



Agenda

Audit & Scrutiny Committee

Monday, 12 December 2016 at 7.00 pm
Council Chamber - Town Hall

Membership (Quorum – 3)

Cllrs Mrs Pound (Chair), Reed (Vice-Chair), Bridge, Chilvers, Mrs Fulcher, Hirst, Mrs Hones, Keeble and Mrs Murphy

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7.	Work programme 2016/17	All Wards	75 - 80
8.	Urgent business		

A handwritten signature in black ink, appearing to read "P. L. Russell". The signature is written in a cursive style with a large, sweeping underline that extends to the right.

Head of Paid Service

Town Hall
Brentwood, Essex
02.12.2016

Information for Members

Substitutes

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

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.

Rights to Attend and Speak

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.

Point of Order/ Personal explanation/ Point of Information

Point of Order

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

Personal Explanation

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

Point of Information or clarification

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

Information for Members of the Public

Access to Information and Meetings

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

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

The use of flash photography or additional lighting may be allowed provided it has been discussed prior to the meeting and agreement reached to ensure that it will not disrupt proceedings.

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

Private Session

Occasionally meetings will need to discuss some of its business in private. This can only happen on a limited range of issues, which are set by law. When a Committee does so, you will be asked to leave the meeting.

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Access

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

Evacuation Procedures

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



Minutes

Audit & Scrutiny Committee Monday, 19th September, 2016

Attendance

Cllr Mrs Pound (Chair)	Cllr Hirst
Cllr Reed (Vice-Chair)	Cllr Mrs Hones
Cllr Bridge	Cllr Keeble
Cllr Mrs Fulcher	

Apologies

Cllr Chilvers

Also Present

Cllr Kerlake
Cllr Mynott

Officers Present

Andrew Barnes	- BDO, Internal Audit
Phil Drane	- Planning Policy Team Leader
Ramesh Prashar	- Interim S151 Officer
Phil Ruck	- Chief Executive
Steve Summers	- Group Manager In-House Services
Jacqueline Van Mallaerts	- Principal Accountant
Sue White	- Risk and Insurance Officer

154. Apologies for absence

Apologies were received by Councillor Chilvers.

155. Minutes from previous meeting

The minutes of the meeting held on 27th July 2016 were approved and signed as true record.

156. Internal Audit Progress Report

The report detailed the progress to date against the 2015/16 and 2016/17 internal audit plans that were agreed by the Audit and Scrutiny Committee in March 2015 and March 2016 respectively.

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

- IT security and governance (limited assurance)
- Localism (moderate assurance)
- Policy review (moderate assurance)
- Licensing (moderate assurance)

A motion was **MOVED** by Cllr Mrs Pound.

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

- 1. That the Committee receives and notes the contents of the reports.**

REASON FOR RECOMMENDATION

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

(Cllr Bridge declared a non-pecuniary interest under the Council's Code of Conduct by virtue of him working for a cloud supplier.)

157. Strategic and Operational Risks

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

A motion was **MOVED** by Cllr Mrs Pound.

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

- 1. To agree the revised Insurance & Risk Management Strategy**
- 2. To agree the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**

REASON FOR RECOMMENDATION

Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads 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 continually work with the risk managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

158. Work Programme

The work of the Audit and Scrutiny Committee will be delivered both by Members working in groups and through formal committee reports. The Audit and Scrutiny Committee will make recommendations to decision making committees and Council as necessary. Audit and Scrutiny Committee are invited to consider its 2016/17 work programme.

A motion was **MOVED** by Cllr Mrs Pound.

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

- 1. That the Audit and Scrutiny amended work programme 2016/17 at appendix A be approved.**

REASON FOR RECOMMENDATION

The Constitution requires that the Audit and Scrutiny Committee agrees its work programme at each meeting of the Committee.

(For clarity an amended work programme is appended to these minutes.)

159. Urgent business

There were no items of urgent business.

The meeting concluded at 7.40pm.

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(As amended 19.09.16 following A&S Committee 13.06.16)

Topic	Committee Date	Lead Members	Commentary (19.09.16)
Annual Work Programme	19 Sept 2016	Councillors Pound & Reed	
Member/Officer Communications / Members Casework Cross Party Working Group	19 Sept 2016	Councillors Reed Mynott Morrissey	<u>Agreed:</u> Officers to request that Cllrs Reed, Mynott and Morrissey meet and report to the next Audit & Scrutiny Committee.
Working group to Review of the arrangements for Members' appointed to outside organisations	19 Sept 2016	Councillors Bridge Murphy Wiles Aspinell Keeble	A first meeting date of the working group has been set for the XXXXX. An update from the working group will be provided to the Audit & Scrutiny Committee on the 12 th December 2016.
Budget Scrutiny	19 Sept 2016	Councillors Reed Bridge Tumbridge Keeble Fulcher	Meeting held on 23 rd August and agreed that the Council's budget breakdown will be circulated to all members of the working group who attended the meeting.
Hackney Carriage Fare Setting Process	TBC	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	The Licensing Committee of 13 January 2015 recommended that a cross party Task and Finish Group be established in order to review the process for setting of tariffs in respect of Hackney Carriage fares. Once proposals from the taxi trade are received the review can commence. To date no firm proposals have been received.

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Appendix A

Topic	Committee Date	Lead Members	Commentary (19.09.16)
Formal Complaints received in 2015/16.	19 Sept 2016	Councillors Pound Farragher Poppy Chilvers Barrett	A first meeting date of the working group has been set for the 6 th September 2016. An update from the working group will be provided to the Audit & Scrutiny Committee on the 12 th December 2016.
Review of outstanding Internal Audit Recommendations.	19 Sept 2016	Councillors Pound Middlehurst Wiles Keeble Mynott	Meeting held on 23 rd August 2016 and it was agreed that an update on the outstanding Internal Audit Recommendations will be given at the next meeting arranged for 27 th October 2016.

12 December 2016

Audit and Scrutiny Committee

Annual Audit Letter 2015/16

Report of: *John Chance, Finance Director*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This report presents the Committee with the Annual Audit Letter issued by the external auditors, Ernst & Young, following the completion of the audit of the 2015/16 accounts.

2. Recommendation

- 2.1 It is recommended that the contents of the Annual Audit Letter are noted.**

3. Introduction and Background

- 3.1 The purpose of the Annual Audit Letter is to communicate to members, and to the public and other stakeholders, the key issues arising from the audit of the accounts, which the external auditors consider should be brought to the attention of the Council.
- 3.2 The Annual Audit Letter is attached to this report as Appendix A. It contains the following sections:-
- a) Executive Summary – results of the 2015/16 audit process
 - b) Responsibilities – of the Appointed Auditors and the Council
 - c) Financial Statements Audit – key issues identified as part of the audit
 - d) Value for Money – arrangements put in place by the Council to secure value for money

e) Other reporting issues.

4. Issue, Options and Analysis of Options

- 4.1 The draft findings from the audit work were agreed by this committee on 27th July 2016. The detailed findings from the audit work were contained in the Final Audit Results Report, which was issued by Ernst & Young on 27th September 2016. The 2015/16 Statement of Accounts were signed on that day under delegated authority by the Chair of the Committee and the Section 151 Officer.
- 4.2 The Annual Audit Letter identifies the findings of the Final Audit Results Report that are most significant for the Council.
- 4.3 Officers are satisfied with the contents of the Audit Letter, none of which are contentious.

5. Reasons for Recommendation

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

6. Implications

Financial Implications

Name & Title: Ramesh Prashar, Finance Services Manager

Tel & Email: 01277 312513 ramesh.prashar@brentwood.gov.uk

- 6.1 The Value for Money section of the Letter makes reference to the Medium Term Financial Plan and the work being carried out by officers to reduce the cumulative funding gap.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk

- 6.2 All relevant legal considerations have been taken into account in the compilation of this report.

7. Background Papers

- 7.1 Final Audit Results Report, located in the Finance Office.

8. Appendices to this report

- Appendix A – Annual Audit Letter 2015/16

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Brentwood Borough Council

Annual Audit Letter for the year ended 31 March 2016

October 2016

Ernst & Young LLP

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Appendix A



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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Executive Summary

Executive Summary

We are required to issue an Annual Audit Letter to Brentwood Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2016.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council at 31 March 2016 and of its expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Statement of Accounts 2015/16
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Annual Governance Statement	The Annual Governance Statement was consistent with our understanding of the Council
▶ Public interest report	We had no matters to report in the public interest
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Final Audit Results Report was issued on 27 September 2016
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 September 2016

In January 2017, we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Debbie Hanson
Executive Director
For and on behalf of Ernst & Young LLP

Purpose



Purpose

The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the initial findings from our audit work in our 2015/16 Audit Results Report to the 27 July 2016 Audit & Scrutiny Committee, representing those charged with governance. We issued a Final Audit Results Report on the 27 September 2016 before we issued our audit report. We do not repeat those detailed findings in this Letter. The matters reported here are the most significant for the Council.



Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued on 7 March 2016 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2015/16 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the Annual Governance Statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the NAO.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 September 2016.

Our detailed findings were reported to the 27 July 2016 Audit & Scrutiny Committee, with our updated Audit Results Report issued on 27 September 2016.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p> <p>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>We identified some areas for improvement in the procedures for the instruction of internal and external valuers in respect of material valuation estimates for property, plant and equipment. Further detail is included on this issue below.</p> <p>Our testing did not identify any expenditure which had been inappropriately capitalised</p>

Other Issues	Conclusion
<p>Introduction of new revenues and benefits system</p> <p>The Council changed its revenues and benefits system from Northgate to Civica in February 2016. During the course of the audit, it became apparent that there was a significant discrepancy between housing benefit expenditure within the General Ledger and that recorded in the Housing Benefit Subsidy claim.</p> <p>Management requested CIVICA to review the transfer of data between the two systems and as a result, the Council produced new Housing Benefit Subsidy claim form. The new claim form, included additional expenditure and subsidy due from the Department for Work and Pensions (DwP) of £871,774, compared to the initial claim on which subsidy income in the financial statements was based. The Council had not at the time of our audit of the financial statements been able to provide detailed audit trails to support the benefits payments in February and March 2016, as required for the audit of the subsidy claim. The Council therefore included a provision of £871,774 in the accounts to reflect the risk of the DwP withholding subsidy. There is therefore no impact on the Council's reserves as a result of the amendments.</p>	<p>We were able to gain sufficient assurance over the material accuracy of the amended figures in the accounts relating to housing benefit expenditure and the associated subsidy income. However we note that the lack of complete audit trails for February and March 2016 to support the subsidy claim presents a risk for the Council. We were therefore satisfied that the inclusion of a provision related to this risk was appropriate and that this was adequately disclosed in the financial statements.</p> <p>We will undertake our certification of the claim in October and November 2016 and will report any issues arising from this work in our report to the Audit & Scrutiny Committee in January 2017.</p>
<p>Preparation for earlier closedown</p> <p>The Council succeeded in bringing forward its timetable for the preparation of the accounts this year, with the accounts and related documents published by 13 June 2016. However, not all of the working papers required to support the financial statements were produced at the date the audit started on 6 June 2016. This reduced the efficiency of the audit process, although management responded promptly to all key requests for information during the course of the audit.</p>	<p>With the deadlines for the production and audit of the accounts being brought forward to 31 May and 31 July respectively from 2017/18 the Council has made a good start on preparing for this challenge. We will continue to work with management to bring forward as much work as possible on the preparation and audit of the accounts in order to meet the new deadlines in future years.</p>

Instructions to valuers

Our audit of the valuation of property, plant and equipment identified some areas for improvement in the procedures for the instruction of both the internal and external valuers. The key issues identified as part of our audit are summarised below:

- Management had not retained the instructions to the internal valuer;
- Management compiled the financial statements based a spreadsheet provided by the internal valuer without confirming the information in this to the actual valuation statements produced by the valuer; and
- The internal valuers conducted their work in November/December 2015. Although this is reasonable, management had not subsequently obtained a year end impairment review to identify whether there had been a material changes in value between January to March 2016.

These valuations are material estimates within the financial statements and Management should look to strengthen these arrangements in future years. In particular, the Council should ensure that:

- Clear written instructions are provided to the internal valuer and copies of these are retained for audit;
- The figures in the financial statements for property, plant and equipment should be agreed to the valuation statements as well as the detailed spreadsheets provide by the valuer; and
- Where valuations are not undertaken at year end, the Council should instruct the valuer to undertake a subsequent review to confirm whether there has been any material movement in values between the valuation date and year end which would impact on the financial statements.

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with the edges of several coins visible. The coins have a textured, ridged edge and some have faint markings or letters on their sides. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Value for Money".

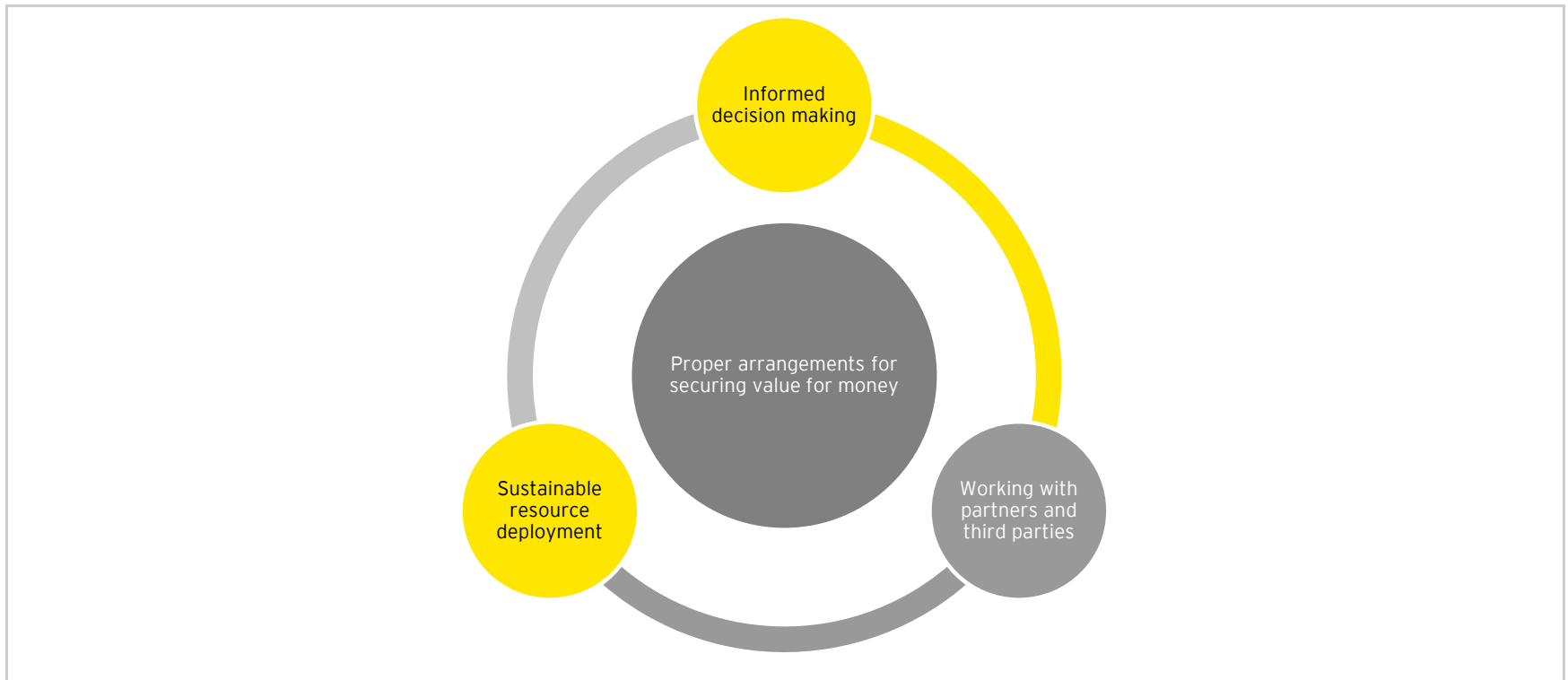
Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We issued an unqualified value for money conclusion on 28 September 2016.

We identified one significant risk in relation to our value for money conclusion. This related to sustainable resource deployment, and the need to achieve the savings over the medium term to balance the general fund budget. We have performed the procedures outlined in our Audit Plan to address this risk and our work did not identify any significant matters in relation to the Council's arrangements. We therefore concluded that the Council had adequate arrangements in place.

As part of our work we made the following observations.

Key Findings

Savings plans

In its updated MTFP issued in March 2016, the Council identified a cumulative funding gap of £2.02 million over the next three years to 2018/19. Bridging this gap to ensure its future financial viability presents a significant challenge and the Council continues to take proactive steps to identified savings and income generation opportunities to achieve this.

The Council is currently working on ways to reduce this gap and is developing strategies around waste and leisure and recreation to identify savings as well as ongoing work with the Administration to identify other opportunities. While not all of the potential savings identified will be viable, this demonstrates the actions being taken to bridge the funding gap. Savings are discussed regularly at senior management meetings and are a top priority.

Given the Council's history of delivering savings and a balanced budget, we have concluded that progress in bridging the significant funding gap at this stage appears reasonable. Nevertheless, this remains a key challenge for the Council.

Medium term financial plan (MTFP)

The MTFP is based on a number of assumptions, including estimates of future levels of Government funding from areas such as Revenue Support Grant (RSG) and the New Homes Bonus (NHB) as well as income from areas such as council tax and business rates.

The Council clearly recognises the risks around these sources of income and the MTFP includes reasonable assumptions for reduction in RSG and NHB over future years. By the end of the spending review's four year settlement, the Council's grant funding will have fallen by 77% and this is reflected in the budget. The Council has also made prudent assumptions about the growth in the council tax base and the level of income from business rates, with business rates expected to fall, despite an increase in businesses, due to the number of appeals lodged.

Levels of reserves

At the end of 2016, the level of General Fund balance was just under £4 million and this is projected to reduce around £3.4 million at the end of 2016/17. This is significantly above the recommended minimal level of £2.2 million recommended by the Council's Finance Director. However, should efficiencies and savings not be identified to bridge the significant funding gaps in future years, then the General Fund reserves would be further reduced during 2018/19.

In addition to the General Fund balance, the Council also has earmarked reserves of £2.5 million. Some of these reserves are allocated towards

specific items of spend, but not all are specifically allocated and so could be released to support budgets in the short term if needed.

We therefore note that the Council has sufficient reserves that could be applied to bridge any budget gaps in the short term strategy while longer term solutions are identified. We would note however that the use of reserves to bridge shortfalls in funding for ongoing services is not sustainable and should therefore only be used as a short term measure whilst sustainable solutions re identified and implemented.

Budget setting and monitoring processes

We have also considered the Council's budget monitoring arrangements as part of our audit work.

The Council has a strong record of delivering its budget and planned savings. The 2015/16 budget included £0.9 million of savings or additional income which were successfully delivered. This resulted in the reported deficit for the year being £0.06 million less than expected. The Council has also delivered savings of £0.513 million and £0.45 million in 2013/14 and 2014/15 respectively, while also underspending or breaking even on spend on services. This consistent performance indicates that the Council has a sound system of budgetary control.

As part of the 2016/17 budget, the Council has identified increased income and savings of £1 million. Details regarding the progress of 2016/17 savings was still limited at the time of our audit in July 2016. However the finance team have continued to work on this and based on the evidence provided, we are satisfied that the Council was on track to deliver the majority of savings and any remaining gap remains within reasonable levels.

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2015/16 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit & Scrutiny Committee on 27 July 2016. We issued a Final Audit Results Report on the 27 September 2016 before we issued our audit report. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

A close-up photograph of a person's hands holding binoculars to their eyes. The person's face is partially visible in the background, looking through the lenses. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your
future

Focused on your Future

Area	Issue	Impact
<p>EU referendum</p>	<p>Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&P, Fitch and Moody's) took action on the UK Sovereign credit rating and, following the rating action on the UK Government. For entities in the public sector, there is likely to be an impact on investment property valuations if confidence in the wider UK property market falls; and the valuation of defined benefit pension obligations may also be affected. It is too early to estimate the quantum of any impact of these issues, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations.</p>	<p>Many of the issues and challenges that face the UK public sector will continue to exist, not least because continued pressure on public finances will need responding to. Additionally it may well be that the challenges are increased if the expected economic impacts of the referendum and loss of EU grants outweigh the benefits of not having to contribute to the EU and require even more innovative solutions.</p> <p>We are committed to supporting our clients through this period, and help identify the opportunities that will also arise. We will engage with you on the concerns and questions you may have, provide our insight at key points along the path, and provide any papers and analysis of the impact of the referendum on the Government and Public Sector market.</p>

EY | Assurance | Tax | Transactions | Advisory

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ED None

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12 December 2016

Audit and Scrutiny Committee

Internal Audit Progress Report

Report of: *Greg Rubins, Head of Internal Audit (BDO)*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

1.1 This report details the progress to date against the 2016/17 internal audit plan that was agreed by the Audit and Scrutiny Committee in March 2016.

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

- Local Development Plan (moderate assurance)
- Affordable Housing (moderate assurance)
- Commercialisation and Cost Savings
- Contract Management and Cost Savings (limited assurance)

The full reports are available on request.

2. Recommendation

2.1 That the Committee receives and notes the contents of the reports.

3. Introduction and Background

3.1 The Audit and Scrutiny Committee approved the 2016/17 annual audit plans. The progress against plan is reported at every Audit and Scrutiny 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: Ramesh Prashar, Financial Services Manager

Tel & Email: 01277 312513 / ramesh.prashar@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 legal implications arising directly from this report.

9. Background Papers

9.1 None

10. Appendices to this report

Appendix A – Internal Audit Progress Report

Report Author Contact Details:

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Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

November 2016

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INTRODUCTION

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2016/17 internal audit plan which was approved by this Committee in March 2016. 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.

Overview of 2016/17 work to date

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

The 2016/17 work is progressing in line with expectations.

PROGRESS SINCE SEPTEMBER 2016 AUDIT AND SCRUTINY COMMITTEE

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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
Local Development Plan	15	Phil Drane	Moderate	Moderate		3		Appendix II
Affordable Housing	15	Angela Williams	Moderate	Moderate		4		Appendix III
Commercialisation and Cost Saving	30	Leona Murray-Green	N/A	N/A				Appendix IV
Contract Management and Procurement	20	Jane Mitchell	Moderate	Limited	3	6		Appendix V

PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Environment and Housing					
Housing	20	Q4			
	20				
Community and Health					
No 2016/17 audits					
	0				
Economic Development					
Capital projects	0	Q3	Removed from plan at request of Council and replaced with Housing Benefit Subsidy review.		
	0				
Planning and Licensing					
Local Development Plan	15	Q4			
Licensing	20	Q2	Final	Moderate	Moderate
	35				

PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Transformation					
Financial systems	40	Q4			
Risk Management and Governance	10	Q4			
Customer Services	10	Q3			
Commercialisation and cost savings	30	Q2	Final	N/A	N/A
Policy review	10	Q1	Final	Substantial	Moderate
Contract Management and Procurement	20	Q2	Final	Moderate	Limited
Cyber Security	15	Q3			
IT Security and Governance	20	Q3			
Housing Benefit Subsidy	15	Q3	Work in progress		
Counter Fraud **	20	On-going	On-going		
	175				

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** - delivery of awareness training

PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Planning, Reporting, Follow-up and Contingency					
Planning/ liaison/ management	20	Ongoing arrangement of audits and liaison with management			
Recommendation follow up	10	Work in progress - update report to be brought to the Audit and Scrutiny Committee meeting on 23 January 2017			
Contingency (additional audits to be agreed with the Finance Director)	25				
Total	55				
Total	300				

APPENDIX I - DEFINITIONS

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

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

APPENDIX II - LOCAL DEVELOPMENT PLAN

BRENTWOOD BOROUGH COUNCIL STRATEGIC OBJECTIVE THIS RELATES TO

Implement a planning framework to guide and enable infrastructure delivery
Set planning policy that supports sustainable development

LEVEL OF ASSURANCE (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)

High	
Medium	3
Low	

Total number of recommendations: 3

OVERVIEW

Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to the preparation of the new Local Development Plan (LDP). We reviewed the planned timetable and resource arrangements for the implementation of the LDP, and ensured the draft plan included appropriate requirements relating to the Duty to Cooperate as set out in the Planning Practice Guidance. See Appendix III for the agreed scope which provides greater detail on our approach to this review.

During the review we noted the following areas of good practice:

- The Planning team are aware of their responsibilities and have an action plan for the completion and implementation of the LDP
- The draft LDP recognises the Council's Duty to Cooperate requirements
- There is strong alignment between Corporate Objectives and the draft LDP

However we also found the following areas for improvement:

- Need to allocate work fairly across the planning team to help ease the pressure caused by the departure of the Head of Planning (Finding 1 - Medium)
- The current draft LDP uses data from an outdated version of the SHMA (Finding 2 - Medium)
- Local Development Scheme should be updated showing the latest version of the proposed timetable (Finding 3 - Medium)

Conclusion

Overall we have issued three findings and recommendations relating to the Council's arrangements for the completion of the LDP, made up of three medium priority recommendations. The Council has a generally sound system for the completion and implementation of the LDP, although weaknesses were identified in the draft not reflecting the latest statistics from the SHMA and an outdated timetable in the policies, leading to substantial assurance over the control design and moderate assurance over the control effectiveness.

APPENDIX III - AFFORDABLE HOUSING

BRENTWOOD BOROUGH COUNCIL STRATEGIC OBJECTIVE THIS RELATES TO

Implement a planning framework to guide and enable infrastructure delivery
Set planning policy that supports sustainable development

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)

High	
Medium	4
Low	

Total number of recommendations: 4

OVERVIEW

Background

The purpose of our review was to assess how effectively the Council is 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. See appendix III for the agreed scope which provides greater detail on our approach to this review.

The Council are currently in the process of developing a new three year Housing Strategy 2017 - 2020. We conducted interviews to assess the Council's progress on development and implementation of the Housing Strategy and an Affordable Housing (AH) plan.

During the review we noted the following areas of good practice:

- There is a rents policy which covers Affordable Rents
- The Council have a Strategic Housing Needs Assessment, and also a recent Strategic Housing Market Assessment (SHMA) 2016 which quantifies the need for affordable housing in the borough, demonstrating an understanding of the need.

However we also found the following areas for improvement and have made recommendations to:

- Implement an Affordable Housing plan that is informed by the Housing Strategy (Finding 1 - Medium)
- Set achievable targets for the delivery of affordable housing informed by the assessed need (Finding 1 - Medium)
- Measure and report performance against needs and targets (Finding 1 - Medium)
- Align the Affordable Housing plans and targets with the Local Development Plan (LDP) (Finding 2 - Low)

Conclusion

Overall we have issued four recommendations relating to the Council's arrangements for the management of affordable housing, made up of three medium and one low priority recommendations. Our review found that the Council do not have an up to date Affordable Housing plan, but intend to implement one once the Housing Strategy has been finalised in December 2016.

APPENDIX IV - INCOME GENERATION

OVERVIEW

BDO recently completed a review of income generation opportunities for the Council.

Two reports were issued for the review:

- Large opportunities analysis report - evaluated the commercial potential, financial viability, investment requirement and strategic fit of income generation opportunities above an agreed threshold (gross income of £20,000);
- Small opportunities analysis report - provided a lighter touch review of smaller opportunities (below the agreed threshold) using high-level benchmarking.

Large Opportunities Analysis Report

Additional net income (compared to 2015/16 baseline) £000's

	2016/17	2017/18	2018/19	2019/20	2020/21
Garden waste (through increasing subscriptions and pricing)	0	62	38	134	230
Cemeteries (through increasing prices)	0	26	46	46	46
Community alarms (through increasing subscriptions and pricing)	0	70	91	91	91
Total	0	158	175	271	367

Furthermore, the report reviewed two opportunities which did not indicate potential to generate additional net income. These were:

- Increasing either the price or number of subscribers to the Council's trade waste service. Benchmarking indicated that both pricing and subscriber numbers were at appropriate levels and therefore investing resource in growing the income generated by this service should not be a priority (especially given the more viable opportunities listed above).
- Building a council-owned crematorium. This indicated a potential net loss of c. £26,000 per annum once capital costs are taken into account. Therefore the review does not recommend that the Council pursues this opportunity at this time.

APPENDIX IV - INCOME GENERATION

The report also highlighted the potential to increase in-year collection rates for National Non-Domestic Rates (NDR) and convert a portion of the Brentwood multi-story car park to low-cost season ticket parking. The Council did not supply the necessary information to provide an indicative additional net income figure for each of these opportunities. However the report highlighted a series of next steps the Council should take to quantify this potential additional income.

The small opportunities report reviewed the following opportunities and allocated them a RAG (red, amber or green) rating, with red being the least viable options and green being the most viable.

Small Opportunities Analysis Report	
Opportunity	RAG rating
Increase pre-application planning fee charges	Red
Develop a commercially traded pest control service	Amber

APPENDIX V - CONTRACT MANAGEMENT AND PROCUREMENT

BRENTWOOD BC STRATEGIC OBJECTIVE THIS RELATES TO		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Explore alternative methods of service delivery, including shared services and outsourcing		High	3
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		Medium	6
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	
Effectiveness	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 9	

OVERVIEW

Background
The purpose of this review was to consider the design and effectiveness of the controls in place around contract management and procurement to highlight any areas where the controls might be improved. We identified the following key findings:

- Good Practice**
- Current processes have been improved with controls tightened since the new Procurement Officer has been in place
 - Awareness and use of the Procurement function is increasing
 - A strategic consultancy service has recently been employed to help review and improve current procurement functions, leading to the development of a formal Procurement Strategy.

- Key areas for improvement**
- Contracts are not held in a central location with contract managers not always aware of where these are and how much the contract is worth
 - Documentation involved in the procurement of contracts is not always retained to provide evidence of appropriate justification
 - Contracts are not always in place for services provided, despite payments being made by the Council, in one case to a poorly performing supplier
 - Determination of ongoing contract management arrangements and key performance indicators should form part of the procurement process.

Conclusion
We have raised nine recommendations relating to the procurement and management of contracts, including three high level and six medium level recommendations. Our review found that there is scope for improving the implementation of the Council’s controls, leading to a final assessment of moderate assurance over control design and limited assurance over control effectiveness.

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12 December 2016

Audit & Scrutiny Committee

Strategic & Operational Risk Review

Report of: *John Chance, Finance Director*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 The report updates members of the Audit, Scrutiny and Transformation Committee on the status of the Council's 2016/17 Strategic Risk Register and the progress being made across Services in delivering Operational Risk Registers.

2. Recommendations

- 2.1 To agree amendments to the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**
- 2.2 To agree the risk exposure changes to the Operational Risks**

3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit & Scrutiny Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic and operational risk registers are monitored quarterly by the Corporate Leadership Board (CLB) who consider the risks, the mitigations and agrees the content. It is the responsibility of the Audit & Scrutiny Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.
- 3.3 At the meeting of the Audit & Scrutiny Committee on 19 September 2016 it was reported that Zurich Risk Engineering had held a training session

for Operational Risk Register owners on 5 July. This session was to discuss the new reporting structure, ways to improve the risk definitions & descriptions and highlight the requirements for the summary reporting template. Following on from the training, Services have been engaged in a revision to their Operational Risk Registers and to align risks with the Corporate Plan.

4. Issue, Options and Analysis of Options

Strategic Risks

- 4.1 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. These were discussed and agreed by CLB on 14 November 2016.
- 4.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.
- 4.3 As a result of the current risk review three risks have decreased and nine scores have remained unchanged.
- 4.4 The three risks where the risk score has reduced are as follows:
 - Amber risk RSK5 – Information Management and Security (Row No. 6)
This risk has been reduced as the Information Manager at Thurrock council was commissioned in October to review existing data Protection Policy and write a more encompassing 'Data Handling Policy'. This will form the basis of a mandatory online training for all staff.
 - Amber risk RSK4 – Organisational Capacity (Row No. 7)
This risk has been reduced as the new corporate structure is now in process and awaiting final HR advice.
 - Amber Risk RSK10 – Failure to spend Capital Receipts HRA (row 5)
This risk has been reduced as we have achieved the 31 December 2016 deadline, as the contract for the new build development has been awarded to Borrás Construction Ltd.

Risk Matrix

- 4.5 The twelve risks are plotted on the risk matrix in Table 1. The current assessment identifies that two risks will remain in the red area of the risk matrix.

Table 1 – Risk Matrix

Likelihood/Probability	5	10	15	20	25 RSK1
	4	8	12	16 RSK11	20 RSK12
	3	6	9 RSK5	12	15 RSK2
	2	4	6	8 RSK3 RSK4 RSK7 RSK8	10 RSK13
	1	2	3	4 RSK9	5 RSK10
	Negligible	Minor	Moderate	Significant	Major
Negative Impact/Severity					

No.	Risk	No.	Risk
1	Finance Pressures	8	Contract/Partnership Failure
2	Local Development Plan	9	Lack of Strategic Direction
3	Disaster Recover/Continuity Planning	10	Failure to Spend Capital Receipts
4	Organisational Capacity	11	Roll out of Universal Credit
5	Information Management and Security	12	Extension of Right to Buy to registered provider tenants
7	Commercial Activities	13	Failure to deliver key Corporate Projects

Operational Risks

- 4.6 Operational risk management is concerned with reviewing those risks that are faced in the day-to-day delivery of services, particularly where effective management of those risks could result in a reduction in insurance claims and related costs.
- 4.7 Following on from the training session with Zurich Risk Engineering in July 2016, risk owners have been reviewing their risks.
- 4.8 All Services have therefore now either completed a review of their Operational Risk Registers or are reporting work in progress. At the time of writing this report there were 46 operational risks, comprising 1 high (red) risk, 26 medium (amber) risks and 10 low (green) risks.
- 4.9 The table below shows the total number of risks identified in operational risk registers across the Council.

Risk Group	No. of open risks on register	Low Risk	Medium Risk	High Risk
Assets	6	5	1	
Corporate Services	6	1	4	1
Finance	8	7	1	
Housing, Revenues & Benefits	4	1	3	
Localism	4	2	2	One closed
Planning & Environmental Health	10		10	
Street Scene	8	3	5	

- 4.10 Attached to this report at Appendix B is an operational risk summary report showing significant risk exposure changes and one new risk.

5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition the Risk & Insurance Officer will continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

6. Consultation

6.1 None.

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: Ramesh Prashar, Financial Services Manager

Tel & Email: 01277 312 513 ramesh.prashar@brentwood.gov.uk

8.1 None arising specifically from this report, but control measures identified in risk registers could have financial or resource implications.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

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8.2 Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

9. Appendices to this report

Appendix A – Strategic Risk Register Summary Report

Appendix B – Operational Risk Register Summary Report

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BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Residual Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16			Nov-16					
			*L	*I		*L	*I		*L	*I		*L	*I				
1	RSK1	Finance Pressures	5	5	25	5	5	25	5	5	25	5	5	25	↕	COMMENT JAN 2016: Increased to highest risk following the Provisional Local Government Finance Settlement 2016/17. COMMENT MAY 2016: The significantly challenging financial climate continues to place pressures on the Council. COMMENT AUG 2016: The impact of Brexit places further uncertainty on Local Government funding. COMMENT NOV 2016: Awaiting the announcement of the Local Government Finance Settlement.	Ramesh Prashar
2	RSK12	Extension of Right To Buy to registered provider tenants	4	5	20	4	5	20	4	5	20	4	5	20	↕	COMMENT JAN 2016: We are waiting for further announcements from Government; HG to attend a GLA/DCLG briefing in February 2016. COMMENT MAY 2016: HG attended DCLG briefing. There was no update on how the Government intends to implement. HG will continue to monitor. COMMENT AUG 2016: We have received no further information from DCLG. Will continue to monitor. COMMENT NOV 2016: We have received no further information from DCLG, we will continue to monitor.	Angela Williams
3	RSK11	Rollout of Universal Credit	5	5	25	4	5	20	4	4	16	4	4	16	↕	COMMENT AUG 2016: The roll out of Universal Credit is currently moving extremely slowly and we are still awaiting a date for the second stage roll out in Brentwood. We are preparing residents for a 'payment up front culture' with the introduction of 1st week rent up front on the 18th July 2016 which is currently working effectively to reduce the number of tenants going into immediate arrears when they take on a tenancy. We continue to develop the pre-tenancy service to better prepare residents to manage their own money in line with the impending roll out of Universal Credit. COMMENT NOV 2016: There are 56 residents in the Borough, with 12 being Council tenants that are likely to be affected by the benefit cap which will be a phased roll out, potentially from the end of November – mid December 2016. An open day was held on the 12th October 2016 inviting all potentially affected tenants to attend a drop-in service. The Department for Works & Pensions (DWP) and Citizens Advice Bureau (CAB) were also at the session. However only 1 tenant attended the event. Revenues & Benefits will continue to work closely with the Housing Options Team together with DWP, CAB and Family Mosaic to agree a joint way of working to assist all tenants that may potentially be impacted by the planned benefit caps. It has been highlighted that this will place a considerable strain on the Discretionary Housing Payments (DHP) fund so further consideration is required to how the housing prevention fund can aid the DHP application process.	Angela Williams

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Residual Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16			Nov-16					
			*L	*I		*L	*I		*L	*I		*L	*I				
4	RSK2	Local Development Plan	3	5	15	3	5	15	3	5	15	3	5	15	↕	COMMENT JAN 2016: Draft Local Plan approved for consultation at Ordinary Council on 27 January 2016. Consultation runs from 10 Feb for a statutory six week period. COMMENT MAY 2016: Draft Local Plan consultation completed. Processing and assessment of comments and issues now being undertaken for next version of Plan. COMMENT AUG 2016: Processing of comments completed, assessment of issues raised is ongoing; to be published in a Consultation Statement document once complete and to go to committee in autumn 2016. This will inform revisions to the next stage of LDP preparation. COMMENT NOV 2016: Work is ongoing to ensure representations and evidence inform the next version of the Local Development Plan. Work now underway to consider the most appropriate next steps in light of emerging evidence and target to submit the LDP by spring 2017.	Phil Drane
5	RSK13	Failure to deliver key Corporate Projects	2	5	10	2	5	10	2	5	10	2	5	10	↕	COMMENT JAN 2016: Tight project controls have been introduced to assist in the control of this. Regular reporting and links to the Transformation agenda will aid clarity and transparency. COMMENT MAY 2016: New project and programme reporting now in place. COMMENT AUG 2016: A new project dashboard and reporting structure has been introduced to closely monitor the progress and dependencies of corporate projects. COMMENT NOV 2016: No change.	Phil Ruck
6	RSK5	Information Management and Security	3	5	15	3	4	12	3	4	12	3	3	9	↓	COMMENT JAN 2016: Information Management Training (FOI/DPA) to be delivered by Lee Henley in February/March. The Council's Certificate of Registration with the Information Commissioner's Office has now been renewed. COMMENT MAY 2016: Lee Henley has provided an options paper regarding Information Governance issues. COMMENT AUG 2016: Review of Data Protection Policy to occur in Sept-Dec 2016. Training for Officers and Members is to be delivered by Lee Henley in October - November 2016. COMMENT NOV 2016: The Information Manager at Thurrock Council has been commissioned in October to review existing Data Protection Policy and write a more encompassing 'Data Handling Policy'. This will form the basis of mandatory online training for all staff.	Daniel Toohey
7	RSK4	Organisational Capacity	3	4	12	3	4	12	3	4	12	2	4	8	↓	COMMENT JAN 2016: This is a key part of the alignment between the Transformation Agenda and the budget. COMMENT MAY 2016: This continues to be reviewed. COMMENT AUG 2016: A new corporate structure is being proposed, that brings service delivery, corporate goals and budgetary constraints into greater alignment. COMMENT NOV 2016: This is now in process and awaiting final HR advice.	Phil Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Residual Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16			Nov-16					
			*L	*I		*L	*I		*L	*I		*L	*I				
8	RSK3	Disaster Recovery/Business Continuity	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: The over-arching plan will be reviewed to ensure it is robust. Staff details in the plans are to be improved. ICT will provide an updated BC plan to reflect current arrangements. COMMENT MAY 2016: The BC function was audited in January 2016. The Over-arching plan is currently being reviewed and will be reissued in 2016. Staff details in the plans are to be improved on all BC Plans which are also being revised in 2016. Once complete, the plan will be tested by Zurich Municipal. ICT will provide an updated BC plan to reflect current arrangements. COMMENT AUG 2016: All matters reported on in May remain the same and are in progress and on target. COMMENT NOV 2016: The Over-arching Plan is to be reissued in November 2016, to be followed by the Departmental Plans. Zurich Engineering conducted a desk top exercise of the Council's business continuity plan with the Gold Command team and other key parties on 2 November 2016. Further testing of Business Continuity Plans will be undertaken in February 2017.	Mark Stanbury
9	RSK7	Commercial Activities	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: This is an area under constant review and will become clearer once key business cases have been prepared and agreed. COMMENT MAY 2016: Business cases and income generation under constant review to support commercial activities. COMMENT AUG 2016: We are identifying the business cases that will take priority and are reviewing governance and structures with external advisors who specialise in this area. COMMENT NOV 2016: New Section 151 Officer appointed and actions now being taken.	Phil Ruck
10	RSK8	Contract/Partnership Failure	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: This is ongoing and there are no changes to report. COMMENT MAY 2016: No change. COMMENT AUG 2016: There is no change to this. However greater emphasis is being placed upon contract management and we have engaged with procurement specialists with EELGA to ensure this work does not lose momentum. COMMENT NOV 2016: Work with East of England Local Government Association (EELGA) ongoing.	Phil Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Residual Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16			Nov-16					
			*L	*I		*L	*I		*L	*I		*L	*I				
11	RSK10	Failure to spend Capital Receipts	3	5	15	3	5	15	3	5	15	1	5	5	↓	COMMENT JAN 2016: 4 property purchases completed, 3 x 3 bed houses, 1 x 2 bed bungalow , 1 further property purchase progressing with completion due before March deadline, 1 x 3 bed house. This will ensure the 31 March 2016 deadline is achieved. Going forward we are planning to align expenditure with our affordable housing development programme. COMMENT MAY 2016: The 31 March 2016 deadline was achieved through the purchase of 5 properties on the open market. The next deadline of 30 December 2016, will also be achieved with the Council's new housing development programme of garage sites. COMMENT AUG 2016: We have achieved the May 2016 deadline though the purchase of an additional property and pre construction costs of new development sites at Fawters Close and Magdalen Gardens. COMMENT NOV 2016: Risk Rating reduced as we have achieved the 31/12/2016 deadline. Contract for the new build development has been awarded to Borras Construction Ltd.	Angela Williams
12	RSK9	Lack of Strategic Direction	1	4	4	1	4	4	1	4	4	1	4	4	↕	COMMENT JAN 2016: We are now implementing the "Brentwood a better place to be ..." programme as a way of implementing the approved Vision. COMMENT MAY 2016: No change. COMMENT AUG 2016: The vision is being rolled out by a variety of key projects that are supported by strong project governance and controls. COMMENT NOV 2016: On-going. Work is reviewed on a regular basis.	Phil Ruck
* L = Likelihood Rating (1 = Low, 5 = High) * I = Impact Rating (1 = Low, 5 = High) Maximum Score 5 x 5 = 25																	

Brentwood Borough Council - Operational Risk
Summary Risk Report

Significant Risk Exposure Changes

Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required
		May-16			Nov-16				
		*L	*I		*L	*I			
PEH3	Planning - Delay in issuing decisions within statutory timescales	3	4	12	4	4	16	↑	COMMENT NOV 2016: Risk increased after review of performance statistics and fact that a large increase in extensions of time for determining certain applications have been agreed.
PEH6	Failure to manage Lone Working arrangements caused by insufficient management of risk or activity controls to enable safe service delivery	2	4	8	3	4	12	↑	COMMENT NOV 2016: Purchase of Electronic Lone Working Devices to monitor Lone Workers and raise alarm remotely via an Alarm Receiving Centre now required, following extensive piloting and testing in different Service Areas. Cost to provide £25,000 (£12,000) secured, £13,000 additional funding required.
A5	Failure to complete 5 yearly circuit testing in corporate buildings resulting in possible loss of building and/or death or serious injury	1	5	5	2	5	10	↑	COMMENT NOV 2016: Risk increased as multi storey car park testing has been delayed.
PEH6	Planning - Increased workload due to: - Increase in applications - Changes in legislation - Failure to have files sorted and uploaded - Loss of key staff	4	4	16	2	4	8	↓	COMMENT NOV 2016: Team experiencing an increase in applications, but staff resource is now back to full strength. Risk being managed.
A2	Loss of asset due to fire in corporate buildings	2	4	8	1	4	4	↓	COMMENT NOV 2016: Completed assessments have been reviewed and actions taken

Brentwood Borough Council - Operational Risk
Summary Risk Report

Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required
		May-16			Nov-16				
		*L	*I		*L	*I			
A6	Failure to maximise returns from our property assets due to missed rental payments on existing leases and licenses	3	3	9	1	3	3	↓	COMMENT NOV 2016: Some leases now complete and backlog reduced. Existing leases nearing end are currently being reviewed.
L4	Hutton Community Centre	1	2	2	0	0		CLOSED	COMMENT NOV 2016: Lease has been completed with Hutton Community Centre CIO and handover on 1 July 2016. This risk has been removed from the risk register

New Risks

Risk No	Risk Description	Likelihood	Impact	Owner	Impact Description
HRB5	A reduction in Revenues & Benefits performance due to the TUPE of Brentwood Revenues & Benefits staff to Basildon BC	2	4	Billings and Benefits Shared Services Manager	Performance targets not met. Reputational damage. Job dissatisfaction. Staff under performing. Customer complaints.

* L = Likelihood Rating (1 = Low, 5 = High)
* I = Impact Rating (1 = Low, 5 = High)

12 December 2016

Audit, Scrutiny & Transformation Committee

Review of Appointment of Representatives on Outside Organisations

Report of: Steve Summers – Group Manager In-House Services

Wards Affected: None

This report is Public

1. Executive Summary

- 1.1 At its meeting on the 13th June 2016 the Audit & Scrutiny Committee agreed that a Member Working Group be formed to review the arrangements for members appointed to be representatives on outside organisations, Min 43 refers.
- 1.2 The Member Working Group consists of Cllrs Aspinell, Bridge, Keeble, Murphy and Wiles.
- 1.3 The working group met on the 27th September and considered the current process and possible future options as set out in the report attached as Appendix A culminating in the recommendations set out below.

2. Recommendations

- 2.1 **That the Audit & Scrutiny Committee recommends to the Council's Constitution Working Group (CWG) that the Constitution is amended so that appointment of outside representatives is undertaken by Ordinary Council in June each year.**
- 2.2 **The CWG recommends the above constitutional change to Ordinary Council.**
- 2.3 **That the proposed agreed process for appointing outside representatives as set out in Appendix A is followed.**
- 2.4 **That a review of the effectiveness of outside bodies is undertaken on a bi-yearly basis.**

3. Introduction and Background

- 3.1 Under the Council's Constitution the Annual Council is required to appoint representatives to outside bodies and consultation groups unless the appointment has been delegated by the Council.
- 3.2 Following appointment by Council members are required to attend meetings of the outside bodies until possible appointment in the following year. (Unless appointed to an outside body for the duration of their elected period, i.e. 4 years)

4. Issue, Options and Analysis of Options

- 4.1 The analysis of options by the Member Working Group is set out in their report as attached at Appendix A.

5. Reasons for Recommendation

- 5.1 To ensure the Council meets the requirements of the Constitution.

6. References to Corporate Plan

- 6.1 The priority area of *A Modern Council* provided for the Council to improve its governance arrangements leading to a faster, more effective decision making.

7. Implications

Financial Implications

Name & Title: John Chance, Finance Director
Tel & Email 01277 312712 john.chance@brentwood.gov.uk

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

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer
Tel & Email: 01277 212743 daniel.toohey@brentwood.gov.uk

- 7.2 The Council's Constitution outlines the process for electing members to be representatives on outside organisations.

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

- 8.1 None.

9. Appendices to this report

9.1 Appendix A - Members Working Group Report

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Brentwood Borough Council

Review of Appointment of Representatives on Outside Organisations

Report of the Members Working Group

September 2016

Introduction

1. This report presents the findings of the Members Working Group on the appointments of Representatives on Outside Organisations and our recommendations for the process for 2017/18.

Background

2. At its meeting on the 13th June 2016 the Audit & Scrutiny Committee agreed that a Member Working Group be formed to review the arrangements for members appointed to be representatives on outside organisations, Min 43 refers.

The Members Working Group

3. The Members Working Group comprises of Cllrs Aspinell, Bridge, Keeble, Mrs Murphy and Wiles.

Existing Process

- 4.1 Under the Council's Constitution the Annual Council is required to appoint representatives to outside bodies and consultation groups unless the appointment has been delegated by the Council.
- 4.2 Following appointment as representatives members are required to attend meetings of the outside bodies until possible appointment in the following year. (Unless appointed to an outside body for the duration of their elected period, i.e. 4 years).
- 4.3 As an example of the current process, set out in the table below are the steps and timing for 2016.

Steps	Activity	Timing
1	Borough Elections held	5th May
2	Nomination papers sent to Group Leaders for Representatives on Outside Bodies	9th May
3	Responses provided by Group Leaders	13th May
4	Annual Council papers circulated	16th May
5	Annual Council held and voting held if necessary	18th May
6	Representatives and bodies written to advising of nominations agreed by Annual Council	31st May

4.4 The Member Working Group identified the benefits and non-benefits of the current process.

Benefits	Non-Benefits
Matter dealt with quickly	Lack of time to discuss with members and to consider nominations for Group Leaders possibly leading to not appropriate members being nominated
Nominated Members in place ready for outside organisation meetings	Lack of time to discuss nominations between Group Leaders
	Greater possibility for errors to occur in process/paperwork
	Need to vote at Annual Council on those in dispute

Proposed Process

5.1 Following discussions and considerations of the current process the following was agreed based on the 2016 timetable.

Steps	Activity	Timing
1	Borough Elections held	5th May
2	Nomination papers sent to Group Leaders for Representatives on Outside Bodies	9th May
3	Responses provided by Group Leaders to Democratic Services	27th May

4	Democratic Services circulate proposed nominations to all Group Leaders	31 st May
4	Informal discussions held between Group Leaders to discuss any disputes	Week beginning 6 th June
5	Any changes to nominations made to Democratic Services	10 th June
6	Ordinary Council papers circulated	14 th June
7	Ordinary Council held and voting held if necessary	29 th June
8	Representatives and bodies written to advising of nominations agreed by Ordinary Council	4 th July

Benefits	Non-Benefits
Greater time for Group Leaders to nominate and discuss with Members	Members not in place for any meetings outside organisations taking place in May/June (Reps from previous year would attend if still Members?)
Greater time for Group Leaders to discuss disputed nominations	Longer process
Less chance of errors to occur in process/paperwork	Voting takes place at Ordinary Council

- *This would require an amendment to the Council's Constitution.*
- *The process would be reported on an exception basis in that a member would be appointed as an outside representative until the following occurred*
 - *No longer a councillor*
 - *No longer wished to be an outside representative*
 - *The relevant Group Leader advised Officers the councillor no longer wished to be an outside representative*
 - *The relevant Group Leader advised they wished to change the representative*

Recommendations

6. After careful consideration of all the information provided the Member Working Group recommend the following:

- **That the Audit & Scrutiny Committee recommends to the Council's Constitution Working Group (CWG) that the Constitution is amended so that appointment of outside representatives is undertaken by Ordinary Council in June each year.**
- **The CWG recommends the above constitutional change to Ordinary Council.**
- **That the proposed agreed process for appointing outside representatives as set out in Appendix A is followed.**
- **That a review of the effectiveness of outside bodies is undertaken on a bi-yearly basis.**

12 December 2016

Audit and Scrutiny Committee

Work Programme 2016/17

Report of: *Phil Ruck, Chief Executive*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The work of the Audit and Scrutiny Committee will be delivered both by Members working in groups and through formal committee reports. The Audit and Scrutiny Committee will make recommendations to decision making committees and Council as necessary. Audit and Scrutiny Committee are invited to consider its 2016/17 work programme.

2. Recommendation

- 2.1 That the Audit and Scrutiny amended work programme 2016/17 at appendix A be approved.**

3. Introduction and Background

- 3.1 Committee members are invited by the Chair and Vice-Chair to propose topics for inclusion on the work programme.
- 3.2 The Audit and Scrutiny Committee will have particular regard to the Budget, Corporate Plan, Forward Plan, Council policy and significant national issues. The Committee will also seek to include the scrutiny of external facing matters that are of significant interest to local communities.
- 3.3 The work programme of the Audit and Scrutiny Committee should not include management or staffing issues which are the responsibility of the Head of Paid Service.

4. Issue, Options and Analysis of Options

4.1 The Scrutiny function works best when the committee undertakes its work both in member groups and by receiving formal committee reports. It is proposed that in 2016/17, where possible, member working groups be set up as Task and Finish Groups under the terms of reference of the Audit and Scrutiny Committee.

4.2 The advantages of this approach include:

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

4.3 The amended work programme at Appendix A carries on the scrutiny tasks from the approved 2015/16 work programme of the Audit, Scrutiny and Transformation Committee.

5. Reasons for Recommendation

5.1 The Constitution requires that the Audit and Scrutiny Committee agrees its work programme at each meeting of the Committee.

6. Consultation

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

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: John Chance, S151 Officer

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 legal implications arising directly from this report.

9. Background Papers

- 9.1 None

10. Appendices to this report

Appendix A – Amended Work Programme 2016/17

Report Author Contact Details:

Name: Phil Ruck, Chief Executive
Telephone: 01277 312500
E-mail: phil.ruck@brentwood.gov.uk

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Topic	Committee Date	Lead Members	Commentary (12.12.16)
Member/Officer Communications / Members Casework Cross Party Working Group	TBC	Councillors Reed Mynott Morrissey	Agreed: Cllrs Reed, Mynott and Morrissey to meet as appropriate on the new Members Casework software and report to the relevant Audit & Scrutiny Committee.
Working group to Review of the arrangements for Members' appointed to outside organisations	12 December 2016	Councillors Bridge Murphy Wiles Aspinell Keeble	The working group met on the 27 th September 2016. A report is on the agenda of the Audit & Scrutiny Committee on the 12 th December 2016.
Budget Scrutiny	23 January 2017	Councillors Reed Bridge Tumbridge Keeble Fulcher	A meeting was held on 26 October 2016 and the group discussed the 2016/17 Budget Report and Council Tax Resolution.
Hackney Carriage Fare Setting Process	TBC	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	<p>The Licensing Committee of 13 January 2015 recommended that a cross party Task and Finish Group be established in order to review the process for setting of tariffs in respect of Hackney Carriage fares. Once proposals from the taxi trade are received the review can commence.</p> <p>To date no firm proposals have been received.</p>

Topic	Committee Date	Lead Members	Commentary (12.12.16)
Formal Complaints received in 2015/16.	23 January 2017	Councillors Pound Farragher Poppy Chilvers Barrett	<p>A first meeting date of the working group was held on the 6th September 2016. A future meeting to review in more detail the Formal Complaints received from April to September 2016 has been unable to be arranged to date.</p> <p>An update from the working group will be provided to the Audit & Scrutiny Committee on the 23rd January 2017.</p>
Internal Audit Working Group - Review of outstanding Internal Audit Recommendations.	12 December 2016	Councillors Pound Middlehurst Wiles Keeble Mynott	<p>A meeting was held on 27 October 2016 and the group went through the list of the outstanding Internal Audit Recommendations.</p> <p>An update from the working group will be provided to the Audit & Scrutiny Committee on the 12th December 2016.</p>

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, and Scrutiny Committee

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

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