the priorities of the Corporate Strategy as well as how the Council plans to measure progress against these objectives and its overall performance.
- **The System of Internal Control**, which is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council’s

policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

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

The core elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE Framework:

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

- The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in the Council's Constitution (including the Financial Procedure Rules), Schemes of Delegation, and the Procurement Procedure Rules all of which are subject to review and revision as appropriate.
- Codes of Conduct are in place for elected members and officers to make sure that public business is conducted with fairness and integrity, which define the high ethical values and standards of behaviour expected.
- The Head of Governance is the Council's Monitoring Officer and is responsible for ensuring that the Council operates within the law and that decisions are administered correctly and in accordance with the Constitution.
- The Head of Finance is the Council's Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.
- A corporate complaints policy is published on the Council's website.
- Members and Officers are required to record any gifts and hospitality.
- A Whistleblowing Policy enables concerns to be raised in a confidential manner and to be dealt with in a proportionate manner.
- The Governance and Audit Committee may make referrals to the Standards Sub-Committee with the aim of promoting high standards of conduct and to conduct a hearing into any allegation of a breach of the Member Code of Conduct.
- The Governance and Audit Committee receive appropriate briefings and training from statutory and other senior officers and third parties to enhance the Governance Framework.
- A Developing Democracy Group is appointed as a Cabinet Working Group which includes representation from the Cabinet and all opposition group leaders.

B. Ensuring openness and comprehensive stakeholder engagement

- Council meetings are held in public unless one of the criteria in Schedule 12A of the Local Government Act 1972 are satisfied. Unless confidential, decisions made by Council, the Executive (Cabinet/Cabinet Members) or other Committees are documented in the public domain. Meetings are broadcasted live using webcasting and are available for viewing.

- All elected members represent their electoral ward. Those not appointed to the Cabinet support the development of policy and scrutinise decisions made by the Cabinet or by officers under delegated powers.
- Systems are in place to ensure that relevant decisions taken by officers are published in accordance with legislative requirements.
- A standard decision-making report format is used to ensure that the decision maker is presented with all the information necessary to inform the decision, including outcomes of consultation and any relevant issues identified. Reports are subject to a sign-off process involving Directors, statutory officers, and where appropriate Cabinet Member.
- The views of the community are sought on a wide range of issues and regular consultation and engagement with residents and service users is undertaken.
- The Council demonstrates its openness by publishing the following:
 - A Pay Policy Statement;
 - The Constitution;
 - Members Register of Interest;
 - Council, Cabinet and Committee Reports;
 - Delegated decisions; and
 - Transparency information including: payments to suppliers, the remuneration of senior officers, Members' allowances and expenses, and gender pay reporting.
- A Councillor Community Grant Scheme is in place whereby voluntary and community groups can approach ward councillors for financial support for projects that benefit residents. Each Councillor is provided with a financial allocation (currently £1250) which they can distribute as grants either individually or joint fund projects with another Member(s). The Scheme is monitored by a Grants Panel and Councillors are obliged to consider the Member Code of Conduct when making grant decisions. All grant awards are published.
- The Council's Marketing and Communications Team provides a range of support for the whole council including using social media, internal communications, marketing and promotions advice, and media relations. Public consultation plays a key part in the development of our key strategies and decision-making process, across the full range of the Council's services.

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

- The Council sets out the vision and priorities for the Braintree District in its Corporate Strategy. The Corporate Strategy is based on: public opinion about what is important in the district; issues which Members know to be of importance; data and research into key issues which affect the quality of life; and issues of national importance which need to be implemented at a local level.
- The corporate decision-making template requires risks and impacts to be considered for individuals and communities; safeguarding; and other legal or governance matters to ensure that fair access to services is not adversely affected. Where appropriate, changes to services are supported by an Equality Impact Assessment.
- The Council's Performance Management Framework.

- The adopted Braintree District Local Plan provides a vision and planning framework for how the district will develop and grow up to 2033, identifying the most sustainable locations to deliver local housing needs and supporting infrastructure.
- The Council has adopted a Climate Change Strategy which is supported by an annual Climate Action Plan (CAP) setting out the areas of focus and how climate change objectives will be delivered. The CAP remains a living document and is revised as the climate and environmental emergency develops, previous targets are met, and funding becomes available and new technologies emerge.

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

- The Corporate Strategy covers the four-year period 2024 to 2028 and is supported by a more detailed Annual Plan that sets out the key activities to deliver on each of the priorities of the Corporate Strategy, as well as details of how the Council will measure progress on achievement against these objectives.
- Cabinet Members are assigned specific portfolios with responsibility for different themes: Transformation, the Environment and Customer Services; Finance, Resources and Performance; Planning; Economic Growth and Infrastructure; Housing, Health, and Wellbeing; and Stronger Communities. The Leader of the Council's portfolio includes overall vision and strategic lead, corporate strategy, business planning and performance, external strategic partnerships and joint working at national, regional, and local level, corporate communications, and promotion of the district.
- Deputy Cabinet Members are appointed to support the Leader and Cabinet Members, with appointments covering specific areas of portfolios: Climate Change and Sustainability; Risk Management and Member Support; Rural Issues; Leisure and Environmental Health; and Art, Heritage, Culture and Sport, and Children and Young People.
- The Directors, Heads of Service and other Senior Officers meet with Cabinet Members to discuss progress in their respective areas of responsibility with regular operational and strategic briefings. The Cabinet and Senior Management meet regularly as a Joint Executive Team and hold several Strategy Workshops during the financial year.
- In determining how services and other courses of action should be planned and delivered the Council has well established engagement frameworks with internal and external stakeholders which is undertaken at a strategic, service, and individual level.
- The Council fosters effective relationships, collaborative working, and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of residents.
- A Corporate Policy Development Committee conducts reviews of policy, services and aspects of services and can make suggestions to the Cabinet on the development of policies and/ or suggest new policies.

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

- The Chief Executive (as the designated role of Head of Paid Service) is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.
- Performance is managed and development needs are identified and monitored. For the Chief Executive and Corporate Directors, performance reviews are carried out by a panel of Members which include the Leader and/or appropriate Cabinet Members and the Chair of the Corporate Scrutiny Committee.
- There are regular team meetings, staff, and manager briefings, and 1-2-1s.
- There is a Member Induction and Member Development programme in place which includes specialist training for Members holding specific committee roles such as licensing and planning and for appointed Chairs of the committees. The content of the Member Development programme is refreshed annually. A Cabinet Working Group, the Member Development Group, has been appointed.
- The Organisation Development & Learning Team ensure an appropriate programme of training and development is available for staff and managers including via an e-learning platform, the Learning Hive. All staff are expected to complete mandatory e-learning courses with annual refresh, covering areas such as: Information Security, Data Protection, Code of Conduct, Diversity & Equality, Health & Safety, Fire Safety, and Safeguarding.
- The Council recognises the National Joint Council (NJC) and Joint Negotiating Committee (JNC) national agreements on pay and conditions of service for its staff. Where appropriate, market supplements are paid to attract and retain staff.
- The Monitoring Officer provides training to Members and officers on the application of the Constitution and other procedural rules.

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

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

- A Programme and Project Assurance Team (PPAT) meet regularly to review progress on the Council's major capital projects where risks and issues are considered along with project budgets. Each project has its own project risks and issues tracker and a specific Budget Monitoring Tool.
- Two Cabinet sub-committees have been established: The Investment and Development Programme Board which is focused on oversight of projects and processes that will contribute to delivering a balanced budget and more robust financial standing, including the Fit for the Future Transformation Programme; and a Capital Programme Board which has oversight of all capital projects to ensure a disciplined and standardised approach is adopted.
- Progress on delivering the Corporate Strategy and Annual Plan is communicated through a performance management framework. The Cabinet and Corporate Scrutiny Committee receive quarterly reports on both performance against the Corporate Plan/ Objectives and financial monitoring. These quarterly reports focus by exception and set out corrective measures where key performance indicators are not met or where there is any overspending against budget.
- Statutory officers are appropriately skilled and experienced and undertake training and continuous professional development to perform their duties effectively.
- Items for decision are published in the Decision Planner to enable the public to be aware of future decisions. All reports set out how a matter will help the Council to demonstrate that it is achieving its corporate objectives. In the event of an urgent item requiring a decision, the Chair of the Corporate Scrutiny Committee must agree that the decision is a matter of urgency, in accordance with the Access to Information Procedure Rules.
- The Section 151 Officer provides confirmation on the robustness of the estimates made for the purposes of the annual budget requirement calculations, and the adequacy of the proposed financial reserves. The final Statement of Accounts are prepared in accordance with legislation and professional codes and standards and subject to external audit review.

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

- The Audit, Insurance and Fraud Manager provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is undertaken by an in-house Internal Audit team working in accordance with the Public Sector Internal Audit Standards. The findings of Internal Audit are reported to the Governance and Audit Committee which includes an annual opinion on the internal control environment.
- The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny, and Inspection bodies. The Governance and Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.
- The Council's scrutiny arrangements provide challenge and review and promote service improvement.
- The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to 'Call In' key decisions.

- The Monitoring Officer submits reports annually to the Governance & Audit Committee on the functioning of the Members' Standards Framework.

3. Review of Effectiveness of the Governance Framework

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the audit manager's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

In 2023, the Council had a Corporate Peer Challenge (CPC) provided through the Local Government Association, The CPC review included consideration of the Council's governance arrangements.

The key elements of the review of effectiveness are:

- a. In-year review mechanisms include:
 - The Cabinet is responsible for monitoring overall financial performance and received comprehensive reports on a quarterly basis. Budgetary reports provided details of income and expenditure against profile together with a projection of the financial position at the year-end. Key Performance Indicators and progress of projects were also included in the quarterly reports.
 - Report by the Section 151 Officer to the annual budget setting meeting of Full Council on the robustness of the budget and the adequacy of balances.
 - At the Council's Annual General Meeting held on 25th May 2023, changes to the Constitution were agreed reflecting a new committee structure; introduced new procedures for Members to ask questions at Full Council of the Leader and Cabinet; and revision to the allocation of the number of Motions allowed during a civic year.
 - The work programme of the Corporate Scrutiny Committee included receiving an overview of the Braintree District Community Safety Partnership delivery; consultation on the 2024/25 Budget proposals and Medium-Term Financial Strategy to which all Members of the Council were invited to participate; and received and considered the Quarterly Performance Reports.
 - The Corporate Scrutiny Committee was also required to consider and determine the Call-In of the Cabinet decision to introduce a charge for the collection of garden waste. This was the first matter to have been raised through the current Call-In procedures and provided a basis for dealing with similar situations in future.
 - A Corporate Policy Development Committee was established from May 2023, to conduct reviews and if necessary, make suggestions on policy, services,

and aspects of services. In its first year of operation, the Committee considered the Cabinet's responses to previous scrutiny reviews into Litter Management across the Braintree District, and Markets and Associated Events. The Committee also reviewed policies for the following: Household Waste and Collection; Empty Homes; and Cemeteries. The Committee were involved in the development of the new Corporate Strategy and considered the draft Homelessness and Rough Sleeping Strategy prior to its approval.

- The Cabinet agreed its response to a previous scrutiny review into Litter Management across the Braintree District, and Markets and Associated Events.
- Public consultation and partner/ stakeholder engagement included the development of the new Corporate Strategy, the design of a new working age Local Council Tax Support Scheme from April 2024, The Livewell Strategy, the Homelessness and Rough Sleeping Strategy, and the Empty Homes Policy. Data evidence was gathered and analysed to support strategies.
- Following a Motion agreed at the Full Council meeting on 11th December 2023, the Cabinet agreed to establish a Member Working Group consisting of four Members from the controlling group and one representative from each of the three opposition groups, to consider and make recommendations on the potential for establishing a Community Delivery Plan covering the period 2025 to 2028. The Group was to report back to the Cabinet with its recommendations.
- Complaints raised under the Member Code of Conduct have been reviewed in line with the Council's processes by the Monitoring Officer. Issues raised are particular to their circumstances and do not reflect a wider or systemic issue within the Council and are not regarded as significant governance issues within the meaning of the Annual Governance Statement. There were no complaints referred to the Standards Sub Committee during the year.
- The Governance and Audit Committee provided independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met four times during the year and received regular reports on risk management, internal control, and governance matters. The Committee also approved an updated Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA) Policy.
- The Governance and Audit Committee received and considered a report on the progress of management actions and improvements in the internal controls, risk management, project management, and governance environment relating to major projects that reflected on the lessons learned from an externally commissioned review.
- The Chair of the Governance and Audit Committee submitted the Annual Report on the work of Committee to Full Council in December 2023, in relation to its terms of reference and the effectiveness of the Committee in meeting its purpose.
- The Council's updated Internal Audit Charter, as required under the Public Sector Internal Audit Standards, was approved by the Governance and Audit Committee on 20th April 2023.
- Internal Audit, as an independent and objective assurance service to the management of the Council, completed a programme of reviews throughout the year to provide an opinion on the internal control, risk management and

governance arrangements. The effectiveness of Internal Audit and its compliance with the Public Sector Internal Audit Standards was previously assessed in 2023, with the conclusion of the external assessor being that the Internal Audit service conformed with the requirements of the Internal Audit Standards. An Action Plan to deliver further continuous improvement and to maintain this level of compliance was approved against which the Committee is being provided regular updates on progress.

- External Audit are required to audit the annual financial statements and undertake a Value for Money Audit. Like many other local authorities in England, there remains delay in the external auditor completing their work on the 2019/20, 2020/21, 2021/22 and 2022/23 annual statements. This delay is primarily due to capacity shortfalls of the auditor and more widely across the external audit sector. To clear the backlog of historical accounts and 'reset' the system, the former Department for Levelling Up, Housing and Communities had proposed a legal "backstop date" of 30 September 2024 for local bodies to finalise all outstanding years up to and including 2022/23. The implications of this are still being explored in conjunction with BDO LLP, the Council's appointed auditor for the outstanding years. Due to the announcement of the General Election, it was not possible for the enabling legislation to be enacted prior to the dissolution of Parliament and therefore this matter will need to be addressed by a new government. The Governance and Audit Committee have been provided regular briefings and updates on the position.
- Whilst final sign-off of the 2019/20 account has not yet been received, the results of the audit work that had been substantially completed were reported to the Council in October 2021 and for which an unmodified opinion was expected to be issued on the financial statements. This outcome continues to remain the case for 2019/20. Significant work has also been completed on the audit for 2020/21 and an interim report indicated that no significant control deficiencies nor any significant weaknesses in the Council's arrangements for ensuring value for money had been identified. No work has been undertaken by BDO LLP in relation to the 2021/22 and 2022/23 accounts.
- Notwithstanding the delay in external audits, the Council has met its requirement to publish draft accounts which are available on the Council's website up to and including 2023/24.
- KPMG LLP are the Council's appointed external auditor for the five year period 2023/24 to 2027/28, following the Public Sector Auditor Appointments Ltd national procurement.
- KPMG presented a draft External Audit Plan and Strategy for the year ending 31st March 2024, to the Governance and Audit Committee at its meeting held on 17th April 2024.
- The Strategic Risk Register has been reviewed twice during the year by Management Board and by the Cabinet and reported to the Governance and Audit Committee in April and October 2023.
- The Governance and Audit Committee approved an updated Risk Management Policy and Strategy, setting a revised framework for the consideration and assessment of risks across the authority.
- Member Development Evenings on risk management and the Strategic Risk Register were held on 27th September 2023, and 9th May 2024.
- External inspections during the year included:

- On 25th April 2023, Logistics UK undertook an audit of the Council's Operator Licence compliance. The audit covered several key areas of activity. The report had no recommendations and confirmed that the three recommendations arising from the previous audit had all been satisfied. The next review is planned in July 2024.
 - Annual health check undertaken by NTA, an independent third party that is accredited by the global cyber security organisation, CREST. NTA assess the Council's external and internal networks and how these may impact on the security of the Public Services Network (PSN). The Council remains accredited for PSN.
 - Local Government Ombudsman (LGO): the Council received two complaints from the LGO, both of which were closed as premature complaints with neither having been presented to the Council to consider as formal complaints.
 - At the meeting of the Cabinet on 4th March 2024, the design principles for the Council's Fit for the Future Transformation Programme were approved including agreeing the alignment of roles and responsibilities within the existing governance framework.
 - A new Corporate Strategy was agreed by Full Council.
 - Following consideration by the Developing Democracy Group, Full Council have agreed to adopt the LGA Model Code of Conduct for Councillors. The Monitoring Officer will be providing additional training for Members on the new Code.
 - The Council has been involved in several legal challenges against the Home Office over the use of the former Wethersfield Airbase as an asylum centre. Throughout the legal process the Council has sought and acted on the basis of expert legal advice provided by the Monitoring Officer and external legal advisors and Counsel. The Council has acted with advice at each stage as to the potential costs that may be involved. Regular updates on the actions taken by the Council have been provided to all Members. This has also been supported by comprehensive communications to all residents of the District.
- b. The Corporate Peer Challenge undertaken in October 2023 provided an opportunity for independent insight and review of the Council's governance arrangements and operating procedures. The final report of the Peer Team included the following points:
- The Council has a robust governance framework enabling lawful and accountable decision-making through defined separation of powers, and productive Member-officer relationships.
 - The Constitutional foundations offer stability.
 - Constructive cross-party working is supporting effective governance. It was recognised that the inclusive way in which the Cabinet works meant that formal scrutiny processes were underused. It was acknowledged that with the appointment of a new Scrutiny Officer and Chair of Scrutiny Committee, this would strengthen the impact and performance of the scrutiny arrangements.
 - The Governance and Audit Committee were functioning effectively with engaged Members. It was noted the Chair and Vice-Chair both demonstrated strong command of the issues with a well-developed understanding of risks

and how this aligned to the Medium-Term Financial Strategy and provided oversight.

- Senior management value and co-operate with the audit function enabling it to operate successfully and independently.
- Positive financial stewardship was recognised to have led to strong financial performance over recent years, with a healthy level of reserves. The Council exhibited robust strategic financial planning.

The Peer Team highlighted that it found Members and staff had embraced the peer challenge process with an openness and honesty using the experience for learning and to drive improvement.

The Peer Team made seven recommendations in their final report which have been used to develop an Action Plan that was considered and approved by the Cabinet at its meeting on 4th March 2024.

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

- Signed Service Assurance Statements from Senior Managers, who report to a member of the Management Board, that key elements of the control framework were in place during the year in their areas of responsibility.
- The Audit, Insurance and Fraud Manager's Annual Report for 2023/24 was considered by the Governance and Audit Committee on 25th July 2024. The conclusion was that *'the Council's systems for internal control, risk management and governance generally provided **adequate assurance** that key business processes and financial systems accord with proper practice. Significant progress has been made in improving weaknesses previously identified, but there remain areas where actions are yet to be fully addressed and embedded.*

The previous year's Annual Governance Statement identified the following activities planned for 2023/24:

Governance issue identified for 2023/24	Action or progress made in the year and to be completed
Peer Review - during the autumn of 2023 the Local Government Association (LGA) will facilitate a Corporate Peer Challenge for the Council. One of the core areas of the challenge is Governance and Culture and the peers will be looking to test whether there are clear and robust governance arrangements and a culture of respect, challenge, and scrutiny.	An LGA Corporate Peer Challenge was undertaken in early October 2023, with the Peer Team meeting a wide range of stakeholders during a 4-day on-site visit. The Peer Team provided their report on 24 th November 2023, which was published on the Council's website. An Action Plan on implementing the recommendations of the CPC was agreed by the Cabinet at its meeting held on 4 th March 2024. A follow-up review on the Council's progress

	against its Action Plan was to be undertaken.
External Quality Assessment (EQA) of Internal Audit Action Plan - following the EQA in February 2023 an action plan was agreed	At the meeting of the Governance & Audit Scrutiny Committee on 20 th April 2023, an Action Plan for addressing the recommendations of the EQA was approved. Progress of achievement against the Action Plan is now reported to the Committee as part of the regular Internal Audit Update and Annual Reporting
Risk Management Policy and Strategy - needed updating and bringing into line with current best practice. This will also involve a refresh of the approach to the Strategic Risk Register.	A new Risk Management Policy and Strategy was agreed by the Governance & Audit Committee at their meeting held on 24 th August 2023. The Strategic Risk Register has been substantially updated with focus placed on 'Inherent risk' and 'Residual risk'; the direction of change in terms of individual strategic risks; and risk appetite.
Agile & Flexible Working - new ways of working and managing performance are to be developed which will be reflected in an Agile & Flexible Working Policy and staff etiquette, along with a revised performance management framework.	A new Agile & Flexible Working Policy was published in December 2023. This policy sets out the principles and practical guidance in relation to agile working for employees of the Council whose work location may be flexible. Further work is to be undertaken in relation to development of a revised performance management framework linked to the Council's recently revised Values & Behaviours.
Member Development - following the May 2023 local elections there was a high proportion of new Members elected to the Council. To support their induction an extensive programme of Member Development will be delivered in conjunction with other externally sourced/ sign-posted development opportunities	A substantial programme of Member induction and Member Development Evenings was developed and delivered. Feedback obtained through the Corporate Peer Challenge indicated that, overall, Members were satisfied with the development programme and considered the induction pack as excellent.

4. Issues and Improvements in Governance Arrangements for 2024/25

The following activities are planned for 2024/25:

Corporate Peer Challenge – Action Plan	<p>Following the CPC in October 2023, an Action Plan was approved by the Cabinet which implements the recommendations of the Peer Team. Delivery of the Action Plan will ensure that the Council continues to develop and improve as an organisation.</p> <p>A follow-up review by the Peer Team was scheduled for early June 2024 to consider what progress has been made by the Council against the Action Plan</p>
Local Code of Corporate Governance	The Local Code of Corporate Governance was last approved in July 2021. A review and update to the Code is therefore required.
Financial Procedure Rules (FPRs)	Following changes to the Constitution and Key Decision threshold, a review of the FPRs is required.
Local Audit Reset	The Council will need to respond to Government's proposals for resetting the system of local audit.
To review governance arrangements for shared service arrangements	As the Council actively explores and pursues the opportunities for shared services it will be necessary to ensure that strong governance arrangements are retained

5. Assurance Statement

The review as detailed above provides good overall assurance that the Council's governance arrangements have remained fit for purpose. There has been no significant detriment on the Council's ability to deliver its services. The Council will continue to keep these arrangements under review and make improvements where this further strengthens our governance arrangements.

Graham Butland
Leader of the Council

Dan Gascoyne
Chief Executive