

Audit and Scrutiny Committee

Agenda

Part One

Town Hall, Brentwood

Tuesday, 1 July 2014 at 7.00pm

Membership (Quorum: 2)

Councillors

Cllrs Clark (Chair), Barrett (Vice-Chair), Mrs Hones, Chilvers, Kerlake, Dr Naylor, Sleep and Mrs Squirrell.

Committee Co-ordinator:

Ms Claire Hayden (01277 312741)

Additional Information:

Substitutes

The names of substitutes shall be announced at the start of the meeting by the Chair and the substitution shall cease at the end of the meeting.

Rights to attend and speak

Any Member may attend any body to which these Procedure Rules apply.

The member may speak at the Chair's discretion, it being the expectation that a member will be allowed to speak on a ward matter.

Point of Order/Personal explanation/Point of Information

For clarity, relevant sections of Rule 8 of the Council's Procedure Rules (Part 4.1 of the Constitution) are set out for Members' information below:

8.3.14 Point of order

A member may raise a point of order at any time. The Mayor will hear them immediately. A point of order may only relate to an alleged breach of these Procedure Rules or the law. The Member must indicate the rule or law and the way in which they consider it has been broken. The ruling of the Mayor on the point of order will be final.

8.3.15 Personal explanation

A member may make a personal explanation at any time. A personal explanation must relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate, or outside of the meeting. The ruling of the Mayor on the admissibility of a personal explanation will be final.

8.3.16 Point of Information or clarification

A point of information or clarification must relate to the matter being debated. If a Member wishes to raise a point of information, he/she must first seek the permission of the Mayor. The Member must specify the nature of the information he/she wishes to provide and its importance to the current debate. If the Mayor gives his/her permission, the Member will give the additional information succinctly. Points of Information or clarification should be used in exceptional circumstances and should not be used to interrupt other speakers or to make a further speech when he/she has already spoken during the debate. The ruling of the Mayor on the admissibility of a point of information or clarification will be final.

Information for Members of the Public

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Where members of the public use a laptop, tablet device, smart phone or similar devices to make recordings these devices must be set to 'silent' mode to avoid interrupting proceedings of the council or committee.

If you wish to record the proceedings of a meeting and have any special requirements or are intending to bring in large equipment then please contact the Communications Team before the meeting.

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The Chair of the meeting may terminate or suspend filming, photography, recording and use of social media if any of these activities, in their opinion, are disrupting proceedings at the meeting.

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There is wheelchair access to the Town Hall from the Main Entrance. There is an induction loop in the Council Chamber.

Evacuation Procedures

Evacuate the building using the nearest available exit and congregate at the assembly point in the North Front Car Park.

Part I

(During consideration of these items the meeting is likely to be open to the press and public)

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12. Urgent Business

An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be considered as a matter of urgency.

A handwritten signature in black ink, appearing to be 'MJE.', located below the text of the Urgent Business section.

Managing Director

Town Hall
Brentwood, Essex
23 June 2014

Minutes

Overview and Scrutiny Committee 25 February 2014

Membership/Attendance

- | | |
|-------------------------|--------------------|
| * Cllr Mrs Hones(Chair) | Cllr Mrs Cohen |
| * Cllr Tee (Vice Chair) | * Cllr Mrs Henwood |
| * Cllr Baker | * Cllr Morrissey |
| * Cllr Braid | * Cllr Mynott |
| * Cllr Chilvers | * Cllr Dr Naylor |
| * Cllr Mrs Coe | * Cllr Reed |

*present

Also present

Cllr Hossack
Cllr Mrs Pound

Officers Present

Ashley Culverwell - Head of Borough Health Safety and Localism
Jo-Anne Ireland – Director of Strategy and Corporate Service
Paul Knight – Head of Business Transformation
Malcolm Knights – Head of Housing
Tracey Lilley – Community Safety Manager
Roy Ormsby – Head of Streetscene
Chris Pickering – Acting Monitoring Officer
Tony Pierce – Interim Head of Planning
Philip Ruck – Programme and Project Manager
Jean Sharp – Governance and Member Support Officer

Also present

Inspector Paul Wells, Essex Police

Apologies for absence

Apologies for absence were received from Cllr Mrs Cohen.

355. Minutes of the Overview and Scrutiny Committee meeting held on 22.1.14

The minutes of the meeting held on 22.1.14 were approved and signed by the Chair as a correct record.

356. Variation in the order of the agenda.

Cllr Mrs Hones MOVED and Cllr Tee SECONDED that, since Inspector Wells and officers had been asked to attend the meeting, agenda items 4, 8 and 9 should be brought forward and it was therefore

RESOLVED

that the order of the agenda be varied accordingly.

357. Annual Community Safety Partnership Report

The Brentwood Community Safety Partnership Annual Overview & Scrutiny report before Members provided an update on the work of the partnership over the year and gave details of crime figures relating to the CSP's strategic priorities. It also included details of activities undertaken by the Partnership and Members were advised that over the last year there had been some encouraging results:

- All crime down 9.5%
- A 19% reduction in anti-social behaviour
- Anti-social behaviour related to the night time economy is down 20%
- A reduction of 12% in thefts from motor vehicles
- Domestic abuse incidents 15% reduction

Inspector Paul Wells was present and he and the Community Safety Manager, Ms Lilley, highlighted significant parts of the report. Insp. Wells responded to Members' questions and agreed to pursue some concerns they expressed regarding community issues and the statistics presented.

Insp. Wells and Ms Lilley were thanked for their work.

Cllr Reed MOVED and Cllr Mrs Coe SECONDED the recommendation and it was

RESOLVED UNANIMOUSLY

Section 19 of the Police and Justice Act 2006 required every Local Authority to have a Crime and Disorder Committee with the power to review, scrutinise, and make reports and recommendations regarding the functioning of the CSP. Under the scrutiny arrangements in place the Committee agreed to note the work of the CSP as outlined in the annual report attached at Appendix 1 to the agenda and to refer any comments or concerns to the partnership.

358. William Hunter Way

The report before the Committee provided Members with an update of events relating to the William Hunter Way scheme since the 11.12.2014 Ordinary Council meeting.

The Cross Party Working Group met on 14.4.2014 and confirmed that in line with the Delegated Authority granted at the 11.12.2013 Ordinary Council meeting, that the Development Agreement with Stockland Halladale (UK) Limited be terminated and notice of termination of the Development Agreement be issued to Stockland. The termination notice was issued on 6.2.2014.

Following a full discussion, Cllr Mrs Hones MOVED and Cllr Tee SECONDED the recommendation in the report and it was

RESOLVED

That the Committee notes the contents of the report.
(Cllr Mynott declared a pecuniary interest under the Council's Code of Conduct by virtue of living adjacent to the William Hunter Way Development site but did not leave the Chamber since the report was an update on the progress of the situation).

359. Update on Crossrail Project

Crossrail was a new railway for London and the South East which would run for 118km from east to west, providing a direct service from Shenfield through to Heathrow and Maidenhead. It would provide 24 trains per hour in each direction and was one of Europe's largest construction projects.

To ensure that the benefits of the construction were capitalised upon, a Crossrail project team, which included Members, had been developed within the Council to ensure that any issues arising from the construction phase could be mitigated, and that Shenfield could take advantage of the long-term benefits that this service could bring to the area.

Following a full discussion Cllr Mrs Hones MOVED and Cllr Dr Naylor SECONDED the recommendation and it was

RESOLVED

That Members note the information in the report, and the progress to date of the project team.

360. Third Quarter Performance 2013-14

The report before Members detailed performance and provided contextual information against the Council's key performance indicators for the third quarter of 2013/14.

Members noted that the report had been produced in accordance with the outcome of the meeting held on 14.1.2014 between O and S Committee cross-party members and the Corporate Leadership Board as requested by the O and S Committee to consider the reporting of Performance Indicators.

Cllr Mrs Henwood MOVED and Cllr Dr Naylor SECONDED the recommendation and it was

RESOLVED

That the Committee notes the performance and contextual information against the third quarter key performance indicators.

361. Overview and Scrutiny Committee 2014/15 Annual Work Programme

The O and S Committee developed an annual work programme to guide its activities and focus over the course of the year and beyond. The proposed work programme was before Members.

Regarding Section 106 agreements, Members were advised that a review was underway and a full report would be made at the 17.6.2014 O and S Committee meeting.

Regarding the Members/Officers Communications Task and Finish Group, Cllr Mynott advised that he awaited a third Member to volunteer to join the group and the Chair agreed to email the invitation to Members again.

Cllr Braid MOVED and Cllr Mrs Henwood SECONDED the recommendation and it was

RESOLVED

That the Committee (a) approves and adopts the work programme for 2013/2014 set out in paragraph 4.4 of the report; and (b) that the Work Programme be reviewed and updated at each meeting of the Committee.

362. Draft Overview and Scrutiny Annual Report

In accordance with rule 7.3 of Part 4.4 of the Constitution (Overview and Scrutiny Committee Procedure Rules), the Overview & Scrutiny Committee produced an Annual Report to be presented to Full Council summarising its investigation and findings.

Following a full discussion Cllr Braid MOVED and Cllr Mrs Coe SECONDED the recommendation and it was

RESOLVED

That the draft Overview and Scrutiny Committee Annual Report is recommended for approval by Ordinary Council at a future meeting.

363. Review of Outside Bodies

Members were advised that the annual survey of outside organisations to which the Council appointed a representative and a request for Members' feedback had been undertaken. Since responses had not been received from some organisations and Members, an update was provided for Members' information. Further reminders would be sent to ensure all representation was evaluated in time for Annual Council to nominate representatives for 2014/15.

Members noted that of the 42 Outside Organisations, responses were still awaited from 15 but all who had responded had done so positively, indicating that their involvement with the Council was beneficial.

Members noted that it had been ascertained that it was no longer appropriate to appoint a representative to three organisations:

- Basildon and Thurrock University Hospitals Trust had reduced the number of appointments to their Board of Governors and no longer required a representative from BBC.
- The Braintree, Brentwood and Essex Regulatory Services Partnership (BBE) was no longer meeting
- The Brentwood in Bloom group had disbanded

Of the Members who responded to the request to comment on their involvement with Outside Organisations, all indicated a positive involvement.

A Member proposed that the questions included in the surveys be developed and a suggestion was made for the Council to be represented on two additional organisations which would be progressed.

Cllr Reed MOVED and Cllr Mrs Henwood SECONDED the recommendation and it was

RESOLVED UNANIMOUSLY

To note the update on the survey of Members and organisations about the continued appointments to these organisations, and to make recommendations to Full Council as appropriate regarding changes which should be made to the list.

364. Members Training Task and Finish Group – Progress

The report updated the Committee on the progress of the Member Training Task and Finish Group and Cllr Tee gave a further verbal update.

He was currently seeking a third Member to join the group and was keen for the group to incorporate the findings of the recent LGA Peer Challenge when considering Members' Training going forward.

Cllr Tee MOVED and Cllr Mrs Hones SECONDED and it was

RESOLVED UNANIMOUSLY

That the progress of the Member Training Task and Finish Group be noted.

Minutes

Audit Committee 11th March 2014

Membership/Attendance

- * Cllr Hossack (Chair)
- * Cllr Sparling (Vice-Chair)
- * Cllr Aspinell
- * Cllr Baker
- Cllr Clark
- * Cllr Mrs Coe
- * Cllr Hones

*present

Substitute Present

Cllr Chilvers (for Cllr Clark)

Officers Present

Christine Connolly - Ernst & Young, External Audit
Alison Crowe – Managing Director
Debbie Hanson - Ernst & Young , External Audit
Sarah Harris – Head of Internal Audit
Claire Hayden – Governance and Member Support Officer
Liana Nicholson – BDO, Internal Audit
Chris Pickering – Acting Monitoring Officer
Greg Rubins – BDO, Internal Audit
Rick Steels – Revenues and Benefits Manager
Sue White – Risk and Insurance Manager
Steve Willett – Audit Manager, ECC Internal Audit

392. Apologies for Absence

Apologies for absences were received from Cllr Clark.

393. Minutes of meeting held on 19.11.2013.

The minutes of the meeting were approved and signed by the Chairman as a correct record.

394. Internal Audit Progress Report

The report provided Members of the Committee with a summary of Internal Audit activity during the current financial year and details any significant recommendations that were overdue.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to receive the recommendations as set out in the report.

RESOLVED UNANIMOUSLY to receive and note the contents of the Internal Audit Progress Report.

On behalf of the Committee the Chair formally thanked Mrs Harris and Mr Willett from Essex County Council for their service as the Council's Internal Auditors for the past 5 years.

395. Annual Certification Report 2012/2013

Members were asked to note the following amendment to the report.

1.1 To present the ~~Audit Commissions'~~ Ernst & Young's annual report in respect of the Certification of Claims and Returns.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to receive the recommendations as set out in the report.

RESOLVED UNANIMOUSLY to note the contents of the Certification of the Claims and Returns Annual Report 2012/2013.

396. External Audit Plan 2013/2014

The report to members sets out the External Audit Plan 2013/2014 from the Council's External Auditor's Ernst & Young.

The Audit Plan which includes an assessment of key risks which drive the development of an effective audit for the Council and outlined a planned audit strategy in response to those risks was attached to the report at Appendix 1.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to note the External Audit Plan for 2013/2014.

397. Internal Audit Plan 2014-2017

The report provided the Audit Committee with the proposed work programme for Internal Audit for 2014-2017, including the operational plan for 2014/2015.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to approve the Internal Audit Plan for 2014-2017.

On behalf of the Committee, the Chair welcomed Mr Rubins and Mrs Nicholson from Binder Dijker Otte (BDO) as the Council's new Internal Auditors.

398. Internal Audit Charter

The report provided Members with details of the Internal Audit Charter, as requirement of Public Sector Internal Audit Standards (PSIAS). It formally defined internal audit's purpose, authority and responsibility. It also established the internal audit position within Brentwood Borough Council and defined the scope of internal audit activities.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to note and approve the Internal Audit Charter for 2014/2015.

399. Strategic Risk Review

The report updated the Committee on the recent risk management activity undertaken by the Council and informed the Committee of the items on the Strategic and Operational Risk Registers.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to:

1. To agree the revised Strategic Risk Register
2. To agree the amendments to the Council's Strategic and Operational Risk Registers, in accordance with the agreed strategy.

400. Business Continuity Plans

The report informed Members of the Council's Business Continuity arrangements in place, progress and continuing development of the service and to agree the 2014/2015 Business Continuity Strategy and Policy.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to approve the Business Continuity Strategy and Policy for 2014/2015.

401. Corporate Complaints Monitoring

The report asked Members of the Committee to monitor and review the complaints received through the Council's formal complaints process.

Members requested that details of outstanding complaint be presented to the Audit Committee to improve customer satisfaction.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling and it was RESOLVED UNANIMOUSLY to note the complaints received through the Council formal complaints process.

402. Fraud Statistics

The report detailed the work carried out by the Fraud Investigation team for October 2013 through to January 2014. Members noted that the number of completed investigations and the subsequent sanctions applied to offenders bore no relation to the number of investigations opened during the same period.

217 referrals of potential fraud were reported between October 2013 and January 2014. With the exception of 5 potential housing tenancy frauds, 212 of the referrals were for suspected Housing Benefits (HB) and/or Local Council Tax Support (LCTS) fraud.

13 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 13 cases, 2 of which were successful prosecutions.

A motion was MOVED by Cllr Hossack and SECONDED by Cllr Sparling to approve the recommendation as set out in the report.

RESOLVED UNANIMOUSLY to note the contents of report.

1 July 2014

Agenda Item: 3

Audit and Scrutiny Committee

Statement of Accounts 2013/14

Report of: *Jo-Anne Ireland, Director of Strategy and Corporate Services*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 This report presents the Council's Statement of Accounts for 2013/14. These accounts were presented to the External Auditors (Ernst & Young) by the statutory deadline of 30 June 2014.
- 1.2 The Committee will formally approve the financial statements after the completion of the external audit.

2. Recommendation(s)

- 2.1 That Members review the Statement of Accounts for 2013/14.

3. Introduction and Background

- 3.1 The main sections in the Statement are:
 - a) **Explanatory Foreword**
The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts.
 - b) **Movement in Reserves Statement**
This is a summary of the movements in the financial year within the different reserves held by the Council. The reserves are analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

c) Comprehensive Income and Expenditure Statement

This account brings together the expenditure and income relating to all of the services for which the Council is responsible and demonstrates how the net cost for the year has been financed.

d) Balance Sheet

This sets out the financial position of the Authority as the 31 March 2014. The Balance Sheet reflects the balances and reserves, and net current assets employed in all of its operations, together with summarised information on any fixed assets held.

e) Cash Flow Statement

This summarises the Council's cash transactions throughout the year.

f) Notes to the Core Financial Statements including Accounting Policies

These provide supporting analysis to the Core Financial Statements. The Accounting Policies outline the legislation and principles upon which the Statement of Accounts has been prepared.

g) Housing Revenue Account Income and Expenditure Statement

This reflects a statutory requirement to account separately for local council housing provision. It summarises the resources that have been generated and consumed in providing services and managing the Council's housing stock during the last year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

h) Collection Fund

The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and National Non-Domestic Rates (Business Rates) and accounts for the distribution of Council Tax to preceptors (Essex County Council and Essex Police and Fire Authorities) and the Council's own General Fund; with the addition of the Government for Business Rates.

3.2 The Annual Governance Statement (AGS) is not an official part of the Statement of Accounts, but is provided as a supporting document to publish the governance arrangements in place within the Council to ensure that business is conducted in accordance with the law and proper standards and that public money is safeguarded.

4. Issue, Options and Analysis of Options

4.1 In accordance with The Accounts and Audit (England) Regulations 2011, the responsible financial officer must sign the statements by 30 June to confirm that they have been properly prepared and are ready for audit.

4.2 The date by which statements must be published is set down by Government Regulations. Currently it is 30 September. CIPFA has recommended that it is good practice for the accounts to be reviewed by the Committee prior to the commencement of the external audit, along with the AGS in order for Members to satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. The work could include:

- Reviewing the explanatory foreword to ensure consistency with the statements and the financial challenges and risks facing the authority in the future
- Reviewing whether the foreword is readable and understandable by a lay person
- Identifying the key messages from each of the financial statements and evaluating what this means for the authority in future years
- Monitoring trends and reviewing for consistency with what is known about financial performance over the course of the year
- Reviewing the suitability of accounting policies and treatments
- Seeking assurances that preparations are in place to facilitate the external audit.

4.3 The Committee will formally approve the financial statements after the completion of the external audit.

4.4 Due to the deadlines for the Committee report the Statement of Accounts document is not available for publication with this agenda. A copy will be circulated at the meeting and a presentation by the Director of Strategy and

Corporate Services will be made to Members to take them through the Statement of Accounts and address the areas highlighted above.

5. Reasons for Recommendation

- 5.1 A system of sound financial control and governance arrangements underpins all of the services and priorities of the Council.

6. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy & Corporate Services

Tel & Email 01277 31271 /jo-anne.ireland@brentwood.gov.uk

- 6.1 The key messages from the financial statements will be set out at the meeting.

Legal Implications

Name & Title: David Lawson, Monitoring Officer

Tel & Email 01277 312860/david.lawson@brentwood.gov.uk

- 6.2 All relevant legal considerations have been taken fully into account in compiling this report.

Name: Jo-Anne Ireland
Telephone: 01277 312712
E-mail: jo-anne.ireland@brentwood.gov.uk

1 July 2014

Agenda Item: 4

Audit and Scrutiny Committee

Internal Audit Annual Report 2013/14

Report of: Sarah Harris, Head of Internal Audit

Wards Affected: None

This report is: Public

1. Executive Summary

- 1.1 This report summarises the Internal Audit activity over the 2013/14 financial year and includes the Head of Internal Audit's annual opinion on the effectiveness of the Council's governance, risk management and internal control arrangements.

2. Recommendation(s)

- 2.1 That Members accept the Internal Audit Annual Report 2013/14.

3. Introduction and Background

- 3.1 This is an annual report that is required to be accepted by Audit Committee Members. It identifies any issues that are relevant to the preparation of the Council's Annual Governance Statement (AGS).

4. Issue, Options and Analysis of Options

- 4.1 The role of Internal Audit is to provide an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. It is a key part of the Council's internal control system and integral to the framework of assurance that the Audit Committee can place reliance on to assess its internal control system.

4.2 During 2013/14, the Internal Audit service was provided to the Council under contract with Essex County Council.

4.3 The Internal Audit opinion for the year ended 31 March 2014 is one of **Adequate Assurance** which means that there is a sound system of internal control in operation in most systems, adequately designed to meet the Council's objectives, and controls are generally being applied consistently. This is the second year that the Council has received an Adequate Assurance opinion, the opinion for the prior 3 years being one of Limited Assurance.

4.4 A summary of the finalised Audit reports is as follows:-

- 2 Audit reviews received an opinion of **Full Assurance**.
- 19 areas received **Substantial Assurance** opinions, 11 of which related to key fundamental systems.
- 3 Audit reviews received a **Limited Assurance** opinion, 2 of which demonstrated deterioration since 2012/13. These were:
 - Risk Management
 - Accounts Receivable
- There were no critical recommendations made during the year and there were no reviews that received a **No Assurance** opinion.

4.5 Where weaknesses have been identified remedial actions have been agreed and the Council has in place robust processes for tracking and reporting on the implementation of the recommendations made to mitigate the associated risks.

4.6 A copy of the full report is attached as Appendix A for information.

5. Reasons for Recommendation

5.1 The Audit Committee, as those charged with governance, are collectively responsible for ensuring adequate controls are in place across the Council.

6. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy & Corporate Services

Tel & Email 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 6.1 There are no direct financial implications arising from this report.

Legal Implications

Name & Title: David Lawson, Monitoring Officer

Tel & Email 01277 312860/david.lawson@brentwood.gov.uk

The Council has a duty to maintain an adequate and effective system of internal audit in accordance with proper audit practices (Accounts and Audit Regs 2003 as amended)

Due regard must be had by the Council to the CIPFA code of practice for internal audit and Public Sector Internal Audit Standards.

7. Appendices to this report

Appendix A – Internal Audit Annual Report 2013/14

Report Author Contact Details:

Name: Jo-Anne Ireland

Telephone: 01277 312712

E-mail: jo-anne.ireland@brentwood.gov.uk



Brentwood Borough Council

Final Internal Audit Annual Report 2013/14

Distribution List

Managing Director – Alison Crowe

Director of Strategy & Corporate Services and Section 151 Officer – Jo-Anne Ireland

Corporate Leadership Board

Audit Committee Members

Prepared by: Sarah Harris, Head of Internal Audit

30 April 2014



1. Introduction

The Accounts and Audit Regulations 2011 require the Council to maintain an adequate and effective Internal Audit service in accordance with proper practices. The UK Public Sector Internal Audit Standards 2013 (which replace the CIPFA Code of Practice for Internal Audit in Local Government in the UK) requires the Head of Internal Audit to report to those charged with governance on the findings of audit work undertaken, provide an annual opinion on the effectiveness of the Council's control environment and identify any issues relevant to the preparation of the Annual Governance Statement (AGS). The AGS forms part of the Council's Statement of Accounts and is externally audited by Ernst & Young.

The Audit Committee, as those charged with governance, are collectively responsible for ensuring adequate controls are in place across the Council and so, whilst the work of Internal Audit is a key element of the assurance framework required to inform the AGS, there are also a number of other sources within the Council from which the Section 151 Officer and Members should gain assurance.

The purpose of this report, therefore, is to present an independent opinion on the overall adequacy and effectiveness of the Council's internal control arrangements for the 2013/14 financial year and highlight the range of strengths and weaknesses. It is the culmination of a reporting process resulting from delivering the annual Audit Plan during the year (as approved by the Council's Audit Committee), in which Internal Audit have reviewed, appraised and reported on the efficiency and effectiveness of the Council's framework of governance, risk management and control, in compliance with the Public Sector Internal Audit Standards (PSIAS).

The 2013/14 Internal Audit Plan was approved by the Council's Audit Committee on 12 March 2013 (minute 498) with 454 planned audit days. The main focus of the plan has been on providing assurance on corporate governance and controls and key fundamental systems. The extent and direction of audit coverage is driven by assessment of risk, available resources and through consultation with Council officers.

2. Audit Opinion

My audit opinion is based upon, and restricted to, the work we have performed during the year. The opinion does not imply that Internal Audit has reviewed and commented on all risks and assurances relating to the Council.

Based on the programme of work completed by Internal Audit for the year ended 31 March 2014 including assessments of the:

- design and operation of the underpinning Assurance Framework and supporting processes;
- range of individual opinions arising from our risk-based audit assignments, contained within the Internal Audit risk-based Plan that have been reported throughout the year; and
- relative materiality of the areas reviewed and management's progress in respect of addressing control weaknesses identified;

I conclude that my audit opinion is one of **Adequate Assurance** which means that there is a sound system of internal control in operation in most systems, adequately designed to meet the Council's objectives, and controls are generally being applied consistently.

This is the second year that the Council has received an Adequate Assurance opinion, the opinion for the prior three years being one of Limited Assurance.

A summary of our audit opinions (level of assurance) on finalised and draft audit reports is attached at Appendix 1 and an explanation of the basis of our opinions, assurance and risk ratings for these reports is included in Appendix 2.

3. Detailed Findings

Key Fundamental Systems

The key fundamental reviews are a source of assurance for the external auditor and an important factor in the determination of the Head of Internal Audit's annual opinion.

Where the same audit reviews have been carried out in the past four years, an indication is provided in Table 1 of the Council's direction of travel in relation to the overall adequacy and effectiveness of internal controls across this timeframe. The majority of these reviews relate to the Council's key fundamental systems. It should be noted that during the year the Council introduced a new General Ledger system (E-Financials) and that this has enabled more accurate and timely management information and financial reporting in comparison to previous years. In summary,

- ✓ Treasury Management gained a positive direction of travel moving from Substantial Assurance in 2012-13 to Full Assurance in 2013-14
- ✓ Accounts Payable improved moving from Limited Assurance last year to Substantial Assurance in 2013-14
- ✓ 11 key fundamental areas audited received a Substantial Assurance opinion
- X 2 key fundamental areas reviewed showed a deterioration in the direction of travel moving from Substantial Assurance in 2012-13 to Limited Assurance in 2013-14:
 - Risk Management
 - Accounts Receivable
- X In addition, one area audited, Contracts and Procurement (at draft report stage), has received a Limited Assurance opinion for the past five years.

Table 1

Title of Review	2010/11 Audit Opinion	2011/12 Audit Opinion	2012/13 Audit Opinion	2013/14 Audit Opinion	Direction of Travel
Budget Monitoring and Controls	Substantial	Limited	Substantial	Substantial ①	↑
	Substantial				
Bank and Cash	Limited	Limited	Substantial	Substantial ①	↑
Risk Management	Limited	Limited	Substantial	Limited	↓
Housing Benefits and Local Council Tax Support Scheme	Limited	Limited	Substantial	Substantial ①	↑
Payroll	Limited	Limited	Substantial	Substantial ①	↑
General Ledger (including journals and virements)	Limited	Limited	Substantial	Substantial	↔
Accounts Payable	Limited	Limited	Limited	Substantial	↑
Contracts and Procurement*	Limited	Limited	Limited	Limited	↔
Housing Rents*	Substantial	Substantial	Substantial	Substantial	↔
Accounts Receivable	Limited	Substantial	Substantial	Limited	↓
Capital Programme	n/a	Substantial	Substantial	Substantial	↔
Treasury Management	Limited	Substantial	Substantial	Full	↑
NNDR	Limited	Substantial	Substantial	Substantial	↔
IT Governance and Controls	Limited	Substantial	Substantial	Substantial	↔
Council Tax	Limited	Substantial	Substantial	Substantial	↔

Notes:

* Based on draft report. Final report not yet issued.

① Although the overall opinion has remained the same compared to our prior audit, the control

environment has improved.

Full Assurance Opinions

Two audit reviews received an opinion of Full Assurance – Brentwood Leisure Trust (follow up) and Treasury Management.

Substantial Assurance Opinions

I can report that Internal Audit identified good controls in 20 areas reviewed which received Substantial Assurance opinions. These are detailed in Appendix 1 and those relating to the Council's key fundamental systems are highlighted in Table 1.

Limited Assurance Opinions

The following 5 audit reviews received a Limited Assurance opinion indicating a need to strengthen internal controls:

- Contracts and Procurement (at draft report stage) – this review has resulted in a Limited Assurance opinion for the last 5 years
- Risk Management – this review has shown a deterioration since our prior year audit (2012-13 Substantial Assurance)
- Accounts Receivable has deteriorated from Substantial Assurance in 2012-13 to Limited Assurance this year
- Business Continuity (at draft report stage)
- Planning Enforcement

These areas of weakness should be reported in the Annual Governance Statement with clear statements as to how these will be addressed in the following year.

No Assurance Opinions/ Critical Recommendations

I am pleased to report that there were no Critical recommendations made during the year and there were no reviews that received a No Assurance opinion.

4. Follow Up of Internal Audit Recommendations

Once final reports have been issued, Internal Audit recommendations are followed up monthly for Critical recommendations and quarterly for Major and Moderate recommendations until all recommendations are implemented. Where possible evidence is requested to support implementation of recommendations; and follow up reviews are undertaken when significant weaknesses are identified.

Progress on the implementation of Internal Audit recommendations, relating to final Internal Audit reports issued, are tracked, followed up and reported to the Audit Committee at regular intervals during the year. Six Major recommendations were reported to the last Audit Committee in March 2014 as being overdue.

5. Counter Fraud

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. The work of Internal Audit is planned so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out, in consultation with the management, additional work directed towards identification of consequent fraud or other irregularities. However, it should be noted that Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Fraud risks were identified, have been brought to management's attention during our 2013-14 Internal Audit work, although no irregularities were identified.

6. Risk Management

Our review of the effectiveness of the Council's risk management arrangements for 2013-14 indicated a deterioration in comparison to our prior year review with our overall opinion moving to one of Limited Assurance. Whilst we identified adequate controls in relation to strategic risks, two Major recommendations concerning operational risk management have been made in relation to the following findings:

- There was no evidence of the timely review of operational risks, contrary to the Insurance and Risk Management Strategy which requires that operational risks are reviewed monthly by service managers
- A review of the recording of risks in the Operational Risk Register identified a number of areas that could be improved upon to further embed risk management and to increase the visibility, awareness and accountability of risks.

These were brought to the attention of the Risk and Insurance Officer and subsequently improvements were made to the Operational Risk Register that was presented to Audit Committee in March 2014.

As the Council moves through a period of significant transformation with reducing resources, corporate risk management is a key enabler in delivering effectively controlled change. Timely implementation of the recommendations made in our audit report will therefore help to strengthen the Council's future risk management arrangements.

7. Corporate Governance Arrangements

The Audit Committee met formally four times during the 2013-14 financial year and received progress reports, including executive summaries of all final Internal Audit reports, from the Head of Internal Audit. These progress reports highlighted key risks arising from the Internal Audit reviews undertaken and the extent to which recommendations (focussing on Critical and Major ones) made by Internal Audit have been implemented.

Approximately one third of the days included in approved Internal Audit Plan have focused on corporate governance and control reviews, results of which can be found in Appendix 1. Two follow up reviews were conducted in 2013-14 as a result of receiving adverse opinions in the previous year, in relation to Brentwood Leisure Trust - Client Governance and Grants Governance. Both showed satisfactory improvement in compliance with expected controls this year.

8. Effectiveness of Internal Audit

The UK Public Sector Internal Auditing Standards (PSIAS) require me to report to Audit Committee on whether Internal Audit has been adequately resourced and effective during the year with any significant non-compliance to the Standards detailed. A presentation was made to Audit Committee in July 2013 explaining the new Standards and outlining how these differ from the previous CIPFA Code of Practice for Internal Audit in Local Government in the UK. A self-assessment was also presented to Audit Committee at the same time, against the Code, and no issues were identified. During the year a further self- assessment has been carried out to ensure compliance against the new Standards. In addition, an Internal Audit Charter, setting out the purpose, authority and responsibility of the Council's Internal Audit function, in accordance with the PSIAS, was approved by Audit Committee in July 2013.

The Internal Audit team is sufficiently resourced and has a range of professionally qualified and experienced staff which includes Consultative Committee of Accounting Bodies (CCAB) qualified staff, CIPFA and Chartered Institute of Internal Audit members, staff with qualifications in CIPFA Investigative Practices and computer auditing qualifications.

Internal Audit requests feedback at the end of each audit review via an online customer satisfaction survey. The questionnaire canvasses the auditee's opinion on the following areas:

Professionalism of Internal Audit staff

Scope of the audit

Execution of the audit

Accuracy / timeliness of reporting

Value of the audit

The results of the surveys completed did not identify any weaknesses in the effectiveness of Internal Audit. However, it should be noted that, as in previous years, a very low number of customer surveys were returned.

Ernst & Young, as the Council's external auditors, receive all final Internal Audit reports as they are issued throughout the year and have access to all of our working papers upon request. Their work plan includes review of Internal Audit reports relating to systems that they deem to be material (primarily key fundamental systems).

9. Transitional Arrangements – Internal Audit

The Council's five year Internal Audit contract with Essex County Council ended on 31 March 2014 and new auditors (BDO) have been appointed from 1 April 2014. We have worked with the new contractor to ensure an effective handover of Internal Audit arrangements. This includes providing BDO with copies of all the final audit reports, detailed in Appendix 1, that relate to the delivery of the 2013-14 Internal Audit Plan. Appendix 1 also provides a position statement detailing those draft reports that have been issued to the Council, but not yet finalised. All work detailed in the 2013-14 Audit Plan has been delivered by Internal Audit with the exception of one audit, Performance Management Framework (Plan reference no. 13-14 CGC12), which has been postponed at the request of the Section 151 Officer and instead included in the 2014-15 Audit Plan (approved Audit Committee in March 2014 and to be delivered by BDO). This postponement was notified to Audit Committee in March 2014.

Details of all outstanding Major and Moderate recommendations will also be handed over to the Council's Section 151 Officer to provide continuity and to enable Audit Committee and Senior Management to continue to track implementation progress and be aware of the potential risk implications should implementation be delayed.

In addition, we will continue to liaise with the Council's external auditors as necessary and provide our working paper files to them as part of their final accounts audit for 2013-14, to enable them to place reliance on the work of Internal Audit.

10. Conclusion

In order to meet its objectives and deliver the intended outcomes for its residents and service users, the Council needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner.

My audit opinion on the Council's risk management, corporate governance and internal control arrangements, based on the Internal Audit work conducted during the 2013/14 financial year, is one of **Adequate Assurance**. Areas of improvement, in respect of compliance with expected controls, have been brought to the attention of management and where weaknesses have been identified remedial actions have been agreed. Provided that there continues to be a robust process for tracking and reporting on the implementation of the associated recommendations that have been made, the Council's internal control framework should improve.

Acknowledgements

We are grateful for the assistance that was provided to us by officers at Brentwood Borough Council in the course of our work.

Appendix 1

Final Audit Reports Issued Since 1 April 2013

Audit Plan Ref. Number	Final Audit Report	Issue Date	Level of Assurance	Critical	Major	Moderate	Best Practice	Number of Recommendations made	Number of Recommendations agreed
2013-14 Internal Audit Plan									
FS12	Treasury Management	Mar 2014	Full	0	0	0	1	1	1
CGC11	Brentwood Leisure Trust (client governance) – follow up review	Aug 2013	Full	0	0	0	0	0	0
CGC3	Members' Allowances and Benefits	Oct 2013	Substantial	0	0	2	2	4	4
FS10	National Non-Domestic Rates	Mar 2014	Substantial	0	0	3	4	7	7
FS6	Council Tax	Mar 2014	Substantial	0	0	6	1	7	7
FS8	Housing Benefits and Local Council Tax Support Scheme	Mar 2014	Substantial	0	0	4	0	4	4
FS11	Payroll	Apr 2014	Substantial	0	0	4	0	4	4
FS5	Cash and Bank	Apr 2014	Substantial	0	0	2	1	3	3
CGC4	Cash Handling	Oct 2013	Substantial	0	0	7	0	7	7
FS4	Budgetary Monitoring and Controls	Apr 2014	Substantial	0	0	1	1	2	2
FS9	Housing Rents*		Substantial	0	0	6	1	7	tba
FS7	General Ledger (including journals and virements)	Apr 2014	Substantial	0	0	1	0	1	1
FS16	Capital Programme	Mar 2014	Substantial	0	0	2	1	3	3
CGC2	Health and Safety	Dec 2013	Substantial	0	0	4	2	6	6
CGC1	Housing Maintenance and Repairs	Mar 2014	Substantial	0	0	2	0	2	2
CGC5	Procurement Cards	Sep 2013	Substantial	0	0	2	1	3	3
CGC6	Grants Payable	Oct 2013	Substantial	0	0	5	0	5	5
CGC7	Refuse Collection	Oct 2013	Substantial	0	0	8	0	8	8
CGC10	Grounds Maintenance	Mar 2014	Substantial	0	0	5	0	5	5
FS1	Accounts Payable	Apr 2014	Substantial	0	0	3	2	5	5
CGC13	Grants Governance – follow up review	Sep 2013	Substantial	0	0	3	0	3	3
FS15	IT Governance and Controls	Apr 2014	Substantial	0	0	4	6	10	10
FS2	Accounts Receivable	Mar 2014	Limited	0	2	5	0	7	7

Audit Plan Ref. Number	Final Audit Report	Issue Date	Level of Assurance	Critical	Major	Moderate	Best Practice	Number of Recommendations made	Number of Recommendations agreed
FS14	Contracts and Procurement*		Limited	0	6	2	0	8	tba
CGC8	Business Continuity*		Limited	0	5	8	1	14	tba
CGC9	Planning Enforcement	Apr 2014	Limited	0	1	4	0	5	5
FS3	Fixed Assets	Mar 2014	n/a	0	0	0	0	0	n/a
12-13 CGC27	Supporting Third Sector Organisations	Jan 2014	n/a	0	0	9	0	9	9

* report issued in draft – not yet finalised

Draft Audit Reports issued, not yet finalised as at 30 April 2014

Audit Plan Ref. Number	Draft Audit Report	Indicative Opinion	Issue Date	Management Comments Due Back By
FS9	Housing Rents	Substantial	5 March 2014	25 March 2014
FS14	Contracts and Procurement	Limited	28 March 2014	11 April 2014
CGC8	Business Continuity	Limited	27 March 2014	31 March 2014

Appendix 2

Final Audit Reports – Risk Rating and Level of Assurance

Risk rating	Assessment rationale
 Critical	Major financial loss - Large increase on project budget/cost: (Greater of £100,000 of the total Budget or more than 10 to 15% of the departmental budget). Statutory intervention triggered. Impact the whole council. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers. Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc
 Major	High financial loss Significant increase on project budget/cost: (Greater of £50,000 of the total Budget or more than 5 to 10% of the departmental budget). Service budgets exceeded. Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties. Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion. Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of more than 10 staff.
 Moderate	Medium financial loss - Small increase on project budget/cost: (Greater of £30,000 of the total Budget or more than 2 to 5% of the departmental budget). Handled within the team Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage. Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of up to 10 staff.
 Best Practice	Minimal financial loss – Minimal effect on project budget/cost: < 2% (Negligible effect on total Budget or < 2% of departmental budget) Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Internal Review, unlikely to have impact on the corporate image. Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.
Level of assurance	Description
Full	Full assurance – there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be Advice and Best Practice
Substantial	Substantial assurance – whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk. There are Moderate recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any Major recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere
Limited	Limited assurance – there are significant weaknesses in key areas in the systems of control, which put the system/process objectives at risk. There are Major recommendations indicating significant failings. Any Critical recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere
No	No assurance – internal controls are generally weak leaving the system/process open to significant error or abuse. There are Critical recommendations indicating major failings

1 July 2014

Agenda Item: 5

Audit and Scrutiny Committee

Internal Audit Progress Report

Report of: *Greg Rubins – Head of Internal Audit*

Wards Affected: *All*

This report is: *This report is public*

1. Executive Summary

- 1.1 This report details the progress to date against the internal audit plan that was agreed with the Audit Committee in March 2014.

2. Recommendation(s)

- 2.1 To receive and note the contents of the report.**

3. Introduction and Background

- 3.1 The Audit Committee approved the 2014/15 annual audit plan on 11 March 2014. Progress reports on the delivery of the plan are presented at each Committee meeting.

4. Issue, Options and Analysis of Options

- 4.1 Not applicable.

5. Reasons for Recommendation

- 5.1 To monitor the progress of work against the internal audit plan.

6. Consultation

6.1 Not applicable.

7. References to Corporate Plan

7.1 Good financial management underpins all priorities within the Corporate Plan.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy and Corporate Services

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

8.1 There are no direct financial implications arising from this report.

Legal Implications

Name & Title: David Lawson, Monitoring Officer

Tel & Email: 01277 312860 / david.lawson@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

9. Appendices to this report

Appendix A – Internal Audit Progress Report

Report Author Contact Details:

Name: Greg Rubins
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Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

July 2014



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Appendices:

Definitions of assurance

PROGRESS AGAINST PLAN

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2014/15 internal audit plan which was approved by this Committee in March 2014. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Overview of 2014/15 work to date

We have completed our review on Customer Services. The report has been issued in draft and we are awaiting management responses.

Work outside of the Internal Audit Plan

No additional work has taken place.

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Modern Council					
Customer Service	20	Q1	Draft report issued - awaiting management responses	Moderate	Moderate
Transformation Programme	20	Q2	Planning		
Performance Management	20	Q2			
Financial systems	95	Q3/4			
Risk and Governance	20	Q4			
IT strategy, governance and data security	40	Q2	Planning		
Counter Fraud	15	Q4			
Car Parking and Golf Income	15	Q4			
	245				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Safe Borough					
Partnership Working	20	Q1/Q2	Planning		
	20				

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Prosperous Borough					
Capital developments	25	Q3			
	25				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Housing, Health and Wellbeing					
Housing systems	30	Q3/4			
Affordable Housing	20	Q2			
Property management	20	Q2			
	70				

PROGRESS AGAINST PLAN

Area	2014/15	Description of the Review
Planning/ liaison/ management	20	
Recommendation follow up	10	We will follow up high and medium priority recommendations raised by the previous internal auditors.
Audit Committee		
Contingency	10	
Total	40	
Total	400	

KEY PERFORMANCE INDICATORS

Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	Delivering of audits against the audit plan are on track.
Actual days input compared with Annual Audit Plan.	All days are in line with the plan.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	The draft Customer Services report was issued within 3 weeks of the end of fieldwork.
Finalise internal audit report 1 week after management responses to report are received.	Not applicable at this stage as management responses have not been received.
<i>Relationships and customer satisfaction</i>	
Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Customer satisfaction report to be issued for Customer Services review once report finalised. No other reports finalised to date.
Annual survey to Audit Committee to achieve score of at least 70%.	A year end customer satisfaction questionnaire will be issued to key stakeholders, the results of which will be included in our year end plan.
<i>Staffing & training</i>	
At least 60% input from qualified staff.	100% of staff working on the Customer Services review have been qualified.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	Not applicable at this stage.
Positive result from any external review.	Not applicable at this stage.

KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<i>Response to reports</i>	
Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	Customer Services: Terms of reference were agreed within timescale. Management response to draft report not due until 20 June 2014. Initial response received agreeing content of report, but awaiting management responses to recommendations.
<i>Implementation of recommendations</i>	
Audit sponsor to implement all audit recommendations within the agreed timeframe.	Not applicable at this stage.
<i>Co-operation with internal audit</i>	
Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.	Appropriate co-operation has been provided by management and staff to date.

SECTOR UPDATE

Publications

- **NFI - June 2014 National Report Published:** The Audit Commission has published its report on the NFI. Since their last report in May 2012 the NFI has identified £203m of fraud, overpayments and errors in England. A further £26m was identified by the NFI in Scotland, Wales and NI bringing the total outcomes since the last report to £229m. The Audit Commission will continue to develop the NFI function to address emerging fraud risks and fraud prevention beyond its transfer to the Cabinet Office on 1 April 2015. This includes working with the Cabinet Office to further improve participation by central government departments in the NFI 2014/15 and ensure the additional data matching purposes are enacted at the earliest opportunity.
- **HRA Borrowing Programme:** On 7 April the government launched the HRA Borrowing Programme which makes £300 million of borrowing available to provide 10,000 new affordable homes in 2015/16 and 2016/17. This funding will form part of the Local Growth Fund, available to local authorities who have a proposal agreed by their Local Enterprise Partnership. The government also published a revised set of General Consents under Section 25 of the Local Government Act 1988 which allows councils to dispose of vacant housing land to private registered providers and non-registered providers at less than market value.
- BDO and ComRes launched a report “The State of Local Government” showcasing the views of Councillors on the future of local government. For more information please visit:

http://i.emlfiles1.com/cmpdoc/9/9/2/7/1/files/187901_comres--bdo_state-of-local-government-2014_final.pdf

- Customer access and channel shift - the Leader of Oldham Borough Council outlines his case for embracing digital and shifting customers online. For more information please visit:

<http://oldhamcouncil.wordpress.com/2014/03/05/embracing-digital-improving-services/>

- Labour's Local Government Innovation Taskforce has published its interim report calling for place-based approach. For more information please visit:

<http://lgalabour.local.gov.uk/innovation-task-force>

- New report from RSA sets out the importance of demand management techniques for meeting future funding shortfalls. For more information please visit:

http://www.thersa.org/action-research-centre/community-and-public-services/2020-public-services/reports/managing-demand-building-future-public-services?_ga=1.16905532.485376842.1394101555

For more information on what our Local Government Advisory team are working on please visit:


Twitter: <https://twitter.com/bdolocalgov>

blog: <http://bdolocalgov.wordpress.com/>

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



The proposal contained in this document is made by BDO LLP ("BDO") and is in all respects subject to the negotiation, agreement and signing of a specific contract. It contains information that is commercially sensitive to BDO, which is being disclosed to you in confidence and is not to be disclosed to any third party without the written consent of BDO. Client names and statistics quoted in this proposal include clients of BDO and BDO International.

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1 July 2014

Agenda Item: 6

Audit and Scrutiny Committee

Strategic Risk Review

Report of: Jo-Anne Ireland, Director of Strategy & Corporate Services

Wards Affected: None

This report is: Public

1. Executive Summary

- 1.1 The Insurance and Risk Management Strategy has been reviewed and is submitted to the Committee for approval.
- 1.2 The report also updates members of the Audit & Scrutiny Committee on new, closed or changes to strategic risks.

2. Recommendation(s)

- 2.1 To agree the revised Insurance & Risk Management Strategy.**
- 2.2 To agree the amendments to the Council's Strategic Risk Register and that the risk scores recorded for each risk accurately represent the current status of each risk.**

3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' (Appendix A) require the Audit & Scrutiny Committee to review the strategic risks every quarter.

- 3.2 The strategic risk register is attached at Appendix B. The strategic risk register is monitored and reviewed on a quarterly basis by the Corporate Leadership Board who consider the risks, the mitigations and agree the content. It will be the responsibility of the Audit & Scrutiny Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.
- 3.3 The Council's insurance premium is discounted by £5,000, to be used to buy Risk Management Services from Zurich Municipal.
- 3.4 A meeting was held with Sue Fretwell, Strategic Risk Consultant, Zurich Municipal to discuss the best options available to cover off the major improvement areas identified in the Internal Audit report, which were 'Risk Management Awareness' and 'Accountability Risks', with the following support being agreed.
- 3.5 Two Risk Management Training sessions for operational/middle managers. This will include development of materials, training and follow-up recommendations. These sessions have been arranged for the 4th and 9th July.
- 3.6 A strategic risk register refresh workshop for the Corporate Leadership Board to review and update the strategic risk register to ensure that it accurately reflects the key risks facing the Council moving forward.
- 3.7 Support with developing risk framework and approach, which will include reviewing and amending the risk framework to ensure it is fit for purpose moving forward and meets the needs of the organisation.

4. Issue, Options and Analysis of Options

Insurance & Risk Management Strategy

- 4.1 The annual review of the Insurance and Risk Management Strategy has been carried out, with a few minor changes made to the report, which is attached. The changes are as follows:-

- Point 4 – Insurance Framework, reworded as the tender process has now been carried out and contracts awarded for a 5-year period.
- Point 5 – Risk Management Process, the four options to evaluate residual risk have been renamed to reflect the Strategic Risk Register.
- Operational Risks – to be reported bi-annually to CLB and Audit & Scrutiny Committee.

Strategic Risks

4.2 In line with the Council’s Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. The Strategic Risks have been updated and amended where necessary to reflect the actions being taken to manage the risks. Audit & Scrutiny Committee is asked to consider and agree the amendments.

4.3 A summary of the risk scores is set out below:

Ref	Risk Heading	Score as at March 2014	Current Score (May 2014)	Movement
RSK1	Failure to deliver Corporate Plan	8	8	↔
RSK5	William Hunter Way	6	3	↓
RSK8	Financial Uncertainty	9	9	↔
RSK9	Financial Uncertainty	3	3	↔
RSK10	Financial Uncertainty	8	4	↓
RSK11	Financial Uncertainty	8	8	↔
RSK12-13	Transformation Agenda	6	6	↔
RSK15	Implementation of the LDP	6	6	↔
RSK16	Town Hall Remodelling	6	6	↔
RSK17-20	Town Hall Remodelling	4	4	↔
RSK21	ICT		12	

Current Scores

4.4 As a result of the current risk review, 8 risk scores have remained unchanged and two risk scores have reduced/improved.

- 4.5 The score for Risk 5 – William Hunter Way – has been reduced due to the fact that it is now unlikely that the Council will received a legal challenge.
- 4.6 The score for Risk 10 – Financial Uncertainty, Local Council Tax Support – has been reduced due to 4 due to an earmarked reserve in place to mitigate risk to the Council’s financial position.
- 4.7 One new risk has been added to the Strategic Risk Register
- RSK21 – ICT, prolonged failure of key ICT infrastructure and/or software.

5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded within the Corporate Leadership Board reports, where Directors and Heads of Service discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition the Risk & Insurance Officer will work with managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

6. Consultation

- 6.1 None.

7. References to Corporate Plan

- 7.1 Effective risk management arrangements will support the Council to achieve its corporate priorities. The process will enable identification of risks and issues enabling informed decision making to removed or reduce them in order for the priorities to be achieved.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy & Corporate Services

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Email: jo-anne.ireland@brentwood.gov.uk

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

Legal Implications

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- 8.2 The Council has insurance cover against the range of risks to which it is exposed, in particular, public liability, employer liability, property, computer risks, local land charges, public health, professional indemnity, fidelity guarantee, motor insurances, libel and slander, engineering inspections and terrorism. These are maintained annually.

9. Appendices to this report

Appendix A - Insurance and Risk Management Strategy

Appendix B - Strategic Risk Register

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BRENTWOOD BOROUGH COUNCIL

INSURANCE AND RISK MANAGEMENT STRATEGY

Contents

1. Policy Statement
2. Introduction
3. Aims and Objectives
4. Insurance Framework
5. Risk Management Process
6. Risk Management Framework
7. Roles and Responsibilities
8. Monitoring and Key Indicators of Success

1. Policy Statement

Brentwood Borough Council is committed to the effective management of risk. The Council's employees, partners, stakeholders, residents, assets and ability to deliver its objectives and services are constantly affected by risk. The Council recognises that risk can be both positive and negative. The Council accepts its legal, moral and fiduciary duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive risks. The Council will ensure that Members and staff understand their responsibility to identify risks and their possible consequences.

2. Introduction

The Council's priority is to deliver excellent, customer focused, cost effective services by ensuring that the Council's Risk Management framework is in place and operating effectively. The Council's corporate insurance arrangements form part of the overall risk management approach.

This strategy outlines the Council's overall approach to risk retention and transfer including the procurement of corporate insurance cover through relevant policies of insurance to protect against loss or damage to the Council's assets and potential liabilities.

Risk

Risk is defined in this context as something that might have an impact on achieving the Council's objectives and its delivery of services to the community.

Risk Management can be defined as ***“the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives”***.

We use the risk management process to identify, evaluate and control risks. Risk management need not mean risk avoidance and may involve taking steps to reduce risk to an acceptable level or transfer risk to a third party. The Council recognises that it has to deliver services in an increasingly litigious and risk-averse society. The Council will therefore use risk management to promote innovation in support of the Corporate Plan.

Insurance

Insurance is a mechanism for transferring risks to another (the insurer) for a consideration (premium). Premiums are also subject to Insurance Premium Tax (IPT) which is currently levied by the government at a rate of 6%. The broad principal of insurance is that the premiums collected from many policyholders pays for the claims of a few, whilst still allowing the insurer to meet their overheads, pay dividends to shareholders, purchase re-insurance to protect themselves against catastrophic losses and to build up their reserves. The Council is not required by law to purchase insurance to cover its risks, except as set out in the next paragraph.

Under the Local Government Act 1972 it is required to have Fidelity Guarantee Insurance. This protects the Council in the event of a financial loss arising out of the fraud or dishonesty by its employees. The Council also purchases insurance and inspection services where there are other statutory requirements, for example the need, under the

various Health and Safety Acts, to have boilers and lifts inspected by an independent and competent person.

Historically the Council has insured risks externally with insurance companies on a 'ground-up' basis, which means only very low levels of excess have been applied. Zurich Municipal has been providing insurance cover for all the Council's policies for the last 20 years and current expenditure on premiums is approximately £480,000 per annum.

3. Aims and Objectives

Aim

The aim of this Strategy is to improve the Council's ability to deliver a systematic and structured approach to identifying and managing risks across the Council. To ensure that appropriate insurance arrangements are in place to protect the Council against loss or damage to the assets and potential liabilities and to obtain the broadest cover at the best terms available.

Objectives

The objectives of this Strategy are:-

- Integrate risk management into the culture of the Council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Prevent injury and damage and reduce the cost of risk.
- Raise awareness of the need for risk management.
- Enhance the attractiveness of the Council's risk profile to underwriters.
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.
- Minimise potential claims and consequently reduce the cost of insurances.
- Protect the Council's assets (people and property).
- Provide transparency in relation to insurance premium recharges.
- Protect the reputation of the Council.

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Council for identifying and managing risk.

- Embedding risk management into the Council's decision making process, service delivery, project management and partnership working.
- Providing opportunities for training and shared learning on insurance and risk management across the Council.
- Maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision.
- Maintaining an appropriate incident reporting and recording system, (with investigation procedures to establish cause and prevent recurrence).
- Ensuring robust Business Continuity arrangements are in place.
- Monitor arrangements on an ongoing basis.
- Use claims experience and regular reporting of claims trends to provide opportunities for improved risk management across the Council.
- Maintaining claims handling protocols that are in line with statutory requirements.
- Being proactive in the management of claims and in particular the investigation and settlement of liability claims.

4. Insurance Framework

Adequate insurance cover is an essential component of effective Risk Management.

With the expiry of the long term agreement with Zurich Municipal in 2013, a tender exercise was undertaken. This was procured in accordance with external regulatory requirements applying at the time (e.g. OJEU procedures) and the Council's Financial Regulations.

The Council appointed a Broker to ensure that it had access to all possible insurance providers. The Broker also gave advice and information on insurance cover, assisted in the preparation of tender documentation and the evaluation of tenders and quotations.

A new contract was awarded for a five-year period with an option to extend the contract for a further two years should it be identified that this provides best value for the Council.

With the exception of the Personal Accident cover, which was awarded to Ace Insurance, all other policies were awarded to Zurich Municipal.

Liability claims will be managed in accordance with the Civil Procedures Rules with strict adherence to the protocol timetable. The Insurance Officer will lead on all investigations and provide the liaison between employees, solicitors and insurers.

Analysis of claims will lead to risk improvements in the areas of training, security and systems of work.

The Annual Review Process

The annual review process requires the Council to provide the Insurer with information on changes to sums to be insured for the following insurance year, which runs from 1 April to 31 March. These sums include information on the value of the Council's property estate, computer equipment, vehicles, etc. On receipt of this information and the Council's claims history over the year, the Insurer will then assess the Council's risk profile and present a report detailing proposed premiums for the following insurance year categorised by policy type.

On receipt of this report the Council reviews the figures for accuracy, and assesses whether the report is a fair representation of the Council's risk profile based on claims experience. A meeting is then convened between the Council and the Insurer to discuss the report.

Thereafter, should an agreement be reached the contractual relationship between the Council and the Insurer will continue until the next annual review.

5. Risk Management Process

Risk Management is a central part of the Council's strategic management. It is the process by which risks are identified, evaluated and controlled.

The risk management process will add value to the Council's decision making process and is key to the organisation's strategic development, playing a fundamental role in reducing the possibility of failure and increase the Council's successes.

In broad terms risks are split into three categories:

- Strategic – those risks relating to the long term goals of the Council
- Operational – risks related to the day-to-day operation of each individual service
- Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives

Strategic Risk Management

Strategic risks are essentially those that threaten the long terms goals of the Council and therefore are mainly based around meeting the objectives of the Corporate Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Corporate Leadership Board, with ownership for risks being assigned to individual officers. The strategic risks will be reported to CLB and Audit & Scrutiny Committee on a quarterly basis.

Operational Risk Management

Operational risks are those that threaten the routine service delivery of the Council. Each service area upload their own operational risks to the risk register which details the risks associated with providing the service. These operational risks are reported bi-annually to CLB and Audit & Scrutiny Committee.

The Council is committed to establishing a systematic and consistent approach to risk identification, analysis, control, monitoring and review and consists of five stages:-

1. Identify Risks – this involves the identification of risks, describing and recording them.
2. Evaluate Risks – the identified risks are each assessed in terms of their likelihood and potential impact and determined against a profiling matrix.
3. Manage Risks – this involves the identification and implementation of control measures to mitigate the impact risk, the cost effectiveness of implementing these measures and the estimation and evaluation of residual risk. There are four options:-
 - (i) Retain Accept the risk exposure as part of the risk appetite
 - (ii) Avoid Stop undertaking the activity which gives rise to that risk
 - (iii) Transfer Insure the risk via a third party.
 - (iv) Reduce Control the risk and take action to reduce either likelihood of a risk occurring and/or the consequences if it does occur
4. Report – progress in managing risks should be monitored and reported to ensure actions are carried out.
5. Review – review the effectiveness of the control and to inform decision making.

6. Risk Management Matrix

Brentwood Council has introduced a best practice five stage approach to Risk Management.

	1	2	3	4	5
Likelihood	Unlikely	Less likely	Likely	Very likely	Definite
Impact	Negligible	Minor	Moderate	Significant	Major
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

Impact

1	Negligible	With a negligible cost or negligible effect on service provision or no effect on reputation
2	Minor	Cost less than £5,000 or small adjustment needed to maintain service provision or negligible effect on reputation.
3	Moderate	Cost less than £50,000 or changes needed to maintain service provision or potential for slight reputation damage arising.
4	Significant	Cost less than £100,000 or service provision cannot be maintained and quality is reduced or some reputation damage arising.
5	Major	Cost greater than £100,000 or service provision cannot be maintained and quality is severely reduced or reputation damage is uncomfortable.

7. Roles and Responsibilities

Everyone in the Council is involved in risk management and should be aware of their responsibilities in identifying and managing risk. However, the ultimate responsibility for managing risk lies with:

- Members of the Audit & Scrutiny Committee
- Corporate Leadership Board

To ensure the successful implementation of this policy, responsibilities for risk management are detailed below:

Roles	Responsibilities
Members of the Audit & Scrutiny Committee	<ul style="list-style-type: none">• To ensure that strategic risks are being actively managed and report any concerns to full Council.• Review the Insurance and Risk Management Strategy on an annual basis.
Corporate Leadership Board (CLB)	<ul style="list-style-type: none">• Agree tolerance levels for risk.• Assign a responsible officer to each significant strategic risk.• Receive updates on any new significant emerging risks.• Ensure consistency of approach to risk across the Council.• Act as the central point for co-ordination and dissemination of information on risk.• Review strategic risks quarterly and operational risks bi-annually.• Support Service Managers through sharing expertise on risk and control issues and provide advice and training on best practice.
Director of Strategy & Corporate Services	<ul style="list-style-type: none">• Ensure risk forms part of the overall performance management framework.• Contribute to the formulation and future development of the overall Insurance and Risk Management Strategy.• Provide updates to CLB and Members on significant risks identified and emerging from the risk register and other sources.
Service Managers	<ul style="list-style-type: none">• Lead reviews of the operational risks relating to their services on a quarterly basis or when new situation arise.• Ensure a responsible officer is assigned to each significant risk.• Identify resources to address the highest priority risks• Make requests to CLB for funds to eliminate transfer or treat risk (where appropriate).

Internal Audit

- Maintain an independent role in line with guidance from the Institute of Internal Auditors and others and ensure compliance with the CIPFA Audit Code of Practice.
- Ensuring that internal controls are robust and operating correctly.
- Identify to CLB any recurring operational risks that, because of their nature or repetition, have become strategic risks.

8. Monitoring and Key Indicators of Success

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues/processes. Therefore it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

Types of Reports

- The strategic risks are reviewed quarterly by CLB and Audit & Scrutiny Committee. This report includes any changes to the strategic risks and identifies any new or emerging risks.
- Bi-annual reviews of the operational risks and a summary report of these to CLB and Audit & Scrutiny Committee.
- Annual review of the Insurance and Risk Management Strategy.
- Ad-hoc reports provided to the Corporate Leadership Board when new, significant risk issues arise.

Last Updated: 03/03/2014														
Risk = an uncertain event or set of circumstances which, should it occur, will have an effect on the achievement of the projects objectives.														
Item	Service Area	Project Name (if applicable)	Risk Category	Risk Description	Probability [1 to 5]	Impact [1 to 5]	Ranking as at 19.11.13	Proximity	Risk Response Categories	Risk Response (what is the Risk Owner doing to mitigate the risks)	Probability	Impact	Ranking	Risk Owner
RSK1	Corporate	Failure to Deliver Corporate Plan	Organisational / management / human factors	Failure to deliver the key actions and priorities as set out in the Corporate Plan, therefore resulting in potential reputational damage to both residents and staff	4	4	16	Year 1	Reduce	Clear Business Cases and Work Plans to ensure that the programme of work is delivered. This will be subject to regular monitoring by Senior Officers and Members. All new funding requests must demonstrate a clear linkage to the delivery of the Corporate Plan prior to approval. 19/05/14 No change.	2	4	8	Alison Crowe
RSK5	Project	William Hunter Way	Organisational / management / human factors	Legal Challenge - there is the potential for a legal challenge to the previous decision to terminate the Development Agreement	4	5	20	Year 1	Reduce	Due to extensive documentation and legal and professional independent advice taken, the risk has reduced substantially. 30/04/14 Termination of the DA took place 6th Feb 2014. Due to the time that has passed since then, it is now unlikely that Stockland will mount a legal challenge.	1	3	3	Philip Ruck
RSK8	Finance	Financial Uncertainty	Economic / financial / market	Continued funding reductions and uncertainty about medium - long term funding levels.	3	4	12	Year 2-3	Reduce	Medium Term Financial Planning is undertaken on an annual basis with monitoring arrangements in place throughout the year. 16/05/14 No change.	3	3	9	Jo-Anne Ireland
RSK9	Finance	Financial Uncertainty	Economic / financial / market	Target levels for Fees and Charges Income are not achieved	3	4	12	Year 1	Avoid	Monthly budget monitoring. 16/05/14 No change.	1	3	3	Jo-Anne Ireland
RSK10	Finance	Financial Uncertainty	Economic / financial / market	Local Council Tax Support: further reductions in the current level of grant funding and/or increase in the number of claimants.	3	4	12	Year 1	Avoid	The Council will review its scheme on an annual basis in order to validate its financial viability and to reflect any demographic or other changes required. Quarterly monitoring arrangements are also in place to consider the impact of the scheme on collection targets and residents. A Funding Volatility Reserve has been created to mitigate against the financial uncertainty. 16/05/14 No change.	1	4	4	Jo-Anne Ireland
RSK11	Finance	Financial Uncertainty	Economic / financial / market	Localisation of Business Rates: relocation or closure of major businesses will reduce the amount of collectable business rates. In addition to this, there are still a significant number of appeals outstanding which, if successful, will be backdated.	3	4	12	Year 1	Reduce	Localisation of Business Rates: The Government have included a "Safety Net" scheme which will be triggered on any loss in income greater than 7.5%. Quarterly monitoring arrangements are in place to monitor the economic activity and VOA progress with the appeals. A Funding Volatility Reserve has been created to mitigate against the financial uncertainty. 16/05/14 No change.	2	4	8	Jo-Anne Ireland

Last Updated: 03/03/2014														
Risk = an uncertain event or set of circumstances which, should it occur, will have an effect on the achievement of the projects objectives.														
Item	Service Area	Project Name (if applicable)	Risk Category	Risk Description	Probability [1 to 5]	Impact [1 to 5]	Ranking as at 19.11.13	Proximity	Risk Response Categories	Risk Response (what is the Risk Owner doing to mitigate the risks)	Probability	Impact	Ranking	Risk Owner
RSK12	Project	Transformation Agenda	Organisational / management / human factors	Failure to deliver an effective Customer Services Project, therefore resulting in poor customer service.	4	4	16	Year 1	Reduce	Clear Business Cases and Work Plans to ensure that the programme of work is delivered. This will be subject to regular monitoring by Senior Officers and Members. Comprehensive recruitment exercise will be undertaken, supported by a regular training programme. Continued identification and development of e-Forms to support the on-line facility. 19/05/14 No change.	2	3	6	Paul Knight
RSK13	Project	Transformation Agenda	Organisational / management / human factors	Failure to create successful streamlined back office services.	4	4	16	Year 1	Reduce	Regular and informed communications. Robust consultation processes with staff directly affected by the proposed changes. 19/05/14 No change.	2	3	6	Paul Knight
RSK15	Planning	Implementation of LDP	Legal and regulatory	Failure to deliver LDP on target - failure to have an adopted LDP in place as soon as possible and no later than April 2015 will result in developers submitting planning applications for speculative development contrary to local aspirations and Council policies. This could lead to a series of unplanned developments without the timely provision of infrastructure to support them.	3	4	12	Year 2-3	Reduce	A team is in place with a project plan and the necessary resources to deliver the draft LDP and supporting documents. This includes a series of member workshops. 14/05/14 Following member discussions, a revised programme and work allocation is currently being prepared. This is likely to show a revised date for the Examination in Public of June 2015, although every effort is being made to prevent any programme slippage.	2	3	6	Tony Pierce
RSK16	Project	Town Hall Remodelling	Organisational / management / human factors	Council budgets are not eased due to the delay or failure of the project, or increase in cost or challenge to capital nature of project	2	4	8	Year 1	Avoid	Town Hall Delivery Working Group set up and continuing to monitor progress. A full design team has been appointed, and are on standby pending approval of the project, to manage the project through to a successful completion. 30/04/14 The Council has now joined the Scape framework agreement which involves a reappraisal of the project finances.	2	3	6	Philip Ruck
RSK17	Project	Town Hall Remodelling	Organisational / management / human factors	Loss of reputation if the project failed	2	4	8	Year 2-3	Avoid	Heads of Terms stage with two potential tenants. Project Manager engaged. 30/04/14 HoT with Chromex have been signed. Communications and stakeholder engagement at a good level.	2	2	4	Philip Ruck
RSK18	Project	Town Hall Remodelling	Organisational / management / human factors	Failure of commercial tenant	2	4	8	Over Partnership	Avoid	Parent company guarantee. Phased approach. Full due diligence undertaken. 30/04/14 No change	2	2	4	Philip Ruck

Last Updated: 03/03/2014														
Risk = an uncertain event or set of circumstances which, should it occur, will have an effect on the achievement of the projects objectives.														
Item	Service Area	Project Name (if applicable)	Risk Category	Risk Description	Probability [1 to 5]	Impact [1 to 5]	Ranking as at 19.11.13	Proximity	Risk Response Categories	Risk Response (what is the Risk Owner doing to mitigate the risks)	Probability	Impact	Ranking	Risk Owner
RSK19	Project	Town Hall Remodelling	Organisational / management / human factors	Impact on service delivery	2	4	8	Year 1	Reduce	Full design team appointed to manage project. 30/04/14 No change	2	2	4	Philip Ruck
RSK20	Project	Town Hall Remodelling	Organisational / management / human factors	BBC officer numbers cannot be verified	2	4	8	Year 1	Avoid	Establish correct officers numbers that support the MTFP 30/04/14 Full staffing numbers and associated assumptions incorporated into Design Brief. This does rely upon ICT being robust and resilient	2	2	4	Philip Ruck
RSK21	ICT		Organisational / management / human factors	Prolonged failure of key ICT infrastructure and/or software (total or in part), leading to service disruption, resulting in poor customer service, reputational damage, non-compliance with legislation, additional financial costs/penalties.	4	4	16	Year 1	Reduce	Additional dedicated strategic and operational support has been procured to develop a co-ordinated forward plan of priority activity. In addition, these resources will immediately address any issues with disaster recovery arrangements, the resilience of network infrastructure, and team capacity. This arrangement is in its infancy and the benefits are expected to be seen within 1-3 months.	4	3	12	Paul Knight

1 July 2014

Audit and Scrutiny Committee

Corporate Complaints Monitoring

Report of: *Paul Knight, Head of Business Transformation*

Wards Affected: *None*

This report is *Public*

1. Executive Summary

- 1.1 This report is before Members to monitor and review the complaints received through the Council's formal complaints process.

2. Recommendation(s)

- 2.1 That the Committee note the complaints received through the Council's formal complaints process.**

3. Introduction and Background

- 3.1 The Council has a two stage complaints process which has provided a very successful route for customers to take issue with any perceived failure to provide a service, failure to respond to requests or failure to adhere to standards on the part of the Council and its officers.
- 3.2 The process itself has two stages. In the first instance, the complaint is forwarded to the Head of Service for the department concerned for a full investigation into the complaint. If the complainant is not satisfied with the response from the Head of Services they can request the Complaints Co-ordinator to conduct a second stage investigation into the matter. At both stages, the Council aims to respond fully following the investigation within 20 working days.

4. Issue, Options and Analysis of Options

4.1 During 2013/14 financial year there were 34 complaints for first stage investigation, 8 complaints have been received so far this year.

4.2 The table below shows the breakdown for the financial year 2012/13 to 2013/14.

Stage One

Department	2012/13	2013/14	2014/15 (Apr-Jun)
Housing	10	10	4
Planning	8	10	3
Revenues and Benefits	6	9	1
Countryside, Parks and Cemeteries	3	-	-
Governance	2	-	-
Legal and Debt Recovery	2	3	-
Environmental Health	1	-	-
Community Safety	1	-	-
Street Scene	1	1	-

4.3 Nine complaints have progressed to the second stage for the financial year 2013/14. The table below shows a comparison for the previous year.

Stage Two

Department	2012/13	2013/14	2014/15 (Apr-Jun)
Housing	1	2	-
Planning	3	3	-
Revenues and Benefits	2	3	-
Governance	2	-	-
Legal	-	1	-

4.4 There continue to be no particular trends or themes to the complaints made so far this year which would result in concern about a process failure or service delivery breakdown in any service areas.

4.5 However, it is inevitable that there will be a proportion of cases where the complainant is unhappy with the outcome. If the complainant remains dissatisfied following the Stage 2 response, it would be appropriate for them to approach the Local Government Ombudsman should they choose to do so.

4.6 At the time of the last report, seven complaints had progressed to the Local Government Ombudsman. A comparison with last year is included in the table below.

Department	2012/13	2013/14	2014/15 (Apr/Jun)
Housing	1	2	-
Planning	2	3	-
Revenues & Benefits	-	2	-
Building Control	1	-	-

5. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy and Corporate Services

Tel & Email 01277 312712/jo-anne.Ireland@brentwood.gov.uk

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

Legal Implications

Name & Title: David Lawson, Monitoring Officer

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- 5.2 None - although a robust complaints mechanism contributes towards good governance.

6. Appendices to this report

- 6.1 None.

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1 July 2014

Agenda Item: 8

Audit and Scrutiny Committee

Fraud Statistics

Report of: *Rick Steels – Revenues & Benefits Manager*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 This report provides Members with details of the work of the Fraud Investigation team for the period February 2014 through to May 2014. The number of completed investigations and the subsequent sanctions applied to offenders bears no relation to the number of investigations opened during the same period.
- 1.2 196 referrals of potential fraud were reported between February 2014 and May 2014. With the exception of 3 potential housing tenancy frauds, 193 of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 10 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 10 cases, 2 of which were successful prosecutions.

2. Recommendation(s)

- 2.1 That Members note the contents of this report.

3. Introduction and Background

- 3.1 The Council is committed to providing a proactive approach to the prevention and detection of Housing Benefit, Local Council Tax Support and Housing Tenancy fraud.
- 3.2 The Fraud Investigation team will also investigate potential cases of fraud that are referred to it from a variety of sources, to ensure public funds are protected.
- 3.3 Not all referrals however are investigated as the information provided may not be sufficient or robust enough for an investigation to be opened
- 3.4 The following table provides Members with details of the number of referrals of potential Housing Benefit and/or Local Council Tax Support fraud and potential Housing Tenancy Fraud received for the period 1st February 2014 to 31st May 2014 as well as the number of those referrals that were opened for investigation.

Description	Feb14/May14
Number of HB/LCTS referrals received	193
Number of Housing Tenancy referrals received	3
Total number of referrals received	196
Number of cases closed during the period	142
Number of referrals opened for investigation	165
Number of opened investigations referred by the DWP data matching exercise	109
Number of opened investigations referred by an internal source e.g. staff/members	34
Number of opened investigations referred by an external source e.g. the public	22

- 3.5 The length of a fraud investigation can vary significantly depending upon the type of alleged fraud that is being committed. A case where a single claimant is suspected of having a partner resident in their household they have not told us about could take many months.

- 3.6 The process of evidence gathering, interviewing the claimant/tenant and preparing a case for Court has to follow strict legal guidelines and any failure to follow these guidelines will almost certainly render the case useless.
- 3.7 Where an investigation concludes that a fraud has been committed the Fraud Investigation team will apply a sanction. The type of sanction will depend on the seriousness of the crime, the level of benefit overpaid and also whether the claimant has committed an offence for the first time.
- 3.8 The following table provides Members with details of cases that were opened some months ago but have successfully been completed with a sanction applied during the period 1st February 2014 to 31st May 2014.

Description	Feb14/May14
Number of HB/CTB sanctions applied during the period	10
Number of Housing Tenancy sanctions applied during the period	0
Total number of sanctions applied during the period	10

- 3.9 There are three types of sanction that the Fraud Investigation team can impose on the claimant.
- a) Local Authority Caution
 - b) Administrative Penalty
 - c) Prosecution
- 3.10 A Local Authority Caution is usually applied to first time offenders and where the offence is not deemed to be of sufficient seriousness to go straight for a prosecution and providing they have not been cautioned by another body such as the police for a separate crime.
- 3.11 An Administrative Penalty which is equal to 30% of the value of the overpaid benefit is usually applied to first time offenders who have failed to disclose savings or the commencement of employment in a well paid job. Only those offenders who could reasonably be expected to repay any overpaid benefit promptly would be offered this sanction.

- 3.12 In all other cases the Fraud Investigation team would seek to prosecute offenders in a Court of Law. Additionally if an offender refuses to accept the offer of a Local Authority caution or an administrative penalty the offender will be prosecuted.
- 3.13 The following table provides Members with a list of the sanctions applied during the period 1st February 2014 to 31st May 2014 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
1	This case was opened on 4 th November 2013 and closed on 7 th February 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare that his job seekers allowance had ended. The claimant was overpaid Housing Benefit of £715.00 to which he was not entitled. He accepted the caution.	£715.00
2	This case was opened on 19 th April 2013 and closed on 17 th February 2014. An Administrative Penalty of £772.49 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare that his partner was living with him. The claimant was overpaid £2,077.90 Housing Benefit and £497.05 Local Council Tax Support. He accepted the penalty.	£3,347.44
3	This case was opened on 19 th April 2013 and closed on 17 th February 2014. An Administrative Penalty of £2,022.99 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare all of her income. The claimant was overpaid £5,757.52 Housing Benefit and £985.78 Local Council Tax Support to which she was not entitled. She accepted the penalty.	£8,766.29
4	This case was opened on 28 th January 2014 and closed on 19 th February 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid £1,956.87 Housing Benefit to which she was not entitled. She accepted the caution.	£1,956.87

5	This case was opened on 13 th December 2013 and closed on 11 th March 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid £2,998.17 Housing Benefit to which she was not entitled. She accepted the caution.	£2,998.17
6	This case was opened on 4 th October 2013 and closed on 1 st April 2014. An Administration Penalty of £582.17 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare that her partner's job seekers allowance had ended. The claimant was overpaid £1,940.58 Housing Benefit to which she was not entitled. She accepted the penalty.	£2,522.75
7	This case was opened on 10 th December 2012 and closed on 23 rd April 2014. The claimant was successfully prosecuted for failing to declare capital that he held. This was a high value case that the Council worked on jointly with the Department for Work & Pensions. He was found guilty and was sentenced to undertake unpaid work in the community (also known as Community Service). The claimant was overpaid £2,066.98 Housing Benefit and £527.55 Local Council Tax Support to which he was not entitled.	£2,594.53
8	This case was opened on 6 th January 2014 and closed on 25 th April 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid £4,167.53 Housing Benefit to which she was not entitled. She accepted the caution.	£4,167.53
9	This case was opened on 1 st October 2012 and closed on 1 st May 2014. The claimant was successfully prosecuted for failing to declare that she had her partner living with her at her address and that she owned another property. This was another high value case that was worked on jointly with the Department for Work & Pensions and two other local authorities. She was found guilty and was sentenced to twelve months imprisonment, suspended for two	£8,464.87

	years. The claimant was overpaid £8,464.87 Council Tax Benefit and Local Council Tax Support to which she was not entitled.	
10	This case was opened on 23 rd December 2013 and closed on 28 th May 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after her failure to declare an increase in her income. The claimant was overpaid £1,421.19 Housing Benefit to which she was not entitled. She accepted the caution.	£1,421.19
	Total amount of benefit fraudulently claimed and identified during the period 1 st February 2014 to 31 st May 2014.	£36,954.64

*Members may recall that at the previous meeting of this committee, a claimant was successfully prosecuted for failing to declare that she had moved out of the Borough and found guilty in her absence after three failed Court appearances and that a warrant for her arrest was subsequently issued, without bail, so that she could be sentenced.

Members can now be advised that the claimant in question was found by the police and arrested. She was sentenced to 100 Hours community work, ordered to pay £600 costs and a £60 Victim Surcharge.

4. Staffing

4.1 Members may further recall that at the last meeting of this committee it was reported that one of our fraud investigation team had resigned in February to take up a similar role with Thurrock Borough Council.

4.2 Since the resignation, a successful recruitment process has been completed and a fully qualified fraud investigator has been appointed subject to suitable references.

5. Reasons for Recommendation

5.1 To provide Members with an up date of the work of the Fraud Investigation Team.

6. References to Corporate Plan

6.1 None

7. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy and Corporate Services

Tel & Email: 01277 312712/jo-anne.ireland@brentwood.gov.uk

7.1 These are outlined within the report.

Legal Implications

Name & Title: David Lawson, Monitoring Officer

Tel & Email: 01277 312860/david.lawson@brentwood.gov.uk

7.2 There are no direct legal implications - though such enforcement action can and does contribute towards good governance of resources.

8. Background Papers

8.1 Background papers are held by the Revenues & Benefits service

Report Author Contact Details:

Name: Rick Steels – Revenues & Benefits Manager

Telephone: 01277 312855

E-mail: rick.steels@brentwood.gov.uk

1 July 2014

Agenda Item: 9

Audit and Scrutiny Committee

Annual Audit and Certification Fees 2014/15

Report of: *Ernst & Young*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

1.1 This report sets out the proposed Audit and Certification work proposed For 2014/15, together with the fees.

1.2 The proposed Audit Fee for 2014/15 remains the same as 2013/14 as it reflects the scale fee agreed for each audited body as part of a 5 year procurement exercise.

2. Recommendation(s)

2.1 That Members approve the proposed Audit and Certification work and fees for 2014/15.

3. Introduction and Background

3.1 Following the disbanding of the Audit Commission, Ernst & Young were appointed as the new external auditors for the Council on a 5 year contract.

3.2 As part of the new external audit arrangements, a 40% reduction in fees was anticipated for the duration of the contract.

4. Issue, Options and Analysis of Options

4.1 The following table outlines the comparable fees for the last 4 year period. 2011/12 represents the final year of the Audit Commission, whilst 2012/13 represents the first year of the new arrangements with Ernst & Young.

	2014/15 £	2013/14 £	2012/13 £	2011/12 £
Audit Fee	89,775	89,775	99,837	199,625
Certification Fee	TBC	15,794	41,900	50,706
TOTAL	TBC	105,569	141,737	250,331

4.2 The 2012/13 Audit Fee includes an additional fee amount of £10,062 to resolve the issues identified with the fixed asset figures. This figure is still under negotiation, with the fixed asset matter still under review.

4.3 A copy of the Ernst & Young letter is attached as Appendix A for information.

5. Reasons for Recommendation

5.1 For Members to receive information on the indicative Audit Fees for 2014/15.

6. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy & Corporate Services
Tel & Email 01277 312712 / jo-anne.ireland@brentwood.gov.uk

6.1 The fees will be met from an existing budget provision.

Legal Implications

Name & Title: David Lawson, Monitoring Officer
Tel & Email: 01277 312860 / david.lawson@brentwood.gov.uk

6.2 There are no direct legal implication at this stage.

7. Appendices to this report

Appendix A – Annual Audit and Certification Fees 2014/15.

Report Author Contact Details:

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Alison Crowe
Managing Director
Brentwood Borough Council
Town Hall
Ingrave Road
Brentwood
Essex CM15 8AY

22 April 2014

Ref: Brentwood 2015 fee letter
Your ref:

Direct line: 07974 006715

Email: DHanson@uk.ey.com

Dear Alison

Annual Audit and Certification Fees 2014/15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014/15 financial year at Brentwood Borough Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

Indicative audit fee

The audit fee covers the:

- ▶ Audit of the financial statements;
- ▶ Value for money conclusion; and
- ▶ Whole of Government accounts.

For the 2014/15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative fee for certification work for each audited body. The indicative fee is based on actual 2012/13 certification fees adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has also revised the previously published 2013/14 indicative certification fee to reflect further schemes that no longer require auditor certification.

The indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative certification fee for 2014/15 relates to work on grant claims and returns for the year ended 31 March 2015. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2013/14 certification work, and to reflect further changes in the Audit Commission's certification arrangements.

Summary of fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee ^{*1}	89,775	89,775	99,837
Certification of claims and returns ^{*2}	TBC	15,794	41,900

^{*1} Our 2012/13 audit fee includes an additional fee of £10,062 to resolve the issues identified with the fixed asset figures in the accounts. This is still subject to agreement with the Audit Commission.

^{*2} Our 2012/13 grant fee includes a proposed reduction of £12,500 which is still subject to agreement with the Audit Commission. Once the 2012/13 fee has been agreed the 2014/15 indicative fee will be confirmed. The 2013/14 planned fee is less than previously reported as the fee for the certification of housing benefit subsidy claim has been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme.

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in four quarterly instalments.

Audit plan

Our plan for the audit of the financial statements is expected to be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the Value for Money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Strategy and Corporate Services and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2014/15 financial year are:

Debbie Hanson

Director

dhanson@uk.ey.com

Tel: 07974 006715

Christine Connolly

Senior Manager

cconnolly@uk.ey.com

Tel: 07967 623438

Ayo Mabika

Lead Executive

amabika@uk.ey.com

Tel: 07867 152519

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Debbie Hanson

Director

For and on behalf of Ernst & Young LLP

cc. Jo-Anne Ireland, Head of Strategy and Corporate Services
Cllr Barker, Chair of the Audit Committee

1 July 2014

Agenda Item: 10

Audit and Scrutiny Committee

Scrutiny Work Programme 2014/15

Report of: *Ben Bix, Corporate and Democratic Services Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The Audit and Scrutiny Committee will develop an annual work programme to guide its work for 2014/15. The work of the Audit and Scrutiny Committee will be delivered both by Members working in groups and through formal Committee reports. The Audit and Scrutiny Committee will make recommendations to decision making committees and Council as necessary.

2. Recommendation(s)

2.1 That the Audit and Scrutiny Committee agree its scrutiny work programme 2014/15 to include the following projects:

- **William Hunter Way**
- **Crossrail**
- **Member/Officer Communications/ Members Casework**
- **Local Council Tax Support Scheme**
- **IT Resilience and Business Continuity**
- **Budget Scrutiny**
- **Community Safety Partnership Annual Review**

2.2 That the work programme be reviewed and updated at each meeting of the Committee.

3. Introduction and Background

- 3.1 Changes to the governance structure were agreed at Annual Council 11 June 2014, merging the audit and scrutiny functions. The scrutiny work programme 2014/15 will be guided by part 4.4 of the constitution which sets out the Overview and Scrutiny Procedure Rules.
- 3.2 At the beginning of the municipal year, the Audit and Scrutiny Committee will be responsible for agreeing its own work programme which should relate to its pre-scrutiny role and be based on the established PICKET criteria (attached as Appendix B).
- 3.3 Committee members are invited by the Chair and Vice-Chair to propose topics for inclusion on the work programme. The Committee will be asked to agree to the inclusion of topics after considering a PICKET report by Officers on its feasibility and its resource implications.
- 3.4 The Audit and Scrutiny Committee will have particular regard to the Budget, Corporate Plan, Forward Plan, Council policy and significant national issues. The Committee will also seek to include the scrutiny of external facing matters that are of significant interest to local communities.
- 3.5 The work programme of the Audit and Scrutiny Committee should not include management or staffing issues which are the responsibility of the Head of Paid Service.
- 3.6 Members should note that the Performance Indicator report, previously taken by the Overview and Scrutiny Committee, will now be taken by the Finance and Resources Committee, in line with the terms of reference of that Committee.

4. Issue, Options and Analysis of Options

4.1 The Scrutiny function works best when the committee undertakes its work both in member groups and by receiving formal committee reports. It is proposed that in 2014/15, where possible, member working groups be set up as Task and Finish Groups under the terms of reference of the Audit and Scrutiny Committee.

4.2 The advantages of this approach include:

- Task and Finish groups would provide a structure to make recommendations to the relevant Committee which member working groups do not have currently.
- They would provide Audit and Scrutiny with a clear purpose, a robust work plan and appropriate officer support for its pre-scrutiny role; reports and information would be prepared by Officers.
- Consultation would be built into the policy making process ensuring robust policy development and would avoid delays at the end of the process from last minute call ins.
- A wider group of members would be included in any policy making.
- The decision making committee, or the Lead Officer in consultation with the Chair and Vice Chair, would request the Audit & Scrutiny Committee appoint a task and finish group, and would provide background information to the project and would make any suggestions about the terms of reference, process and timetable.
- Task and finish groups may be informal, they may invite interested parties to meetings and will submit reports directly to the Audit and Scrutiny Committee. The Audit and Scrutiny Committee will, if required, make recommendations to decision making committees.
- Membership for any task and finish group may be from across the whole Council, not just the Audit and Scrutiny Committee.

4.3 It is proposed that the Audit and Scrutiny Committee agree its scrutiny work programme 2014/15 to include the following projects:

- William Hunter Way
- Crossrail

- Member/Officer Communications/ Members Casework
- Local Council Tax Support Scheme
- IT Resilience and Business Continuity
- Budget Scrutiny
- Community Safety Partnership Annual Review

4.4 The following already established working groups will be retained. These groups will *not* report to the Audit and Scrutiny Committee:

- a) Town Hall Delivery Group – The scheme has been agreed and the group is monitoring the implementation of the scheme.
- b) Local Development Plan (LDP) – This has a statutory consultation process reporting to Council and it would not be appropriate as a task and finish group. In view of the nature of the work, the membership needs to be reviewed to be closer aligned to the Planning Committee.
- c) Constitution Working Group – This group reviews the constitution, is on going and not related to policy development. It is therefore not suitable as a task and finish group.

4.5 Councillor Mynott is the Lead Member for the Working Groups outlined in paragraph 4.4.

5. Reasons for Recommendation

5.1 To enact the provisions of Part 4.4 of the Constitution that the Audit and Scrutiny Committee prepare an annual scrutiny work programme.

6. Consultation

6.1 The Chair and Vice-Chair of the Audit and Scrutiny Committee were consulted about the work programme for the Committee.

6.2 This report seeks to consult with the Audit and Scrutiny Committee on its work programme.

7. References to Corporate Plan

- 7.1 The priority area A Modern Council includes an action to improve the Council's governance arrangements, leading to faster, more effective decision-making. An effective scrutiny function is an essential element of that priority.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy and Corporate Services/
S151 Officer

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 8.1 There are no direct financial implications arising from this report

Legal Implications

Name & Title: David Lawson, Monitoring Officer

Tel & Email: 01277 312860 / david.lawson@brentwood.gov.uk

- 8.2 There are no legal implications at present.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 None

9. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 All scrutiny work programmes for previous years are available at www.brentwood.gov.uk

10. **Appendices to this report**

Appendix A – Scrutiny Work Programme 2014/15

Appendix B – PICKET scoring criteria

Report Author Contact Details:

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Topic	Committee Date	Lead Members	Commentary
Annual Work Programme	1 July 2014	Councillors Clark and Barrett	The Chair and Vice-Chair consult the Committee on the scrutiny work programme 2014/15
Creation of Groups a) William Hunter Way Delivery Group b) Crossrail Task and Finish Group c) Member/Officer Communications/ Members Casework Task and Finish Group	1 July 2014	TBC	a) To lead the William Hunter Way project forward – taking account of lessons learned b) To provide a reporting line for the Crossrail project c) That Member/Officer communications and casework management be reviewed
Section 106 Agreements	1 July 2014	N/A	Required by 2013/14 Overview and Scrutiny Committee work programme
Creation of Local Council Tax Support Scheme Task and Finish Group	30 September 2014	N/A	A short Task and Finish Group is required as a consultative forum on proposed changes to LCTS
IT Resilience and Business Continuity	26 November 2014	Councillors Clark and Barrett	To understand the implications of the IT challenges faced in May 2014 and make recommendations to improve resilience
Budget Scrutiny	26 November 2014	Councillors Clark and Barrett	The Audit and Scrutiny Committee will be consulted on the proposed budget
Community Safety Partnership Annual Review	27 January 2015	N/A	To review the Annual Report of the Partnership
Annual Report of the Audit and Scrutiny Committee	June 2015	Councillors Clark and Barrett	The constitution requires an annual report on scrutiny activity.

Explanation of PICKET

PICKET is the preferred criteria for prioritising topics suggested to be included for the Overview and Scrutiny Committee to consider and this criteria is set out below.

Public interest	What level of public interest and demand is there? 1= low interest, 2= medium interest, 3=high interest
Impact	What impact could a scrutiny review have? Is there an opportunity to influence? 1= little impact / opportunity, 2= medium impact/opportunity, 3= high impact possible
Council performance	How well does the council perform in this area? 1= high performing, 2= medium performance, 3= poorly performing
Keep in context	How relevant is the topic to the local area and context? 1= little relevance, 2= medium relevance, 3= high relevance
Executive request	Have the administration requested scrutiny do this? 1= no request, 2= request but not urgent, 3= urgent request
Timescale	Is there a deadline that means the scrutiny has to be done now rather than later? 1= no urgency/ deadline, 2= medium level of urgency, 3= urgent, must be done now

1 July 2014

Agenda Item: 11

Audit and Scrutiny Committee

Review of S106 Obligations and Accounts

Report of: *Tony Pierce, Acting Head of Planning*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1. This report set outs the findings from a recent review of all historic Section 106 (S106) Planning Obligations.

2. Recommendation(s)

- 2.1 **That the S106 obligations and accounts are noted as shown in Appendix A.**
- 2.2 **That this Committee notes that a specialist service system is being commissioned to provide a secure and regular S106 monitoring reports as shown in Appendix B.**
- 2.3 **The future regular S106 monitoring reports will go to Planning and Development Committee.**

3. Introduction and Background

- 3.1 Overview and Scrutiny Committee has previously expressed concerns regarding the Council's monitoring of the S106 obligations, monies and land received and expenditure.

- 3.2 At the Overview and Scrutiny Committee on 22nd January 2014, following a request from a Member, Section 106 Agreements were reinstated as an item on the Overview and Scrutiny Committee 2013/14 Annual Work Programme.
- 3.3 At the Overview and Scrutiny Committee on 25th February 2014, Members were advised that a review of Section 106 agreements was underway and a full report would be made at the 17th June 2014 Overview and Scrutiny Committee meeting.
- 3.4 Since then, Officers have undertaken a review of all historic obligations, checking on compliance, receipt of the obligations and delivery of the Council's service in respect to the obligations.
- 3.5 It is also worth noting, that in the future, there will be a need to monitor the Community Infrastructure Levy (CIL) payments and receipts once the Council has adopted a charging schedule. The need to prepare a CIL was approved by Members at Policy and Resources Board on 13th December 2012.
- 3.6 CIL is a statutory charge that enables Councils to require mandatory financial contributions from different forms of development within their area, in order to help fund supporting infrastructure. CIL monies are pooled into one fund, there are no time constraints for spending the monies collected and it can be used to spend on any infrastructure needed to support new development across the Borough.
- 3.7 Charging authorities will need to report on how much monies they received from the levy in the last financial year and on how much was unspent at the end of the financial year. The Council will need to either prepare a bespoke report or utilise an existing reporting mechanism to carry out this.
- 3.8 The Uniform Development Management module which is used by Development Management, has the facility to record those development works covered by a planning application that are liable for CIL payments. It has the capabilities to calculate the liability amount, record details of the parties responsible and payments they make, and record the progress of key tasks relating to the CIL.

4. Issue, Options and Analysis of Options

- 4.1 A small number of issues arose during the review on individual obligations and schemes, mainly in relation to land transfers not completed. No large outstanding sums owing to the Council have been identified. There are no urgent or significant actions which need to be taken as a result of the recent review of Section 106 Agreements.
- 4.2 An update on the obligations and accounts is shown in Appendix A and demonstrates the current position on Section 106 monies of £1,103, 738. It shows that these obligations are apportioned to either affordable housing or to open space. The update provides detail on the amount of each contribution, the plans on how the funds will be used in the future, and when the contribution needs to be spent by.
- 4.3 This review process highlighted the lack of specialist software to support this work and the need to implement a system to collate and monitor planning obligations.
- 4.4 The Uniform Development Management module, is supplied by the software company IDOX. It is used by the Development Management team to process and monitor planning applications. Within the suite of applications, is a specialist module called the Development Condition Monitoring module which enables the monitoring of compliance with legal agreements and conditions applied to a planning permission.

5. Reasons for Recommendation

- 5.1 The preparation and monitoring of Section 106 planning obligations is a time-consuming and complex process, taking up a significant amount of officer time. It is essential that the system operates effectively and efficiently.
- 5.2 The Uniform Development Condition Monitoring module in the Uniform Planning Suite of applications is capable of producing a variety of reports. A Section 106 Report Sample from Thurrock Council is shown in Appendix B demonstrating some of the different types of report which the Uniform module can produce.

- 5.3 Arrangements are in hand to implement of the Development Condition Monitoring Module that will monitor all planning conditions which will include S106 agreements.
- 5.4 Future reports on S106 monitoring will go to the Planning and Development Committee.

6. Consultation

- 6.1 No specific consultation has been carried out in the preparation of this report, as it is a review of past activities.

7. References to Corporate Plan

- 7.1 The application of S106 monies relates to the Prosperous theme of the current Corporate Plan. S106 as a tool to fund essential infrastructure will be replaced by the introduction of the Community Infrastructure Levy (CIL). This will be in association with the Infrastructure Delivery Plan (IDP) that supports the Local Development Plan (LDP), both of which are in preparation for Examination in Public and adoption by the Council in 2015.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Director of Strategy & Corporate Services
Tel & Email 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 8.1 There are no direct financial implications arising from this report. Any training costs associated with the new module will be met from within existing training budget.

Legal Implications

Name & Title: David Lawson, Monitoring Officer
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8.2 Where developments to which a Section 106 obligations relate are not commenced at all the obligation will not be enforceable. More often there is delay in commencement and the trigger for payments has to be brought to the attention of a responsible officer to chase payment or the carrying out of works.

8.3 It is open to any person affected by a planning obligation after 5 years to seek a modification or discharge and on large schemes. There are often modifications as changes to the works take place. It is important to make sure that the triggers for the Planning obligations are carefully recorded in such modifications and the records are kept up to date.

8.4 Planning Obligations are enforceable by injunction and actions for breach of contract or debt, and where works are required in the Obligation such works can, in cases of default, be carried out by the authority on 21 days' notice at the expense of the landowner. The remedy of an injunction is most effective in development situations where triggers are at stages of development. An injunction could prevent further sales of private housing until the affordable housing is secured, for example. Timely legal intervention does, however, require time limits and trigger dates being brought to notice.

8.5 **Health and safety implications**

There are no health and safety implications.

8.6 **Equality and diversity implications**

8.7 Documents will be subject to an Equality Impact Assessment where relevant.

8.8 **Risk management implications**

8.9 Reputation of the Council, effective monitoring of S106 obligations, will mean developers queries on S106 agreements and Freedom of Information requests by the press can be dealt with swiftly.

Other Implications

- 8.10 There are no other implications specifically related to this report, as it relates to past activities and priorities and does not consider future infrastructure priorities, which are included in the preparation of the IDP and LDP.

9. Appendices to this report

Appendix A - Brentwood Council S016 Obligations and Accounts (2014)

Appendix B - Section 106 Report Sample, Thurrock Council (2014)

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Capital Grants Receipts In Advance as at 1 April 2013-14

Appendix A

Section 106	Amount	Use by	Age/Expiry Date	Plans to use fund in future years
<i>Former British Gas Site</i>	29,353.15	11/10/2020	Repayment 11/10/2020. This is in the Agreement as a "cycle link solely for the purpose of providing a new cycle link through La Plata woodland". The draft Transfer of the Land is agreed with the possible exception of the sluice gate and stream. I hope that this can be programmed for completion later this year.	This will be used for the enhancement of existing play areas in the area be it in equipment, access or general landscape improvements. At this stage, there is no definitive deadline to spend the money but would hope to do so within the next 2 years.
<i>Former Highwoods Hospital site</i>	40,000.00	15/12/2015	Repayment 15/12/2015 for the establishment of or improvement of play space within the ward or neighbouring ward.	This will be used for the enhancement of existing play areas in the area be it in equipment, access or general landscape improvements. At this stage there is no definitive deadline other than the 5 year one listed in the S106. Awaiting outcome of Play Area Strategy later this year once discussed and approved at panel by members.
<i>Warley Hospital Site (Affordable Housing)</i>	808,000.00	07/06/2021	£15,000 - Not Section 106 but payment from City & County to pay the Council's cost to GVA.	Affordable Housing
<i>Section 106 - Phase 4A Former British Gas Site, St James' Road Brentwood</i>	50,000.00	08/09/2016	Repayment 08/09/2016 on written request.	Provision of off-site play/open space within the vicinity. Amount to be returned if not spent on the 5th anniversary of the receipt of the sum. Awaiting outcome of Play Area Strategy later this year once discussed and approved at panel by Members.
Total Section 106	927,353.15			
Other				
Total Capital Grants RIA at 1/4/13	927,353.15			
			Repayment 07/06/2021 Commuted sum.	
2013-14 Receipts S.106				
<i>Willow Brook Priimary School</i>	60,000.00	13/12/23	Repayment 31/12/2023 on written request unless contractual commitment.	Off-site facilities within the vicinity. Awaiting approval of management plans by members at committee later this year but will be expended at Hutton Recreation Ground, Hutton Polo Field and Hutton Poplars Woodland Walk.
<i>Former NV Tools site St James Road</i>	116,385.00	Not repayable	No repayment.	Play equipment contribution - provision or upgrading or maintenance of off-site open space/play facility. Awaiting approval of management plans by members at committee later this year but will be expended at King George's Playing Fields, Woodman Road Cemetery, Warley Playing Fields.
End of Year Position to be:				
Capital Grants Receipts In Advance S.106	987,353.15			
Capital Grants Unapplied	116,385.00			
	1,103,738.15			

Section 106 Contributions Awaiting Trigger

Signed

Aveley	Land Adj A13 A1306 And To Rear Of 191-235 Purfleet Road Aveley Essex	08/00858/TTGOUT	16/06/2011
Permission expires 16/06/2015 or 2 years after last REM approval; Indexed by RPI.			
£240,000 - Highways - Bus Services purpose contribution of £120,000 to be paid 3 months prior to occupation to increase the frequencies of bus services between the development and Purfleet Railway Station to meet the travel plan target. Second contribution of £120,000 to be paid within 14 days of 19,000 sq m floor space being occupied or 10,000 sq m if higher density. The contributions to be passed to the Public Transport Operator and held in an Interest bearing account and repay with 5 years.			3 Months prior to Occupation
£2,500 - Highways - Travel plan to be submitted prior to occupation and approved, a co-ordinator to be appointed prior to occupation. Travel plan review fees of £500 payable on each review date of 1, 3,5,10 and 15 years after occupation.			On review date
Aveley	Aveley Village Extension South Of Aveley Bypass Aveley Essex	09/00091/TTGOUT	27/05/2010
Commenced 05/12/2012 Indexed by the BCIS General Building Cost Index; Repayment 5 years. 50% of Community Centre Contribution and 33% of Local Bus Subsidy Contribution paid. Footway/cycleway payment due 05/06/2014 and the next bus subsidy 05/09/2014.			
£1,000,000 - New community centre in the centre of Aveley and any unexpended balance may be applied as additional payments towards the Aveley Bypass Highway Works, the Footway Extension contribution, the Local Bus Subsidy and the Parking Restrictions payment.			50% by 1yr and 50% by 2nd yr of Comm
£120,000 - Highways - footway & cycleway extension from the development to the roundabout junction of Romford Road			Within 18 months of Commencement
£25,000 - Highways - South Road junction improvements to improve capacity & safety at junction with Stifford Road			Within 2 years of commencement
£360,000 - Highways - Local bus subsidy for infrastructure improvements and/or providing or subsidising a local bus service via local bus operators which improves bus services for residents of the development.			Pay within 12, 21 & 30 months of comm
Aveley	Land To Rear Of 110 High Street Aveley Essex	12/00635/FUL	05/10/2012
Permission expires 05/09/2016; Indexed by RPI; Late payment Interest of 3% above base lending rate of the Nat West Bank; No Repayment.			
£5,000 - Planning Obligation Strategy			Prior to Commencement
Aveley	38 Mill Road Aveley Essex RM15 4SL	13/00733/FUL	19/09/2013
Permission expires 16/09/2016; Indexed by RPI; Late payment Interest of 3% above the base lending rate of the Nat West Bank; No Repayment.			
£25,000 - Planning Obligation Strategy			Prior to Commencement
Aveley	Land To Rear Of 110 High Street Aveley Essex	13/00963/FUL	06/12/2013
Permission expires 06/12/2016; Indexed by RPI; Late payment interest of 3% above the base lending rate of the Nat West Bank; No Replayment.			
£5,000 - Planning Obligation Strategy			Prior to Commencement
Chadwell St Mary	Glanwood Sandy Lane Chadwell St Mary Essex RM16 4LR	07/00951/FUL	18/05/2009
Commenced 12/12/2012; Indexed by PRI; No Repayment. Was still construction in July 13 but site up until Jan 14 had no movement.			
£9,000 - Primary Health Care facilities within the vicinity			On Occupation
Chadwell St Mary	Land Adj Coward Industrial Estate Furness Close And Rear Of 1-39 St Johns Road Chadwell St Mary Essex	12/01070/FUL	19/02/2013
Permission expires 19/02/2016; indexed by RPI; No repayment. Some conditions cleared April 2014.			
£64,423.57 - Education - additional Secondary facilities and services within the vicinity			On commencement
£33,483 - Primary Health Care facilities within the vicinity			On commencement
Chafford Hundred	Bannatyne's Health Club Howard Road Chafford Hundred Grays Essex RM16 6YJ	08/01156/TTGFUL	14/09/2009
Commenced 2010 but developer went into administration, site sold to new owner May 13. Indexed by RPI; Repayment 5 Years;			
£25,000 - Sports facilities or open space in the locality			On use of the site
£77,500 - Highways Contribution			On commencement

Section 106 Contributions Available

Repayment
Date if any

Awaiting Growth Board

Chadwell St Mary	1 Cedar Road Grays Essex RM16 4ST	
13/01035/FUL	Planning Obligation Strategy	
£5,000	Awaiting Growth Board decision on spend.	
North Stifford	6 High Road North Stifford Grays Essex RM16 5UE	
13/01196/FUL	Planning Obligation Strategy	
£5,000	Awaiting Growth Board decision on spend.	
South Ockendon	Land Adjacent Victor Pyrate Arisdale Avenue South Ockendon Essex	
11/50392/TTGFUL	Planning Obligation Strategy	
£40,059.37	Awaiting Growth Board decision on spend.	03/01/2019
South Stifford	Land At Drapers Yard London Road South Stifford Grays Essex	
10/50119/TTGFUL	Community neighbourhood centre or similar facilities within 1km of the site for the benefit of local residents	
£88,685.85	Awaiting Growth Board decision on spend.	08/01/2016
Stifford Clays	60 Fleethall Grove Stifford Clays Grays Essex RM16 2DY	
12/00656/FUL	Planning Obligation Strategy - Provision of infrastructure within the area.	
£5,000	Awaiting Growth Board decision on spend.	
Stifford Clays	65A Meadow Road Stifford Clays Grays Essex RM16 2HB	
13/00221/FUL	Planning Obligation Strategy	
£5,070	Awaiting Growth Board decision on spend.	

SAMPLE

Section 106 Contributions Available

Repayment
Date if any

Community Development and Equalities

Aveley	Aveley Village Extension South Of Aveley Bypass Aveley Essex	
09/00091/TTGOUT	£1,000,000 - New community centre in the centre of Aveley and any unexpended balance may be applied as additional payments towards the Aveley Bypass Highway Works, the Footway Extension contribution, the Local Bus Subsidy and the Parking Restrictions payment.	
£536,107.45	Proposed for an Aveley Community Hub	28/02/2019
Fobbing	Pell House High Road Fobbing Essex SS17 9JJ	
10/50152/TTGFUL	Infrastructure facilities and services within Thurrock.	
£15,000	Proposed to support the new Youth Centre - Karis May Darling Foundation	
Stanford-le-Hope	Former Remuera First Avenue Stanford Le Hope Essex	
13/00941/FUL	Planning Obligation Strategy - Provison of infrastructure within the area.	
£5,000	Proposed to support the new Youth Centre - Karis May Darling Foundation	

SAMPLE

Section 106 Contributions by Location

Repayment
Date if any

Aveley

Community Development and Equalities	09/00091/TTGOUT Aveley Village Extension South Of Aveley Bypass Aveley Essex £1,000,000 - New community centre in the centre of Aveley and any unexpended balance may be applied as additional payments towards the Aveley Bypass Highway Works, the Footway Extension contribution, the Local Bus Subsidy and the Parking Restrictions payment.	
£536,107.45	Proposed for an Aveley Community Hub	28/02/2019

Transportation	09/00091/TTGOUT Aveley Village Extension South Of Aveley Bypass Aveley Essex £360,000 - Highways - Local bus subsidy for infrastructure improvements and/or providing or subsidising a local bus service via local bus operators which improves bus services for residents of the development.	
£128,666.38	Proposed for diverting subsidised service 11 for new residents and a bus stop.	28/02/2019

Transportation	09/00091/TTGOUT Aveley Village Extension South Of Aveley Bypass Aveley Essex Highways - Parking restriction payment for the cost of advertising and making the necessary orders for a parking restriction scheme on the part of Park Lane south of the site and implementing the parking restriction scheme to facilitate bus movements on Park Lane.	
£16,083.68	Parking restrictions in Park Lane.	28/02/2019

Bulphan

Education	11/00174/FUL Unit 1 Garlesters Farm Brentwood Road Bulphan Essex RM14 3SL Additional Educational facilities and services within the vicinity.	
£16,376.58	Committed to BESD Ormiston.	

Transportation	96/00030/FUL Blue House Farm Brentwood Road West Horndon Brentwood Essex CM13 3LX Improvement works to the junction between old Brentwood Road and the A128	
£26,479	Committed to further works to the junction.	

Chadwell St Mary

Awaiting Growth Board	13/01035/FUL 1 Cedar Road Grays Essex RM16 4ST Planning Obligation Strategy	
£5,000	Awaiting Growth Board decision on spend.	

Education	11/00879/FUL 109 - 111 River View Chadwell St Mary Essex RM16 4BA Secondary Education facilities and services within the vicinity	
£1,687.66	Committed to Little Thurrock Primary School	

Transportation	04/00577/FUL Land Opposite 'Sunray' Sandy Lane Chadwell St Mary Grays Essex Contribution to a footway at the junction of Linford Road and Sandy Lane, Chadwell	
£3,000	This requires third party land that is committed through a separate planning permission 07/00951/FUL. Issues over that site are now resolved so that progress can be made with the transfer of land.	17/01/2015

Corringham

Education	02/00681/FUL Cunningham Carriage Company Fobbing Road Corringham Stanford Le Hope Essex SS17 9BG Education facilities within the vicinity	
£10,737.69	No commitment	

Members Interests

Members of the Council must declare any pecuniary or non-pecuniary interests and the nature of the interest at the beginning of an agenda item and that, on declaring a pecuniary interest, they are required to leave the Chamber.

- **What are pecuniary interests?**

A person's pecuniary interests are their business interests (for example their employment trade, profession, contracts, or any company with which they are associated) and wider financial interests they might have (for example trust funds, investments, and asset including land and property).

- **Do I have any disclosable pecuniary interests?**

You have a disclosable pecuniary interest if you, your spouse or civil partner, or a person you are living with as a spouse or civil partner have a disclosable pecuniary interest set out in the Council's Members' Code of Conduct.

- **What does having a disclosable pecuniary interest stop me doing?**

If you are present at a meeting of your council or authority, of its executive or any committee or the executive, or any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not :

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business or,
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

- **Other Pecuniary Interests**

Other Pecuniary Interests are also set out in the Members' Code of Conduct and apply only to you as a Member.

If you have an Other Pecuniary Interest in an item of business on the agenda then you must disclose that interest and withdraw from the room while that business is being considered

- **Non-Pecuniary Interests**

Non –pecuniary interests are set out in the Council's Code of Conduct and apply to you as a Member and also to relevant persons where the decision might reasonably be regarded as affecting their wellbeing.

A 'relevant person' is your spouse or civil partner, or a person you are living with as a spouse or civil partner

If you have a non-pecuniary interest in any business of the Authority and you are present at a meeting of the Authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest whether or not such interest is registered on your Register of Interests or for which you have made a pending notification.

Audit and Scrutiny Committee Terms of Reference

Audit and Scrutiny Committee

The Audit and Scrutiny Committee provides advice to the Council and the Committees on the effectiveness of the arrangements for the proper administration of the Council's financial affairs, including all relevant strategies and plans.

Audit Activity

- 1) To approve the Annual Internal Audit risk based Plan of work.
- 2) To consider the Head of Internal Audit's annual report and opinion, and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance, risk management and internal control arrangements.
- 3) To consider regular progress reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- 4) To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- 5) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 6) To consider the arrangements for the appointment of the Council's Internal and External Auditors.

Regulatory Framework

- 1) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- 2) To review any issue referred to it by a Statutory Officer of the Council or any Council body.
- 3) To monitor the effective development and operation of risk management and corporate governance in the Council.

- 4) To monitor Council policies and strategies on
Whistleblowing
Money Laundering
Anti-Fraud and Corruption
Insurance and Risk Management
Emergency Planning
Business Continuity
- 5) To monitor the corporate complaints process.
- 6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 7) To consider the Council's compliance with its own and other published standards and controls.

Accounts

- 1) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 2) To review the Council's Annual Governance Statement.
- 3) To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Scrutiny

- 1) To prepare the annual overview and scrutiny work programme taking into account items put forward by members and the Corporate Leadership Board ensuring that such items relate to the Council's functions and corporate priorities.
- 2) To propose 'place based' or local scrutiny for issues where a local investigative approach with a range of people or organisations is an appropriate way forward.
- 3) To manage scrutiny resources efficiently and effectively so that the outcomes of scrutiny are likely to lead to real improvements for the people of Brentwood.

- 4) To establish working groups (in line with agreed protocols) to undertake the work programme, including setting their terms of reference, the reporting arrangements, and to co-ordinate and review the work of the working groups.
- 5) To receive reports and other evidence from organisations, individuals and partnerships which the Committee or working groups considers relevant to their work.
- 6) To deal with those decisions that are subject to the Council's Call In Procedure for decisions made by Committees.
- 7) To deal with those issues raised through the 'Councillor Call for Action' scheme in line with agreed protocols and procedures.
- 8) To review matters of local community concern including partnerships and services provided by 'other' organisations such as the National Health Service and Essex County Council.
- 9) To make reports or recommendations to Council or the policy committees on matters which affect Brentwood or the inhabitants of Brentwood.
- 10) To be responsible for scrutiny of the Council's strategic and budgetary framework and its implementation.
- 11) To report annually to Council on the progress of the work programme and to make relevant recommendations.