



# Agenda

## **Audit, Scrutiny and Transformation Committee**

Monday, 25 January 2016 at 7.00 pm

Council Chamber - Town Hall

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### **Membership (Quorum-3)**

Cllrs Faragher (Chair), Mrs Murphy (Vice-Chair), Barrett, Clark, Mrs Hones, Mynott, Pound, Mrs Slade and Trump

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<b>Agenda Item</b>	<b>Item</b>	<b>Wards(s) Affected</b>	<b>Page No</b>
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P. L. 

Head of Paid Service

Town Hall  
Brentwood, Essex  
15.01.2016

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### Information for Members

#### Substitutes

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

Where substitution is permitted, substitutes for quasi judicial/regulatory committees must be drawn from Members who have received training in quasi- judicial/regulatory decision making. If a casual vacancy occurs on a quasi judicial/regulatory committee it will not be filled until the nominated member has been trained.

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#### Rights to Attend and Speak

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Any Members may attend any Committee to which these procedure rules apply.

A Member who is not a member of the Committee may speak at the meeting. The Member may speak at the Chair's discretion, it being the expectation that a Member will be allowed to speak on a ward matter.

Members requiring further information, or with specific questions, are asked to raise these with the appropriate officer at least two working days before the meeting.

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#### Point of Order/ Personal explanation/ Point of Information

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##### Point of Order

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

##### Personal Explanation

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

##### Point of Information or clarification

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

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



## Minutes

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### **Audit, Scrutiny and Transformation Committee Monday, 7th December, 2015**

#### **Attendance**

Cllr Faragher (Chair)	Cllr Mrs Hones
Cllr Mrs Murphy (Vice-Chair)	Cllr Mynott
Cllr Barrett	Cllr Trump
Cllr Clark	Cllr Pound

#### **Apologies**

#### **Substitute Present**

#### **Also Present**

Cllr Cloke

#### **Officers Present**

Steve Summers	-	Head of Customer Services
Chris Leslie	-	Finance Director
Sue White	-	Risk and Insurance Officer
Claire Hayden	-	Governance and Member Support Officer
Alistair Greer	-	Principal Accountant

#### **253. Apologies for Absence**

There were no apologies received for this meeting.

#### **254. Minutes of the Previous Meeting**

The minutes of the Audit , Scrutiny & Transformation Committee meeting held on 29<sup>th</sup> September 2015 were approved and signed by the Chair as a correct record.

A member of the committee remarked that Cllr Kendall name needed to be remove from the Committee membership, this was noted by the clerk.

## **255. Strategic Risk Review**

The report updated members of the Audit, Scrutiny and Transformation Committee on new, closed or changes to strategic risks.

After a discussion, members requested a couple of updates to the appendix which was noted by the Lead Officer.

A motion was **MOVED** by Cllr Faragher and **SECONDED** by Cllr Mrs Murphy to agree the recommendation set out in the report.

A vote was taken by a show of hands and it was **RESOLVED**:

1. To agree the Strategic & Operational Risk Registers and that the risk scores recorded for each risk accurately represents the current status of each risk.

### **REASON FOR DECISION**

Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Heads of Service discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.

In addition the Risk & Insurance Officer will work with managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

## **256. Corporate Complaints Monitor and Freedom of Information Requests**

This report is before Members to monitor and review the complaints received through the Council's formal complaints process and provide information on the number of Freedom of Information requests received during the period April to September 2015.

A motion was **MOVED** by Cllr Faragher and **SECONDED** by Cllr Mrs Murphy to agree the recommendation set out in the report.

A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY**:

1. That the Committee notes the complaints received through the Council's formal complaints process and the number of Freedom of Information Requests received.

### **REASON FOR DECISION**

Formal complaints and Freedom of Information requests are monitored by both members and the Corporate Leadership Team to ensure efficient

response times and identify any process failure or service delivery breakdown in service areas.

In addition the Head of Customer Services will work with managers to ensure that any process failure or service delivery breakdown are identified, assessed and managed appropriately.

## **257. Scrutiny Work Programme**

The work of the Audit, Scrutiny and Transformation Committee will be delivered both by Members working in groups and through formal Committee reports. The Audit, Scrutiny and Transformation Committee will make recommendations to decision making committees and Council as necessary. The Audit, Scrutiny and Transformation Committee is invited to consider its 2015/16 work programme.

After a brief discussion it was suggested by a member of the committee that the Member/Officer Communications/Members Casework task and finish group become a cross party working group.

It was also suggested that the Hackney Carriage Fare Setting Process was be discussed at the next meeting Audit, Scrutiny & Transformation Committee to be held on 25<sup>th</sup> January 2016.

A motion was **MOVED** by Cllr Faragher and **SECONDED** by Cllr Murphy to agree the recommendation set out in the report.

A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY:**

1. That the Audit, Scrutiny and Transformation work programme 2015/16 at appendix A be approved.

### **REASON FOR DECISION**

To enact the provisions of Part 4.4 of the Constitution that the Audit and Scrutiny Committee agrees its work programme at each meeting of the Committee.

## **258. Urgent Business**

There were no items of urgent business.

The meeting concluded at 20:00.

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**25 January 2016**

## **Audit, Scrutiny and Transformation Committee**

### **Internal Audit Progress Report**

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

**Wards Affected:** *All*

**This report is:** *This report is public*

#### **1. Executive Summary**

1.1 This report details the progress to date against the 2015/16 internal audit plan that was agreed with in the Audit and Scrutiny Committee in March 2015.

1.2 The report also includes an update on the progress of the implementation of the recommendations raised in 2014/15.

1.3 The following reports have been completed since the last Committee and a summary of our findings are included in the progress report:

- Planning (limited assurance)
- Safe and Clean Environment (moderate assurance)

The full reports are available on request.

#### **2. Recommendation(s)**

**2.1 To receive and note the contents of the reports.**

#### **3. Introduction and Background**

3.1 The Audit and Scrutiny Committee approved the 2015/16 annual audit plan on 9 March 2015. The progress against this plan is reported at every Audit, Scrutiny and Transformation Committee.

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

4.1 Not applicable.

## **5. Reasons for Recommendation**

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

## **6. Consultation**

6.1 Not applicable.

## **7. References to Corporate Plan**

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

## **8. Implications**

### **Financial Implications**

**Name & Title:** Chris Leslie, Finance Director

**Tel & Email:** 01277 312542 / christopher.leslie@brentwood.gov.uk

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

### **Legal Implications**

**Name & Title:** Saleem Chughtai, Legal Services Manager

**Tel & Email** 01277 312500 / saleem.chughtai@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

## **9. Appendices to this report**

Appendix A – Internal Audit Progress Report

### **Report Author Contact Details:**

**Name:** Greg Rubins  
**Telephone:** 023 8088 1892  
**E-mail:** greg.rubins@bdo.co.uk

# Brentwood Borough Council

## INTERNAL AUDIT PROGRESS REPORT

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January 2016



Appendix A

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II: Executive Summary - Safe & Clean Environment	
III: Executive Summary - Planning	
IV: High priority recommendations outstanding	

# INTRODUCTION

## Internal Audit

This report is intended to inform the Audit, Scrutiny and Transformation Committee of progress made against the 2015/16 internal audit plan which was approved by this Committee in March 2015. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

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

## Work outside of the Internal Audit Plan

No additional work has taken place.

## Changes to the 2015/16 internal audit plan

At the request of the Finance Director the following amendments have been made to the 2015/16 audit plan:

- A review of Accounts Payable as a result of a fraud that occurred earlier in the year.
- A review of the Procurement of Legal Services.
- Additional time to be spent on Counter Fraud.
- The removal of a review on Capital Projects.

These changes have been reflected on pages 5 and 6 which shows the status of our work against the audit plan.

## Overview of 2015/16 work to date

See page 4 for details of the audits completed since the previous Audit, Scrutiny and Transformation Committee.

# PROGRESS SINCE SEPTEMBER 2015 AUDIT, SCRUTINY AND TRANSFORMATION COMMITTEE

Area	No. of days	Head of Service Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Safe and Clean Environment	20	Roy Ormsby	Moderate	Moderate	0	5	1	Appendix II
Planning	20	Gordon Glenday	Limited	Limited	2	9	0	Appendix III

Copies of full audit reports are available at request.

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Modern Council</b>					
Planning	20	Q1/Q2	Final	Limited	Limited
Customer Services	15	Q3	Draft report		
Corporate Plan and Priorities	20	Q4	Draft report		
Financial systems	50	Q4	In progress		
Review of Accounts Payable Arrangements	12	Q1	Final	Moderate	Limited
Human Resources	25	Q4	In progress		
Risk Management	15	Q4			
IT Security and Governance	20	Q4	Planning		
Disaster Recovery and Business Continuity	15	Q4	Planning		
Procurement of Legal Services	5	Q3	Draft report		
Counter Fraud	18	On-going	On-going		
	215				

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Street scene and environment</b>					
<b>Safe and clean environment</b>	15	Q1/2	Final	Moderate	Moderate
	15				
<b>Housing, Health and Wellbeing</b>					
<b>Housing systems</b>	15	Q4	In progress		
<b>Affordable Housing</b>	15	Q4			
<b>Revenues Shared Service Arrangement</b>	15	Q3	In progress		
	45				
<b>A Safe Borough</b>					
<b>Localism and building community capacity</b>	15	Q4	Planning		
	15				



# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Prosperous Borough</b>					
Local Development Plan/Regeneration	20	Q4			
	20				
<b>Planning, Reporting, Follow-up and Contingency</b>					
Planning/ liaison/ management	20				
Recommendation follow up	10				
Contingency	10				
Total	40				
Total	350				

# FOLLOW UP ON RECOMMENDATIONS - 2014/15

## Follow up of current year recommendations

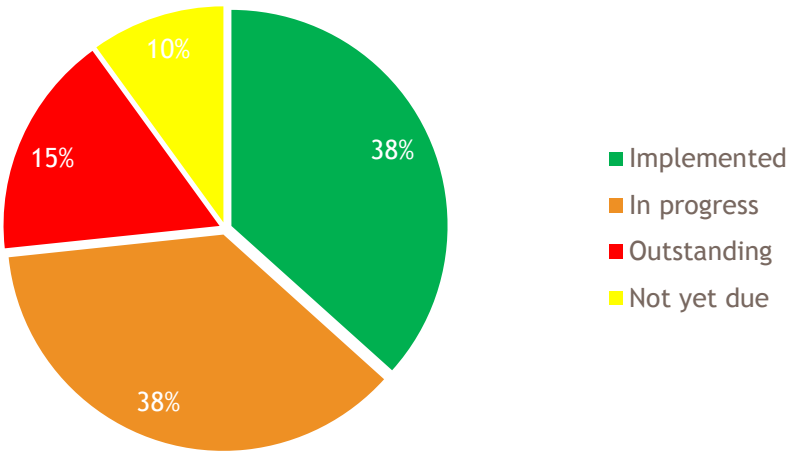
We are constantly monitoring the recommendations raised during 2014/15 and have followed up on the recommendations that have become due since the completion of our review.

The diagram below shows the status of the recommendations raised, in progress and implemented. We raised 28 high priority recommendations during 2014/15, 8 of which have been implemented, 15 of which are in progress and 3 are not yet due. The details of the 2 outstanding high priority recommendations have been included in appendix VI of this report. Note that the date of a high priority recommendation was revised and is in the process of being implemented. Details are included in appendix V1.

None of the recommendations raised for 2015/16 are yet due. All of the recommendations for 2013/14 have been implemented, are no longer relevant or have been re-recommended in 2014/15 and 2015/16.

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	High	Medium	Low	Total
Implemented	8	28	9	45
In progress	15	28	2	45
Outstanding	2	13	3	18
Not yet due	3	7	2	12
<b>Total Recommendations raised</b>	<b>28</b>	<b>76</b>	<b>16</b>	<b>120</b>



# KEY PERFORMANCE INDICATORS

## Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	The 2015/16 audit plan has commenced and is on track to be delivered by the end of March 2016.
Actual days input compared with Annual Audit Plan.	All days input into the Annual Audit Plan have been achieved to date on audits undertaken.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	All draft reports issued for 2015/16 have been issued within 3 weeks of discussing the findings with the client.
Finalise internal audit report 1 week after management responses to report are received.	All draft reports for 2015/16 have been finalised within 1 week of management responses being received.
<i>Relationships and customer satisfaction</i>	
Customer satisfaction	Good feedback has been received on all audits completed.
Annual survey to achieve score of at least 70%.	A year end survey will be completed in March 2016.
<i>Staffing &amp; training</i>	
At least 60% input from qualified staff.	All audits to date have been completed by 100% qualified staff.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	EY have been able to rely on the work performed to date.
Positive result from any external review.	Not applicable at this stage.

# KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<i>Response to reports</i>	
<p>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.</p>	<ul style="list-style-type: none"> <li>• Management responses have not been received for the review completed on the Procurement of Legal Services due to the resignation of the Monitoring Officer.</li> <li>• The Management responses to the Planning draft report were received 3 weeks after receipt, due to other demands on officer time.</li> <li>• Management responded to the terms of reference for the Revenues Shared service arrangement audit was received 2 weeks after receipt.</li> </ul>
<i>Implementation of recommendations</i>	
<p>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>	<p>See page 8 of this progress report. Not all recommendations have been implemented by the agreed timeframe.</p>
<i>Co-operation with internal audit</i>	
<p>Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.</p>	<p>Appropriate co-operation has been provided by management and staff to date.</p>

# SECTOR UPDATE

## BUSINESS RATES PLANS IN PLACE TO MANAGE APPEALS PROCESS

### What's the update?

The Department for Communities and Local Government opened a consultation in November 2015 which set out plans to shake up the current business rates appeal process and protect councils from speculative appeals, has been published. Under the current system, councils have to meet any refunds following successful appeals from the locally retained 50% of rate growth; the value of the locally retained business rates for 2015/16 was budgeted at £42.3 million.

Currently, a majority of appeals are submitted by agents, many of whom operate on a 'no win-no fee' basis, sometimes for businesses who are unaware this is being done on their behalf. To counter this, a new fee would be charged for anyone looking to lodge an appeal. This would be refundable if appeals are successful, and will be set at between £100 to £300, similar to fees charged by other tribunals such as tax tribunals.

### Where to find out more

<http://www.publicfinance.co.uk/news/2015/11/dclg-crack-down-%E2%80%98unscrupulous%E2%80%99-business-rate-appeals>

## COUNCIL TAX SUPPORT LOCALISATION UNDER REVIEW

### What's the update?

The government has launched a review of the localisation of council tax support in December 2015 that will consider the impact of the reform on local government finance. Under the reform, which also saw funding for council tax support cut by 10%, councils were not able to reduce the level of support offered to pensioners when they developed schemes intended to better match local circumstances. The review would consider how the change had been implemented, what it has meant for people receiving council tax support, and whether support should be part of Universal Credit payments in the future.

### Where to find out more

<http://www.publicfinance.co.uk/news/2015/12/dclg-launches-review-devolution-council-tax-support>

## DEVOLUTION PACKAGES NEED GREATER CLARITY OVER RISK OWNERSHIP

### What's the update?

The Public Accounts Committee has called for greater clarity in the government's flagship devolution agreements after raising concerns about accountability and scrutiny arrangements in the first round of City Deals in England.

### Where to find out more

<http://www.publicfinance.co.uk/news/2015/11/pac-issues-accountability-warning-devolution-deals>

# SECTOR UPDATE

## HOMELESSNESS RISING NATIONALLY

### What's the update?

Each quarter the Department and Communities and Local Government release Statutory Homelessness statistics; in September 2015 data for the quarter April to June showed that the English local housing authorities received 27,550 applications for housing assistance under the homelessness legislation of the Housing Act 1996. In England over the same period, local authorities accepted 13,850 households, which was up 5 per cent compared to the same quarter last year.

### Where to find out more

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/463017/201506\\_Statutory\\_Homelessness.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/463017/201506_Statutory_Homelessness.pdf)  
[http://www.oxfordmail.co.uk/news/14116406.Homeless\\_crisis\\_on\\_Oxford\\_\\_\\_s\\_streets\\_is\\_getting\\_worse/](http://www.oxfordmail.co.uk/news/14116406.Homeless_crisis_on_Oxford___s_streets_is_getting_worse/)

## DISTRICTS CALL FOR SIMPLIFICATION OF PLANNING PROCESS

### What's the update?

District councils have called for the process by which local plans are adopted to be overhauled through improved scrutiny and the creation of a national list of development policies. In a submission to the government review of the planning process, the District Councils Network said the adoption of local plans could be quickened if they were simplified, with more flexible use of 'supplementary' documents that could be more readily updated.

### Where to find out more

<http://www.publicfinance.co.uk/news/2015/10/districts-call-simplification-planning-process>

# APPENDIX I - DEFINITIONS

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LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<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 non compliance 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	
<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.

# APPENDIX II - SAFE & CLEAN ENVIRONMENT

CLIENT STRATEGIC RISKS			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)	
Risk	1	Finance pressures <ul style="list-style-type: none"> <li>Target levels for income are not achieved.</li> </ul>	High	0
This review relates to the risk that the Council does not achieve targets set for income.			Medium	5
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Low	1
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	<b>Total number of recommendations: 6</b>	
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.		

## OVERVIEW

The council operates a chargeable brown bin (green waste) service open to private residents, this costs £41 per household. The trade waste service is run commercially in order to bring income into the council and operates as contracts requiring a 3 month notice period. The waste income management system is “NTR”.

Our review found the following areas of good practice:

- For trade waste a signed contract is required before the bins are delivered, once delivered the operations team are informed of the new bins to be collected.
- Brown bins require the payment to be made upfront on the online form prior to service commencement, once the payment is confirmed a bin delivery is raised on the report it system, and delivered by the operations team.
- Efforts have been made in recent years to improve the pricing structure to reflect the true costs of delivering the services to customers and make the pricing structure more commercial for trade waste.

We also found some areas for improvement or development:

- There is not currently a clear vision for the future of the trade waste and brown bin services, this makes it difficult for the department to articulate their requirements for the system and process improvements required to modernise the service. We recommend that the department clarifies what its goals are in the medium term, and uses this to drive change in how they deliver the services. (Medium recommendation)
- We identified through discussions with officers that there was a large number of customer queries raised regarding missed collections per reports produced from the report it system. This uses a large amount of officer time in dealing with customer queries and carrying out additional ad-hoc collections. We also identified there was a lack of information around the causes of missed collections, such that it was not possible to identify the root cause of the customer queries. We recommend that the depot analyses the data supplied by the customer services centre, in order to understand the causes of customer contact, and take steps to address. The depot should also identify some KPIs to target a reduction in missed collections. (Medium Recommendations)
- Through discussions with officers we identified that customers were receiving duplicate reminder letters for trade waste contract renewals, due to a duplicate contract bug within the system. We recommend this is resolved as soon as possible. (Medium recommendation).

Overall our conclusion is moderate meaning that there is generally a sound system of internal control with evidence of non-compliance with some controls that may put some of the system objectives at risk.



# APPENDIX III - PLANNING

## CLIENT STRATEGIC RISKS

Risk 1 Finance pressures  
 • Target efficiency savings are not achieved.

This review relates to the risk that the Council does not achieve targets set for savings.

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design Limited System of internal controls is weakened with system objectives at risk of not being achieved.

Effectiveness Limited Non-compliance with key procedures and controls places the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High  2

Medium  9

Low 0

Total number of recommendations: 11

## OVERVIEW

The Planning Department is currently implementing the ‘Modern Planning Service’ programme, which requires members to register online for alerts in order to be informed of applications within their ward. The member has a week from the neighbours’ consultation deadline to submit a request for referral. Section 106 (S106) contributions are received by the Council from developers to mitigate the impact of development on infrastructure in the area.

Our review found the following areas of best practice:

- From our review of the new planning process we expect this will deliver administrative savings, however it is currently difficult to measure the success of this due to limitations of the data available to monitor performance against the 8 week Key Performance Indicator in detail and the process is still bedding down. There is scope for greater use of technology to achieve savings.
- From a survey of members (12 responses received) we found that generally members were happy with the training and information they are now receiving through the new planning portal process and all members surveyed were registered on the portal.

We also found some areas for improvement or development:

- Controls over S106 contributions were weak and previous recommendations from a review by Thurrock BC had not been implemented. There was not a single officer with clear responsibility for managing S106; as such there was no one with the responsibility of monitoring the agreement of the contributions with developers, collection from developers at the agreed stage of completion and utilisation of the contributions within the Council and by third parties. This leaves the Council open to the risks that the correct amounts are not collected from developers on a timely basis, funds are not used in accordance with the S106 agreement, and may be subject to dispute by the developer. We have recommended that an officer is given responsibility for monitoring S106 and this is regularly reported to a S106 working group of officers that meets quarterly. We have also recommended a clearer framework is put in place for calculating S106 contributions.
- We noted from discussions with planning officers, the Head of Environment & Street Scene and the Countryside & Open Spaces Supervisor that the new Local Development Plan is currently being developed but at the time of our audit not all relevant service areas had been involved in the process of developing the Plan. This could result in budgetary impacts on other services not being considered. Focus should be given to Service areas where the Local Development Plan has a specific policy relevance.
- The weakest response from the surveyed members was over the process of registering an interest in an application (5 of 12 surveyed). There was a lack of confidence that they would receive all the information and alerts that were relevant to that application. We have recommended that this forms one focus of the upcoming review, in terms of ensuring members are aware of what they can expect by registering their interest and that planning delivers this.

Overall our conclusion is limited based on the multiple weaknesses in the S106 processes, however we have no significant concerns over the new process requiring members to register an interest in the applications via the planning portal.

# APPENDIX VI - 2014/15 high priority recommendations outstanding

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date
Housing System	Orchard should be programmed so that when repairs or scheduled maintenance are being ordered over £500, the user is prompted to consider if a Section 20 consultation is required prior to producing an order number for works.	High	Helen Gregory	31 March 2015
Repairs & Maintenance	<p>It is recommend that the Council formally documents the repairs and maintenance processes and controls, so that the improvements and knowledge built up under the new contracts and processes can be passed on once the Property Manager position is permanently filled.</p> <p>For the out of scope works invoices, we suggested that the Property Manager signs the invoices confirming that they have been agreed to an approved schedule of works completed prior to the invoice being approved for payment on E-financials.</p> <p>For all out of scope works exceeding £250, it should be ensured that an order number has been raised on Orchard prior to the works being carried out.</p> <p>We can provide further assistance on the design of the controls in the process.</p>	High	Steve Chapman	31 January 2015
Risk Management	The Risk Registers (both strategic and operational) should be linked to the Corporate Plan. The Risk Registers should be set out to show the risks associated with each Corporate Objective. For example, showing the risks under each Corporate Objective rather than by Department.	High	Ramesh Prashar/ Sue White	1 July 2015 (due date revised to 31 March 2016 due to new Corporate Plan being developed)

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**25 January 2016**

**Audit and Scrutiny Committee**

**Budget Scrutiny Feedback**

*Report of: Chris Leslie, Finance Director*

**Wards Affected: None**

**This report is: Public**

## **1. Executive Summary**

- 1.1 Effective scrutiny can add considerable value to how the Council makes decisions on the allocation of resources. This has become increasingly important as the Council continues to set budgets against a background of tough economic conditions and severe funding cuts from Central Government. The medium term financial planning process will need to address these continued financial challenges and develop a strategic approach to address funding gaps.

## **2. Recommendations**

- 2.1 That the Policy, Finance and Resources Committee are requested to consider the feedback on the Preliminary Medium Term Financial Plan outlined in paragraphs 4.3 to 4.8.**

## **3. Introduction and Background**

- 3.1 At the meeting on 29 June 2015 the Committee agreed its work plan, which included the creation of a Task and Finish Group to scrutinise the budget.
- 3.2 On 8 January 2016 the group met to consider the initial assumptions in the Preliminary Medium Term Financial Plan agreed by the Policy, Finance and Resources Committee. This report provides feedback from the meeting.
- 3.3 The Policy, Finance and Resource Committee will then finalise its proposals for submission by way of recommendation to the Council taking into account the comments from the Audit and Scrutiny Committee.

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

**4.1** The Task and Finish Group is formed of the following Members:

- Cllr Gareth Barrett
- Cllr Graeme Clark
- Cllr Paul Faragher (from 8 Jan 2016)
- Cllr John Kerlake
- Cllr Sheila Murphy

**4.2** The group met in September and November 2015 to review in detail the current base budget that had been set by Council. Following the agreement of the Preliminary Medium Term Financial Plan by the Policy, Finance and Resources Committee in December the group met again on 8 January 2016 to consider the proposed adjustments to the base budget outlined in the report and the significant budget gap reported.

**4.3 Revenue Budget Changes** – A summary of the comments made by the group on the proposed changes to the general fund revenue budget are provided in Appendix A.

**4.4 Capital Budget Changes** – A summary of the comments made by the group on the proposed changes to the capital budget are provided in Appendix B.

**4.5 Minimum Level of Reserves** – The minimum level of reserves of £2.2m was discussed by the group. Consideration was given as to the consequences of going below this level and advised that a plan to replenish the reserves would need to be adopted should this occur.

**4.6 Local Government Finance Settlement** – Following the agreement of the preliminary medium term financial plan the provisional local government finance settlement was announced on 17 December 2015. This significantly reduced the anticipated level of funding available and the group considered the impact of this.

**4.7 Council Tax Setting** – The group were presented with financial modelling regarding the changes to income that various increases or decreases to the Council Tax level would provide.

#### **4.8 Other Comments**

- A review of fuel costs in light of the current low prices should be carried out;
- Income generation initiatives should be developed and built into the medium term financial plan.

#### **5. Reasons for Recommendation**

5.1 Effective financial management underpins all of the priorities for the Council.

#### **6. Implications**

##### **Financial Implications**

**Name & Title:** Chris Leslie, Finance Director

**Tel & Email** 01277 312542 /christopher.leslie@brentwood.gov.uk

6.1 The financial implications are considered in the report.

##### **Legal Implications**

**Name & Title:** Saleem Chughtai, Legal Services Manager

**Tel & Email** 01277 312500 / saleem.chughtai@brentwood.gov.uk

6.2 There are no direct legal implications arising from this report.

#### **7. Appendices to this report**

Appendix A – Comments on the Proposed Changes to the General Fund Revenue Budget

Appendix B – Comments on the Proposed Additions to the Capital Programme

#### **Report Author Contact Details:**

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## Comments on the Proposed Changes to the General Fund Revenue Budget

Description	2016/17 £000	2017/18 £000	2018/19 £000	Comments
<b>Historic Recurring Pressures</b>				
Legal Services Costs	150	150	150	Future saving around this budget should be explored.
IT Costs	70	70	70	Ensure any additional costs resulting from the transformation programme are fully considered.
Bank Charges	20	20	20	Agreed.
Temporary Accommodation	15	15	15	Agreed.
Increase in HB Bad Debts	50	50	50	Agreed.
<b>New Pressures</b>				
Re-cycling Contract	300	300	300	Agreed.
Investment in the Capital Programme	0	0	100	Agreed.
Insurance Premium Tax	40	40	40	Agreed.
HRA decrease in recharges	35	35	35	Agreed.
Changes in the NI Contributions	212	214	216	Agreed.
Pay Inflation	125	125	226	Consider potential for new appointments that are on a lower scale than their predecessor.
<b>Funding Changes</b>				
Re-cycling Grant no longer available	280	280	280	Agreed.
Loss of Benefit Subsidy Grant	75	75	75	Agreed.
Increase in Council Tax Base	(80)	(104)	(128)	Agreed.
Assumed Collection Fund Surplus	(200)	0	0	Agreed.

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### Comments on the Proposed Additions to the Capital Programme

Description	Expenditure				Comments
	2016/17 £000	2017/18 £000	2018/19 £000	Total £000	
Resurface Car Park at King Georges Playing Field	200	0	0	200	This cost should be reviewed in regards to the area of the car park being resurfaced.
Cemetery Headstones	20	20	20	60	Check how long continued investment is required for.
Parking Bays at Woodman Road Cemetery	25	0	0	25	Agreed.
Vehicle & Plant Replacement Programme	900	1,070	175	2,145	Assess if the replacement of vehicles can be delayed.
Structural & Safety Works at the Multi Storey Car Park	72	0	0	72	An options appraisal should be undertaken.
Leisure Strategy	250	250	0	500	This will need to reviewed as the leisure strategy is developed.
<b>TOTAL</b>	<b>1,467</b>	<b>1,340</b>	<b>195</b>	<b>3,002</b>	

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## **Members Interests**

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

- **What are pecuniary interests?**

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

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

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

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

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

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

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

- **Other Pecuniary Interests**

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

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

- **Non-Pecuniary Interests**

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

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

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

## **Audit, Scrutiny and Transformation Committee**

The Audit, Scrutiny and Transformation Committee provides advice to the Council and the committees on the effectiveness of the arrangements for the proper administration of the Council's financial affairs, including all relevant strategies and plans, acts as the Council's Overview and Scrutiny Committee with all the powers under Part 3 of the Local Authorities (Committee System) (England) Regulations 2012, and discharges the functions under section 19 of the Police and Justice Act 2006 (local authority scrutiny of crime and disorder matters). Without prejudice to the generality of the above, the terms of reference include those matters set out below.

### **Audit Activity**

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

### **Regulatory Framework**

- 1) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- 2) To review any issue referred to it by a Statutory Officer of the Council or any Council body.
- 3) To monitor the effective development and operation of risk management and corporate governance in the Council.
- 4) To monitor Council policies and strategies on whistleblowing Money Laundering Anti-Fraud and Corruption Insurance and Risk Management Emergency Planning Business Continuity.
- 5) To monitor the corporate complaints process.
- 6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 7) To consider the Council's compliance with its own and other published standards and controls.

### **Accounts**

- 1) To review the annual statement of accounts. Specifically, to consider whether

appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

2) To review the Council's Annual Governance Statement.

3) To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Scrutiny**

1) To prepare the annual overview and scrutiny work programme taking into account items put forward by members and the Corporate Leadership Board ensuring that such items relate to the Council's functions and corporate priorities.

2) To propose 'place based' or local scrutiny for issues where a local investigative approach with a range of people or organisations is an appropriate way forward.

3) To manage scrutiny resources efficiently and effectively so that the outcomes of scrutiny are likely to lead to real improvements for the people of Brentwood.

4) To establish working groups (in line with agreed protocols) to undertake the work programme, including setting their terms of reference, the reporting arrangements, and to co-ordinate and review the work of the working groups.

5) To receive reports and other evidence from organisations, individuals and partnerships which the committee or working groups considers relevant to their work.

6) To review and/or scrutinise decisions made, or other action taken, in connection with the discharge of any functions of the Local Authority.

7) To deal with those issues raised through the 'Councillor Call for Action' scheme in line with agreed protocols and procedures.

8) To make reports or recommendations to the Local Authority, any committee or sub-committee of the Local Authority, any officer of the Local Authority, or any joint committee on which the Local Authority is represented or any sub-committee of such a committee, with respect to the discharge of any functions of the Local Authority.

9) To review matters of local community concern including partnerships and services provided by 'other' organisations such as the National Health Service and Essex County Council.

10) To make reports or recommendations to the Local Authority, any committee or sub-committee of the Local Authority, any officer of the Local Authority, or any joint committee on which the Local Authority is represented or any sub-committee of such a committee, on matters which affect the Borough of Brentwood or the inhabitants of the Borough of Brentwood.

11) To review and/or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions.

12) To make reports or recommendations to the Local Authority with respect to the discharge by the responsible authorities of their crime and disorder functions.

13) To be responsible for scrutiny of the Council's strategic and budgetary framework and its implementation.

14) To report annually to Council on the progress of the work programme and to make relevant recommendations.

### **Transformation**

To review and facilitate the transformation of delivery of services.