

# Public Document Pack



## Agenda Supplement 1

Dear Councillor

### **AUDIT AND SCRUTINY COMMITTEE - MONDAY, 25TH JULY, 2022**

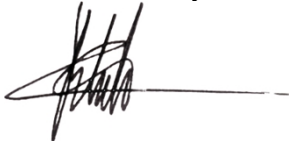
I am now able to enclose, for consideration on Monday, 25th July, 2022 meeting of the Audit and Scrutiny Committee, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>
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- |    |   |
|----|---|
| 3. | <b><u>Internal audit progress report 2021-22</u></b> (Pages 3 - 20)           |
| 4. | <b><u>Annual internal audit opinion 2021-22</u></b> (Pages 21 - 50)           |
| 6. | <b><u>Draft statement of accounts 20221-22 (with AGS)</u></b> (Pages 51 - 68) |

Appendix B

Yours sincerely



Chief Executive

Encs

25/07/22

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# Agenda Item 3

<b>Committee:</b> Audit and Scrutiny	<b>Date:</b> 25 July 2022
<b>Subject:</b> Internal Audit Progress Report 2021/22	<b>Wards Affected:</b> All
<b>Report of:</b> Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer	<b>Public</b>
<b>Report Author/s:</b> Jacqueline Van Mellaerts, Corporate Director (Finance and Resources) and Section 151 Officer Telephone: 01277 312500 E-mail: <a href="mailto:Jacqueline.vanmellaerts@brentwood.gov.uk">Jacqueline.vanmellaerts@brentwood.gov.uk</a>	<b><u>For Information</u></b>

## Summary

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2021/22 internal audit plan.

The following report has been finalised since the last Committee:

- Section 106 agreement (Including affordable housing) (Limited/Moderate)

## Main Report

### **Introduction and Background**

1. This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2021/22 internal audit plan. It summarises the work internal audit have done, together with their assessment of the systems reviewed and the recommendations they have raised.
2. Their work complies with Public Sector Internal Audit Standards. As part of their audit approach, they 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 them to give assurance on the risk management and internal control processes in place to mitigate the risks identified.
3. The Audit Committee approved the 2021/22 annual audit plan in March 2021. The progress against plan is reported at every Audit and Scrutiny Committee during 2021/22.

4. Following the previous committee held on the 5<sup>th</sup> July, there was one outstanding Audit, which has now been finalised and can be reported to the Committee.

### **Issue, Options and Analysis of Options**

5. The following reports have been finalised since the last Committee and the full audit report has been included as Appendix A.
  - Section 106 agreement (Including affordable housing) (Limited/Moderate)

The conclusion of the audit is as follows:

#### Section 106 agreement (Including affordable housing) (Limited/Moderate)

6. Affordable Housing targets have not been at expected levels for several years, although steps are clearly being taken to strengthen arrangements in this area. We found there to be a lack of ownership and an insufficient system of controls to monitor progress being made by developers against s106 agreements, the receipt of s106 contributions and the allocation of developer receipts to the capital plan. This exposes the Council to a risk of not receiving money owed by developers or having to repay contributions received if the funds are not utilised in time.

Overall, we provide limited assurance on design and moderate assurance on the effectiveness of the key controls.

We have raised two high priority recommendations.

The full report is attached in Appendix A

7. This is regularly monitored by Senior Officers and will be followed up again ahead of the next Audit and Scrutiny Committee, along with other recommendations due.

### **Consultation**

Not applicable.

### **References to Corporate Strategy**

To ensure the Council is effective and efficient by delivering services that are value for money and meet the needs of our residents.

## **Implications**

### **Financial Implications**

**Name/Title:** Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer.

**Tel/Email:** 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title:** Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer

**Tel & Email:** 01277 312500 / amanda.julian@brentwood.gov.uk

There are no legal implications arising from this report.

### **Economic Implications**

**Name/Title:** Phil Drane, Corporate Director (Planning & Economy)

**Tel/Email:** 01277 312500/philip.drane@brentwood.gov.uk

There are no direct economic implications arising from this report.

## **Background Papers**

None

## **Appendices to this report**

Appendix A: Section 106 Agreements (including affordable housing) Report

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# BRENTWOOD BOROUGH COUNCIL

## INTERNAL AUDIT REPORT

SECTION 106 AGREEMENTS (INCLUDING AFFORDABLE HOUSING)  
JULY 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Moderate

IDEAS | PEOPLE | TRUST



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#### DISTRIBUTION

Ian Winslet	Strategic Director, Housing and Regeneration
Phil Drane	Corporate Director of Planning and Economy
Tracey Lilley	Director of Housing and Enforcement
Angela Abbott	Corporate Manager - Housing Needs and Delivery

#### REPORT STATUS LIST

Auditors:	James Savigar - Senior Internal Auditor Janine Combrinck - Director Greg Rubins- Partner
Dates work performed:	20 January - 14 February 2022
Draft report issued:	12 May 2022
Final report issued:	20 July 2022



## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	2
Medium	0
Low	0

### TOTAL NUMBER OF RECOMMENDATIONS: 2

### BACKGROUND:

Section 106 ('s106') agreements derive from the Town and Country Planning Act 1990. They are legal agreements between a planning authority (such as the Council) and a planning applicant, which ensure that the applicant's proposed development will also benefit the local community - for example through the provision of affordable housing. Section 106 agreements are usually attached to a planning permission to make acceptable development that which would otherwise be unacceptable in planning terms. The requirement to provide affordable housing within an otherwise private residential development is a common planning condition under s106.

Section 106 agreements normally require that the developer delivers a proportion of the new homes as affordable housing or that a financial contribution is made in lieu of on-site provision. Homes provided on site are made available to the planning authority or other registered provider to purchase at a discount for affordable housing. The Council's Local Development Plan (both the 2005 Local Plan and the newly adopted 2016-2033 Local Plan) seek for all developer sites above 10 homes to have 35% affordable housing.

In March 2021, the Council's Environment, Enforcement and Housing (EEH) Committee approved a Housing Strategy and Delivery Plan 2021 - 2025, aimed at delivering much needed affordable housing across the borough. A seven-year Affordable Homes Development Strategy 2021 - 2028 was further approved by the EEH Committee in July 2021. These strategies recognise that affordable housing needs to be funded through a combination of government grants, right to buy capital receipts and s106 agreements.

There is also acknowledgement that affordable housing delivery has not been at the expected levels for many years. Data reported to the Local Plan Hearing Session on 3 December 2021 showed that over the past five years actual delivery of affordable housing was only 10.7%. Steps were taken during the year to start to address that, including the employment of a Strategic Director of Housing and Regeneration.

We carried out an affordable housing audit as part of our 2015/16 audit plan, which focused on assessing how effectively the Council was managing its strategy around provision of social housing and developing the private rented sector to provide suitable and adequate affordable housing for the needs of the borough. We found that the Council did not have an up to date Affordable Housing plan but intended to implement one once the draft Housing Strategy that was in place at the time had been finalised.

As the Council now has up to date strategies and plans in place in this area, our audit this year focused on the s106 agreements process (covering Affordable Housing and other areas), as officers acknowledged that this was an area requiring improvement and therefore would benefit from being audited.

#### GOOD PRACTICE:

We identified the following good practice areas from our audit:

- Planning officers responsible for negotiating s106 agreements with developers demonstrated a strong understanding of the 2005 Local Plan, the Emerging Local Plan 2016 - 2033 (now adopted) and other strategic documents which guide the process for negotiating the agreements.
- Procedures for negotiating s106 agreements require that developers conduct viability assessments, where necessary, which are subsequently independently verified on behalf of the Council at the expense of the developer.
- System reports show s106 contributions held by the Council and those awaiting triggers before falling due to the Council, and the Council invoices developers when officers become aware that trigger points have been reached.
- The finance team has a robust procedure for ensuring contributions made by developers are accounted for accurately depending on the terms and conditions attached to the agreement and the stage of the Council's development expenditure.

#### KEY FINDINGS:

We identified the following key areas where the control framework needs to be strengthened:

- There is a lack of ownership and a general control system for managing s106 arrangements, particularly regarding the engagement with developers, identifying the status of developments and tracking triggers to determine when payments are due from developers. Insufficient monitoring has led to one known instance of an alteration being made to an agreement during the year without sufficient notification being given to the teams involved in the management of s106 agreements. (Finding 1 - HIGH)
- There is a lack of sufficient control to ensure that commuted sums received from developers under s106 agreements have been allocated to expenditure schemes within the capital plan. This has led to approximately £2.5 million of s106 contributions being held by the Council towards the end of 2021/22 for which there was no clear expenditure plan, and which would need to be repaid to developers if not spent within the agreed timescales. (Finding 2 - HIGH)

**CONCLUSION:**

Affordable Housing targets have not been at expected levels for several years, although steps are clearly being taken to strengthen arrangements in this area. We found there to be a lack of ownership and an insufficient system of controls to monitor progress being made by developers against s106 agreements, the receipt of s106 contributions and the allocation of developer receipts to the capital plan. This exposes the Council to a risk of not receiving money owed by developers or having to repay contributions received if the funds are not utilised in time.

Overall, we provide limited assurance on design and moderate assurance on the effectiveness of the key controls.

We have raised two high priority recommendations.

## DETAILED FINDINGS

RISK 2: DEVELOPERS FAIL TO COMPLY WITH AGREED SECTION 106 OBLIGATIONS.

RISK 4: THERE IS NO RECONCILIATION BETWEEN RECORDS HELD BY THE COUNCIL'S PLANNING AND FINANCE TEAMS TO CONFIRM THE ACCURACY AND INTEGRITY OF AMOUNTS RECEIVED BY WAY OF DEVELOPERS' CONTRIBUTIONS.

Ref	Significance	Finding
1	High	<p><b>Monitoring s106 arrangements</b></p> <p>S106 agreements between the Council and developers include triggers, which are the agreed points during the development at which any agreed financial contributions from the developer will become due to the Council. It is therefore essential that the Council has an appropriate function in place to monitor ongoing developments to identify when a s106 trigger has been reached and a payment is due from the developer.</p> <p>Agreements are recorded and stored on the Uniform system from which a query can be run to identify agreements with outstanding triggers. The Council commissions the services of an Officer at Thurrock Council who obtains information on agreement triggers, collates that information and notifies Finance when he becomes aware that a trigger has been met.</p> <p>However, we found that there is no joined up collaborative approach across the teams (Planning, Finance, Housing, Legal) to monitor s106 agreements and the activation of triggers included within them, with no routine procedure for reviewing the records of agreements held by each of the different teams involved.</p> <p>Our interviews with officers identified that this lack of integration of the services has resulted in at least one situation where a s106 agreement was modified by Housing without the officer responsible for monitoring triggers being made aware of the changes, and as such there was no follow up or engagement with the developer to determine whether the payment had fallen due. This related to one affordable dwelling at Mellon House, for which the Council agreed to accept a commuted sum of £105,000, being 35% of the value of the dwelling.</p> <p>Overall, we found a general lack of structure around the controls for monitoring s106 agreements, with a 'wait-and-see' approach often being adopted where the Council will wait for it to be brought to their attention that a trigger has been activated, as opposed to proactively making enquiries with developers as to what the current status of a development is and requiring regular updates. This is exacerbated by the lack of reporting or regular catch ups between the various teams involved in the management of s106 agreements, thereby preventing effective monitoring.</p> <p>Without these effective monitoring arrangements and joined up approach across the teams, there is a risk of the Council not being aware of payments due from developers, resulting in financial loss.</p>

**RECOMMENDATION:**

- a) The Council should identify an appropriate function to take central ownership of s106 agreements. This team should then lead on all aspects of s106 arrangements, including negotiating the agreements with developers and monitoring them from planning consent through to delivery.
- b) The function should ensure that there are sufficient mechanisms in place to liaise with developers, to monitor progress of developments. Progress meetings with the developers should be implemented, taking account of the size of developments and anticipated speed of progress.
- c) The function should also liaise with Finance to ensure invoices are issued accurately and in a timely manner.
- d) A central s106 agreement register/tracker should be put in place where all aspects of the s106 agreements can be recorded and monitored, including progress against trigger points and the status of any payments. This tracker should be owned by the responsible function recommended above and should be reported to each of the teams involved in the management of s106 agreements (Planning, Housing, Finance and Legal) on a regular basis (quarterly as a minimum) with each of the teams being required to provide updates as appropriate.

**MANAGEMENT RESPONSE:****Recommendation a), b) and c)**

A new structure for strategic housing is at design stage. The new structure includes a new post of Policy and Enabling Officer which will have multifunctional responsibility for Policy, Registered Provider and major application developer relations and related forums. The post will be the single point of contact for Section 106 agreements as they relate to affordable housing and lead/co-ordinator for all commuted sums held. The post holder will be the single organisational liaison point for affordable housing Section 106 with Planning, Finance and Legal. Given the significance identified in the audit, consideration will be given to accelerating the appointment of this post in advance of the wider Housing Department re-structure

**Recommendation d)**

A new tracker will be developed and held and co-ordinated within the strategic housing function. This will be reported regularly to the new Housing Committee at an interval agreed with the Chair.

Responsible Officer: Ian Winslet (Strategic Director, Housing and Regeneration)

Implementation Date: January 2023

**RISK: DEVELOPERS' CONTRIBUTIONS ARE NOT SPENT BY THE COUNCIL IN A TIMELY OR APPROPRIATE MANNER.**

2

High

**Allocation of developer contributions**

As part of the development planning process the Council may agree a commuted sum payment from the developer. This money enables the Council to develop its own affordable housing or make improvements in areas such as open spaces and healthcare facilities.

These commuted sums often come with triggers upon which the developer must make the contribution to the Council (e.g. set dates, unit development, unit occupancy, etc.) and conditions attached which require the Council to utilise the funds by a set deadline, failing which the Council must repay the money to the developer. In order to ensure the funds are utilised prior to these deadlines being met, it is vital the Council has sufficient procedures in place to allocate these receipts for use within the capital plan.

Our discussions with Finance identified that a spreadsheet is used to record contributions received and how they have been accounted for. The spreadsheet also maintains a record of expenditure made against a contribution which is updated when finance receive a notification that the relevant expenditure has been incurred. However, this only provides a basic record of how much of the contribution has previously been spent. There is no plan that sits alongside the spreadsheet to allocate contributions to specific projects or to indicate a future plan for utilisation of the funds prior to the repayment date being reached.

The records held by the Council and provided to us at the time of the audit indicated that there is approximately £2.6 million of s106 contributions held by the Council for which officers were unable to evidence an expenditure plan. This include the following amounts to be used by 31 March 2023:

- £170,490 - Doddinghurst Surgery, Outings Lane
- £37,152 - 114-122 Kings Road, Brentwood.

Overall, we have concluded that there is no robust system of control to routinely allocate contributions made by developers to the capital plan and that there is currently no ownership of the process to ensure contributions are utilised in a timely manner. Without this control there is a risk that contributions will not be utilised in time and would need to be repaid to developers.

**RECOMMENDATION:**

Responsibility for the recording, allocation and monitoring of s106 contributions to the capital programme should be clearly assigned and communicated to a team or individual within the Council, who should own the process for ensuring contributions are utilised on appropriate projects in a timely manner and prior to any contributions becoming repayable to the developers.

**MANAGEMENT RESPONSE:**

A new 'Section 106 officer panel' will be set up, led by an appropriate functional director, which will be populated by a representative from housing, communities, open space and environment together with finance and legal. The panel will 'own' the section 106 list of contributed sums, identify opportunities for their use and ensure that none are required to be returned. Governance and reporting arrangements for this panel will be agreed in line with the Council's constitution.

Responsible Officer: Ian Winslet (Strategic Director, Housing and Regeneration)

## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Ian Winslet	Strategic Director, Housing and Regeneration
Angela Abbott	Corporate Manager - Housing Needs and Delivery
Clive Collins	LB Thurrock Officer
Katharine Anastasiadis	Senior Accountant
Caroline Corrigan	Corporate Manager - Planning Development Management
Mike Ovenden	Associate Planning Consultant
Alistair Greer	Principal Accountant - Financial Reporting
Phoebe Barnes	Corporate Finance Manager



APPENDIX I - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF 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.

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

Review of how effectively the Council is managing its Section 106 agreements supporting the provision of affordable housing.

### KEY RISKS:

- Procedures for developing and agreeing Section 106 agreements are not well established and understood by staff, resulting in agreements that are not necessary, relevant, reasonable and viable
- Developers fail to comply with agreed Section 106 obligations.
- Section 106 contributions are not received in a timely manner in accordance with the agreements, which may result in financial loss to the Council.
- There is no reconciliation between records held by the Council's Planning and Finance teams to confirm the accuracy and integrity of amounts received by way of developers' contributions.
- Section 106 contributions may not be appropriately accounted for by the Council, as either income or receipts in advance.
- Developer's contributions are not spent by the Council in a timely or appropriate manner.

### SCOPE OF REVIEW:

- Confirm whether processes for developing and agreeing Section 106 agreements within the planning application process are clearly defined, documented and understood by staff, and receive the necessary legal input.
- For a sample of Section 106 agreements, determine whether the Council is adequately monitoring progress made by developers against their Section 106 obligations.
- Determine how the Council ensures that financial contributions are received on a timely basis, in accordance with the agreements and status of underlying development activity, and follows up on outstanding amounts.
- Confirm how the Council reconciles between receipt of developers' contributions by the Finance team and Section 106 agreements held by the Planning team. For the sample of Section 106 agreements, we will also substantively check that developers' financial contributions accord with the underlying agreements, commuted sums and development activity completed.
- Determine how the Council ensures that Section 106 contributions are correctly recognised as either income or a receipt in advance liability.
- Confirm whether there are processes to ensure that Section 106 income is allocated appropriately to the Council's capital programme.

FOR MORE INFORMATION:

**Greg Rubins**

Greg.Rubins@bdo.co.uk

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# Agenda Item 4

<b>Committee:</b> Audit and Scrutiny Committee	<b>Date:</b> 25 July 2022
<b>Subject:</b> Internal Audit Annual Report 2021/22	<b>Wards Affected:</b> All
<b>Report of:</b> Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)	<b>Public</b>
<b>Report Author/s:</b> Name: Jacqueline Van Mellaerts, Corporate Director (Finance and Resources) and Section 151 Officer Telephone: 01277 312500 E-mail: Jacqueline.vanmellaerts@brentwood.gov.uk	<b>For Information</b>

## Summary

This report is intended to inform the Audit and Scrutiny Committee of the annual internal audit opinion.

Overall, Internal audit have been able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. The full report is attached in Appendix A.

## Main Report

### **Introduction and Background**

1. This report is intended to inform the Audit and Scrutiny Committee of the overall results of our 2021/22 internal audit plan. It summarises the assessment of the systems reviewed and the recommendations raised.
2. The work complies with Public Sector Internal Audit Standards. As part of the audit approach, they 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 them to give assurance on the risk management and internal control processes in place to mitigate the risks identified.
3. The Audit Committee approved the 2021/22 annual audit plan in March 2021. The progress against plan is reported at every Audit and Scrutiny Committee during 2021/22.

### **Issue, Options and Analysis of Options**

4. Overall internal audit were able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

5. In forming their view they have taken into account that:
- The Council has provisionally reported a balanced outturn against budget for 2021/22, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £1.663 million over the year. This was achieved despite the pressures of the Covid-19 pandemic and the continued suspension of a number of income-generating services during the year. The Council has demonstrated sound financial management, as evidenced by our substantial assurance opinion provided on the financial planning and monitoring audit in respect of the design and operational effectiveness of controls.
  - In respect of the design of the controls, substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and limited in one area (Section 106 agreements, including affordable housing). These opinions are a slight deterioration compared with 2020/21, when substantial assurance was provided in eight out of twelve audits, moderate assurance opinions were provided in three areas and there was one limited assurance in an operational area (see page 16 of Appendix A).
  - In respect of the operational effectiveness of the controls, an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas. These opinions are an improvement compared with 2020/21, when an opinion of substantial assurance was provided in three areas, moderate assurance in six areas and limited assurance in three areas (see page 16 of Appendix A).
  - Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although we have experienced some delays in responses to reports and audit requests.
  - We have confirmed that 83% of recommendations due for implementation by the date of reporting had been completed, which is similar to the 82% in the prior year.
  - Overall, therefore, we have noted an improvement in the control environment compared to last year, although not to the extent that is necessary to upgrade our overall opinion.
6. Their annual report and head of internal audit opinion has been prepared based on the audit work undertaken in respect of the financial year ended 31 March 2022. The full report is attached in Appendix A.

7. The Audit opinion is also included within the Annual Governance Statement 2021/22 which is published alongside the Draft Statement of Accounts 2021/22.

### **Consultation**

Not applicable.

### **References to Corporate Strategy**

To ensure the Council is effective and efficient by delivering services that are value for money and meet the needs of our residents.

### **Implications**

#### **Financial Implications**

**Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer.**

**Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk**

There are no direct financial implications arising from this report.

#### **Legal Implications**

**Name & Title: Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer**

**Tel & Email: 01277 312500 / amanda.julian@brentwood.gov.uk**

There are no legal implications arising from this report.

#### **Economic Implications**

**Name/Title: Phil Drane, Corporate Director (Planning & Economy)**

**Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk**

There are no economic implications arising from this report.

### **Background Papers**

None

### **Appendices to this report**

Appendix A – Internal Audit Annual report 2021/22

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**INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE**

Brentwood Borough Council

2021/22

IDEAS | PEOPLE | TRUST



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# SUMMARY OF 2021/22 WORK

## Internal Audit 2021/22

This report details the work undertaken by internal audit for Brentwood Borough Council and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Risk Management
- Main Financial Systems
- Financial Planning and Monitoring
- Covid-19 Restart Grants
- Capital projects
- Partnerships
- Local Development Plan
- IT Data Breaches
- Building Control
- Planning
- Housing - Homelessness
- Section 106 agreements (including affordable housing)

We have detailed the opinions of each report and key findings on pages 5 to 15. Our internal audit work for the 12 month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

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The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
- An assessment of the range of individual opinions arising from risk based audit assignments contained within internal audit risk based plans that have been reported throughout the year;
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view we have taken into account that:

- The Council has provisionally reported a balanced outturn against budget for 2021/22, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £1.663 million over the year. This was achieved despite the pressures of the Covid-19 pandemic and the continued suspension of a number of income-generating services during the year. The Council has demonstrated sound financial management, as evidenced by our substantial assurance opinion provided on the financial planning and monitoring audit in respect of the design and operational effectiveness of controls.
- In respect of the design of the controls, substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and limited in one area (Section 106 agreements, including affordable housing). These opinions are a slight deterioration compared with 2020/21, when substantial assurance was provided in eight out of twelve audits, moderate assurance opinions were provided in three areas and there was one limited assurance in an operational area (see page 16).
- In respect of the operational effectiveness of the controls, an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas. These opinions are an improvement compared with 2020/21, when an opinion of substantial assurance was provided in three areas, moderate assurance in six areas and limited assurance in three areas (see page 16).
- Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although we have experienced some delays in responses to reports and audit requests.
- We have confirmed that 83% of recommendations due for implementation by the date of reporting had been completed, which is similar to the 82% in the prior year.
- Overall, therefore, we have noted an improvement in the control environment compared to last year, although not to the extent that is necessary to upgrade our overall opinion.

Our annual report and head of internal audit opinion has been prepared based on the audit work undertaken in respect of the financial year ended 31 March 2022.

# REVIEW OF 2021/22 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Risk Management	0	3	0	Substantial	Moderate	<p>The Council’s arrangements for risk management were previously audited in April 2021, which resulted in a Substantial rating in respect of the design of processes and a Moderate rating in respect of the operational effectiveness of controls. Our audit for 2021/22 included follow-up on the medium priority recommendations raised in the last audit.</p> <p>The Council has an adequate risk management framework and we have noted areas of good practice in the Council’s risk management arrangements.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>• Risk management training is not currently provided to Council staff (Medium)</li> <li>• Our sample testing found that risks are not always adequately articulated in the risk registers, which could result in insufficient assessment of the risk and how it should be managed (Medium)</li> <li>• Our sample testing found that there was insufficient documentation in the risk register on the action taken to reduce the risk score for the delivery of the Leisure Strategy risk, from a score rating of very high to low (Medium).</li> </ul> <p>Overall, we provided substantial assurance on design and moderate assurance on the effectiveness of the key controls.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Main Financial Systems	0	2	3	Moderate	Substantial	<p>In our 2021/22 audit plan we proposed to review accounts payable, council tax, business rates and housing benefits. However, given certain pressures on the Revenues and Benefits shared service, we agreed with officers to focus our cyclical element of the audit this year on accounts payable (including some data analytics), VAT returns, and treasury management functions for cash flow forecasting and borrowing approvals.</p> <p>We also planned to carry out data analytics on the payroll data to identify any fraud red flags, however we were unable to obtain a download of the payroll to enable us to carry out this procedure. We will continue to request a download of the payroll and will carry forward this element of our work to our 2022/23 audit plan.</p> <p>Our audit found a number of effective controls within the Council’s main financial systems. These include control account reconciliations, posting of journals, verification checks on new suppliers, authorisation of expenditure and payment runs, and the preparation of VAT returns.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>• Whilst our sample testing found that loans taken out are independently approved by senior management, there was no documented evidence that the risks and affordability of the sampled loans had been assessed against the Council’s Treasury Management Strategy (Medium)</li> <li>• There is insufficient management and Committee level oversight of the Council’s cash flow forecasts and projected liquidity position (Medium).</li> </ul> <p>We therefore provided moderate assurance over the control design and substantial assurance over operational effectiveness.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Financial Planning and Monitoring	0	0	0	Substantial	Substantial	<p>Our audit of financial planning and monitoring in the prior year included a review of the budget setting process for 2021/22, therefore this year's audit focused on the arrangements during 2021/22 for monitoring the budget and setting the 2022/23 budget and MTFS.</p> <p>Whilst the Council's financial position remains challenging over the medium term, there are robust processes in place for budget setting and budget monitoring.</p> <p>There were no recommendations arising from this audit.</p> <p>We provided substantial assurance on design and substantial assurance on the effectiveness of the key controls.</p>
Covid-19 Restart Grants	0	2	0	Substantial	Moderate	<p>Our audit in 2021/22 involved testing a sample of grant applications to confirm whether appropriate eligibility due diligence was carried out on applications received for Restart grants, re-performing some of the due diligence checks ourselves, and checking if the grant funding was appropriately awarded based on the rateable value of the business.</p> <p>Our substantive reperformance testing on a sample of Restart grant claims did not identify any inappropriate awards.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>Whilst we were advised that due diligence checks were performed before the grants were awarded, and our sample reperformance checks did not identify any inappropriate claimants, there is no documented record of the due diligence checks that were carried out by officers, what specifically was checked (such as business name, address and directors) and any queries arising (Medium)</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>From our sample testing of Restart grants awarded and review of notes held in Civica, we found that in all instances there was no indication of (i) who completed the initial due diligence (ii) who completed the final check and (iii) who approved the application for payment (Medium).</li> </ul> <p>We provided substantial assurance on design and moderate assurance on the effectiveness of the key controls.</p>
Capital Projects	0	1	0	Substantial	Moderate	<p>Our audit involved testing a sample of ten capital projects in place as at October 2021 for evidence of growth bid templates, funding approvals and procurement processes. We also reviewed overall arrangements for monitoring the capital programme progress and expenditure.</p> <p>From our review of the Council's capital project arrangements, it is clear there are sound controls in place in relation to procurement and monitoring of approved capital projects, both in terms of progress and financially, and support is provided by qualified project management staff. There is a significant underspend on the capital programme for the year due to slippage in schemes, the reasons for which are understood by officers.</p> <p>We identified the following key area where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>Our testing of a sample of schemes in the capital programme found that growth bid templates are not in place for all capital schemes tested, and therefore it is not clear that options appraisals have been carried out for all schemes and that there is evidence that bids have been adequately reviewed by the section 151 officer, the senior Leadership Team (SLT), the Policy, Resources and Economic Development (PRED) Committee, which could undermine the effectiveness of the capital programme (Medium).</li> </ul> <p>Overall, we provided substantial assurance on design and moderate assurance on the effectiveness of the key controls.</p>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Partnerships	0	2	0	Substantial	Moderate	<p>Our audit covered the availability of protocols for establishing partnerships, compliance with those protocols, the maintenance of a partnerships register and approval processes for partnerships on the register (follow up of previous recommendation). We tested four out of the six partnerships in place at the time of fieldwork (Health and Wellbeing Board, Active Brentwood, Brentwood Business Partnership and Community Safety Partnership).</p> <p>Our audit fieldwork commenced before the Council entered into the formal strategic partnership with Rochford District Council. We have agreed with officers that we will include a review of those arrangements in our 2022/23 audit plan.</p> <p>There is comprehensive policy in place that sets out the processes to follow for assessment, establishment and monitoring of partnership arrangements, which is supported by checklists and a partnerships register.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>• There is no Partnerships Checklist in place for one of the partnerships tested (the Community Safety Partnership) and the Partnerships Register does not record the risk level or who approved the partnership for two of the partnerships tested (the Community Safety Partnership and Brentwood Business Partnership) (Medium)</li> <li>• There is no evidence of an Annual Performance Assessment for two of the partnerships tested (Health and Wellbeing Board and Brentwood Business Partnership) (Medium).</li> </ul> <p>We therefore provided substantial assurance over the control design and moderate assurance over operational effectiveness.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Local Development Plan	0	0	2	Substantial	Substantial	<p>Our audit included comparing the Local Development Plan (LDP) to the Council's Corporate Plan; reviewing the oversight arrangements in place for the Project board and the LDP Member Working Group; reviewing liaison with Highways England; and making enquiries about the Council's readiness to adopt the LDP by the revised deadline.</p> <p>There is robust oversight and monitoring of the LDP development by the Project Board and through the meetings of the LDP Member Working Group. A number of policies have been included in the LDP to address strategic priorities which are compatible with the Council's Corporate Plan.</p> <p>Our audit did not identify any key areas for improvement.</p> <p>We provided substantial assurance on both the design and operational effectiveness of the key controls.</p>
IT Data Breaches	0	4	0	Substantial	Moderate	<p>The purpose of the audit was to appraise the design and effectiveness of the Council's arrangements for handling of data security breaches.</p> <p>Our review identified a robust framework in place for management of Information Governance incidents and breaches by the Council</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>The Council's Data Protection and Data Breach policies have not been reviewed since their inception in March 2018. Furthermore, the policies still make references to EU GDPR which has been replaced by UK GDPR since Brexit (Medium)</li> <li>Reporting lines for the management of breaches and incidents are not clear. The reporting ends with the Data Protection Officer (DPO) and there is no further reporting of the incidents or breaches to senior management or the Senior Information Risk Owner (SIRO) who has the overall responsibility of all information risk across the Council (Medium)</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>No formal performance reports have been presented to the Council by HyTec and the meetings between the DPO and HyTec are not formally documented. Instead, a rolling actions tracker is maintained which only documents the key decisions made for relevant actions during the meetings (Medium)</li> <li>Council staff are not provided with annual refresher training on information governance and cyber security. Furthermore, the Council's IG department have not conducted a training needs analysis (TNA) in the last 12 months (Medium).</li> </ul> <p>We provided substantial assurance over the design and moderate assurance over the operational effectiveness of the controls in place at the Council in relation to IT/Data Breach management.</p>
Building Control	0	2	0	Moderate	Moderate	<p>This audit reviewed the effectiveness of the Council's building control service including testing samples of Full Plan applications, Building Notices and Initial Notices to check if the required processes per the LABC procedures manual were adhered to and on a timely basis, that there was adequate evidence of site inspections (where relevant, as not all of the tested samples had reached completion stage yet at the time of the audit) and that the correct fees were charged by the Council.</p> <p>The Council generally has adequate systems and processes in place to enable it to comply with the Building Control Regulations and a number of areas of good practice were identified.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>We found that in two out of ten Full Plan applications tested, the relevant sections of the system were not adequately completed and the check screen updated to reflect items having been cleared prior to approval (Medium)</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>Key performance indicators (KPIs), such as application completion deadlines, are currently monitored manually, with no central report informing management when applications should be completed/reviewed by and how the service is performing against ISO and statutory KPIs. For the ten Full Plan applications sampled, one application review was completed 8 days after the statutory two month deadline (Medium).</li> </ul> <p>Consequently, we provided moderate assurance on design and moderate assurance on the effectiveness of the key controls.</p>
Planning	0	3	0	Moderate	Substantial	<p>Our audit focussed on review of policies and procedures, the pre-planning process, validation of planning applications, consultation processes, assessment of planning applications, process for identifying conflicts of interest in the Planning team, decision making and the statutory register, and Key Performance Indicators.</p> <p>Our testing found that the Council has effective processes in place for responding to and processing planning applications through the Uniform and iDocs systems.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>The Planning Handbook available to staff has not been updated for several years (Medium)</li> <li>Whilst the Council's Planning Application form requests applicants to state whether they are connected to a member of staff and/or elected member, there is no process in place for Planning Officers to record if they have a conflict with any planning applications they have been assigned (Medium)</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>Our testing found that the documentation of the consultation process and responses on Delegated Decision Reports was not detailed enough, as they did not include information about when a site notice and letters were issued, how many letters were issued, and how many responded in favour of or against the proposed development (Medium).</li> </ul> <p>Consequently, we concluded moderate assurance over the design of the Council's planning processes and substantial assurance over their operational effectiveness.</p>
Homelessness	0	3	1	Moderate	Moderate	<p>Our audit tested a sample of 15 homelessness cases submitted and closed between April and November 2021, for evidence of initial assessments, sufficiency of documentation received, personalised housing plans (PHPs), timeliness of decision making, compliance with the 56 day rule and main housing duty, and review processes. We have also reviewed the Council's strategy, policy and procedures in this area and key performance reporting.</p> <p>Our audit identified the following findings:</p> <ul style="list-style-type: none"> <li>For the sample of homelessness cases that we tested, in nine instances the decision was made more than 56 days after the date the case was opened, although in three cases this was due to lack of information from the applicant and there was no evidence that the Council breached its main housing duty after the 56 day period had passed (Medium)</li> <li>Whilst we were informed that the Housing Options Team Leader reviews cases through regular team meetings and meetings with individual case officers, there is no formal record of independent review of PHPs and approval for all decisions made (Medium)</li> </ul>

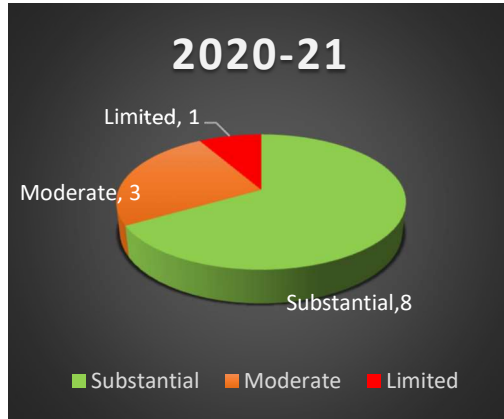
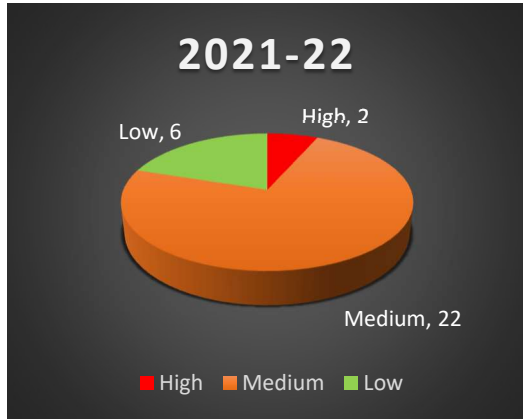
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>Performance reporting to SLT and the Audit and Scrutiny Committee on a quarterly basis includes KPIs for the number of individuals in temporary accommodation and the number of individuals on the waiting list for local authority housing. However, there are currently no KPIs reported in relation to compliance with the 56 day rule, the number of homelessness applications, and type and the number of rough sleepers in the borough (Medium).</li> </ul> <p>Consequently, we concluded moderate assurance over both the design and operational effectiveness of the Council's homelessness processes and controls.</p>
Section 106 agreements (including affordable housing)	2	0	0	Limited	Moderate	<p>Our audit focused on the Section 106 agreements process (covering Affordable Housing and other areas), as officers acknowledged that this was an area requiring improvement and therefore would benefit from being audited.</p> <p>Affordable Housing delivery has not been at expected levels for several years, although steps are clearly being taken to strengthen arrangements in this area.</p> <p>We identified the following key areas where the control framework needs to be strengthened:</p> <ul style="list-style-type: none"> <li>There is a lack of ownership and a general control system for managing s106 arrangements, particularly regarding the engagement with developers, identifying the status of developments and tracking triggers to determine when payments are due from developers. Insufficient monitoring has led to one known instance of an alteration being made to an agreement during the year without sufficient notification being given to the teams involved in the management of s106 agreements (High)</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>There is a lack of sufficient control to ensure that commuted sums received from developers under s106 agreements have been allocated to expenditure schemes within the capital plan. This has led to approximately £2.5 million of s106 contributions being held by the Council towards the end of 2021/22 for which there was no clear expenditure plan, and which would need to be repaid to developers if not spent within the agreed timescales (High)</li> </ul> <p>Overall, we provided limited assurance on design and moderate assurance on the effectiveness of the key controls.</p>

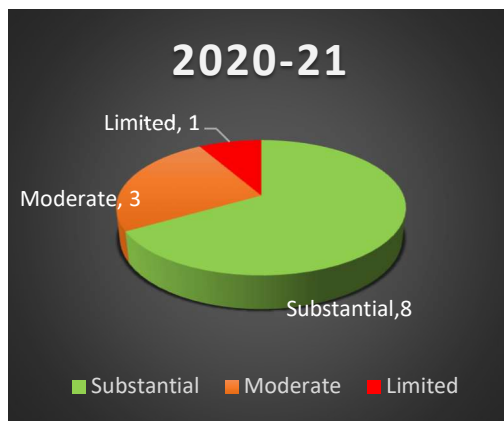
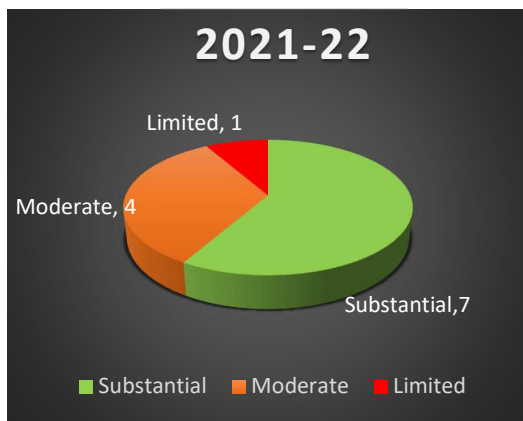
# SUMMARY OF FINDINGS

## RECOMMENDATIONS AND ASSURANCE DASHBOARD

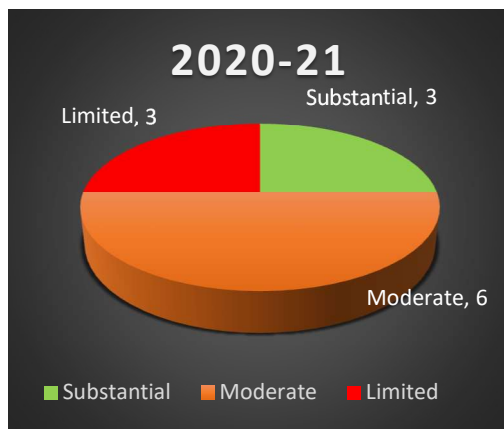
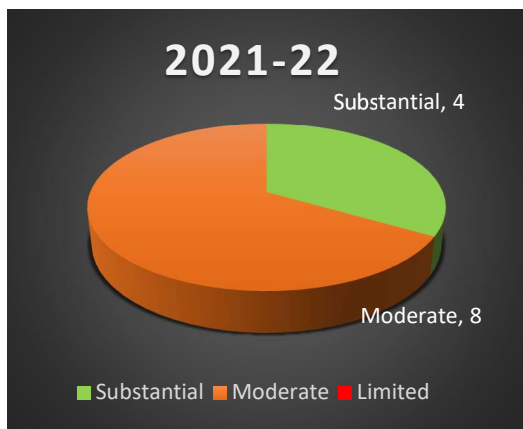
### Recommendations and Significance



### Control Design



### Operational Effectiveness





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# ADDED VALUE



## USE OF SPECIALISTS

We used our IT specialists to deliver the IT Data Breaches audit.



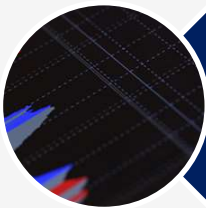
## RESPONSIVENESS

We have been able to be flexible with the plan to respond to emerging risks and concerns, e.g. focus the Affordable Housing audit on Section 106 agreements and moving the timing of a number of audits at the request of management.



## BENCHMARKING AND BEST PRACTICE

We have applied our experience of the local government sector, including knowledge of legal requirements, in our operational audits, e.g. Planning, Building Control and Homelessness.



## INNOVATION

We used data analytics in our audit of the main financial systems to analyse accounts payable data in order to identify any data integrity issues and fraud red flags.

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## KEY THEMES



### PEOPLE

Clarity of roles and responsibilities was evident in the majority of areas reviewed, excluding Section 106 agreements. However, we found that there is a need to update training provided in some areas e.g. Risk Management and IT Data breaches.



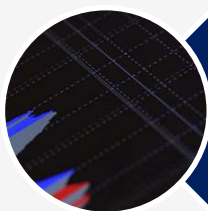
### SYSTEMS & PROCESSES

The Council's policies and procedures are generally being complied with, although there are instances where the documentation does not adequately evidence the checks carried out, as noted in our audits of Covid-19 Restart grants, Borrowing approvals, Planning and Homelessness.



### POLICES & PROCEDURES

Policies and procedures are in place, although they are in need of updating in some areas e.g. Planning function and IT Data Breaches.



### GOVERNANCE & FOLLOW UP

Governance and reporting requirements were found to be well defined and understood, with robust oversight by officers and members, e.g. Financial Planning and Monitoring, Risk Management and the Local Development Plan. Progress in addressing outstanding internal audit recommendations is in need of improvement.

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# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Brentwood Borough Council is to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Audit Approach

We have reviewed the control policies and procedures employed by Brentwood Borough Council to manage risks in business areas identified by management set out in the 2021/22 Internal Audit Annual Plan approved by the Audit and Scrutiny Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Brentwood Borough Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

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The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### **Reporting Mechanisms and Practices**

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit and Scrutiny Committee is to agree reports with management and then present and discuss the matters arising at the Audit and Scrutiny Committee meetings.

### **Management actions on our recommendations**

Management have generally been conscientious in reviewing and commenting on our reports and have responded positively to the report findings. The responses indicate that appropriate steps to implement our recommendations are expected.

### **Recommendations follow-up**

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Effort has been made in the year and to the date of this report to implement recommendations and to provide evidence to close long outstanding recommendations. However, progress in addressing outstanding internal audit recommendations is still in need of improvement.

### **Relationship with external audit**

All our final reports are available to the external auditors through the Audit and Scrutiny Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

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## Report by BDO LLP to Brentwood Borough Council

As the internal auditors of Brentwood Borough Council we are required to provide the Audit and Scrutiny Committee and officers with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Brentwood Borough Council with Moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2021/22. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2021/22
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Brentwood Borough Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.



# KEY PERFORMANCE INDICATORS 2021/22

Quality Assurance as per the Internal Audit Charter	KPI Results	RAG Rating
1. Annual Audit Plan delivered in line with timetable.	Five audits were deferred at management's request, although four of these were completed before the issue of our Annual Report.	
2. Actual days are in accordance with Annual Audit Plan.	This KPI has been met.	
3. Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Survey responses received to date have been positive.	
4. Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%.	Annual survey for 2021/22 to be carried out.	
5. At least 60% input from qualified staff.	This KPI has been met.	
6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting.	This KPI has been met for 6 out of 12 audits (see table below).	
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 12 out of 12 audits (see table below).	
8. Positive result from any external review.	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.	
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	The KPI regarding Council agreement of the terms of reference has been met for 11 out of 13 audits (see table below).	
	The KPI regarding draft report has been met for 7 out of 12 audits (see table below).	
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 24 recommendations raised in 2021/22, 6 have been completed, 6 are in progress and 12 are not yet due.	

11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.

We can confirm that for the audit work undertaken to date, management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary.



#### AUDIT TIMETABLE DETAILS (2021/22 AUDITS)

Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Risk Management	25/03/22	28/03/22 (KPI 9 met)	11/05/22	10/06/22 (KPI 6 not met)	27/06/22 (KPI 9 not met)	27/06/22 (KPI 7 met)
Main Financial Systems	02/02/22	02/02/22 (KPI 9 met)	22/04/22	06/06/22 (KPI 6 not met)	21/06/22 (KPI 9 not met)	27/06/22 (KPI 7 met)
Covid-19 Grants Expenditure	28/07/21	02/08/21 (KPI 9 met)	02/09/21	10/09/21 (KPI 6 met)	15/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
Financial Planning and Monitoring	28/03/22	29/03/22 (KPI 9 met)	22/04/22	06/06/22 (KPI 6 not met)	07/06/22 (KPI 9 met)	07/06/22 (KPI 7 met)
Capital projects	04/11/21	08/11/21 (KPI 9 met)	10/03/22	19/05/22 (KPI 6 not met)	07/06/22 (KPI 9 not met)	07/06/22 (KPI 7 met)
Partnerships	29/10/21	03/11/21 (KPI 9 met)	19/01/22	23/06/22 (KPI 6 not met)	24/06/22 (KPI 9 met)	26/06/22 (KPI 7 met)
Local Development Plan	13/08/21	18/08/21 (KPI 9 met)	31/08/21	10/09/21 (KPI 6 met)	13/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
IT Data Breaches	11/08/21	17/08/21 (KPI 9 met)	24/08/21	03/09/21 (KPI 6 met)	15/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
Building Control	24/01/22	1/02/22 (KPI 9 met)	07/02/22	21/02/22 (KPI 6 met)	28/02/22 (KPI 9 met)	28/02/22 (KPI 7 met)
Planning	04/11/21	15/11/21 (oral but not received in writing) (KPI 9 not met)	22/11/21	25/11/21 (KPI 6 met)	26/11/21 (KPI 9 met)	29/11/21 (KPI 7 met)

Housing - Homelessness	25/11/21	30/11/2021 (KPI 9 met)	22/12/21	22/12/21 (KPI 6 met)	23/12/21 updated 04/01/22 (KPI 9 met)	04/01/22 KPI 7 met)
S 106 agreements (Affordable Housing)	20/01/22	24/01/22 (KPI 9 met)	14/02/22	12/05/22 (KPI 6 not met)	13/07/22 (KPI 9 not met)	20/07/22 (KPI 7 met)
Democratic Services	25/03/22	08/04/22 (KPI 9 not met)	Audit deferred into 2022/23			

**KEY FOR RAG RATING:**



= met target



= not met target



= partly met target







= not applicable





# APPENDIX I

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
 <b>Substantial</b>	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.
 <b>Moderate</b>	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 noncompliance with some controls that may put some of the system objectives at risk.
 <b>Limited</b>	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.
 <b>No</b>	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 DEFINITION	
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.

**FOR MORE INFORMATION:**

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## ANNUAL GOVERNANCE STATEMENT

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### 1. **Introduction**

#### **Scope of Responsibility**

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

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs and ensure that there is a sound system of internal control that facilitates the effective exercise of its functions and management of risk.

The Council follows a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework (2016) *Delivering Good Governance in Local Government*. A copy of the code can be obtained by contacting the Section 151 officer at Brentwood Borough Council. This statement explains how the Council has complied with the code and meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6, which requires all relevant bodies to prepare an annual governance statement.

#### **Purpose of the governance framework**

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and priorities and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies and priorities; to evaluate the likelihood of those risks being realised and their impact should they be realised; and to manage them efficiently, effectively, and economically.

The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the annual report and Statement of Accounts.

### 1. **Key Elements of the Governance framework**

Brentwood Borough Council's governance framework derives from seven core principles identified in the CIPFA/SOLACE publication entitled '*Delivering Good Governance in Local Government – Framework (2016)*'. The seven core principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## ANNUAL GOVERNANCE STATEMENT

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The key elements of each of these core principles, as applied within Brentwood Borough Council, are detailed below.

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

The Council Constitution is the key formal document governing the governance framework. All decision making is made in accordance with the requirements of the Constitution and the Schemes of Delegation contained within it. Formal rules governing the way in which the Committees, Officers and Members conduct their business is also contained within the Constitution and includes:

- Financial Regulations and Standing Orders relating to contracts.
- Procedure Rules for Council, Staff and Budget & Policy frameworks
- Protocols & Codes of conduct for Members and Officers.

The Monitoring Officer has a duty to monitor and review the Constitution to ensure that its aims and principles are current and effective. The Constitution was adopted by the Council at a meeting held on 15<sup>th</sup> May 2013. The Constitution Working Group is in place to review effectiveness of and to ensure it conforms to best practice. The Monitoring officer has the authority to make and has made minor changes as appropriate throughout the year. The Constitution Working Group met four times throughout 2021/22.

In addition, the Head of Paid Service, Section 151 Officer and Monitoring Officer each have specified roles to ensure reports and decisions comply with financial regulations and are lawful.

Further, the Council's Independent Persons are awarded an annual allowance of £500 in recognition of the valuable contribution of their work and input to the Council's governance as well as the Members Independent Remuneration Panel.

These processes will assist to promote and maintain the high ethical standards of conduct by Members and co-opted Members and staff of the Council.

The conduct of Members and Officers is further directed through the Council's ethical framework, which includes documents relating to standards and good practice, comprising:

- Protocol on Members/Officer Relations.
- Media Protocol.
- Whistleblowing policy.
- Gifts and Hospitality guidance and members declaration of interests. Register and declaration at the outset of the meeting.
- Anti-Fraud Policy (Incorporating Bribery, Corruption and Money Laundering)
- Data protection Policies and guidance.
- Equality and Diversity Policy.
- Health and Safety Policy.
- Safeguarding Children's Policy.
- Corporate Complaints Policy
- Persistent and Unreasonable Behaviour Policy

## ANNUAL GOVERNANCE STATEMENT

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Member and officer induction and targeted training facilitates awareness of the relevant policy content and provides guidance as appropriate.

The Council is further regulated through several plans, policies, procedures and strategies as follows:

- Brentwood 2025 Corporate Strategy – identifies and communicates the Council’s vision for the future, identifying Residents key priorities over the next five years, the Strategy is supported by an action plan which is updated annually.
- The Council’s Medium-Term Financial Strategy and associated specific financial strategies – Capital and Investment Strategy 2022/23 to 2024/25, which identifies the Council’s borrowing and investment plans for a three-year financial period, which includes the Treasury Management Strategy
- The Council’s annual budget plan, which sets out the financial resources available to deliver Council priorities in the coming year for the General Fund Account and Housing Revenue Account.

A copy of the Council’s plans, policies, and strategies is available to the Council’s internet. Council staff have access to the Councils’ various policies via the intranet.

Each Member receives copies of meeting agendas in advance. As part of the Agenda, it is a requirement for Members to declare any interests at the outset of the meeting.

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

The Council is a firm believer in engaging with stakeholders to achieve the best outcomes for all in the Borough. It recognises that it needs to engage and collaborate with others to gain greater understanding in order to implement solutions for the community that will be successful.

The Council regularly reviews its key partnership arrangements, to ensure that they are still effective in supporting the Council's priorities and continues to provide support for residents.

The following heading provides an example of some of the groups we engage with on a regular basis, categorised by theme Business and growth; the vulnerable in our community; health, safety and wellbeing; the young. This is not a complete listing and it is for illustrative purposes only:

#### **Business and Growth**

- **Brentwood Chamber of Commerce** – an organisation which provides representation for businesses and looks for opportunities to develop and promote business in the borough.
- **Brentwood for Growth** - an initiative launched by Brentwood Council, which brings together the borough's blue-chip businesses, who are passionate about promoting and strengthening the local economy.
- **Brentwood Business Partnership** – a group of stakeholders meeting to consider improvement of the High Street and shopping areas in Brentwood. Formally known as Brentwood Renaissance Group.

#### **The Vulnerable in our Community**

- **Brentwood CVS** – the Council for Voluntary Service is a local independent voluntary organisation formed and run by the local voluntary groups to promote, support and develop effectiveness of voluntary action
- **Brentwood Community Transport** – providing transport for Brentwood residents unable to access public transport
- **Citizens Advice Bureau** – providing advice and empowerment to citizens.

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### Health, Safety and Wellbeing

- **Community Safety Partnership (CSP)** –The statutory partners include Essex Police, Essex County Fire and Rescue, Essex Probation, and Health. The purpose of the Partnership is to provide a strategic and co-operative approach to addressing local crime and disorder within the borough by reducing the levels of disorder including crime, anti-social behaviour, the misuse of drugs and reducing re-offending.
- **Active Essex /Active Brentwood** - will be the key local structure which is fundamental to the development and success of Sport England’s Delivery System for community sport. It will engage voluntary, private and public sector bodies through one network and work towards the achievement of the co-ordinated approach in order to create, develop and promote opportunities for local people to take part in sport and physical activity. Thereby providing residents with the opportunity to benefit from health, well being and enjoyment that arises from participation in sport and physical activity.
- **Brentwood Health and Wellbeing Board** - will work to promote health and wellbeing of Brentwood's communities. Its focus is to secure the best possible health outcomes for all residents and those visiting the Borough for work and leisure. The board will assist the County-wide Board to ensure that local views are fed into the overarching Essex Strategy and that local issues are determined locally. It will actively promote public health and the joining up of resources and support integrated health and social care service delivery to the people of Brentwood.

### Our Young

- **Brentwood Youth Strategy Group** - to promote corporate priority of giving young people a greater say and greater role in building safer and stronger communities and set up as consultative bodies in order to make recommendations on youth provision in their local area.
- **South Essex Children's Partnership Board** - The South Essex Children’s Partnership Board is one of the four locality Children’s Partnerships which report into the Essex Children and Young People’s Strategic Partnership. Their remit is to ensure that the most vulnerable children and young people have access to a good education and are enabled to lead safe, happy, healthy lives like the majority of their peers across Essex.
- **Brentwood Children’s Advisory Board** – Requirement of Childcare Act 2006 that each locality has an Advisory Board to ensure the effective and delivery of pre-birth to 19 services.

Preparation of a new Local Development Plan (LDP) has shown the Council’s commitment to effective public engagement. This has been achieved through a variety of methods, such as consultations and a number of meetings where officers have met residents and stakeholders in their local communities. Engagement informed stages of the plan-making process, including consultation on the pre-submission plan in February 2019 and an addendum of focussed changes to the plan in October 2019. Examination hearing sessions took place with the appointed planning inspectors virtually from December 2020. Updates on the process were communicated with members regularly and all examination documents published on the Council’s website for public view. Following receipt of the planning inspector report concluding that the plan was sound subject to modifications, the Local Development Plan was adopted by the Council on 23<sup>rd</sup> March 2022.

The Council has a Customer Complaints Policy which details how the Council will respond to a complaint and is available on the Council’s website. Regular reports on Corporate Complaints were monitored by the Audit and Scrutiny Committee during 2021/22, following a number of working groups. The process is robust and includes reviewing complaints made to the Local Government Ombudsman and Housing Ombudsman. The Policy was reviewed and updated in April 2021 in line with the Local Government Ombudsman good practice.

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All Council meetings are open to the public, except where personal or confidential matters are to be discussed. All agendas and minutes are placed on the Council's public website, and are also available by contacting the Council direct, should electronic access not be possible. Reports are produced with a clear pro-forma and there is much engagement with Members to support decision making which is based upon on relevant information being provided.

Due to the COVID-19 pandemic and the original lockdown in March 2020, all committee meetings were suspended until further notice, following government legislation which came into force on 4<sup>th</sup> April 2020, Subsequently an Extra-ordinary Council meeting was held on 29<sup>th</sup> June 2020 which enabled the Council to hold remote and hybrid meetings, subject to social distancing rules. This meeting also approved a revised calendar of meetings that was developed for the first 5 months of the year, until October 2020, only forecasting meetings of the Emergency, Planning & Licensing and Audit & Scrutiny Committees. The normal committee cycle was proposed to start in October at the earliest due to the current situation and was regularly reviewed by the Monitoring Officer. This ensured that business critical meetings continued and the decision making of the Council could continue in the most effective and efficient way during the unprecedented times.

This same meeting agreed terms and conditions of an Emergency Committee and was formalised in the Council constitution. The Emergency Committee took on the decisions of the Committees during 2020/21 that were suspended and followed the calendar of meetings in that regard. The Chief Executive in consultation with the Leader made initial recommendations of what Council business matters were brought to the Committee. The reports which came to the Committee was assessed by the Monitoring Officer to ensure that the decisions being requested were urgent decisions that could not be deferred or were not within the scheme of delegations to officers.

The high court ruled from 7<sup>th</sup> May 2021 that Council meetings in England must take place "in person" and remote meetings would not be able to continue. Subsequently throughout 2021/22 all Committee and Council meetings took place in person in the Council chamber at the Town Hall. No emergency Committee meetings were required to take place.

The Council engages in formal consultation on specific issues affecting the residents, businesses, and other organisations of Brentwood to ensure the decisions we make represent public opinion and are informed by the feedback received, example for this during 2021/22 is the Budget consultation which closed on 3 October 2021. All previous and live consultations can be accessed from the Council's website.

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

The Corporate Strategy – Brentwood 2025 was approved by Council on 22<sup>nd</sup> January 2020 following consultation with members and the public. The five-year Corporate Strategy identifies the Council's key priorities and outlines annual objectives against these priorities.

Our five key priorities are:

- **Growing Our Economy** – A Thriving borough that welcomes a wealth of business and culture
- **Protecting Our Environment** – Developing a clean and green environment for everyone to enjoy
- **Developing Our Communities** – Safe and strong communities where the residents live happy, healthy and independent lives
- **Improving Housing** – Access to a range of decent homes that meet local needs
- **Delivering an Efficient and Effective Council** – An ambitious and innovative council that delivers quality of services.

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The Corporate Strategy brought key objectives which underpins the Councils ethos and Business Plan. All committee reports are referenced to the Council's key priorities, which are in turn linked to key objectives.

An annual review of achievements against the Corporate Strategy during 2020/21 was approved at Ordinary Council on 10<sup>th</sup> March 2021. This review also identified the key objectives for 2021/22. These were then subsequently reviewed on the 16<sup>th</sup> March 2022 to Ordinary Council. 2022/23 Objectives have been reviewed and will be reported to the appropriate committee in the new municipal year.

The Key 2021/22 Objectives were:

### **Growing Our Economy:**

- Adopt our Local Development Plan following successful examination and consultation on amendments
- Adopt a new Economic Development Strategy to identify our priorities and work plan for growing the economy
- Implement a marketing strategy for our local centres and revive the Discover Brentwood brand to encourage people to visit and do business in the borough
- Develop and publish details for delivering new homes, jobs and facilities in Brentwood Town Centre
- Adopt Dunton Hills Garden Village detailed design guidance
- Submit planning applications for Westbury Road and William Hunter Way redevelopment schemes
- Implement a 'shop local' loyalty scheme
- Invest £125,000 in a Brentwood Borough Council apprentice programme
- Establish an 'Account Management' approach to major and commercial planning applications
- Deliver a parking strategy for council owned car parks

### **Protecting Our Environment:**

- Rollout a programme to deliver over 20 more electric vehicle chargers in the borough
- Develop an Environment Strategy and Action Plan that promotes a cleaner, greener borough
- Progress with Essex County Council the Sawyers Hall Lane Active Travel scheme (school travel)
- Ensure that all new fleet vehicles are electric, where practicable
- Develop a business case to improve the energy efficiency of our council owned buildings
- Support and deliver the planting of 10,000 new trees
- Progress the creation of a zero carbon operations depot to planning stage
- Improve quality of the street scene through the recruitment of two new supervisors

### **Developing Our Communities**

- Refresh the 2018-28 Leisure Strategy in light of changes following COVID 19
- Progress the construction of new facilities at King Georges Playing Field (KHPF)
- Refurbish 3 Play Areas – KGPF (Senior), North Road and Hutton Recreation
- Progress development opportunities at the Brentwood centre including the Football Hub
- Deliver an annual programme of community events (Virtually and/or physically)
- Sustain and develop the role of the Community Support Network beyond Covid – 19
- Continue to support vaccination and testing programmes at Council venues
- Invest £121, 000 into community groups
- Develop a support package for local elite athletes
- Establish a Community Leisure capital fund
- Establish a community Awards programme



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### Improving Housing

- Develop and encourage schemes that reduce the carbon footprint of both council and private properties
- Review our sheltered housing service to ensure we are providing the homes and services our residents want
- Invest £7.5 million to improve our existing housing stock
- Publish a revised Housing Strategy that outlines plans for the future of council housing
- Invest in additional resource within the Housing Service for compliance and tenant support
- Establish a delivery model to provide additional housing options and reduce homelessness within the borough
- Commence development of 62 carbon free homes at Brookfield Close

### Delivering an Efficient and Effective Council

- Launch a new council website, in line with latest accessibility regulations
- Continuation strategy for efficient member working and decision making where appropriate post COVID-19
- Identify further opportunities for beneficial shared service arrangements with other local authority's
- Undertake a legal services review to deliver an alternative service model
- Deliver an organisational review to achieve £426,000 of savings
- Review and produce an updated Asset and Investment Strategy to incorporate council owned assets

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

The Council currently manages 32 key performance indicators regularly with designated service managers, which are monitored and reported to the Senior Leadership Team. During 2021/22 the Performance and Formal Complaint's Member working group reviewed the Performance Indicators in further detail and reported to the Audit and Scrutiny Committee with any matters of concern. These meetings continued to be held virtually since the pandemic, as it was identified as an efficient way of working. The Key Performance Indicators are made public via the Council's website using data share.

The Council continued to maintain the Corporate Project Management Register. Project Highlight Reports are updated and the summary is reviewed at the Senior Leadership Team (SLT) level. Project on a Page (PoAP) was also implemented during 2018/19, in order to easily recognise new projects for the register, to ensure they are aligned with the Council's priorities. During 2021/22, it was decided by SLT to set up a project programme board, which sits out of the weekly SLT meetings, which will discuss new projects (PoAP) in detail, subject to receiving commentary from subject matter experts such as Finance, ICT legal & HR.

Work continued on the Local Development Plan, Consultation on the pre-submission Local Plan (Reg19) was carried out in February 2019 and an addendum of focussed changes to the pre-submission Local Plan was carried out in October 2019. This work also facilitated discussion on Economic Growth, Housing, Leisure and Infrastructure all of which are vital to the Borough's future. On 22<sup>nd</sup> January 2020 Council approved the addendum of focussed changes to the pre-submission Local Plan and the Local Plan was submitted to the planning inspectorate (Reg 22) in February 2020. Inspectors' initial questions were received in May 2020 and the hearing session began in December 2020. The examination process continued throughout 2021/22 and following receipt of the planning inspector report concluding that the plan was sound subject to modifications, the Local Development Plan was adopted by the Council on 23<sup>rd</sup> March 2022.

The Council has a Medium Term Financial Strategy (MTFS) which forms the framework for the Council's financial planning. The MTFS details the budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the aspirations of the Council, over the

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medium term. The MTFs is monitored by the Senior Leadership Team and Members of the Policy, Projects and Resources Committee and reported to Full Council as part of the budget setting process. The Council also adopted a Capital Strategy for 2021/22 which gives a high level overview of how capital expenditure and financing plans are decided upon and how they contribute to the delivery of the Councils Corporate Strategy, Medium Term Financial Strategy and overall service delivery.

The Council looks at Social value as part of its tender exercises. Examples being our Joint venture Procurement Contract and our Repairs and Maintenance Contract where the latter provided a Community Fund.

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

An extensive recruitment exercise was undertaken and a new Chief Executive was appointed in September 2019 and formally started their role in December 2019. The Senior Management Team was realigned and retitled the Senior Leadership team (SLT). Following the departure of the Council's Monitoring Officer, the role was advertised and the successful candidate was appointed and began their role in March 2020. SLT went through a further restructure in September 2020 which identified two new posts to the team and Job descriptions were realigned to reflect consistency across the Corporate Director and Strategic Director roles.

In July 2021 it was agreed that Brentwood Borough Council and Rochford District Council would share a Chief Executive and Head of paid services for 6 months. From 1<sup>st</sup> August 2021. Appropriate governance arrangements were put in place and agreed sum of £20k was set aside to explore further programme of working. It was then subsequently agreed on 26<sup>th</sup> January 2022 at an extraordinary Council meeting to enter into partnership between the two authorities and to appoint a joint chief executive. Work continues to ensure that appropriate governance arrangements are in place for the partnership such as a Memorandum of understanding and a s113 agreement.

The Senior Leadership Team (SLT) consists of nine posts which includes the statutory posts of Head of Paid Service, Section 151 Officer and Monitoring Officer. They meet on a weekly basis and supports the Council in providing clear visible Strategic direction and leadership, to shape and drive the culture of the organisation as well as to drive and steer modernisation, commercialisation and change to ensure the Council is efficient, effective, and economic, ensuring that the Council's meets its corporate strategy objectives. It was proposed on the 26<sup>th</sup> January 2022 at Extraordinary Council that Tiers 2 & 3 across both Brentwood and Rochford council's will be restructured to a shared management team that will be put in place in the year 2022/23

In May the Extended leadership Team (ELT) went through a reorganisation. This identified 17 Corporate Management roles of which two roles were new posts. No redundancy's occurred and various officers who were previously within ELT were identified as not in scope for the new group. ELT meet on a monthly basis and support SLT to develop strategies and policies to achieve member priorities for the borough. It also considers other governance issues including risk management, performance management and financial management as well as the Corporate Project Register and the democratic forward plan.

In September 2019, Policy, Resources & Economic Development Committee (PRED) reviewed the Asset Development Programme (ADP) governance arrangements. The Project Advisory Board (PAB) was defunct and all matters of the (ADP) were referred to the PRED Committee and additional meetings were made in the diary to accommodate which continued in 2021/22.

Major Corporate Projects Group was established in 2021/22 which consisted of Officers to discuss projects relating to Corporate Asset Management, Property Joint Venture Partnerships and Seven Arches Investments Ltd (SAIL)

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The Joint venture partnership contract and framework agreement was awarded to Morgan Sindall Investments (MSIL) through Seven Arches Investments Ltd (SAIL) the Council's wholly owned company in July 2019. The Brentwood Development Partnership LLP (BDP) was formed between Morgan Sindall Investments and Seven Arches Investments Ltd (SAIL). The BDP Board meets quarterly to discuss the contract where there are representations of officers from SAIL, BDP, MSIL and the Council. Various separate governance meetings with officers are in place regularly between SAIL; SAIL and the Council; as well as SAIL, the Council and BDP to ensure that communication and operational activities are carried out.

During 2018/19 the Council actively participated in the *SE2050* initiative, and signed-up, in principle, to an Association of South Essex Local Authorities (ASELA). The intention has been to describe a joint "place-based" vision for South Essex and to prepare a Joint Strategic Plan (JSP) setting out how sustainable growth can be delivered with the infrastructure required in the area. At Ordinary Council in July 2021 members approved to become a members of ASELA Joint Committee and approved the governance arrangements associated with the Joint Committee.

The Council is committed to work-life balance and offers a range of schemes for its staff, including flexible working hours, job sharing, part-time working, home working, flexible retirement and compressed hours. All Human Resources Policies can be found on the Councils HR Share point site. During 2019/20 the decision was taken to bring our HR & Recruitment service in house. Even through this was implemented during the pandemic, we have noticed considerable benefits and changes to the organisation. The Council also looked for a new payroll provider, as the decision was taken not to extend the Thurrock arrangement. Our payroll requirements were successfully transferred to Braintree Council and implemented from April 2021 and continued throughout 2021/22.

The Council is committed to managing and developing its people, which enables it to be successful in achieving its Corporate Strategy, as well as developing the capability of individual employees and capacity overall. The Council's Corporate Training Budget enables prioritised employee training to ensure we have the right people with the right skills and knowledge. During 2020/21, majority of external training was carried out virtually. An Aspiring Managers Development Programme was implemented in June 2020 and two cohorts were established for line managers and emerging managers within the organisation and concluded in June 2021. A new cohort has been established and commenced in April 2022.

Key principles of training and development at the Council are:

- all training and development must meet our corporate priorities.
- all members of staff should discuss their learning and development with their line manager through performance review, team meetings etc.
- learning and development must represent value for money to the Council.
- learning and development opportunities are offered to staff in a fair and equitable manner.

An induction programme for new Members exists and is successfully used to introduce the newly elected Members who joined during that year. This enabled them to familiarise themselves with the processes within the Council and their duties and responsibilities. Frequent Member training is carried out throughout the year and a work programme was approved at the start of the Municipal year through the Policy, Resources & Economic Development Committee. This included Safeguarding training which will continue with a new cohort of newly elected members.

We have a Health in the Workplace programme run by staff for staff to support their Health and Wellbeing which includes a programme of activities during Mental Health Awareness Week and Time to Talk Day. The Council signed up to the Time to Change Employers Pledge in 2018. A number of Council employees are signed up to be Mental Health Champions and Health Champions to support this work. As part of the COVID-19

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response, 121 wellbeing checks ins were rolled out across the organisation to ensure staff were being communicated with, assisted and supported throughout the pandemic which included their mental health and wellbeing as well as their practical needs. A staff celebration event was held in October 2021 to honour staff achievements especially activities that were carried out throughout the COVID-19 Pandemic.

The Council operates a Performance Planning Appraisal System (PPA). PPA contributes directly to the continued development and recognition of quality in people's performance and ensures that people are involved and understand what is expected of them, enabling them to meet their performance objectives. These objectives should relate to the environment in which each employee operates. Due to the unprecedented times of the pandemic, management decision was taken to relax the appraisal system for 2019/20 & 2020/21. During 2021/22 managers were advised that the system should continue as normal but will be reviewed to make sure that it is fit for purpose.

The Council won Best Partnership Collaboration Award at the Public Services People Managers Association (PPMA) Excellence in People Management Awards 2021, for our partnership forged with Opus People Solution (a recruitment managed service provider owned by Suffolk County Council) by ensuring our leisure services were kept accessible to the local community of Brentwood, when the Brentwood Leisure Trust went into liquidation in October 2020, who managed our local leisure centre at the time. We also went on to win the gold award 2021 as the overall winner of the event.

The Council has implemented a workforce strategy a few years ago, which is currently being monitored across the organisation using a constructed monitoring tool, however this strategy does need revision and review in line with the joint strategic Partnership with Rochford and Shared HR Team.

Values and behaviour workshops were established in 2020-21 to identify the Councils Corporate Values for the organisation. The process was completed in 2021-22 and identified as Dynamic, Smart, Nurture and Belong, they were showcased to staff at the staff celebration event in October 2021 and will be embedded across the organisation.

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

Risk Management is a key consideration across the Council. The Council annually reviews the Insurance and Risk Management Strategy that is translated into strategic and operational risk registers. The objectives of the Strategy are to:

- Integrate and raise awareness of risk management for all those connected with the delivery of Council services.
- To provide a robust and systematic framework for identifying, managing, and responding to risk.
- Anticipate and respond to changing social, environmental, and legislative requirements.
- 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.
- Reduce the cost of external premium spend and to consider self-funding for low level claims.
- Protect the Council's assets (people and property).
- Protect the reputation of the Council.

Risks are identified by officers, and Risk owners monitor and review the strategic and operational risk registers which are overseen by the Council's Risk & Insurance Officer. The Risks are assessed and monitored at Senior

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Leadership team, Extended Leadership Team (through risk owners) and the Audit and Scrutiny Committee as they oversee and management of risk in accordance with the Council's strategy. During 2018/19 the Strategy was significantly updated in line with Audit recommendations, such as a Risk Appetite/Tolerance which are now included. There were also some fundamental changes to the risk matrix, which is now more evenly spread between likelihood and impact. All the Councils Risks are in process of been amended in line with the new strategy objectives. An officer risk working group has been established and is led by Corporate Director (Finance & Resources) to ensure risk are reviewed regularly and in line with Committee reporting timetable.

The Audit and Scrutiny Committee met four times during the year 2020/21, virtually and in a hybrid capacity. It also provides advice to the Council on the effectiveness of the arrangements for the proper administration of the Council's financial affairs, including relevant strategies and plans. The Audit & Scrutiny Committee also has the specific responsibility to provide robust challenge and review of the Statement of Accounts, including the Annual Governance Statement & Value for Money, Internal & External Audit Reports; Risk Management as well as counter fraud

The Council also has a Planning and Licensing Committee, which makes decisions on planning applications and enforcement items as well as being responsible for regulation of taxis and private hire vehicles, premises used for licensable activities and other licenses.

Overview and Scrutiny makes a difference by ensuring that local decision-making is better, that local services are improved, and that local democracy is strengthened. Scrutiny ensures that Committees are held to account for the decisions that they make and their impact upon the borough and its residents. Audit and Scrutiny Committee performed all overview and scrutiny functions on behalf of the Council. No Member may be involved in scrutinising a decision in which he or she has been directly involved. Scrutiny is outward looking and aims to involve all stakeholders as far as possible, taking careful account of the views of service users.

The Council's Data Protection Officer (DPO) is the ICT manager for the Council. In March 2020 the Council appointed a Monitoring Officer who provides support and assistance to the DPO along with a third-party provider.

The General Data Protection Regulations (GDPR) came into effect in 2016 with direct effect, the Government had two years into which to incorporate the Directive into statute. The Data Protection Act 2018 came into effect on the 25 May 2018. At the time the Council implemented all the necessary policies and procedures to ensure compliance. The Council will through its Information Governance Group review and ensure all policies of the Council are kept up to date and relevant including all relating to Data Protection.

The Council's Senior Information Risk Officer (SIRO) is currently the Council's Corporate Director (Finance & Resources).

The Council has a strong robust financial management, and consistently for the last 2 years has received a substantial assurance opinion from internal audit on its financial planning and monitoring audit. The Council ensures regular communication with Financial Services and Budget Managers, through the live Budgetary Control system, as well as Budget monitoring reports issued monthly. Officers periodically throughout the year have separate SLT financial management meetings to ensure that finances are discussed and monitored at the highest level of the organisation and Finance updates are also provided to ELT and staff briefings on a regular basis.

Budget Challenge Panel sessions, chaired by the Section 151 Officer, are managed during the budget setting period between October and December where managers are questioned over performance and future actions to address budgetary concerns and challenged regarding proposed revenue and Capital growth bid for the new budget setting cycle.

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Regular monthly meetings also take place with the leader and the section 151 officer as well as SLT and Committee chairs to discuss recent financial updates. Budget monitoring reports are then periodically presented to the Policy, Resources & Economic Development (PRED) Committee to inform members of the Council's financial performance against budget and proposed outturn for the financial year.

As the Council continues to adapt to new service delivery models and income generation models to put in place a sustainable financial strategy; the Policy, Resources and Economic Development (PRED) Committee is delegated with the responsibility to monitor the performance, risks, and delivery of such arrangements in delivering the Council's Corporate Strategy and financial objectives. PRED as delegated shareholder is responsible for the monitoring the performance and risks associated with the activity of SAIL, the Council's wholly owned company. SAIL's annual business plan and any investment proposals are approved by PRED. In addition, the Chief Executive attends SAIL's Annual Board meeting, supported by the Council's statutory officers and monthly meetings are held with officers of SAIL and the Council.

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

All Committees have clearly defined roles, responsibilities and working protocols as expressed through the Constitution with specific terms of reference. A Forward Plan is regularly monitored which reviews what reports will be taken to each Committee that outlines the key decisions which will be made during the year. The Agendas, Minutes and Decisions of the Committees are all publicly available through the Council's Democracy Information System via the Council's website.

<https://brentwood.moderngov.co.uk/mgListCommittees.aspx?bcr=1>

Documents are clear and published promptly where possible.

A list of the Council's committees that were active during 2021/22, are shown below:

#### **Council**

- Annual Council
- Extraordinary Council
- Ordinary Council

#### **Committees**

- Dismissal Appeals Committee
- Staff Appointments Committee
- Community and Health Committee (Introduced May 2019)
- Environment, Enforcement and Housing Committee (Introduced May 2019)
- Policy, Resources and Economic Development Committee (Introduced May 2019)

#### **Regulatory Committees**

- Audit and Scrutiny Committee (introduced May 2018)
- Licensing/Appeals Sub-Committee
- Planning and Licensing Committee

#### **Working Groups**

- Constitution Working Group
- Leisure Strategy Working Group

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- Local Development Plan Working Group
- Performance & Formal Complaints Working Group
- Brentwood Leisure Trust Working Group

A key feature of the formal decision-making process is within the format and content of the report and supporting papers which outline the subject matter on which a decision is required through recommendations. These reports and papers are subject to review by the three Statutory Officers of the Council: Head of Paid Services, Chief Finance Officer (Section 151 Officer) and Monitoring Officer.

Each report also considers the separate implications, where appropriate, arising in the following areas: Legal, Finance, Staff, Risk Management, Asset Management, Health and Safety, Equality and Diversity.

The Council ensures that its website is frequently updated and presented with accurate sound information for the benefit of the residents. The Council has co-ordinated a Service Improvement Team (SIT) which consists of officers from Customer Services, Digital Transformation and Information Communication Technology (ICT) Services and led by the Corporate Director (Digital & Engagement).

A Members Enquiry System called the “Members Portal” went live in August 2018. The new system enables members to track their requests and provides the facility to view historic requests. Its purpose is to ensure the Council is transforming its services as well as implementing good practices in transparency and accountability. Members have been provided training and feedback of the system was presented to Audit and Scrutiny Committee, as part of the digital action plan, further improvements to the system have been updated during 2021/22.

In November 2021 the Council invited the Local Government Association to conduct a Corporate Peer Challenge (Peer review). The Corporate Peer Challenge Team was conducted by experienced Member and Office peers from across local government who were chosen to reflect the requirements and focus of the review and tailored to meet individual councils’ needs. They are designed to complement and add value to a council’s own performance and improvement plans. The Peer Team spoke to councillors, officers, partners, and stakeholders. At the end of the site visit the Peer Team provided a presentation of their findings and a report was presented to Ordinary Council in March 2022 on their feedback. The LGA will undertake a follow up visit in late summer and update monitoring reports on the action plan formulated.

## **2. Evidence Based Opinion**

Brentwood Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Audit and Scrutiny Committee, Corporate Leadership Board, Executive Board, External Auditors, Internal Audit, performance management and other working groups within the Council who have responsibility for the development and maintenance of the governance environment.

### **Internal Audit**

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 and Scrutiny Committee can place reliance on to assess its internal control system. The Internal Audit service is provided to the Council under contract by BDO.

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The opinion is as follows:

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view, we have taken into account that:

- The Council has provisionally reported a balanced outturn against budget for 2021/22, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £1.663 million over the year. This was achieved despite the pressures of the Covid-19 pandemic and the continued suspension of several income-generating services during the year. The Council has demonstrated sound financial management, as evidenced by our substantial assurance opinion
- provided on the financial planning and monitoring audit in respect of the design and operational effectiveness of controls.
- In respect of the design of the controls, substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and limited in one area (Section 106 agreements, including affordable housing). These opinions are a slight deterioration compared with 2020/21, when substantial assurance was provided in eight out of twelve audits, moderate assurance opinions were provided in three areas and there was one limited assurance in an operational area (see page 16).
- In respect of the operational effectiveness of the controls, an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas. These opinions are an improvement compared with 2020/21, when an opinion of substantial assurance was provided in three areas, moderate assurance in six areas and limited assurance in three areas (see page 16).
- Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although we have experienced some delays in responses to reports and audit requests.
- We have confirmed that 83% of recommendations due for implementation by the date of reporting had been completed, which is similar to the 82% in the prior year.
- Overall, therefore, we have noted an improvement in the control environment compared to last year, although not to the extent that is necessary to upgrade our overall opinion.

Our annual report and head of internal audit opinion has been prepared based on the audit work undertaken in respect of the financial year ended 31 March 2022.

### External Audit

The External Auditor's Audit Results Report for 2020/21 was reported to Audit and Scrutiny Committee on 5<sup>th</sup> July 2022. The auditor's work is subsequently completed however delegated authority was requested for the Section 151 Officer to sign the accounts while the external auditors finalise their review. The 2020/21 opinion is expected to be issued in August 2022. Discussions are still ongoing with external audit regarding the commencement of the 2021/22 Audit.

Subject to no further material adjustments other than what was reported to audit committee on the 5<sup>th</sup> July 2022. In Ernst & Youngs opinion the financial statements:

- Give a true and fair view of the financial position of Brentwood Borough Council as at 31 March 2021 and of its expenditure and income for the year then ended;
- And have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.



## ANNUAL GOVERNANCE STATEMENT

### Last year's Governance key improvement areas:

A number of key governance issues were identified by the Council, Internal Audit and External Audit to be addressed in 2021/22 for areas of improvement. The table on the following page sets out below, the matters arising, the aims and the assessment of progress.

Matters Arising in 2020/21	Aims in 2021/22	Progress in 2021/22
COVID-19 Pandemic	Review existing strategic partnership arrangements and business continuity processes as a result of the COVID-19 pandemic.	Business and Recovery Plans were approved and regular updates to committee undertaken to the COVID-19 response.
Local Development Plan (LDP)	Examination process continues. Inspectors report is expected in December 2021, for adoption to take place in March 2022.	Local Development Plan was adopted in March 2022
Strategies	To review existing and produce new strategies across the Council such as Car Parking Strategy, Environmental Strategy Empty Homes and Asset & Investment Strategy	Environmental Strategy (out for public consultation) and Asset & Investment Strategy renamed Corporate Asset Strategy and Empty Homes Strategy were approved throughout the year. Further strategies continue to be developed.
Housing	To continue to improve the Council's Housing stock compliance works in accordance with appropriate legislation.	Progress continues to be improved. Various strategies, procedures and guidelines have been put in place. Separate Housing Committee has been set up for 2022/23
Association of South Essex Local Authorities (ASELA)	To continue to deliver on the association's key priorities including digital infrastructure, connectivity, housing, education and skills.	The Council became a member of the ASELA Joint Committee and Governance arrangements were approved. Continued progress its projects including housing, sustainable park, 'virtual' university, digital infrastructure and connectivity.
Organisational Review	To complete the Extended Leadership Team review to enable up to date and effective structures to provide service delivery.	Extended Leadership Team was concluded and implemented from 1 <sup>st</sup> November 2021.
Information Governance	To embed Information Governance arrangements including the rollout of the corporate information governance framework and information architecture.	Information Governance Group was established with key officers to rollout corporate Information framework
Programme and Project Management	To refine and embed the council's standards for project management including the initiation, planning, execution, control and closure of projects to ensure they meet the outcomes expected. Thereby strengthening accountability and transparency in decision-making to ensure Corporate Plan and service objectives are met.	Separate Programme boards were established in 2021-22, which focuses on Project on a Page (PoAP), Corporate Project register and business plan tracker.

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### Current Governance key improvement areas:

A number of key governance issues have been identified by the Council, Internal Audit and External Audit to be addressed in 2022/23 for areas of improvement. The table below sets out the matters arising and the aims the Council has set in order to achieve these areas of development.

	<b>Matters Arising in 2021/22</b>	<b>Aims in 2022/23</b>
1.	Joint Rochford District Council & Brentwood Borough Council Partnership	Review and finalise governance arrangements for the partnership in 2022/23. i.e S113 agreement and working arrangements according to business cases.
2.	Strategies	To review existing and produce new strategies across the Council such as workforce strategy and Car Parking Strategy
3.	Peer Challenge Review	Review and monitor the peer challenge action plan.
4.	Housing	To continue to improve the Council's Housing stock compliance works in according with appropriate legislation.
5.	S106 Arrangements	To strengthen the control framework for s106 agreements which includes members oversight
6.	Regeneration Activity	Ensure governance arrangements have been addressed with all regeneration activity

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### 5. Conclusion

We are satisfied that the Annual Governance Statement is an accurate reflection of the Council's governance arrangements for 2021/22. We propose over the coming year to take steps to address issues reported above during 2022/23 to further enhance our government arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

**Chris Hossack  
Leader of the Council  
July 2022**

**Jonathan Stephenson  
Chief Executive  
July 2022**

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