



# Agenda

## Audit and Scrutiny Committee

Tuesday, 11 July 2023 at 7.00 pm

Council Chamber, Town Hall, Ingrave Road, Brentwood, Essex CM15  
8AY

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### Membership (Quorum – 3 )

Cllrs Sankey (Chair), Naylor (Vice-Chair), Mrs N Cuthbert, Mrs Fulcher, Hirst, Marsh, Rigby, Wagland and White

### Substitute Members

Cllrs M Cuthbert, Haigh, Heard, Gelderbloem and Mayo

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### Agenda

Item	Item	Wards(s) Affected	Page No
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### Live broadcast

[Live stream to start at 7pm and available for repeat viewing.](#)

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|----|--|-----------|---------|
| 1. | Apologies for Absence                                |           |         |
| 2. | Minutes of the previous meeting                      |           | 5 - 10  |
| 3. | Brentwood Community Safety Partnership Annual Report | All Wards | 11 - 44 |
| 4. | S106 Financial Obligations                           | All Wards | 45 - 54 |
| 5. | Delayed audit of 2021/22 accounts                    | All Wards | 55 - 58 |
| 6. | Historic accounting for Minimum Revenue Provision    | All Wards | 59 - 64 |

- |     |   |           |           |
|-----|---|-----------|-----------|
| 7.  | <b>External Audit Plan for 2021/22</b>  | All Wards | 65 - 118  |
| 8.  | <b>Internal Audit Progress Report</b>   | All Wards | 119 - 190 |
| 9.  | <b>Internal Audit Annual Report and Annual Statement of Assurance</b>   | All Wards | 191 - 220 |
| 10. | <b>2022/23 Financial Outturn</b>  | All Wards | 221 - 252 |
| 11. | <b>2022/23 Treasury Management Annual Report</b>  | All Wards | 253 - 258 |
| 12. | <b>Risk Management Update</b>   | All Wards | 259 - 284 |
| 13. | <b>Scrutiny Work Programme 2023/24</b>  | All Wards | 285 - 290 |
| 14. | <b>Urgent Business</b><br>An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be considered as a matter of urgency. |           |           |



Jonathan Stephenson  
Chief Executive

Town Hall  
Brentwood, Essex  
03.07.2023

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### Information for Members

#### Substitutes

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

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

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#### Rights to Attend and Speak

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

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

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

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

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##### Point of Order

A member may raise a point of order at any time. The 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.

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### Information for Members of the Public

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#### Access to Information and Meetings

You have the right to attend all meetings of the Council and Committees. You also have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published.

Dates of the meetings are available at [www.brentwood.gov.uk](http://www.brentwood.gov.uk).

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#### Guidelines on filming, photography, recording and use of social media at council and committee meetings

The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

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

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these activities, in their opinion, are disrupting proceedings at the meeting.

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 **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 meeting venue from the Main Entrance. If you do wish to attend this meeting, please contact the clerk should you have specific accessibility needs. There is an induction loop in the meeting room.

 **Evacuation Procedures**

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





## Minutes

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### Audit and Scrutiny Committee Tuesday, 7th March, 2023

#### Attendance

Cllr Heard (Chair)	Cllr Haigh
Cllr Barrett	Cllr Sankey
Cllr Bridge	Cllr Slade
Cllr Mrs Fulcher	

#### Apologies

Cllr Hirst (Vice-Chair)	Cllr Wagland
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#### Substitute Present

Cllr Jakobsson  
Cllr Reed

#### Also Present

Cllr Aspinell

#### Officers Present

Emily Yule	- Strategic Director
Steve Summers	- Strategic Director
Tim Willis	- Interim Director - Resources
Sarah Bennett	- Director - Digital & Customer Engagement
Marcus Hotten	- Director - Environment
Zoe Borman	- Governance and Member Support Officer
Angela Abbott	- Corporate Manager - Housing Needs and Independent Living
Stuart Anderson	- Facilities Manager
Alistair Greer	- Principal Accountant (Financial Reporting)
Paulette McAllister	- Programme Lead - Strategic Housing Development Programme
Janine Combrinck	- Internal Audit, BDO
Elizabeth Jackson	- Partner, Ernst & Young LLP

**LIVE BROADCAST**

[Live broadcast to start at 7pm and available for repeat viewing.](#)

**368. Apologies for Absence**

Apologies had been received from Cllrs Hirst and Wagland. Cllrs Jakobsson and Reed were substitutes.

Cllr Heard **MOVED** and Cllr Bridge **SECONDED** a motion that Cllr Slade act as Vice Chair for this meeting. Members agreed.

**369. Minutes of the previous meeting**

The Minutes of the last meeting held on 24<sup>th</sup> January were agreed as a true record.

**370. Auditor's Annual Report Year ended 31 March 2021**

This report presented the Committee with the Annual Audit Report issued by the external auditors, Ernst & Young, following the completion of the audit of the 2020/21 accounts.

Ms Elizabeth Jackson, Partner at Ernst & Young, presented the report.

Following a full discussion Members were asked to:

**Notes the contents of the report and the Annual Audit Report.**

**371. Internal Audit Progress Report 2022/23**

This report was intended to inform the Audit and Scrutiny Committee of progress made against the 2022/23 internal audit plan. It summarised the work internal audit have done, together with their assessment of the systems reviewed and the recommendations they have raised.

Ms Janine Combrinck was present at the meeting and summarised the report.

Following a full discussion, Members noted the report.

**372. Internal Audit Plan 2023/24**

The Internal Audit Plan sets out the proposed work to be undertaken in 2023/24 and is attached as Appendix A to the report.

Ms Combrinck summarised the report.

Cllr Heard **MOVED** and Cllr Slade **SECONDED** the recommendations in the report.

Following discussion Members voted and it was **RESOLVED UNANIMOUSLY** to:

1. **Approve the Internal Audit Plan 2023/24 attached in Appendix A**
2. **Delegated authority be given to the Section 151 Officer to amend the plan in year as necessary to deliver the contract.**

### **Reasons for Recommendation**

To approve the work programme for the Internal Audit Plan 2023/24.

### **373. Risk Management**

This report updated members of the Audit & Scrutiny Committee on the status of the Council's 2022/2023 Strategic Risk Register and high-level operational risks.

Mr Willis summarised the report.

Following discussion the report was noted by Members.

### **374. S106 Financial Obligations**

This report provided a summary and detail of the current financial contributions the Council has secured through section 106 agreements from new developments for affordable housing and public open space works. In addition, the report sets out the proposed future plans for s106 Agreement processes and procedures.

Steve Summers presented the report.

Members thanked officers for this report, and requested that an updated report be presented on a quarterly basis.

Following a full discussion:

**Members were asked to note the current s106 financial contributions as attached at Appendices A and B and proposed future plans for processes and procedures as set out in the report.**

### 375. Ordinary Council Motions

At a previous meeting of Audit & Scrutiny held on 6th July 2021, Cllr Dr Barrett, requested a report to be presented on the progress of Ordinary Council Motions (Min 77 refers) under the Scrutiny Work Programme.

This report forms part of the Scrutiny Work Programme and an annual report was presented at last Audit and Scrutiny of the Municipal year to ensure transparent governance and open to scrutiny.

Following a full discussion the report was noted.

### 376. Review of Outside Organisations

An annual Outside Organisation review has been undertaken to ensure effective partnership working wherever appropriate to help deliver the Council's objectives and to ensure that the Council's time is spent productively and effectively.

This forms part of the Scrutiny Work Programme.

Following discussion Cllr Heard **MOVED** and Cllr Slade **SECONDED** the recommendations in the report. A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY** that:

1. **Following the review of Outside Organisations, it is recommended that the Council appoints representatives to the bodies listed in the Appendix B.**

#### **Reasons for Recommendation**

To ensure effective partnership working and safeguard productive and effective use of Council time.

### 377. Formal Complaints & Performance Indicator Working Group

This report submitted the report and recommendations of the Formal Complaints and Performance Indicators Working Group for consideration by the Audit & Scrutiny Committee.

Following discussion Cllr Heard **MOVED** and Cllr Slade **SECONDED** the recommendations in the report. A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY** that Members:

1. **Note the Formal Complaints and Performance Indicators Working Group report, as attached at Appendix A, and agree the recommendations contained within it.**

#### **Reasons for Recommendation**

To ensure the Council provides quality customer services.

#### **378. Scrutiny Work Programme 2022/23**

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee. This report provides an update of the current scrutiny work programme and is set out in Appendix A.

Following discussion Cllr Heard **MOVED** and Cllr Slade **SECONDED** the recommendations in the report. A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY** that Members:

1. **That the Committee considers and agrees the 2022/23 Scrutiny work programme as set out in Appendix A with any additions agreed by the committee at the meeting.**

#### **Reasons for Recommendation**

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

#### **379. Urgent Business**

There were no items of urgent business.

The meeting concluded at 20.07

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## **SUPPORT ING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

Section 19 of the Police and Justice Act 2006 requires every Local Authority to have a Crime and Disorder Committee with the power to review, scrutinise, and make reports and recommendations regarding the functioning of the CSP.

As outlined above the Committee are asked to perform the scrutiny function for the CSP. The Committee is asked to consider the work of the CSP as summarised in the attached annual report and to refer any comments or concerns to the partnership. This provides a scrutiny and monitoring function of the Council's partnership role in improving community safety.

### **2.0 OTHER OPTIONS CONSIDERED**

N/A

### **3.0 BACKGROUND INFORMATION**

1. The requirement for local authorities to have a committee which carries out a scrutiny role was enacted by the Crime and Disorder (Overview and Scrutiny) Regulations 2009 that came into force for local authorities in England on 30th April 2009.
2. The Act and the Regulations do not require Council's to alter existing committee structures but specify that there must be a formal place where community safety matters can be discussed.
3. At the Policy Board meeting on 17 June 2009 (minute 78 refers) it was agreed that the Overview & Scrutiny Panel will carry out the function of the Crime and Disorder Committee.
4. Each year the CSP provides an annual report to the Committee (see Appendix B).

### **4.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / [tim.willis@brentwood.rochford.gov.uk](mailto:tim.willis@brentwood.rochford.gov.uk)**

The CSP is a third-party organisation and is not accounted for within the Council's finances. Brentwood Council provides resources to administer the partnership and holds their finances on behalf of the partnership, so it can be managed by Brentwood Council employees.

### **5.0 LEGAL IMPLICATIONS**



**Name & Title: Claire Mayhew, Joint Acting Director – People & Governance & Monitoring Officer**

**Tel & Email 01277 312500 / [claire.mayhew@brentwood.gov.uk](mailto:claire.mayhew@brentwood.gov.uk)**

There are no direct legal implications from the report.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

The CSP is a third-party organisation and comprises of multiple agencies including police, fire, health, and Brentwood Council as a key partner. Brentwood Council responsibility is fulfilled by the Community Safety Team as part of their remit.

## **7.0 RELEVANT RISKS**

Improve the perception and delivery of safety within Brentwood by the partnership

## **8.0 ENGAGEMENT/CONSULTATION**

None

## **9.0 EQUALITY IMPLICATIONS**

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**

**Tel & Email 01277 312500 [kim.anderson@brentwood.gov.uk](mailto:kim.anderson@brentwood.gov.uk)**

The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

**Name & Title: Phil Drane, Director - Place**

**Tel & Email 01277 312500 / [phil.drane@brentwood.rochford.gov.uk](mailto:phil.drane@brentwood.rochford.gov.uk)**

**Protecting our environment** by working collaboratively with partners to reduce environmental crime, focusing on hotspot areas, particularly the rural communities.

**REPORT AUTHOR:****Name:** Jonathan Woodhams**Title:** Corporate Manager, Community Safety**Phone:** 07840 842137**Email:** Jonathan.woodhams@brentwood.gov.uk**APPENDICES**

Appendix A: CSP Partnership Plan 22/23

Appendix B: CSP Annual Report 22/23

**BACKGROUND PAPERS****SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Audit and Scrutiny</b>	<b>5<sup>th</sup> July 2022</b>
<b>Audit and Scrutiny</b>	<b>6<sup>th</sup> July 2021</b>



*Annual Scrutiny Report*

safer  brentwood

April 2023

## Introduction

Brentwood Community Safety Partnership is the local statutory Community Safety Partnership (CSP) for Brentwood. The purpose of the Partnership is to provide a strategic and collaborative approach to addressing local crime and disorder within the Borough by reducing the levels of disorder including crime, anti-social behaviour, the misuse of drugs and reducing re-offending. However, the partnership is committed to delivering beyond our statutory obligations and understand the importance of wider community safety issues to local communities such as Neighbourhood Watch (NHW), Speedwatch activity and continuing to develop home safety activity with our partners such as Essex Police and Essex County Fire & Rescue Service (ECFRS).

The partnership is made up of both Statutory and Community organisations as detailed below.



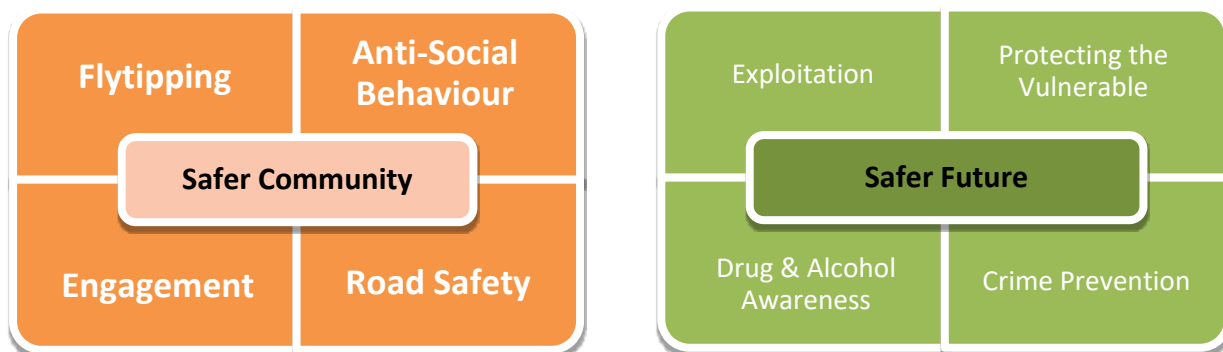
The CSP was chaired by Cllr Keith Barber and Essex Police, Chief Inspector Tina Cooper is Vice Chair. Each year the CSP are required to prepare a Strategic Intelligence Assessment to review existing priorities and identify any new or emerging priorities that the partnership should focus on.

Following this analysis and identification of the strategic priorities a Partnership Plan is produced detailing the partnerships activities for the forthcoming year to address the issues raised in the Strategic Intelligence Assessment.

The Partnership Plan is a public facing document which details the priorities identified by residents and data from the Strategic Intelligence Assessment. The document includes detailed action plans for each priority area and sets out how the partnership will work together over the next twelve months to tackle crime and disorder and achieve its priorities.

This plan also has regard to the police and crime objectives set out in the Police, Fire and Crime Commissioners (PFCC) Police and Crime Plan.

The priorities identified from the 2022/2023 Strategic Assessment were:



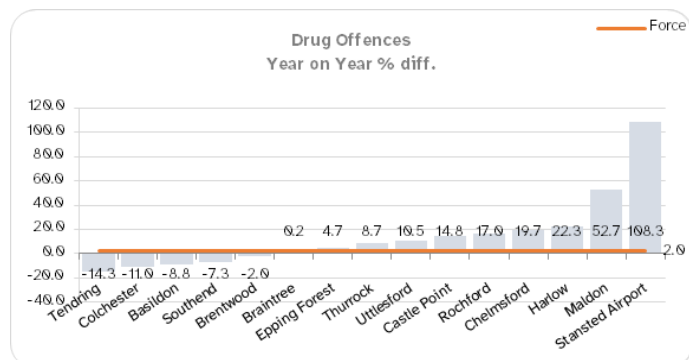
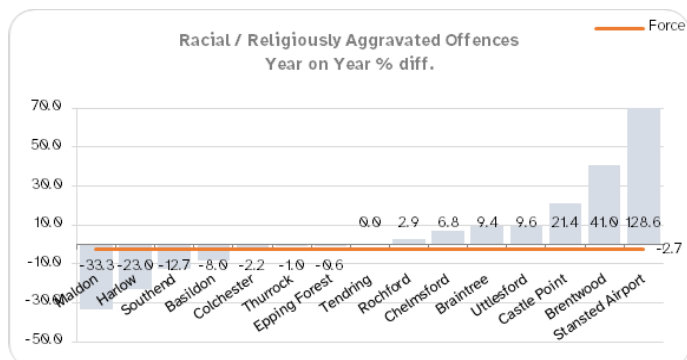
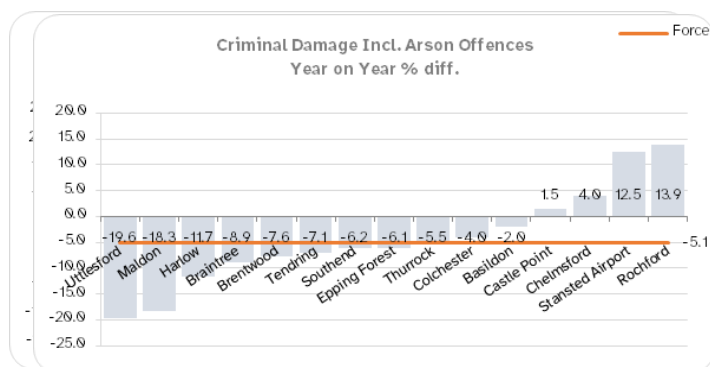
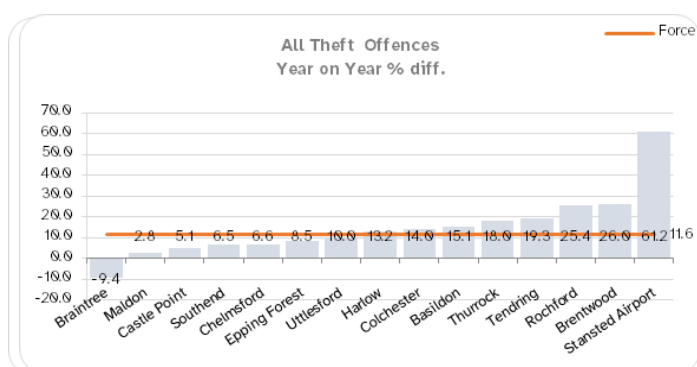
## Policing Structure and Resources

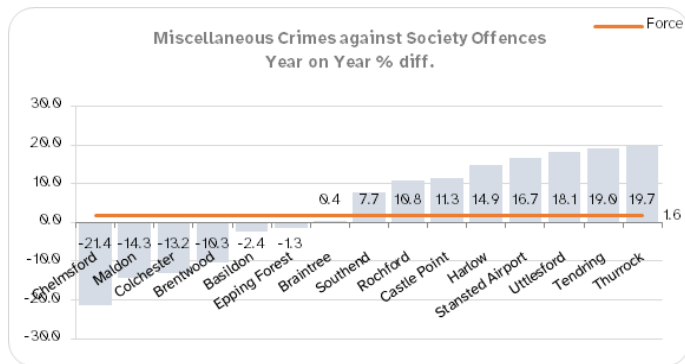
**Brentwood Borough** forms part of Essex Police West Local Policing Area (LPA), which also includes the districts of Epping Forest, Harlow and Thurrock. The Borough accounts for 22% of the area and 17% of the population of the LPA.

**Community Policing Team (CPT)** delivers community policing within the borough and comprises of:

- **1** Inspector, covering Epping Forest and Brentwood
- **1** Sergeant covering Brentwood
- **8** Constables, covering Brentwood (Including **2** Town Centre Team)
- **3** Police Community Support Officers (PCSOs) for Brentwood.
- **1** Rural Community Officer who is shared with Epping Forest
- **1** Children and Young Persons Officer.
- **1** Community Safety & Engagement Officer

**Crime Figures** - Below are tables relating to crime statistics Force Wide across Essex. Overall Brentwood sits on the lower end of the crime statistics across Essex. These figures are from April 1<sup>st</sup> 2022- 31<sup>st</sup> March 2023.





## Brentwood Rolling 12 Months to March

Top Level			Offences					Solved Outcomes				Solved Rates %		
Crime Type	DA	% DA 2023	2022	2023	# diff.	% diff.	% All 2015	2022	2023	# diff.	% diff.	2022	2023	% pt. diff.
<b>Anti-Social Behaviour (incidents)</b>	-	-	1139	627	-512	-45.0	-	-	-	-	-	-	-	-
<b>All Crime (excl. Action (NFIB) Fraud)</b>	803	13.9	5645	5762	117	2.1	100.0	625	615	-10	-1.6	11.1	10.7	-0.4
- State Based Crime	24	2.7	974	881	-93	-9.5	15.3	283	248	-35	-12.4	29.1	28.1	-0.9
- Victim Based Crime	779	16.0	4671	4881	210	4.5	84.7	342	367	25	7.3	7.3	7.5	0.2
Victim Based Crime			Offences					Solved Outcomes				Solved Rates %		
Crime Type	DA	% DA 2023	2022	2023	# diff.	% diff.	% All 2015	2022	2023	# diff.	% diff.	2022	2023	% pt. diff.
<b>Violence Against the Person</b>	665	35.2	2027	1888	-139	-6.9	32.8	175	184	9	5.1	8.6	9.7	1.1
- Homicide	0	0.0	2	1	-1	-50.0	0.0	2	1	-1	-50.0	100.0	100.0	0.0
- Violence with Injury	181	41.5	447	436	-11	-2.5	7.6	63	61	-2	-3.2	14.1	14.0	-0.1
- Death or Serious Injury caused by unlawful driving	1	50.0	0	2	2	-	-	1	2	1	100.0	-	100.0	-
- Violence without Injury	270	34.4	743	785	42	5.7	13.6	78	76	-2	-2.6	10.5	9.7	-0.8
- Stalking and Harassment	213	32.1	835	664	-171	-20.5	-	31	44	13	41.9	3.7	6.6	2.9
<b>Sexual Offences</b>	33	20.1	211	164	-47	-22.3	2.8	11	19	8	72.7	5.2	11.6	6.4
- Rape	26	53.1	82	49	-33	-40.2	0.9	1	1	0	0.0	1.2	2.0	0.8
- Rape - Under 16 yrs	2	16.7	12	12	0	0.0	0.2	1	1	0	0.0	8.3	8.3	0.0
- Rape - Over 16 yrs	24	64.9	70	37	-33	-47.1	0.6	0	0	0	-	0.0	0.0	0.0
- Other Sexual Offences	7	6.1	129	115	-14	-10.9	2.0	10	18	8	80.0	7.8	15.7	7.9
<b>Robbery</b>	5	11.9	38	42	4	10.5	0.7	4	3	-1	-25.0	10.5	7.1	-3.4
- Robbery of business property	0	0.0	4	3	-1	-25.0	0.1	0	1	1	-	0.0	33.3	33.3
- Robbery of Personal Property	5	12.8	34	39	5	14.7	0.7	4	2	-2	-50.0	11.8	5.1	-6.6
<b>Theft Offences</b>	31	1.3	1956	2370	414	21.2	41.1	105	119	14	13.3	5.4	5.0	-0.3
- Burglary	6	1.8	331	339	8	2.4	5.9	21	14	-7	-33.3	6.3	4.1	-2.2
- Burglary Residential	6	2.7	227	225	-2	-0.9	3.9	16	9	-7	-43.8	7.0	4.0	-3.0
- Burglary Business & Community	0	0.0	104	114	10	9.6	2.0	5	5	0	0.0	4.8	4.4	-0.4
- Burglary Dwelling (pre-Apr 17 definition)	6	4.1	140	148	8	5.7	2.6	14	9	-5	-35.7	10.0	6.1	-3.9
- Burglary Other (pre-Apr 17 definition)	0	0.0	191	190	-1	-0.5	3.3	7	5	-2	-28.6	3.7	2.6	-1.0
- Vehicle Offences (incl. Interference)	5	0.6	703	908	205	29.2	15.8	10	28	18	180.0	1.4	3.1	1.7
- Theft from a Vehicle	0	0.0	326	422	96	29.4	7.3	0	4	4	-	0.0	0.9	0.9
- Theft of a Vehicle	5	1.5	275	336	61	22.2	5.8	9	13	4	44.4	3.3	3.9	0.6
- Vehicle Interference	0	0.0	102	150	48	47.1	2.6	1	11	10	1000.0	1.0	7.3	6.4
- Theft	20	1.8	922	1123	201	21.8	19.5	74	77	3	4.1	8.0	6.9	-1.2
- Theft from the Person	0	0.0	59	54	-5	-8.5	0.9	0	1	1	-	0.0	1.9	1.9
- Theft of Pedal Cycle	0	0.0	43	25	-18	-41.9	0.4	1	1	0	0.0	2.3	4.0	1.7
- Shoplifting	0	0.0	259	453	194	74.9	7.9	50	61	11	22.0	19.3	13.5	-5.8
- Other Theft	20	3.4	561	591	30	5.3	10.3	23	14	-9	-39.1	4.1	2.4	-1.7
<b>Criminal Damage inc. Arson</b>	45	10.8	439	417	-22	-5.0	7.2	47	42	-5	-10.6	10.7	10.1	-0.6
- Criminal Damage	45	11.3	403	399	-4	-1.0	6.9	43	42	-1	-2.3	10.7	10.5	-0.1
- Arson	0	0.0	36	18	-18	-50.0	0.3	4	0	-4	-100.0	11.1	0.0	-11.1
<b>Racial/Religiously Aggravated Offences</b>	2	2.2	53	91	38	71.7	1.6	11	19	8	72.7	20.8	20.9	0.1
<b>Hate Crime HO Definition</b>	3	1.9	149	155	6	4.0	2.7	20	26	6	30.0	13.4	16.8	3.4
<b>Domestic Abuse</b>	803	100.0	898	803	-95	-10.6	13.9	82	84	2	2.4	9.1	10.5	1.3
- High Risk Domestic Abuse	95	100.0	114	95	-19	-16.7	1.6	15	21	6	40.0	13.2	22.1	8.9
- Medium Risk Domestic Abuse	89	100.0	120	89	-31	-25.8	1.5	16	18	2	12.5	13.3	20.2	6.9
- Standard Risk Domestic Abuse	591	100.0	630	591	-39	-6.2	10.3	51	40	-11	-21.6	8.1	6.8	-1.3
- No Risk Assessment	28	100.0	34	28	-6	-17.6	0.5	0	5	5	-	0.0	17.9	17.9
State Based Crime			Offences					Solved Outcomes				Solved Rates %		
Crime Type	DA	% DA 2023	2022	2023	# diff.	% diff.	% All 2015	2022	2023	# diff.	% diff.	2022	2023	% pt. diff.
<b>Drug Offences</b>	0	0.0	199	193	-6	-3.0	3.3	189	160	-29	-15.3	95.0	82.9	-12.1
- Trafficking of Drugs	0	0.0	33	47	14	42.4	0.8	24	25	1	4.2	72.7	53.2	-19.5
- Possession of Drugs	0	0.0	166	146	-20	-12.0	2.5	165	135	-30	-18.2	99.4	92.5	-6.9
<b>Possession of Weapons</b>	2	5.0	31	40	9	29.0	0.7	13	21	8	61.5	41.9	52.5	10.6
<b>Public Order</b>	16	2.9	630	545	-85	-13.5	9.5	63	53	-10	-15.9	10.0	9.7	-0.3
<b>Miscellaneous Crimes against Society</b>	6	5.8	114	103	-11	-9.6	1.8	18	14	-4	-22.2	15.8	13.6	-2.2



- *Anti-Social Behaviour has decreased by 45%*
- *Burglary has decreased by 2.4%. This decrease is in line with other areas and the Community Safety Team, Essex Police and Neighbourhood Watch will continue to engage with the public and promote home safety as and when safe to do so.*
- *Hate Crime offences have increased by 4% . There has been further joint work in promoting the reporting of Hate Crime, there is also some relation to some ASB Cases.*
- *Drugs Offences, Public Order and sexual offences have all decreased.*

## Partnership Activity and Achievements

**Community Engagement** - The partnership has continued to deliver as many community engagement events across the borough and wider Essex where possible. Since April 2022 – March 2023, 58 engagement events have been delivered. These community engagement events focus on providing crime prevention and safety advice for the local community. Another area of focus for the partnership is linking in with local, regional, and national campaigns and local police operations including:

- Ending Violence Against Women
- Operation Heater – Night time economy safety
- Walk with Us – Violence against women and girls
- Operation Septor – Knife crime awareness week



**Neighbourhood Watch (NHW)** - Brentwood is extremely privileged to have such a dedicated volunteer, Peter Salmon who co-ordinates NHW across the Borough. He is extremely proactive driving the scheme across Brentwood and further afield.

The NHW co-ordinator attends the CSP Strategy Panel meetings and represents Brentwood at County-wide meetings. It is recognised by the partnership that without the support of our local co-ordinator we would not be able to deliver such a comprehensive engagement programme.

As well as promoting NHW across the borough he has also distributed information leaflets/booklet and crime prevention items such as:

- Window Alarms
- ID Magnifier
- Personal Alarms
- Purse Bells
- Purse Cables
- Property Marker Pens
- Timer Switches
- Sat Nav Cloths
- Key Ring Torches
- Door Chains
- Leaflets including: Lock Em Out, scam booklet, community safety booklet, junior highway code booklet, and much more

The NHW volunteer co-ordinator also produces a monthly 'be wary' information leaflet with key current community safety topics that is displayed in many key locations across the borough and is also shared with Parish Councils and wider partners.

## Crimestoppers end of year report - Brentwood

Crimestoppers, an independent charity giving people the power to speak up about crime anonymously, fully supports the objectives of Brentwood Community Safety Partnership.

During the year, Crimestoppers has maintained links with other community safety groups in the district, such as the Brentwood and Epping Forest IAG group.

It is partnered with and works closely with Brentwood Neighbourhood Watch and attends community safety events in the district.

A Crimestoppers Zone was established in Pilgrims Hatch early October of 2022. The purpose of Zones is to target specific areas to create envelopes of intense marketing to highlight Crimestoppers anonymity platform to help reduce crime and fear of crime, and to build community confidence for people to be and feel safe.

The Zone in Pilgrims Hatch covered only a few hundred homes and marketing in the area was limited. However, initial results, below, show there were 29 crime reports from 22 contacts. To the end of October, a significant monthly increase influenced by the Zone messaging.

### Bwd area reports 2022

	Sept	Oct
Domestic abuse		1
Drink / Drug driving	5	5
Drug Manu	1	2
Drug Traffic	3	7
Drug Possession / other drug crime	1	
Environment and wildlife crime	1	
Robbery		1
Theft		1
Trading Standards		1
Totals to date	11	18

Fearless, the Crimestoppers web-based brand for young people, continues to be involved in ECC schools' activities using Fearless A7, Z-fold crime-awareness cards in district.

**Local Independent Advisory Group (LIAG)** - The CSP continues to support the LIAG with Essex Police and Epping Forest District Council. The aim of the group is to review police working practices and to assist Essex Police better understand how its processes and policies can affect our local communities. It also provides a platform for communities to voice their concerns on key issues.

**Social Media** is vital in enabling us to communicate effectively with communities. The CSP has a very active social media programme including the use of Twitter with over 700 followers.

Twitter: @saferbrentwood

**Anti-Social Behaviour** - Since April 2022 the following has been achieved:

- 137 reports of Anti-Social Behaviour with 20 open cases under investigation.
- 3 Notices of Seeking Possession have been served for a variety of different reasons
- 19 Community Protection Warning served
- 4 Community Protection Notice served
- 1 Partial Closure Order obtained
- 1 Injunction granted for ASB
- 1 Eviction due to ASB
- 1 Mediation referrals completed

**Community Safety Projects** - The CSP has remained committed to tackling such a key issue for local communities. These projects are aimed at a vast cross section from nursery age, young people to the vulnerable and elderly.

Projects delivered since April 2022 are:

**Outreach work** in hotspot areas to engage with young people

**N-Act Theatre performances** for all schools. 'Friend' is a play about gangs, county lines, knife crime and consequences

**'Unacceptable' performance** on peer-on-peer behaviour and awareness around sexism, sexual harassment and sexual violence isn't acceptable

**Crime awareness sessions** delivered in schools around drugs, gangs and knife crime

**The Essex Restorative and Mediation Service** holds offenders to account and helps them take responsibility for the harm they have caused. Both parties discuss next steps and the perpetrators can then make amends.

Victims are given the chance to explain the impact the crime or conflict has had on them, ask questions of the perpetrator and seek an apology. It enables offenders to be held to account for what they have done but also take responsibility for the harm they have caused. If a face to face meeting is not appropriate, they can do so indirectly via letters or messages.

Representatives from the Restorative Justice (RJ) Hub attend local monthly meetings to discuss cases and consider whether an RJ referral would be appropriate.

Relationships have been developed and strengthened and the partnership is striving to deliver our partnership promise.

### ***The Partnership Promise***

***We are committed to delivering local solutions to local problems that have been identified by local people.***

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2022/23

**BRENTWOOD  
COMMUNITY  
SAFETY  
PARTNERSHIP  
PLAN**

**2022 / 2023**





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The logo for Safer Brentwood features a stylized circular icon composed of four curved segments in red, blue, green, and yellow, arranged in a circle. 

safer brentwood

[www.saferbrentwood.com](http://www.saferbrentwood.com)

# WELCOME to SAFER BRENTWOOD

Safer Brentwood is the local statutory Community Safety Partnership (CSP) for the Borough. The purpose of the partnership is to provide a strategic and collaborative approach to addressing local crime and disorder within the Borough, such as reducing the levels of crime including anti-social behaviour, the misuse of drugs and also reducing reoffending.

# THE BACKGROUND

Under the Crime & Disorder Act 1998, Community Safety Partnerships (CSPs) are required to work together in formulating and implementing strategies to tackle local crime and disorder, misuse of drugs, reduce reoffending in the area and to have in place a partnership plan setting out their priorities.

To ensure that the partnership is proactive and well informed, it carries out an annual Strategic Intelligence Assessment to review existing priorities in addition to identifying any new emerging priorities that the partnership should focus on.

The Partnership Plan takes forward the priorities identified by residents and data from the Strategic Intelligence Assessment and sets out how the partnership will work together over the next twelve months in order to tackle these priorities.

This plan also has regard to objectives set out in the Police, Fire and Crime Commissioners (PFCC) Police and Crime Plan, and will be shared with the PFCC.

The partnership is made up of both statutory and community organisations. Listed below are the five statutory partners that Brentwood works with.

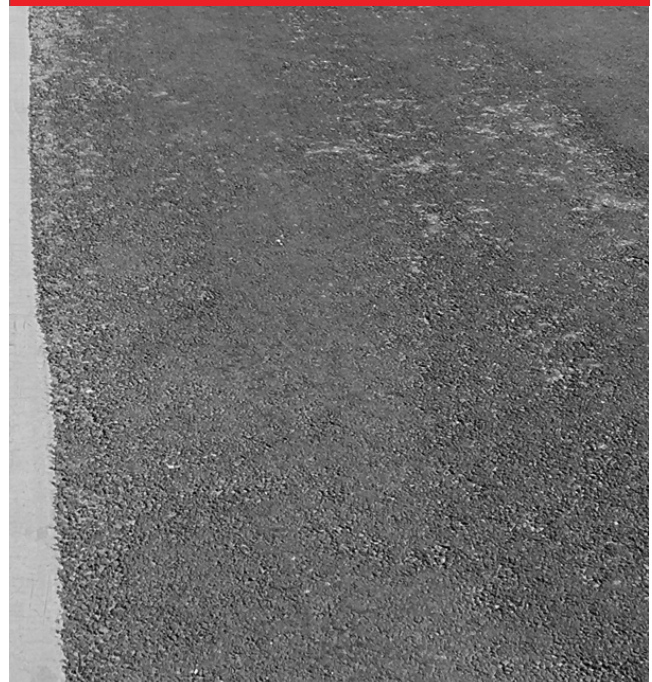
- ✓ **Brentwood Borough Council**
- ✓ **Essex Police**
- ✓ **Essex County Fire & Rescue**
- ✓ **Essex Probation Service**
- ✓ **Health NHS**

Just as important as the statutory partners that we work with, are the non-statutory partners such as Neighbourhood Watch, Crimestoppers, Federation for Small Businesses, local resident groups, Parish Councils, schools, volunteers and more. Without these partners we wouldn't be able to work so effectively as a partnership.



## THE PARTNERSHIP PROMISE

Delivering for a Safer Brentwood  
for generations to come



# LOCAL PROFILE

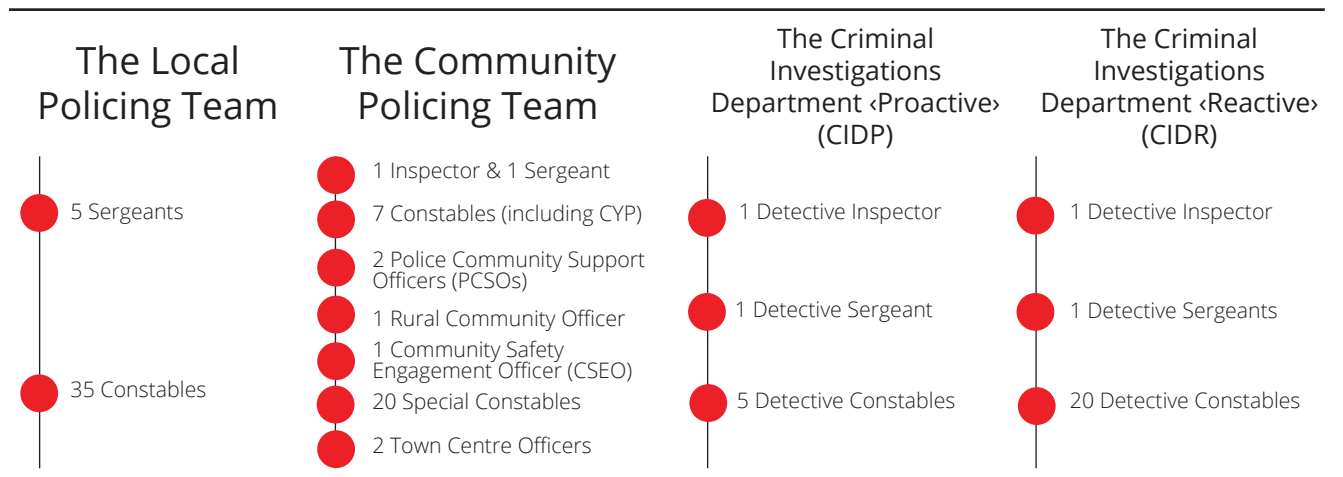
The Borough of Brentwood is situated in the South West of Essex and is a pleasant, busy town conveniently situated with routes into London, the surrounding countryside and villages. Brentwood has a good mix of shops, schools, businesses and recreational facilities. The Borough is located within the Metropolitan Green Belt, with the heart of the town only minutes away from woods, parks, commons and rights of way. Apart from its urban heart, the Borough of Brentwood has about 3,000 acres (about 1,215 hectares) of woodland, three country parks, a large amount of farmland and a number of very attractive villages within its borders, yet it is only 18 miles from London. Road and rail connections are excellent with the M25, A12 and A127 trunk roads within the borough and convenient, fast rail links with London and East Anglia. Stansted, City and Southend airports are all 30 to 40 minutes drive away, with Heathrow and Gatwick airports not much more.

# POLICING STRUCTURE

The Borough of Brentwood forms part of Essex Police West Local Policing Area (LPA), which includes the districts of Epping Forest, Harlow and Thurrock. The Borough accounts for 22% of the area and 17% of the population of the LPA.

Since November 2017, Essex Police moved into the Town Hall to their new base. This has further improved communication and partnership work with the Council. The Community Safety Team have access to the police station and have further developed their working relationships with local officers. Arrangements have also been made for the Council's fraud officers to use the facilities to carry out interviews under caution.

Essex Police's new base hosts the Community Policing Team (CPT), Local Policing Team (LPT), Criminal Investigations Department 'Proactive' (CIDP) and Criminal Investigations Department 'Reactive' (CIDR). Please see below some examples of how the teams are structured in Brentwood (please note that some of the roles cover out of borough areas as well)



As of 1st April 2022



Information taken from Essex Local Authority Portraits. A product of the Essex Joint Strategic Needs Assessment (JSNA)



## THE POLICE & CRIME PLAN 2021-24

The Police and Crime Plan sets out the policing priorities for the Police, Fire and Crime Commissioner. The plan brings together police, partners and the public of Essex to build safe and secure communities. The Community Safety priorities for Brentwood reflect on those set out in the Police and Crime Plan 2021-24.

Further investment in crime prevention	Preventing dog theft
Reducing drug driven violence	Preventing business crime, fraud and cyber crime
Protecting vulnerable people and breaking the cycle of domestic abuse	Improving safety on our roads
Reducing violence against women and girls	Encouraging volunteers and community support
Improving support for victims of crime	Supporting our officers and staff
Protecting rural and isolated areas	Increasing collaboration

## THE FIRE & RESCUE PLAN 2019-2024

The Fire and Rescue Plan sets out the priorities for fire and rescue services in Essex and a series of strong, tangible commitments to how we will help keep our communities safe. The plan brings together the Service, partners and the public to build safe and secure communities and offer efficient and effective prevention, protection and response activity.

Prevention, protection and response
Improve safety on our roads
Help the vulnerable to stay safe
Promote a positive culture in the workplace
Develop and broaden the roles and range of activities undertaken by the Service
Be transparent, open and accessible
Collaborate with our partners
Make best use of our resources



# OUR TEAM



**COUNCILLOR  
KEITH BARBER**

Councillor Barber is chair of Brentwood Community Safety Partnership. He is a Brentwood Borough councillor representing Hutton North ward.

In addition to being chair of Brentwood CSP he represents Brentwood Borough on the Essex Police, Fire & Crime Panel which works with the Police, Fire and Crime Commissioner for Essex.



**COMMUNITY  
SAFETY TEAM**

The Community Safety Team delivers a key role in co-ordinating the Community Safety Partnership, providing expertise in the development, implementation and monitoring of initiatives to help keep people safe who live, work and socialise in the Brentwood.

There are 4 members of the Community Safety Team in Brentwood.



**DISTRICT COMMANDER  
PAUL BALLARD**

Chief Inspector Paul Ballard began his policing career in 2005 and has worked with in both the Brentwood and Epping Forest districts on a number of occasions during his service.

Paul is excited to be back in Brentwood and Epping Forest and is looking forward to continuing to build on the strong partner and community relationships that are in place.

## OUR COMMITMENT

Safer Brentwood is all about partnership working. The CSP believe strongly that communication with communities is key. There is a very active social media programme including the use of Twitter with over 720 followers, a dedicated website and a quarterly CSP Newsletter. The Newsletter is posted on our website and distributed to Members, Parish Councils, local businesses through the Neighbourhood Watch, local community groups, schools (who then forward the newsletter on to parents) and more. It is estimated that the newsletter reaches over 3000 readers.



# The Baker Partnership HUB

The Community Safety Partnership are proud to introduce the Baker Partnership HUB at Brentwood's Town Hall, which was opened by the Mayor of Brentwood and Chief Constable for Essex Police in March 2022

The HUB has been named the Baker Partnership HUB in memory of Police Officer Tris Baker who sadly lost his life last year and was the Children & Young Persons Officer for Brentwood & Epping. Funding for the HUB was received from the Community Safety Partnership and Police, Fire & Crime Commissioner which has resulted in the Council's Community Safety Team is now working alongside Essex Police and wider community safety partners such as Essex County Fire & Rescue Service, Essex Probation, Neighbourhood Watch, Crimestoppers, South Essex Parking Partnership, and Youth Services as well as many more.

The HUB will seek to improve communication, collaboration and intelligence sharing for the benefit of the borough's residents, businesses, and visitors.



# OUR PARTNERSHIP PRIORITIES

For 2022-23 the partnership is keen to balance our focus between what the figures tell us and what is important to local residents. We have considered past, current and emerging crime trends, taken account of the Police & Crime Plan 21-24 and the Fire & Rescue Plan 19-24 but most importantly we have aligned this with what local residents have told us through our engagement events. Taking all this into account we have chosen to focus our priorities areas on community and future, giving our priority areas for 2022-23:



We believe that the two key areas chosen will allow us to focus our work around key issues that have a detrimental effect on our communities and pose the biggest threat to a safer Brentwood.

"Brentwood Community Safety Partnership continues to make a huge difference in reducing Crime and Anti-Social Behaviour across the Borough. Our local community safety team work closely with Essex Police, Fire and other partners to deliver the strategic community safety priorities outlined in our plan. Brentwood CSP has and will continue to make a huge difference locally in protecting the safety of our local community here in Brentwood."

**COUNCILLOR KEITH BARBER**



# Our Partnership Focus for 2022-23

## SAFER COMMUNITY

Our Safer Communities priority is focused on those issues that have been identified by residents that matter most to them.

### Anti-Social Behaviour

Whilst there has been a reduction in the number of incidents, satisfaction levels as identified by Essex Police were reduced. We recognise that anti-social behaviour remains a concern for our local communities. Partners have worked hard to strengthen our work in the borough and with the establishment of the Council's Corporate Enforcement team working alongside Essex Police we have been able to focus on being much more visible. We will continue our work and develop innovative ways to tackle incidents through a collaborative and partnership approach. Ensuring that we keep residents informed and engaged.

### Engagement

This is an area that the partnership feel is vital in meeting all our objectives. We have a robust engagement programme which is delivered through strong partnership working. Last year we were able to deliver over 70 engagement opportunities covering a vast array of topics around the borough. The partnership is focused on keeping our communities at the heart of what we do and will continue to develop our engagement work in 2022/23.



### Fly-tipping

Fly-tipping is a blight on communities. It is usually unpleasant and costly to remove. The partnership will seek to work with local communities and partners to look at ways in which we can reduce the opportunity for those who intend on fly-tipping in the Borough. We will also aim to educate residents in terms of duty of care. Who are we giving our waste to? Do we know how they are disposing of it? Most importantly, do they have a Waste Carrier Licence?



### Road Safety

Road safety is extremely important to residents and an area where the partnership is keen to develop. We will work with communities and partners to increase the number of Community Speedwatch groups across the borough and continue to raise awareness of road safety in our communities.





# Our Partnership Focus for 2022-23

## SAFER FUTURE

The partnership believes that investing in our future is key for generations to come. We are no doubt in challenging times and we need to lay the foundations on which our young and most vulnerable can thrive and develop. Our Safer Future priority aims to address issues that threaten our communities and cause real concerns for residents.

### Crime Prevention

Crime prevention is at the centre of what the partnership believe is key to delivering a safer future for the borough. For 2022/23 we aim to focus our efforts on prevention of a number of key issues including knife crime, burglary, fly tipping, exploitation, and vehicle crime. Working with our partners to deliver Safer Brentwood Roadshows to all ages across the Borough and by increasing the number of engagement events every year, we are hoping to help some of the harder to reach areas and keep the community safe.

#### Drug & Alcohol Awareness

Drugs and alcohol remain a threat to future generations. The partnership is keen to develop our prevention work with young people on the dangers of drugs, including legal highs as well as the risks associated with alcohol.



#### Protecting the Vulnerable

The partnership has always sought to protect the most vulnerable in our communities. We will seek to strengthen our work around protecting the elderly, young people and those who experience issues such as Hate Crime, and Domestic Abuse improving knowledge and reducing the risks.

#### Exploitation

Exploitation covers a wide area and includes a whole raft of issues including the threat from gangs, grooming, sexual and criminal exploitation, and online exploitation. The partnership will focus on prevention in all the key areas affecting our most vulnerable. Working with the lead agencies, we will focus on educating professionals, parents and carers to spot the early signs, supporting them when required.



# HIGHLIGHTS AND ACHIEVEMENTS 21/22

## COMMUNITY ENGAGEMENT

Each year is a busy year for the partnership. One particular area which is important to us is community engagement. The partnership has continued to deliver a vast number of community engagement events across the borough and wider Essex covering many topics.

The partnership delivers over 70 engagement events a year which includes regular sessions in the local libraries, community hospital, and community halls.

These engagement sessions are delivered primarily by Peter Salmon, Brentwood's Neighbourhood Watch (NHW) co-ordinator. The aim is to provide crime prevention advice and give residents the opportunities to express their views on community safety issues.



Peter Salmon has been an integral part of Safer Brentwood and his efforts to keep Brentwood safe have won him a number of awards for his continued contribution to the community.

20+

Engagement Days

720+

Twitter Followers

4+

Themed Events



# YOUNG PEOPLE PROJECTS

Every year the partnership helps to fund and run projects with local schools. We work closely with the schools to identify key issues effecting young people and seek to commission appropriate projects and initiatives. The list below is just a small example of some of the projects we delivered last year.



- ✓ Chat 1st
- ✓ Brentwood Central Boxing Club
- ✓ Elite Leadership Development
- ✓ N-Act
- ✓ Outhouse East
- ✓ Evolve Intervention
- ✓ Outreach Work
- ✓ Kool Carers



## N-ACT

Drama performance called "FRIEND" – commissioned 7 performances from the YSG budget and CSP paid for 2 additional performances so 2 schools could have an extra performance.

This performance has been well received by secondary school pupils and staff. Play was focused around gangs and knife crime and was based on a true story from the Essex area.

Crimestoppers supported by offering all young people who watched the performance a fearless leaflet on how to report crim anonymously and in Brentwood approximately 2,051 students watched this performance.

Images taken from previous Safer Brentwood funded projects



## OUTREACH WORK

Essex Youth Service have delivered detached (street based) youth work sessions across Brentwood and recorded various engagements.

They have focused on key hotspots and worked in partnership with Brentwood CSP to identify these. Some of these hotspots include the Town Centre, open green spaces, Greenshar, Doddinghurst and Pilgrims Hatch.

Young people have been engaging with staff around a variety of issues including schools, exams, staying safe, mental health, exercise, dangers of NOS and promoting social distancing.

The team are currently developing some sports and physical activity sessions for young people aged 13-19.



## CHAT 1ST

Commissioned to develop the wellbeing hub, providing a safe space for young people to access mental health support from the Hermit Youth Centre.

## EVOLVE INTERVENTION

Commissioned to deliver building resilience courses to groups of 10 students at 3 Brentwood secondary schools.

## KOOL CARERS

Commissioned to deliver emergency first aid and emotional wellbeing sessions to young carers in Brentwood.





# ACTION PLAN 22/23

This action plan highlights some of the great ideas the partnership would like to focus on for the year 2022/23. Although these are not set in stone, they highlight areas in which we believe can be improved. With the global pandemic hindering the start of some of these projects, the partnership is still focused on delivering for the future.

Action Plan	
STRATEGIC OBJECTIVE	ACTION
To deliver themed community engagement events inline with our pre-published plan around the borough throughout the year	To improve and expand our engagement programme and attendance at events covering key issues such as: <ul style="list-style-type: none"> <li>• Crime Prevention</li> <li>• Drink Driving/Road Safety</li> <li>• Domestic Abuse</li> <li>• Personal Safety</li> <li>• Speeding</li> <li>• Property Marking</li> <li>• Senior Safety/elder abuse</li> <li>• Modern Slavery &amp; Human Trafficking</li> <li>• Hate Crime</li> <li>• Anti-Social Behaviour</li> <li>• Environmental Crime</li> <li>• Cyber Crime &amp; Internet Safety</li> <li>• Fly Tipping</li> </ul>
To provide more visibility and engagement opportunities across the borough focusing on hard to reach and rural areas	<ul style="list-style-type: none"> <li>• Support the development of the partnership roadshow trailer</li> <li>• To ensure regular patrols are undertaken utilising the Council's Corporate Enforcement team and enforcement vehicle</li> <li>• To increase joint patrols and operations across the borough.</li> <li>• To develop the enforcement vehicle for engagement opportunities such as leaflet racks etc</li> </ul>
Joint working to proactively tackle ASB in the Borough	<ul style="list-style-type: none"> <li>• To continue to work with partners through Community Safety Tasking (CST)</li> <li>• Managing hotspot areas through robust partnership working and using all available legislation to achieve a positive outcome</li> <li>• To work with Restorative Justice &amp; Community Justice Panels which includes residents, Essex Police, housing etc as well as the victim and perpetrator</li> </ul>

STRATEGIC OBJECTIVE	ACTION
To target those responsible for rural crime	<ul style="list-style-type: none"> <li>• To proactively tackle Fly tipping across the borough including using all tools available from warning letters, CPNs, FPNs and Court action</li> <li>• Joint unlicensed waste carrier patrols between Essex Police &amp; Council in conjunction with other planned activity</li> <li>• To use community payback offenders to work on projects as a way of repaying back to the community</li> <li>• To increase liaison with Parish Councils and local groups and identify measures to reduce the incidence of flytipping in hotspot areas</li> <li>• Increase publicity to keep communities informed and deter potential perpetrators</li> </ul>
To safeguard victims of Domestic Abuse (DA) from repeat incidents, by Identifying high risk victims and assessing their need for added security devices	Crime Prevention Tactical Advisor (CPTA) will visit all high-risk victims of DA and carry out a full home safety inspection providing additional security when required. Additional security measures will also be made available to all those who work with victims in Brentwood (i.e. IDVA's, WSW's, Police, Peabody – this is not an exhaustive list). This will enable an increased number of victims to be safeguarded from incidents of DA
To raise awareness of domestic abuse, child abuse, and elder abuse across the borough and to encourage reporting	To deliver various activities throughout Domestic Abuse Week focusing on raising awareness of Domestic Abuse
To protect the most vulnerable and elderly residents from becoming victims of crime including scams, internet, fire safety and more....	<ul style="list-style-type: none"> <li>• To enhance and continue delivery of the following successful projects:</li> <li>• Elderly Door Chain Project – to now include additional security to those in most need</li> <li>• Senior Safety Roadshow (SSR)– to expand and grow the number of roadshows across the Borough.</li> <li>• To raise awareness of bogus callers, scams and cyber crime</li> <li>• To continue to promote Keep Safe and its website</li> </ul>
To protect young people from Harm and raise awareness of issues affecting young people	<p>Deliver a targeted weekend event for schools, parents, carers and professionals providing advice, guidance and support on a number of key issues in relation to:</p> <ul style="list-style-type: none"> <li>• Prevent, Grooming, Sexual &amp; Criminal Exploitation, Healthy relationships, drugs &amp; alcohol, online safety, knife crime and gangs</li> <li>• Promote use of Crimestoppers Fearless programme within schools to support the above</li> </ul>
To support victims of Hate Crime	<ul style="list-style-type: none"> <li>• To support and promote the local Hate Incident Reporting Centre (HIRC)</li> <li>• To raise awareness of Hate Crime and support victims in signposting to relevant services</li> <li>• To provide training for Hate Crime Ambassadors</li> </ul>

STRATEGIC OBJECTIVE	ACTION
Reduce dwelling burglary's	<ul style="list-style-type: none"> <li>• Continue with Operation Insight in burglary hotspot areas to inform the local community</li> <li>• Identifying vulnerable areas through intelligence led policing</li> <li>• Strategic deployment of all available resources, including all community safety partners and the wider community</li> <li>• 'Super Cocooning' target hardening at premises which have been identified as vulnerable</li> <li>• To work with building control to provide information and advice to all development sites</li> <li>• To develop an awareness campaign which can be provided to estate agents and local traders</li> <li>• To deliver a Burglary Prevention Week to coincide with clocks going back</li> <li>• To develop an information leaflet to raise awareness of vehicle crime including posters and banners</li> </ul>
Supporting the most vulnerable victims of burglary	<ul style="list-style-type: none"> <li>• CPTA to carry out visits to repeat or vulnerable victims and to provide crime prevention advice/support to assist in target hardening.</li> <li>• To ensure appropriate cases are referred to Restorative Justice to assist with reducing the fear of crime</li> </ul>
To support action in respect of road safety	<ul style="list-style-type: none"> <li>• To continue to support, develop and improve Community Speedwatch across the borough</li> <li>• To undertake joint operations with key partners in hotspot areas</li> <li>• Raise awareness of road safety issue through one off events (drink driving, reporting incidents to Essex Police using dashcam footage, emergency vehicle access)</li> <li>• Increasing speed checks undertaken in the Borough through partnership with Essex Police</li> </ul>
To protect young people from serious youth violence	<p>To develop and commission diversionary activities, projects and initiatives for young people focusing on prevention, education and intervention on key areas:</p> <ul style="list-style-type: none"> <li>• Knife crime</li> <li>• Exploitation</li> <li>• Gangs</li> <li>• Drugs &amp; Alcohol</li> </ul>




## CONTACTS

### Our Partnership Promise

We are committed to delivering local solutions to local problems that have been identified by local people.

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Published - July 2022

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**COMMITTEE TITLE** Audit & Scrutiny

**DATE** 11<sup>th</sup> July 2023

<b>REPORT TITLE:</b>	S106 Financial Obligations
<b>REPORT OF:</b>	Steve Summers – Strategic Director

## **REPORT SUMMARY**

This report provides a summary and detail of the current financial contributions the Council has secured through section 106 agreements from new developments for affordable housing and public open space works. In addition, the report sets out the proposed future plans for s106 Agreement processes and procedures.

## **RECOMMENDATIONS**

**Members are asked to:**

- R1. To note the current s106 financial contributions as attached at Appendices A and B and proposed future plans for processes and procedures as set out in the report.**

## **SUPPORT ING INFORMATION**

### **1.0 BACKGROUND INFORMATION**

#### **Introduction and Background**

1. At the Audit & Scrutiny Committee on the 24<sup>th</sup> January 2023 the Chair agreed that a report on the current Financial Contributions from s106 Agreements will be made to the 7<sup>th</sup> March 2023 committee. (Min 324 refers.)
2. A subsequent detailed report was made to the 7<sup>th</sup> March 2023 A&S Committee where members noted the report and agreed a regular report would be made to future committees. (Min 374 refers.)

## Section 106 Obligations

3. Under section 106 (s106) of the Town and Country Planning Act 1990 a Local Planning Authority (LPA) can seek obligations when it is considered that a development will have negative impacts that cannot be dealt with through conditions in the planning permission.
4. Set out below is the relevant regulation in respect of S106 obligations and what they can be used for from the CIL regulations 2010 - Regulation 122.

(1) This regulation applies where a relevant determination is made which results in planning permission being granted for development.

(2) A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is

- (a) necessary to make the development acceptable in planning terms;
- (b) directly related to the development; and
- (c) fairly and reasonably related in scale and kind to the development.

(3) In this regulation

“planning obligation” means a planning obligation under section 106 of TCPA 1990 and includes a proposed planning obligation; and

“relevant determination” means a determination made on or after 6th April 2010.

(a) under section 70, 76A or 77 of TCPA 1990(1) of an application for planning permission which is not an application to which section 73 of TCPA 1990 applies; or

(b) under section 79 of TCPA 1990(2) of an appeal where the application which gives rise to the appeal is not one to which section 73 of TCPA 1990 applies.

5. Currently interim arrangements are in place with the Strategic Director taking the lead with appropriate Officers from housing, open spaces and finance being responsible for monitoring contributions subject to a further review.
6. Subsequent to this interim measure discussions have been held with Senior Officers about the best approach for moving forwards to a more permanent solution and have concluded that a review of all S106 processes and procedures will be undertaken. Following further discussions it has been agreed that this review will take place in September 2023.

7. When this review is complete a report will be made to a future Audit and Scrutiny Committee with its findings and recommendations.

### **Detail of S106 contributions**

8. To assist members attached as appendices A and B are the details of the current s106 financial contributions as at the 6<sup>th</sup> June 2023.

### **Affordable Housing**

9. The Housing s106 contributions, as at 6<sup>th</sup> June 2023 are set out within Appendix A. There are two things to note firstly that the current contributions will be committed to the Council's Strategic Housing Development Programme (SHDP), the details of which are set out below and update reports are made to the Housing Committee.

### **Public Open Spaces**

10. The Public Open Space s106 contributions as at 6<sup>th</sup> June 2023 are set out within Appendix B. These contributions tend to be split between site specific works and maintenance contributions for sites.

### **References to the Corporate Plan**

Good financial management, risk management and internal control underpin all priorities within the Corporate Plan.

## **5.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

The report is for noting current contributions and future plans and there are no financial implications arising from these. The Council will wish to ensure that all contributions are used for the purposes in the agreements with developers whilst contributing to corporate priorities and spent within any deadlines set within the agreements.

## **6.0 LEGAL IMPLICATIONS**

**Name & Title: Claire Mayhew – Joint Acting Director of People and Governance & Monitoring Officer**

**Tel & Email 01277 312741 / [claire.mayhew@brentwood.gov.uk](mailto:claire.mayhew@brentwood.gov.uk)**

Legal references to S106 Financial Obligations are set out in the report. There are no legal implications arising from this report.

## **7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

None at this stage.

## **8.0 RELEVANT RISKS**

S106 monies not being spent in agreed timeframes and not delivering Corporate Priorities.

## **9.0 ENGAGEMENT/CONSULTATION**

None at this stage.

## **10.0 ECONOMIC IMPLICATIONS**

**Name & Title: Phil Drane, Corporate Director -Place**

**Tel/Email: 01277 312500 [philip.drane@brentwood.gov.uk](mailto:philip.drane@brentwood.gov.uk)**

There are no economic implications arising from this report.

## **11.0 EQUALITY AND DIVERSITY IMPLICATIONS**

The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The proposals in this report will not have a disproportionate adverse impact on anybody with a protected characteristic.

**REPORT AUTHOR:****Name:** Steve Summers**Title:** Strategic Director**Phone:** 01277312500**Email:** [steve.summers@brentwood.rochford.gov.uk](mailto:steve.summers@brentwood.rochford.gov.uk)**APPENDICES**

- Appendix A: Affordable Housing s106 contributions.
- Appendix B: Public Open Space s196 contributions.

**BACKGROUND PAPERS**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit & Scrutiny Committee	7 <sup>th</sup> March 2023

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**Appendix A - 106 Contributions received - Housing**  
**06.06.23**

Planning Ref	Site	Contribution	Date received	Repayment date	Conditions	Commentary
11/00002/EXT	122 and 124 Station Road, West Horndon	181,577.50	2015	Not applicable	Off site affordable housing	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
15/00267/FUL	The Surgery Site and Landings, Outings Lane, Doddinghurst	165,000.00	2018	2023	Off site affordable housing - 2 x 2 bed semi detached houses	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
15/00710/FUL	Land adjacent to the New Folly, Bell Mead, Ingatestone, Essex	32,684.45	2018	2023	Off site affordable housing	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
14/01247/FUL	Former Elliots Nightclub and petrol station, A127	188,159.98	2019	2024	Off site Affordable Housing - 4 flats	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
14/01446/FUL	Development site at former mountnessing scrap yard, Roman Road, Mountnessing	935,000.00	2019	2024	Off site affordable housing - 8 x 2 bed flats	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
19/00312/FUL	Mellon House, Ingrave Road, Brentwood	105,000.00	2021	Not applicable	Off site Affordable Housing - 1 unit or affordable housing sum	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
19/00312/FUL	Eagle & Child, Shenfield	192,500.00	2022	Not applicable	Off site Affordable housing - 1 x 1 bed flat	Allocated to the Strategic Housing Delivery Programme (SHDP) to be included in the Council's 7-year Delivery Programme
<b>Total</b>		<b>1,799,921.93</b>				



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**Appendix B - S106 Contributions - Open Space**  
**06.06.23**

**Open Space Contributions - Capital**

	Reference	Site	Contribution	Date received	Repayment date	Conditions	Commentary
1	06/01062/FUL	Brentwood Community Hospital	48,525.00	14.09.11	Not applicable	Commutated maintenance sum for transferred open space land to the south of the site. To be used to bring a piece of unnamed woodland to the rear of the properties in Worrin Rd and the former blood bank off Crescent Drive, Shenfield into a managed state	Initial survey underway to identify future works
2	12/00403/EXT	Willowbrook Primary School, Rosen Crescent, Hutton	60,000.00	31.12.13	31.12.23	Off site facilities towards the provision and maintenance of open spaces within the vicinity of the development stie - Hutton Recreation Ground, Hutton Polo field and Hutton Poplars	Committed against general maintenance for Hutton Recreational ground. The Assets team are also reviewing a potential project with Hutton Community Centre - discussions are on-going
3	12/00408/FUL	Hanover House, 78-82 High Street, Brentwood	15,849.00	03.05.16	Not applicable	Public open space improvements.	Public open space improvements towards the North Rd play area
4	14/00793/FUL	16 Westwood Avenue, Brentwood	60,000.00	20.12.17	Not applicable	Open space contribution towards the provision, enhancement and/or development of public open space and recreational facilities	Allocated to Projects underway for KGPF and Hartswood Gold Course. The remaining £15,000 is currently allocated to access improvements at Hartswoid Golf Course.
5	16/01462/FUL	114-122 Kings Rd	40,852.00	19.03.18	19.03.23	Open space contribution towards maintenance of essential equipment and services to be able to undertake drainage works to sports pitches at King Georges Playing fields and Warley Playing field	Committed towards King Georges Playing Fields, £3,800 is uncommitted at present.
6	13/01169/FUL	Mascalls Park, Mascalls Lane, Warley, Essex	12,000.00	01.05.18	Not applicable	Woodland management woodland park	
7	15/00710/FUL	Land adjacent the New Folly, Bell Mead, Ingatestone	37,825.00	22.05.19	22.05.24	Open space towards Seymour Playing Fields and Mountney Close play area.	The Assets team are reviewing how they can assist Ingatestone Parish Council to support priority projects at Seymour Playing Fields - discussions are on-going.
8	19/00937/FUL	Regional Blood Transfusion Centre	83,000.00	16.03.21	16.03.26	Open space contribution to the Courage Playing fields	Committed against the general maintenance costs for Courage Playing Fields - tentative outdoor gym project currently being costed up
9	20/01111/FUL	Car Park opp central office, Fords, Eagle Way	144,768.37	30.06.22	30.06.32	Open space contribution towards the improvement of park facilities within the vicinity	Committed against open space improvements within the vicinity, approximately £40,000 left uncommitted at present
Total			502,819.37				

**Open Space Contribution - Revenue**

*The following contributions are designated for ongoing maintenance of land and are drawn down on each year, therefore they are not capital funds for expending on project works*

	Reference	Site	Contribution	Date received	Repayment date	Conditions	Commentary
10	03/01039/FUL	The Nightingale Centre, Warley	525,000.00	01.01.05	Not applicable	Community Centre (Pastoral Way) refurbishment of that part owned by the Council as commuted sum	Committed against the maintenance of the grounds of the Community Centre
11	12/00403/EXT	Willowbrook Primary School, Rosen Crescent, Hutton	6,500.00	05.07.17	Not applicable	The Council to maintain the hedge planted by the Developer.	Commutated sum for maintenance of hedging, Rosen Crescent
12	04/00153/FUL	Former British Gas site, St James Rd	17,200.00	01.03.19	01.03.29	Maintenance of sluice gate on open space land.	Sluice gate maintenance
13	04/00153/FUL	Former British Gas site, St James Rd	66,700.00	01.03.19	01.03.29	Open space contribution, to be drawn down over 10 years. Open space contribution towards ongoing maintenance of the open space	
Total			615,400.00				

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## AUDIT & SCRUTINY COMMITTEE

11 July 2023

<b>REPORT TITLE:</b>	Delayed audit of 2021/22 accounts
<b>REPORT OF:</b>	Tim Willis, Interim Resources Director

### REPORT SUMMARY

This report is a summary of the background and reasons for the delayed external audit of the 2021/22 accounts. The unaudited accounts were published in July 2022 but the audit is planned to complete in September 2023.

### RECOMMENDATIONS

That the Committee note this report.

### SUPPORTING INFORMATION

#### 1.0 REASONS FOR RECOMMENDATIONS

1.1 Local Government accounts have traditionally been completed in accordance with the law/statutory instruments. Timely finalisation enables transparency and ensures good governance. A variety of factors have disrupted the normal annual rhythm of this work. This report sets out some of those factors.

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 None.

#### 3.0 BACKGROUND INFORMATION

3.1 The process of finalising Brentwood's accounts is governed by the law (the Local Audit and Accountability Act 2014) accompanied by statutory instruments. The "draft" (i.e. unaudited) accounts are published; then there is a 30 working day period of inspection, during which time the public are entitled to inspect the accounting records of the Council and raise an objection to the Council's accounts. The external audit of the accounts is completed with an audit opinion, and the final accounts are then signed and published.

3.2 Prior to 2017/18 the deadline for completing the process outlined above was 30 September. Thereafter, the Accounts and Audit Regulations 2015 required that the process be completed by 31 July each year. This entailed draft accounts publication by 31 May, followed by the six week inspection period, and external audit done and published by 31 July.

3.3 The way in which external audit was procured changed in 2018/19, whereby a new agency (Public Sector Audit Appointments) procured audit contracts for nearly all local authorities. To add to the complexity, additional requirements of new International Financial Reporting Standards, along with increased expectations from the Financial Reporting Council, had combined to produce a significant increase in audit work, particularly on asset and pensions valuations. The Covid-19 pandemic also had a significant impact on local authorities' and external audit firms' ability to carry out the work in accordance with the statutory timetable.

3.4 The outcome of the above has been late audits across the sector. For example, the National Audit Office found that whereas some 97% of accounts were finalised by the deadline for 2015/16, only 45% were completed for 2019/20 – despite the deadline being extended to 30 November. The Government extended the deadline to 30 September for the 2020/21 and 2021/22 accounts. However, only 9% of 2020/21 accounts were complete by this date. The deadline for 2021/22 accounts was subsequently changed to 30 November 2022, but only 12% of accounts were signed off by this date, and only 19% by the end of May 2023. Further regulations announce in July 2022, now in force, require 2022/23 accounts (and for five years hence) to be finalised by 30 September 2023 and draft, unaudited accounts to be published by 31 May 2023.

3.5 A report by the Public Accounts Committee concluded that DLUHC's oversight of local government finance relied on a system of local accountability, which was being hampered by "shockingly late" audit opinions.

3.6 This history, together with the ongoing difficulties of recruitment and retention of staff in both local authorities and audit firms and the complex technical challenges of local government audit requirements, presents serious challenges to all concerned. It is testament to Brentwood's finance team that it has published draft accounts by 31 May 2023; but the external auditors (EY) are not able to tell us when these accounts will be audited. At the time of writing, they have yet to start the audit of the 2021/22 accounts. It is understood that DLUHC are aware of the sector-wide problems of meeting the 2021/22 and 2022/23 deadlines, as well as the legacy issues of a backlog of audits: some authorities have five years' worth of outstanding audits. The sector is awaiting news of any new plan.

3.7 In the meantime, Brentwood is liaising with EY to plan for the audit of the 2021/22 accounts over July and August with a view to finalising the audited 2021/22 accounts by 30 September 2023. Whilst ten months late, this will undoubtedly be better than average across the whole of local government. For 2022/23 the draft accounts were published by the required date of 31 May 2023 and the inspection period is in progress, so everything has been done from the Borough's perspective, but the final accounts publication date is unknown, which is entirely dependent on the timing of their external audit.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 Delays to the publication of accounts has a detrimental impact on transparency with the public, through the lack of timeliness of reliable financial information. It also undermines

the reputation of each local authority, and the sector as a whole, when managing external partnerships (the Council itself would not be reassured by doing business with a company whose accounts were late being published). Late finalisation of audits and subsequent accounts can also undermine the Council's ability to present data to support grant claims that can be relied upon, by both the Council and supporting body.

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

## **5.0 LEGAL IMPLICATIONS**

5.1 Contained within the body of the report.

**Name & Title: Claire Mayhew, Monitoring Officer**  
**Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk**

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 The finance team is resourced to manage the rhythm of the financial year – to produce draft accounts and support their audit over March to September; then to focus more on budget monitoring, budget preparation and medium term financial planning over October to February. The severely disrupted timetable of accounts production and audit can have an adverse impact on other aspects of the team's work.

## **7.0 RELEVANT RISKS**

7.1 Delayed audit does not have an impact on the Council's financial sustainability.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 None.

## **9.0 EQUALITY IMPLICATIONS**

9.1 None.

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**  
**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 None.

**Name & Title: Phil Drane, Director - Place**  
**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

**REPORT AUTHOR:**

**Name:** Tim Willis

**Title:** Interim Resources Director and S151 Officer

**Phone:** 01277 312500

**Email:** [tim.willis@brentwood.rochford.gov.uk](mailto:tim.willis@brentwood.rochford.gov.uk)





## AUDIT & SCRUTINY COMMITTEE

11 July 2023

<b>REPORT TITLE:</b>	Historic accounting for Minimum Revenue Provision
<b>REPORT OF:</b>	Tim Willis, Interim Resources Director

### REPORT SUMMARY

This report describes an outstanding issue with the calculation of and accounting for Minimum Revenue Provision (MRP) for the period 2007/08 to 2011/12 and from 2017/18 onward. It also outlines the plan to resolve the matter with the involvement of the Council's external auditors, EY, and treasury advisors, Link Group.

### RECOMMENDATIONS

That the Committee notes this report.

### SUPPORTING INFORMATION

#### 1.0 REASONS FOR RECOMMENDATIONS

1.1 The outcome of the resolution of this technical matter could lead to a retrospective charge to the accounts of £0.640m and an ongoing increase in the MRP of £0.085m. This will be reflected in the 2021/22 final accounts, once audited.

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 None.

#### 3.0 BACKGROUND INFORMATION

3.1 MRP is an amount that Brentwood is required to charge to its revenue account each year toward the repayment of borrowing incurred for the purpose of financing capital expenditure. In effect, it is the setting aside of funds that will be available repay borrowing for capital expenditure purposes when the borrowing matures. The statutory basis for this duty is the Local Authorities (Capital Financing) Regulations 2023.

3.2 The Council uses two methods to calculate MRP, in accordance with the statutory guidance issued by Government:

a) supported borrowing method, applicable to borrowing in relation to capital expenditure incurred prior to 1 April 2008: up to 2018, the Council set aside 4% of the borrowing each year on a reducing balance basis; since 2018, the Council has set aside 2% of the borrowing each year on a straight-line basis (i.e. over a 50 year period).

b) asset life method, borrowing in relation to capital expenditure incurred on or after 1 April 2008: the Council sets aside an amount each year over the life of the assets financed by borrowing: the amount set aside increases each year by a discount rate determined by the Council; the outcome is that the total amount set aside over the life of the asset is equivalent to the amount borrowed to finance that asset.

3.3 During the audit of the 2020/21 accounts, which was carried out in 2022, the external auditors, EY, carried out a detailed review of the Council's MRP going back to 2003 (the year when the current MRP regime was introduced). Their reason for undertaking this review was that MRP has become a key risk area for the Council in view of the significant increase in borrowing by Brentwood in recent years.

3.4 The external audit review is a complex exercise, but a couple of key points have emerged:

### 3.5 MRP on finance leases.

a) Around 2011, a number of assets held by the Council at the time were reclassified as finance leases (following the introduction of International Financial Reporting Standards as the basis of the preparation of local authority accounts). It follows that the MRP associated with the financing of these assets should have been switched at the time from the supported borrowing method to the asset life method.

b) It is not conclusive from the Council's historical records from the time as to whether this switch in MRP treatment occurred. The auditors' view, however, from their review of the statement of accounts from the time and the available supporting working papers, is that this switch did not happen and that as a result, the Council has historically underprovided MRP on these assets between the financial years 2007/08 to 2011/12. Instead of providing MRP over a relatively short period of time (the length of the leases) the Council continued to spread MRP over a much longer period.

### 3.6 MRP on supported borrowing.

a) When the Council switched from the reducing balance method to the straight-line method in 2018, the Council continued to apply an adjustment to the calculation known as "Adjustment A". This adjustment was introduced by the Government in 2003 and its purpose was to ensure that the starting point for calculating MRP under the revised approach did not

significantly vary the level of liability that would have arisen had the previous system of capital controls remained unchanged. In effect, it reduces the annual MRP charge.

b) The auditors' view is it is not appropriate for the Council to continue to apply Adjustment A following the switch in method in 2018.

3.7 The potential financial impact of the above findings are:

a) A one-off charge of £0.640m to correct the historic under-provision of MRP.

b) An ongoing annual charge of £0.085m, resulting from any removal of Adjustment A from the MRP calculation on supported borrowing.

3.8 During the conclusion of the 2020/21 audit, the Council and the external auditors agreed that there would be no adjustment to the 2020/21 accounts, and that the Council would instruct its treasury advisors, Link Group, to give a second opinion on the findings of the audit review. This was deemed appropriate by both parties due to the complex nature of the work and the potential impact upon the accounts.

3.9 The review by Link Group is ongoing, with the Council facilitating the review and any discussion required between the auditors and Link Group. This process is expected to conclude in a matter of weeks, but in any case before the conclusion of the external audit of the 2021/22 accounts (by September).

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 Depending on the outcome of the review described above, and the final opinion of the S151 Officer after taking into account the technical issues and advice, there may be a charge to the 2021/22 accounts of £0.640m and an ongoing increased charge of £0.085m per annum. The potential one-off charge has been anticipated and provided for in the 2022/23 draft accounts (via reserves) and the ongoing cost will be reflected in future budgets.

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

#### **5.0 LEGAL IMPLICATIONS**

5.1 None.

**Name & Title: Claire Mayhew, Monitoring Officer**  
**Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk**

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 None.

**7.0 RELEVANT RISKS**

7.1 None – the sums involved do not have a material impact on the Council’s financial sustainability.

**8.0 ENGAGEMENT/CONSULTATION**

8.1 None.

**9.0 EQUALITY IMPLICATIONS**

9.1 None.

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**

**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

**10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 None.

**Name & Title: Phil Drane, Director - Place**

**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

**REPORT AUTHOR:**

**Name: Tim Willis**

**Title: Interim Resources Director and S151 Officer**

**Phone: 01277 312500**

**Email: tim.willis@brentwood.rochford.gov.uk**

**APPENDICES**

None.

**BACKGROUND PAPERS**

None.

**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date
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## AUDIT & SCRUTINY COMMITTEE

11 July 2023

<b>REPORT TITLE:</b>	External Audit Plan for 2021/22
<b>REPORT OF:</b>	Tim Willis, Interim Resources Director

### REPORT SUMMARY

This report attaches the plan from our external auditors, Ernst & Young, when carrying out their audit of the 2021/22 accounts.

### RECOMMENDATIONS

That the Committee notes this report.

### SUPPORTING INFORMATION

#### 1.0 REASONS FOR RECOMMENDATIONS

1.1 It is the responsibility of the Council's audit committee function to oversee the audit of the accounts.

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 None.

#### 3.0 BACKGROUND INFORMATION

3.1 The 2021/22 draft accounts were published in July 2022. The impact of the delay in this audit may give rise to adjustments to the accounts, which may have an impact on the level of reserves brought forward from 2021/22 (and so the 2022/23 draft accounts, which were published in May 2023) as well as the 2023/24 budget, if any adjustments are recurring.

3.2 The audit is scheduled to be complete in time for EY to provide an opinion on the accounts, for reporting to the 26 September meeting of this committee.



#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications as a result of noting this report. There is a budget to fund the audit. Any material items that come to light as a result of the audit will be reflected in the 2021/22 accounts.

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

#### **5.0 LEGAL IMPLICATIONS**

5.1 None.

**Name & Title: Claire Mayhew, Monitoring Officer**  
**Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk**

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 None.

#### **7.0 RELEVANT RISKS**

7.1 Any adverse outcome from the 2021/22 audit that has not been anticipated in the 2022/23 accounts will need to be funded from reserves.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 None.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 None.

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**  
**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 None.

**Name & Title: Phil Drane, Director - Place**  
**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

**REPORT AUTHOR:**           **Name:**           **Tim Willis**  
**Title:**                   **Interim Resources Director and S151 Officer**  
**Phone:**               **01277 312500**  
**Email:**               **tim.willis@brentwood.rochford.gov.uk**

**APPENDICES**

Appendix A: EY Audit Plan.

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# Brentwood Borough Council

## Audit planning report

Year ended 31 March 2022

3 July 2023

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Appendix A

3 July 2023

Audit & Scrutiny Committee  
Brentwood Borough Council  
Town Hall  
Brentwood

Dear Audit & Scrutiny Committee Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for Brentwood Borough Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit & Scrutiny Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 11 July 2023 as well as understand whether there are other matters which you consider may influence our audit.

Yours sincerely

Elizabeth Jackson  
For and on behalf of Ernst & Young LLP  
Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). 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 and further guidance (updated July 2021)” issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit & Scrutiny Committee and management of Brentwood Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit & Scrutiny Committee and management of Brentwood Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Scrutiny Committee and management of Brentwood Borough Council this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





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# Overview of our 2021/22 audit strategy





# Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit & Scrutiny Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition - inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure through either inappropriate additions to Property, Plant and Equipment (PPE) and Investment Property (IP) or incorrect classification of expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS), as there is an incentive to reduce expenditure which is funded from Council Tax.</p>
Misstatements due to fraud or error (management override)	Fraud risk	No change in risk or focus	<p>There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.</p> <p>As identified in ISA 240, 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 would otherwise appear to be operating effectively.</p>
Valuation of PPE using Existing Use Value (EUV) and Investment Property (IP) at Fair Value (FV) method	Significant risk	No change in risk or focus	<p>The value of these assets represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, covering both those assets that are revalued within the year and the continuing material accuracy of those valued in prior periods.</p>
Valuation of SAIL investment property	Significant risk	No change in risk or focus	<p>The Council's wholly owned subsidiary, Seven Arches Investment Limited (SAIL) has a significant investment property portfolio. The valuation of these assets are subject to valuation changes and impairment reviews. Management is required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, covering both those assets that are revalued within the year and the continuing material accuracy of those valued in prior periods.</p>

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# Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit & Scrutiny Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of PPE using Depreciated Replacement Cost (DRC) method and HRA properties	Inherent risk	Decrease in risk or focus	The value of land and buildings in PPE under DRC and HRA properties also represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a lesser degree of material judgmental inputs and apply estimation techniques to calculate these balances held in the balance sheet and HRA notes. Although there is a risk for land and buildings under DRC due to the specialised nature of these assets and insufficient availability of market-based evidence to assist the valuation, these assets and HRA properties are inherently not subject to material uncertainty arising due to market conditions.
Accounting for Pension Fund liability	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS), in which it is an admitted body.</p> <p>The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.</p> <p>As with other Councils, accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.</p>
Group Accounts	Inherent risk	No change in risk or focus	<p>Seven Arches Investment Limited (SAIL), wholly owned investment company, has a significant investment properties base. Material judgemental inputs and estimation techniques are required to calculate the year-end Group investment properties balances held in the balance sheet. As the Group Investment properties base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk assets may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p> <p>The Council's other jointly owned company, Brentwood Development Partnership, also needs to be considered for the group accounts boundary to determine if any balances or transactions in 2021/22 require it to be consolidated.</p>

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# Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit & Scrutiny Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Page 75 Infrastructure Assets	Inherent risk	No change in risk or focus	<p>In March 2022, an issue was raised with the National Audit Office's Local Government technical network in relation to the accounting for infrastructure assets. Under the CIPFA Code of Local Authority Accounting, these assets are held at depreciated historic cost. Following more detailed consideration by auditors this year, it has been identified that whilst local authorities add expenditure incurred on replacing or enhancing such assets, most do not appear to be reviewing the Code requirement to establish whether this spend is a replacement of an asset, or a recognised component, and therefore, are not derecognising the old component. As a consequence gross cost/gross accumulation is therefore continually increasing, and the balance sheet may be misstated where the expenditure is a replacement for an asset/component not fully depreciated.</p> <p>Our work in 2020/21 concluded that the Council's infrastructure assets balance was materially fairly stated in 2020/21 financial statements. However, as a consequence of the issue above a statutory override was issued and updated CIPFA guidance. We will ensure the Council's accounting treatment of infrastructure assets complies with any updated guidance and determine whether they need to apply the override.</p>
	Minimum revenue provision (MRP)	Inherent risk	Decrease in risk or focus
Grant income related to Covid-19	Inherent risk	No change in risk or focus	<p>The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received, and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2021/22 statements.</p>

## Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit & Scrutiny Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going concern disclosure	Inherent risk	No change in risk or focus	There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 during 2021/22, there is a need for the Council to ensure its going concern assessment, including its cashflow forecast, is robust and appropriately comprehensive. The Council is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and, in particular, highlights any uncertainties it has identified.

# Overview of our 2021/22 audit strategy

## Group materiality

Planning  
materiality

£1.09m

Group materiality has been set at £1.09m, which represents 2% of the gross expenditure on provision of services in the 2021/22 draft financial statements.

Performance  
materiality

£0.818m

Group performance materiality has been set at £0.818m, which represents 75% of materiality.

We considered whether this level remains appropriate due to the number of amendments made to the prior year accounts. As the majority of amendments related to capital accounting and mainly the valuation of the assets, we determined that 75% remains appropriate as we have significant and inherent risks for the Council and SAIL assets to ensure specific focus is given to these balances.

Audit  
differences

£54k

We will report all uncorrected misstatements relating to the group statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, housing revenue account, and collection fund) greater than £54k. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit & Scrutiny Committee.

# Overview of our 2021/22 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Brentwood Borough Council give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards, such as IFRS 9 and 15 in recent years, as well as the expansion of factors impacting ISA 540 (revised) and the value for money conclusion. Therefore, to the extent any of these or any other risks are relevant in the context of Brentwood Borough Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements:

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

## Overview of our 2021/22 audit strategy

### Value for money reporting

We include details in Section 03 but in summary:

- We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. As the Council produces group accounts we will consider the group boundary through the Council's arrangements that it has in place for oversight of the group.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Council's arrangements against three reporting criteria:
  - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The commentary on VFM arrangements will be included in the Auditor's Annual Report.

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### Timeline

We are completing the 2021/22 audit in one audit visit from end June to early August.

We are aiming to present the Audit Results Report to the September committee meeting.

### Audit team changes

The manager for the 2021/22 audit has changed to Martina Lee. Martina has been introduced to key members of the finance team and is an experienced manager in auditing public sector accounts.





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# 02 Audit risks



## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Risk of fraud in revenue and expenditure recognition – inappropriate capitalisation of revenue expenditure *</p>	<p><b>What is the risk?</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p><b>What will we do?</b></p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> <li>• Obtain a general ledger (GL) breakdown of capital additions in the year, reconciling to the Fixed Assets Register (FAR), and review the GL descriptions to identify whether there are any potential transactional items that could be revenue in nature;</li> <li>• Sample test additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; and</li> <li>• Use our data analytics tool to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes within the general ledger.</li> </ul>
<p><b>Financial statement impact</b></p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts.</p> <p>We have assessed that the risk of fraud in revenue and expenditure recognition is most likely to occur through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing expenditure and increasing additions to PPE.</p>	<p>Brentwood Borough Council has a significant fixed asset base and as a result has a significant level of capital additions totalling £13.2m in the 2021/22 draft financial statements. Therefore we have concluded there is a potential risk that revenue expenditure could be incorrectly classified as capital.</p>	



## Our response to significant risks (continued)

Misstatements due to fraud or error - management override \*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, 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. We identify and respond to this fraud risk on every audit engagement.

### What will we do?

We respond to this risk by:

- Identifying fraud risks during the planning stages;
- Inquiring of management about risks of fraud and the controls put in place to address those risks;
- Understanding the oversight given by those charged with governance of management's processes over fraud;
- Considering the effectiveness of management's controls designed to address the risk of fraud;
- Determining an appropriate strategy to address those identified risks of fraud; and
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

## Our response to significant risks (continued)

Valuation of Land and Buildings in Property, Plant & Equipment (PPE) under Existing Use Value (EUV) and Investment Properties under Fair Value (FV)

### Financial statement impact

The valuation of land and buildings and investment properties represent material figures within the Council's financial statements.

Those valuations are reliant upon judgements and assumptions which can have a material impact on the values on the Council's balance sheet.

The draft 2021/22 financial statements show land and buildings assets were valued at £152.5m (combination of EUV and DRC valuation basis) and Investment Properties at £17.8m.

### What is the risk?

The valuation of land and buildings valued on an EUV basis and investment properties valued on a FV basis represent material figures within the Council's financial statements.

The valuation of these assets is reliant upon expert valuations based on information provided by the Council, which includes a number of judgements and assumptions.

Errors within the judgements, assumptions or information provided to the valuer can have a material impact on the financial statements.

### What will we do?

We will:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Challenge the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists, as necessary, for example for significant or unusual movements in valuation, difficult to value specialist assets, etc.;
- Sample testing key asset information used by the valuer in performing their valuation, e.g. building areas to support valuations based on price per square metre;
- Consider the annual cycle of valuations to ensure that all relevant properties have been valued within a 5 year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

## Our response to significant risks (continued)

<p>Valuation of SAIL investment property</p>	<p><b>What is the risk?</b></p>	<p><b>What will we do?</b></p>
<p><b>Financial statement impact</b></p> <p>The valuation of SAIL investment properties represents a material figure within the Group financial statements.</p> <p>Those valuations are reliant upon judgements and assumptions which can have a material impact on the values on the Group balance sheet.</p> <p>The draft 2021/22 financial statements show these assets were valued at £60.1m.</p>	<p>The Council's wholly owned subsidiary, Seven Arches Investment Limited (SAIL) has a significant investment property portfolio. The valuation of these assets are subject to valuation changes and impairment reviews. Management is required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet, covering both those assets that are revalued within the year and the continuing material accuracy of those valued in prior periods.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;</li> <li>• Challenge the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists, as necessary, for example for significant or unusual movements in valuation, difficult to value specialist assets, etc.;</li> <li>• Sample testing key asset information used by the valuer in performing their valuation, e.g. building areas to support valuations based on price per square metre;</li> <li>• Consider that all IP has been valued annually. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;</li> <li>• Consider changes to useful economic lives as a result of the most recent valuation; and</li> <li>• Test accounting entries have been correctly processed in the financial statements.</li> </ul>

# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Pension Net Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hertfordshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2022, the net liability arising totalled £31.8 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### Infrastructure Assets

An issue was raised through the National Audit Office's Local Government Technical Group during 2022 that some local authorities were not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part / component has been replaced or decommissioned. We concluded that the Council's infrastructure assets balance was materially fairly stated in 2020/21 financial statements. However, following the guidance issued by DLUHC and CIPFA's adaption to the Code of Practice on Local Authority Accounting in December 2022 we will focus testing on the useful economic lives and records held to support the assets to ensure the new approach to infrastructure assets is in place for all assets.

### What will we do?

#### We will:

- Liaise with the auditors of Essex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Brentwood Borough Council;
- Assess the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19; and
- The new auditing standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. We will engage EY Pensions Specialists to recalculate the liability using their own model and inputs from the IAS 19 report and Triennial report.

#### We will:

- Understand the Council's Infrastructure Assets balance and the individual assets comprising this balance;
- Sample test expenditure additions to Infrastructure Assets to test whether they are additions to an asset or are replacements component of an asset;
- Review the useful economic lives to determine if they are in line with the expected lives set out in the guidance; and
- Determine the Council's approach to writing out gross cost and accumulated depreciation on the Infrastructure Assets balance and any replacement additions to determine whether this is materially correct at the balance sheet date.

# Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

### What is the risk/area of focus?

#### Valuation of Land and Buildings using DRC and HRA properties

The value of land and buildings in PPE using DRC method and HRA properties also represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews. Management is required to make a lesser degree of material judgemental inputs and apply estimation techniques to calculate these balances held in the balance sheet and HRA notes. Although there is a risk for land and buildings under DRC due to the specialised nature of these assets and insufficient availability of market-based evidence to assist the valuation, these assets and HRA properties are inherently not subject to material uncertainty arising due to market conditions.

#### Accounting for Covid-19 related grant funding

The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2021/22 statements.

### What will we do?

We will:

- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation, e.g. floor plans to support valuations based on price per square metre;
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

We will:

- Consider the Council's judgement on material grants received in relation to whether it is acting as:
  - An Agent, where it has determined that it is acting as an intermediary; or
  - A Principal, where the Council has determined that it is acting on its own behalf.

# Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p><b>Group accounts</b></p> <p>Seven Arches Investment Limited (SAIL), wholly owned investment company, has material balances and transactions in their accounts as at 31 March 2022, which the Council needs to consolidate. There is a risk that the Group accounts are incorrectly prepared with the changing nature of the size of SAIL.</p> <p>There is also the risk that balances and transactions increase in the other entities in the group boundary that the Council needs to assess every year to determine whether they need to be consolidated.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Review the Council's group boundary assessment to determine which entities fall within scope of the group accounts for 2021/22;</li> <li>• Perform our own testing of all material balances and transactions in the subsidiary accounts;</li> <li>• Liaise with the subsidiary auditor to ensure we understand work undertaken by them and findings in any area we are placing reliance on them; and</li> <li>• Review the consolidation work to ensure the Group accounts are materially fairly stated.</li> </ul>
<p><b>Minimum Revenue Provision</b></p> <p>Local authorities are required to charge MRP to the General Fund in each financial year. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance. We identified a fraud risk in relation to MRP in 2020/21 due to the Council's increase in financing. Our expert reviewed the MRP calculation and identified areas of incorrect interpretation of the guidance and an error in the 2020/21 accounts. We determined this was not fraudulent activity by management as the practice followed was agreed with their management expert. Therefore, we have reduced the level of risk to inherent for the 2021/22 accounts to follow up on action taken by management, since we made the recommendations in the prior year, and to ensure the accounts are materially fairly stated for MRP.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Review any updated advice received from the Council's management expert in responding to the findings and recommendations from the 2020/21 audit, engaging with our auditor expert as required;</li> <li>• Determine the impact on the 2021/22 audit report for the uncorrected misstatement in the 2020/21 accounts; and</li> <li>• Review the MRP calculation for 2021/22.</li> </ul>

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# Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<p><b>Going Concern</b></p> <p>Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Council has incurred additional expenditure in a number of areas of its operations and has experienced some income losses. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19.</p> <p>TPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.</p> <p>However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.</p> <p>To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.</p>	<p>In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will seek documented and detailed consideration to support management's assertion regarding the going concern basis.</p> <p>Our audit procedures to review these will include consideration of:</p> <ul style="list-style-type: none"> <li>• Current and developing environment;</li> <li>• Liquidity (operational and funding);</li> <li>• Mitigating factors;</li> <li>• Management information and forecasting; and</li> <li>• Sensitivities and stress testing.</li> </ul> <p>Due to the impact of Covid-19, we will consult internally, if required, with our risk department over the level of appropriate disclosure.</p>





# 03

## Value for Money Risks







## Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

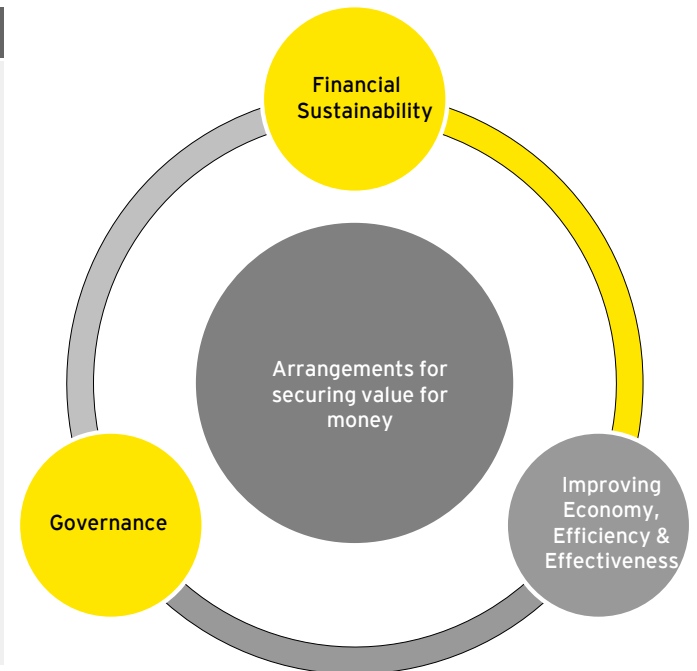
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor responsibilities

Under the NAO Code of Audit Practice 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. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



# Value for Money

## Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Scrutiny Committee.

## Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability due to the high level of borrowing and the fluctuating valuation of investment assets.

We will update the next Audit and Scrutiny Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.



# 04

## Audit materiality



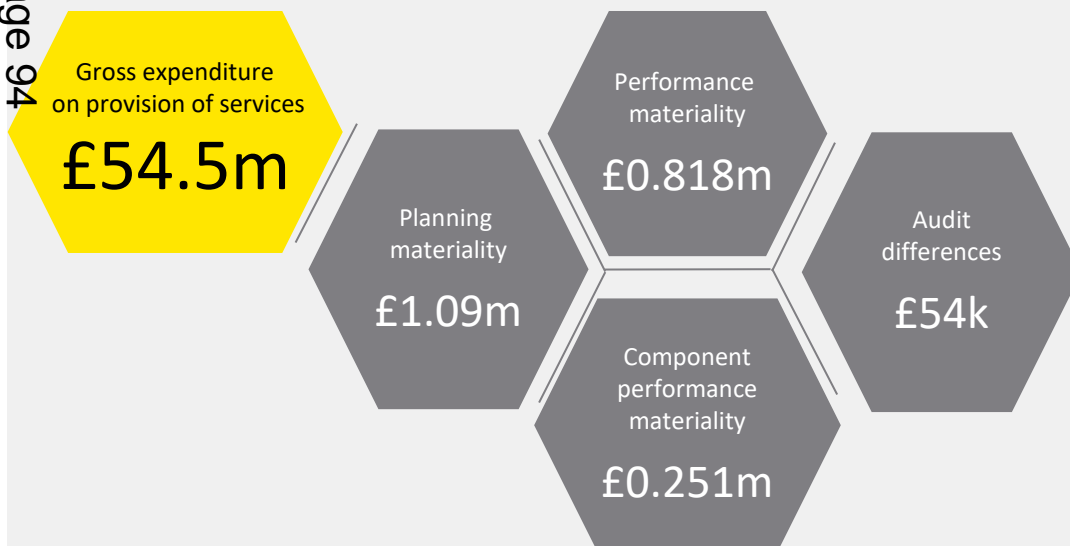
# Materiality

## Materiality

For planning purposes, materiality for 2021/22 has been set at £1.09m. This represents 2% of the Council's gross expenditure on provision of services in the 2021/22 draft financial statements. It will be reassessed throughout the audit process.

Gross operating expenditure is the most appropriate basis for determining planning materiality for a public sector body and at the moment we consider misstatements greater than 2% of gross operating expenditure to be material. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Audit and Scrutiny Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.818m which represents 75% of planning materiality. We considered whether this level remains appropriate due to the number of amendments made to the prior year accounts. As the majority of amendments related to capital accounting and mainly the valuation of the assets, we determined that 75% remains appropriate as we have significant and inherent risks for the Council and SAIL assets to ensure specific focus is given to these balances.

**Component performance materiality range** - we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. A different threshold for misstatements is used for component reporting of £16k. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Scrutiny Committee, or are important from a qualitative perspective.

## Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures: we will agree all disclosures back to source data, especially for any significant exit packages paid in the year.
- Related party transactions: we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.





05

Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, 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 and report a commentary on those arrangements.



## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Scrutiny Committee.

Internal audit:

We will meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will consider these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the financial statements.

### Audit scope – group audit

Brentwood Borough Council consists of the group entity and the single entity. The group entity comprises the following subsidiaries:

- Seven Arches Investment Limited (SAIL) - full scope audit to be performed, company is consolidated into the group financial statements
- Brentwood Development Partnership - not consolidated into the group financial statements, on the Council's basis of it being immaterial

We intend to take a substantive audit approach to the work and there are no changes from the approach taken in prior year.

We do not intend to rely on component or non-EY auditors for our work.

# Scoping the group audit

## Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

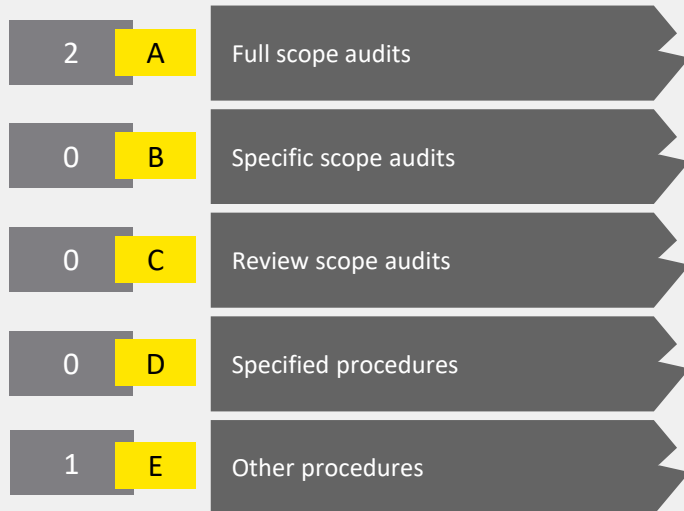
- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

## Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.

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## Scope definitions

**Full scope:** locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

**Specific scope:** locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

**Review scope:** locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

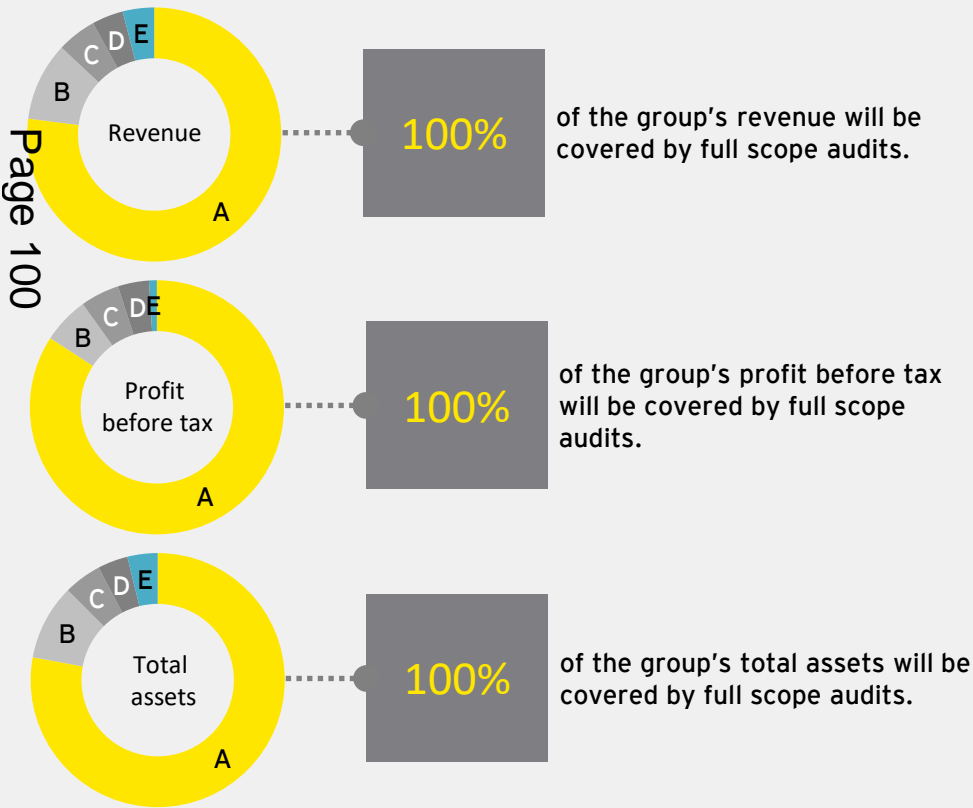
**Specified Procedures:** locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

**Other procedures:** For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

# Scoping the group audit

## Coverage of Revenue/Profit before tax/Total assets

Based on the group's draft financial statements 2021/22, our scoping is expected to achieve the following coverage of the group's revenue, profit before tax and total assets.



Our audit approach is risk based and therefore the data above on coverage is provided for your information only.

## Key changes in scope from last year

There are no changes in scope from the work performed in prior year.

## Details of other procedures

In order to verify that no material misstatement exists in the group financial statements due to Brentwood Development Partnership not being consolidated, on the Council's basis of it being immaterial, we will perform other procedures:

- Considering the Council's group assessment for non-consolidation of Brentwood Development Partnership;
- Checking whether there are any balances above our component performance materiality; and
- Testing any balances our component performance materiality.



06

Audit team



## Audit team

Elizabeth Jackson will continue to be the Engagement Lead for 2021/22, while the manager has changed to Martina Lee and the audit senior has changed to Cyr Mendoza. Working collaboratively with the Council's finance team, we will ensure that the audit delivers high quality and value to the Trust.

## Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of land and buildings	The Council's external valuer and EY Real Estates (if required, see narrative below)
Valuation of pension amounts	PWC and EY Actuaries

We will review the output from the revaluation of land and buildings for 2021/22 and consider whether this is in line with our expectations. If necessary, we can call on the assistance from the EY Estates team where the valuation is out of line with our expectations.

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





# 07 Audit timeline







## Audit timeline

# Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Audit and Scrutiny Committee and we will discuss them with the Audit and Scrutiny Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes Walkthrough of key systems and processes	June		
Year end audit: Substantive testing	July	Audit and Scrutiny Committee	Audit Planning Report
Year end audit: Substantive testing	August		
Audit completion procedures	September	Audit and Scrutiny Committee	Audit Results Report Audit opinions and completion certificates
Audit completion procedures	October		Auditor's Annual Report including commentary on VFM arrangements





08

# Independence





# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards; and</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Elizabeth Jackson, your audit engagement partner and the audit engagement team have not been compromised.

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2019 which was effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed.

We confirm that we have no contingent fee arrangements with the Council.

We do not provide any non-audit services and have no plans to provide non-audit services, which would be prohibited under the new standard.

At this stage we have not identified any issues to report to you relating to our independence

## Other communications

### EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law.

The most recent version of this Report is for the reporting period from 3 July 2021 to 1 July 2022: [EY UK 2022 Transparency Report | EY UK](#)





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09

## Appendices



## Appendix A

# Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table below.

	Scale fee 2021/22	Final Proposed Fee 2020/21
	£	£
PSAA scale fee (Note 2)	54,288	52,365
Scale fee rebasing (Note 1)	36,001	36,001
VFM risks		28,000
New ISA 540 & VFM work		8,500
Other scale fee variation		11,761
<b>Total audit related fees</b>	<b>90,289</b>	<b>136,627</b>

*All fees exclude VAT*

Note 1 - Given the number of significant risks and areas of audit focus that we highlighted in our audit plan as areas of additional work, and in order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we undertook additional work at a fee of £36,001 to deliver the audit in 2020/21, which we expect to reoccur in subsequent years.

Note 2 - For 2021/22 the scale fee represents the base fee, i.e. not including any extended testing. However, this will be impacted by a range of factors, as detailed in this Audit Plan, which will result in additional work. As we have identified significant risks, as set out in this audit plan, we expect to have to undertake additional work which will also result in an additional fee.

We are not able to quantify the additional fee for 2021/22 at this stage of our planning, but we will discuss this with management as our audit progresses and the scope and scale of our additional work can be clarified.

Final fees will be subject to determination by PSAA.

The agreed fee presented is based on the following assumptions:


- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.



If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

# Required communications with the Audit Committee




We have detailed the communications that we must provide to the Audit and Scrutiny Committee.

 Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report - 3 July 2023
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit planning report - 3 July 2023 Auditor's Annual Report - October 2023





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## Required communications with the Audit Committee (continued)





		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report - September 2023
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report - September 2023
Subsequent events	<ul style="list-style-type: none"> <li>• Enquiries of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements</li> </ul>	Audit results report - September 2023
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit and Scrutiny Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:                             <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Any other matters related to fraud, relevant to Audit and Scrutiny Committee responsibility</li> </ul>	Audit results report - September 2023







## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> <li>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>Non-disclosure by management</li> <li>Inappropriate authorisation and approval of transactions</li> <li>Disagreement over disclosures</li> <li>Non-compliance with laws and regulations</li> <li>Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report - September 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>The principal threats</li> <li>Safeguards adopted and their effectiveness</li> <li>An overall assessment of threats and safeguards</li> <li>Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit planning report - 3 July 2023 Audit results report - September 2023

## Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report - September 2023
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the Audit and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Scrutiny Committee may be aware of</li> </ul>	Audit results report - September 2023
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report - September 2023

## Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Group audits	<ul style="list-style-type: none"> <li>• An overview of the type of work to be performed on the financial information of the components</li> <li>• An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>• Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work</li> <li>• Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted</li> <li>• Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	Audit planning report - 3 July 2023 Audit results report - September 2023	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - September 2023	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - September 2023	
Auditors report	<ul style="list-style-type: none"> <li>• Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit results report - September 2023 Auditor's Annual Report - October 2023	
Fee Reporting	<ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit plan is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>	Audit planning report - 3 July 2023 Audit results report - September 2023	
Value for Money	<ul style="list-style-type: none"> <li>• Risks of significant weakness identified in planning work</li> <li>• Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.</li> </ul>	Audit planning report - 3 July 2023 Audit results report - September 2023 Auditor's Annual Report - October 2023	

## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Council's and Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. The audit does not relieve management or the Audit and Scrutiny Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in Section 02, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Scrutiny Committee reporting appropriately addresses matters communicated by us to the Audit and Scrutiny Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> <li>• Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.</li> <li>• Examining and reporting on the consistency of consolidation schedules or returns with the Council's audited financial statements for the relevant reporting period</li> </ul>
Other procedures	<ul style="list-style-type: none"> <li>• We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice</li> </ul>

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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**COMMITTEE TITLE: AUDIT AND SCRUTINY**

**DATE: 11 JULY 2023**

<b>REPORT TITLE:</b>	Internal Audit Progress Report
<b>REPORT OF:</b>	Tim Willis, Interim Director Resources and Section 151 Officer

**REPORT SUMMARY**

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2022/23 internal audit plan.

The following reports have been finalised since the last Committee meeting:

- Main financial systems (Moderate/Moderate)
- Payroll (Substantial/Moderate)
- Climate change (no opinion as advisory review)
- Licensing (Moderate/Moderate)
- Sheltered accommodation (Limited/Moderate)
- Policy review (Moderate/Moderate)
- Environment - fly tipping, street cleaning and enforcement (Moderate/Moderate)
- Leisure services (Moderate/Moderate).

**RECOMMENDATIONS**

To note the progress made against the 2022/23 internal audit plan and the findings from the audits completed since the last Committee meeting.

**SUPPORT ING INFORMATION**

**1.0 REASONS FOR RECOMMENDATIONS**

Internal audit is required to report the findings of their work to the Council, through the Audit and Scrutiny Committee.

## **2.0 OTHER OPTIONS CONSIDERED**

None.

## **3.0 BACKGROUND INFORMATION**

BDO has been the appointed Internal Auditor for the Council since 1 April 2014.

Their work complies with Public Sector Internal Audit Standards. As part of the audit approach, they agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which were covered as part of each assignment. This approach is designed to enable internal audit to give assurance on the risk management and internal control processes in place in the Council to mitigate the risks identified.

The Audit Committee approved the 2022/23 annual audit plan in November 2022, after review of an outline audit plan in July 2022 and a full audit plan in September 2022. The progress against plan is reported at every Audit and Scrutiny Committee meeting.

### **Progress report**

The following final internal audit reports have been issued since the last Committee meeting and internal audit's overall conclusions are set out below. Further details included in Appendix A – Internal Audit Progress Report.

#### **Main financial systems (Moderate/Moderate)**

We have raised three medium and two low level findings.

We identified several areas of good practice in respect of general ledger system access, journal approvals, the application of Council Tax and Business Rates discounts and exemptions, and the time taken to process new housing benefit claims.

However, we identified scope for improvement in contract management practices with regards to completeness of the contracts register, risks around supplier failure and associated detail in the Corporate Business Continuity Plan; timeliness of general ledger reconciliations; timeliness in responding to universal credit notifications; completion of access forms for the Revenue and Benefits system; and some key details omitted from the Council's documented procedure notes.

As a result of our audit, we have concluded moderate assurance over both the design and effectiveness of the Council's arrangements in relation to the general ledger, Council Tax and Business Rates, Housing Benefits and procurement and contract management.

#### **Payroll (Substantial/Moderate)**

Our review found that effective controls are in place and working well around the administration and management of the payroll.

However, we identified a scope for improvement in contract monitoring arrangements, specifically around roles and responsibilities and performance information, and an error in the completion of an online sickness absence request form.

We have raised three medium priority recommendations.

Overall, we provide substantial assurance over the design of controls in payroll processes and moderate assurance in relation to the effectiveness of controls.

#### Climate change (no opinion as advisory review)

From our review of the environment strategy, it can be concluded that the Council has a solid basis for the reduction of carbon emissions.

We identified some areas for improvement, mostly focused on the need for improved communications and action planning. Our recommendations will assist in strengthening the monitoring of the agreed actions and support achievement of the Council's objectives and targets in relation to climate change and carbon reduction.

#### Licensing (Moderate/Moderate)

We have raised three medium and one low priority recommendation to improve the Council's controls over licensing, regarding monitoring staff training and development, quality of inspection reports, tracking enforcement activity, and updating the enforcement policy.

Consequently, we conclude moderate assurance over the design and moderate assurance over the operational effectiveness of the controls in place to enable the Licensing service to fulfil its statutory duties and achieve its aims.

#### Sheltered accommodation (Limited/Moderate)

Based on the work performed, we noted that at the time of this audit, there was no clear service plan or specification setting out the Sheltered Housing services provided or expected outcomes. Further, there was a lack of operational procedures or robust performance monitoring which makes it difficult to demonstrate that the Council is delivering an efficient and effective service.

We raised a number of recommendations to address the findings identified by this review with the aim to positively improve the control environment and aid the Council in effectively managing its risks.

Overall, we provide limited assurance on the design of controls and moderate assurance on the operating effectiveness of the controls in place.

#### Policy review (Moderate/Moderate)

Whilst our testing identified a number of inconsistencies and inefficiencies in the current policy review arrangements, as part of the partnership working the Council has already developed draft policy templates and new processes in place to address the identified weaknesses.

As a result of our review, we provide moderate assurance over the design and operational effectiveness of the Council's arrangements in place to support the management of its policies.

We have raised one medium priority recommendation to ensure that the new processes and templates are finalised and implemented effectively and in line with Council process.

#### Environment - fly tipping, street cleaning and enforcement (Moderate/Moderate)

Our review identified a number of areas where current controls could be strengthened further and these related to additional training around preserving fly tipping evidence, updating of the overarching policy documentation and developing and formalising Street Cleaning teams' procedures and protocols.

This has led to a moderate assurance over the design and the operational effectiveness of the Council's arrangements in relation to its Street Cleaning, Fly Tipping & Enforcement activity.

We have raised three medium priority recommendations.

#### Leisure services (Moderate/Moderate)

We have raised four medium priority recommendations to improve the Council's controls over leisure services. These relate to the need for a comprehensive risk register; a feasibility study for an exit strategy for the Brentwood Leisure Centre and Football Hub business activity, including scrutiny of the associated sinking fund; access to the underlying data for the performance monitoring/KPI reporting received from Everyone Active; and tracking and monitoring of training for Council staff and Everyone Active, as well as the need for documented policies and procedures in this area.

#### **Follow up report**

A summary of outstanding recommendations from previous audits is included in Appendix B – Internal Audit Follow Up Report.

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

#### **4.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / [tim.willis@brentwood.rochford.gov.uk](mailto:tim.willis@brentwood.rochford.gov.uk)**

There are no direct financial implications arising from the report.

#### **5.0 LEGAL IMPLICATIONS**

**Name & Title: Andrew Hunkin, Director – People & Governance & Monitoring Officer**  
**Tel & Email 01277 312500 / [andrew.hunkin@brentwood.rochford.gov.uk](mailto:andrew.hunkin@brentwood.rochford.gov.uk)**

There are no direct legal implications arising from the report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

There are no direct resource implications arising from the report.

#### **7.0 RELEVANT RISKS**

There are no direct risks arising from the report. The internal audit programme of work is designed to review risk areas within the Council.

#### **8.0 ENGAGEMENT/CONSULTATION**

Not applicable.

#### **9.0 EQUALITY IMPLICATIONS**

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**  
**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

There are no direct equality implications arising from the report.

**10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

**Name & Title: Phil Drane, Director - Place**  
**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

There are no direct environment and climate change implications arising from the report.

**REPORT AUTHOR:                   Name: Janine Combrinck**  
**Title: Director, BDO LLP**  
**Phone: 020 7893 2631**  
**Email: janine.combrinck@bdo.co.uk**

**APPENDICES**

- Appendix A: Internal Audit Progress Report
- Appendix A: Internal Audit Follow Up Report

**BACKGROUND PAPERS**

None.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Not applicable.	



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**INTERNAL AUDIT  
PROGRESS REPORT**

Brentwood Borough Council

2022/23

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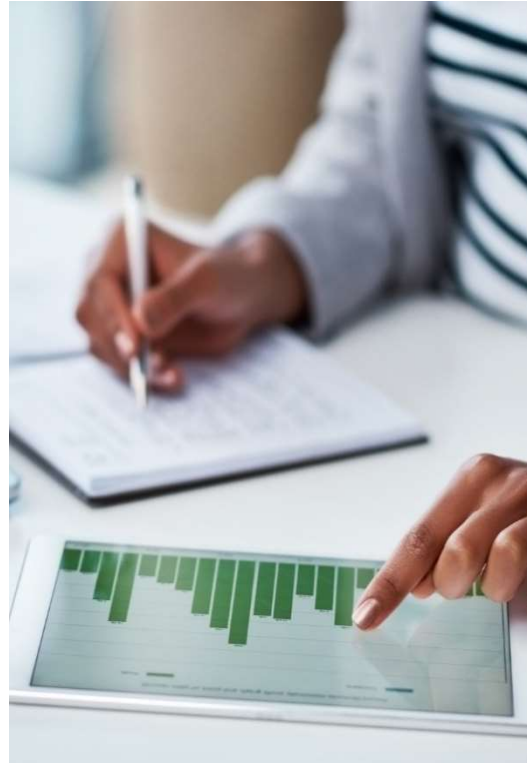
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# SUMMARY OF WORK

## INTERNAL AUDIT

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2022/23 internal audit plan. 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 Appendix 1 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.

## 2022/23 INTERNAL AUDIT PLAN

Our reporting on individual audits is later than would normally be the case, primarily due to a delayed start in the audit programme for the year (which could not be started until we were contractually engaged and the audit plan was approved) and further delays experienced in securing audit start dates and receiving requested information.

However, we are pleased to present the following reports to this Audit and Scrutiny Committee meeting:

- ▶ Main financial systems
- ▶ Payroll
- ▶ Climate change advisory review
- ▶ Licensing
- ▶ Sheltered accommodation
- ▶ Policy review
- ▶ Environment - fly tipping, street cleaning and enforcement
- ▶ Leisure services.

We have issued the following report in draft since the last Audit and Scrutiny Committee meeting:

- ▶ Partnership with Rochford.

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## **CHANGES TO THE 2022/23 INTERNAL AUDIT PLAN**

The following changes were agreed with officers:

- We agreed to carry out the climate change review on an advisory basis instead of providing an assurance opinion, due to the evolving nature of the Environmental Strategy.
- We changed the Housing Information audit into an audit of Sheltered Accommodation, as officers considered this to be an area in need of improvement.
- We split the scope of our work on the main financial systems this year into two components, being an audit of key controls (executive summary included in this progress report) and an advisory review to provide an independent assessment of how fit for purpose Brentwood and Rochford's finance systems are (findings from this review not included in this progress report).
- We have deferred our data protection audit into 2023/24 and will expand the scope of the financial planning audit in 2023/24 to take account of days not charged on these audits in 2022/23.

## **2022/23 INTERNAL AUDIT PLAN**

We have commenced our scoping for 2023/24 audits and are planning to deliver these in accordance with the timing set out in our audit plan.

# REVIEW OF 2022/23 WORK

AUDIT	COUNCIL LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS	
Main financial systems	Interim Director Resources	July 2023	✓	✓	✓	M	M	
Commercialisation and cost savings	Interim Director Resources	Deferred into 2023/24						
Payroll shared service	Interim Director Resources	July 2023	✓	✓	✓	S	M	
Partnership with Rochford	Strategic Director	July 2023	✓	✓	Draft			
Policy review	Director Policy and Delivery	July 2023	✓	✓	✓	M	M	
Data protection	Interim Director People and Governance	July 2023	✓		Deferred into 2023/24			
Cyber security	Corporate Manager IT & Service Improvement	March 2023	✓	✓	✓	M	M	
Sheltered accommodation	Corporate Manager - Housing Needs and Delivery	July 2023	✓	✓	✓	L	M	
Environment - fly tipping, street cleaning and enforcement	Director Environment and Director Communities and Health	July 2023	✓	✓	✓	M	M	
Climate change	Director Environment	July 2023	✓	✓	✓	N/A as advisory review		
Leisure services	Corporate Manager Communities, Leisure and Health	July 2023	✓	✓	✓	M	M	
Licensing	Environmental Health and Licensing Manager	July 2023	✓	✓	✓	M	M	
Democratic services	Corporate Manager (Democratic Services)	January 2023	✓	✓	✓	M	M	



# MAIN FINANCIAL SYSTEMS

## CRR REFERENCE: CYCLICAL REVIEW AND LINKS TO ALL RISKS

Design Opinion	M Moderate	Design Effectiveness	M Moderate
Recommendations	0	3	2



### SCOPE

#### BACKGROUND

- ▶ The Council is required to have sound controls in place in its financial systems to prevent and detect error and fraud. The central finance team, led by the Director Resources, is responsible for the financial management controls and processes, including shared service arrangements in place with Basildon Borough Council for revenues and benefits. The finance team also provides leadership on good financial practice to the services across the Council and has an overseeing role to ensure procedures are correctly followed.
- ▶ Each year the audit of the main financial systems covers the General Ledger, including reconciliations for system interfaces and journals. Cyclical reviews are carried out on the other main financial systems.
- ▶ Last year we covered Accounts Payable, VAT returns and Treasury Management. From our follow-up procedures, we are satisfied that the Council has addressed the key recommendations that we raised.
- ▶ This year we focused our cyclical element of the audit on Council Tax, Business Rates and Housing Benefits. We also reviewed the Council's processes for managing supply chain risks, an area of review requested by the Audit and Scrutiny Committee.

#### PURPOSE

- ▶ The purpose of the audit was to carry out a detailed annual review of the Council's main financial systems, focusing on the areas noted above.

#### AREAS REVIEWED

##### General ledger

- ▶ We confirmed whether user access permissions to the finance system are updated as required and user access logs periodically reviewed.
- ▶ For a sample of monthly balance sheet control accounts during the year, we confirmed whether they were appropriately reconciled, with segregation of duties being maintained between the individual preparing the reconciliation and the individual reviewing and approving the reconciliation, and that unreconciled items were resolved on a timely basis.
- ▶ For a sample of journals raised during the year, we checked that there was sufficient documentation to support the transaction and that it had been appropriately authorised independently of the preparer.

##### Council Tax and Business Rates

- ▶ We confirmed whether user access permissions to the revenues system was updated as required and user access logs periodically reviewed.
- ▶ For a sample of weeks during the year, we checked whether there were reconciliations between the Council's lists of domestic and business properties and the information from the Valuation Office Agency (VOA), that the reconciliations were completed on a timely basis and appropriately approved, with corrective action taken where necessary.

- ▶ For a sample of Council Tax and Business Rates discounts and exemptions during the year, we confirmed whether an application was received, the evidence provided was appropriate and the correct relief/discount was allocated.

#### Housing Benefits

- ▶ For a sample of new claims and changes in circumstances during the year, we checked if they were processed within the targets of 21 days and 10 days respectively or reasons for delays recorded on the system.
- ▶ We obtained a list of all claimants receiving Universal Credit payments during the year and for a sample of claimants, checked that the benefit was suspended within a week from the Universal Credit payment notification and then cancelled within a reasonable period from the suspension date.

#### Procurement and contract management

- ▶ We reviewed how the Council identified and managed the risks of supplier failure in its contracts and procurement activity during the year.



### AREAS OF STRENGTH

We identified the following good practice:

#### General Ledger

- ▶ For a sample of ten users with access to the Finance system, Civica, who were added between April 2022 and January 2023, authorised user access forms were in place for all ten users and the role IDs on the forms matched the level of access provided to the user. In addition, an annual review form was completed for all ten staff to ensure that their access was still applicable.
- ▶ For a sample of fifteen journals posted to the general ledger between April 2022 and February 2023, all were appropriately prepared and approved, with segregation of duties in place, and had adequate supporting evidence.

#### Housing Benefits

- ▶ The averaged target time frame for processing new Housing Benefits claims over each financial year is 21 working days. For our sample of five new claims for Housing Benefits processed between August 2022 and March 2023, all five were processed within the target time frame. The range of time taken to process each new claim in the sample was between one and twelve working days.
- ▶ The averaged target time frame for processing Housing Benefits change of circumstance notifications over each financial year is 12 working days. For our sample of ten change in circumstances notifications received from April 2022 to March 2023, almost all (nine out of ten) were processed within the target time frame, with the average processing time within our sample being six working days.

#### Council Tax and Business Rates

- ▶ For a sample of ten Council Tax accounts with discount or exemption applied, the correct discount had been awarded per the application and supporting evidence, and the amount applied in the system matched the amount communicated to the tenant on their most recent bill.

For a sample of ten Business Rates accounts with discount or exemption applied, the relief had been correctly applied and matched between the system and the business' most recent bill.



### AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ Our review of the procurement and contract management practices in place found that the Corporate Business Continuity Plan does not include provision for supplier failure, risks of supplier failure are not included in the risk register and the contracts register does not consistently include the values of all contracts over £5,000 as required by the Local Government Transparency Code. **(Detailed Finding 1 - Medium)**

- ▶ For a sample of five claimants with Universal Credit, we identified one instance where the suspension and cancellation of the Housing Benefit took three months, and therefore was not completed in a timely manner. Additionally, in two instances the Council did not maintain effective contact with the claimants to ensure that the Housing Benefit could be cancelled. **(Detailed Finding 2 - Medium)**
- ▶ Our review of a sample of twelve General Ledger reconciliations identified two Council Tax (Receipts) and one NNDR (Receipts) reconciliations that were not completed within a month or reviewed within two weeks of completion. **(Detailed Finding 3 - Medium)**
- ▶ Our review of a sample of seven billing and benefits user accounts with access to the system found that one user did not have an authorised access form in place to approve their access to the revenues system. **(Detailed Finding 4 - Low)**
- ▶ Discussion with the Council and review of a sample of ten Business Rates accounts with discounts applied identified that a Senior Officer is required to approve any accounts with 'discretionary discount' applied. However, this requirement is not documented in any procedure notes. Furthermore, our review of the two procedure notes in place for purchasing and procurement officers identified that they do not contain completed version control sections detailing the procedure's approval and future review dates. **(Detailed Finding 5 - Low)**



## CONCLUSION

- ▶ We have raised three medium and two low level findings.
- ▶ We identified several areas of good practice in respect of general ledger system access, journal approvals, the application of Council Tax and Business Rates discounts and exemptions, and the time taken to process new housing benefit claims.
- ▶ However, we identified scope for improvement in contract management practices with regards to completeness of the contracts register, risks around supplier failure and associated detail in the Corporate Business Continuity Plan; timeliness of general ledger reconciliations; timeliness in responding to universal credit notifications; completion of access forms for the Revenue and Benefits system; and some key details omitted from the Council's documented procedure notes.
- ▶ As a result of our audit, we have concluded moderate assurance over both the design and effectiveness of the Council's arrangements in relation to the general ledger, Council Tax and Business Rates, Housing Benefits and procurement and contract management.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Procurement and contract management</b></p> <p>a) The Council should consider the need to add supplier failure as a risk to its risk register and business continuity plan to ensure that the Council is adequately prepared in the event of failure of a key supplier or its chains.</p> <p>b) All final contracts should be electronically held by the Procurement Team. An email should be sent to all departments, to ensure they scan and send their contracts to the Senior Procurement Officer.</p> <p>c) The Senior Procurement officer should complete a reconciliation between procurement activity and awarded contracts and ensure that the contracts register is updated accordingly, with values, contract manager and all other required details.</p>	<p>Medium</p>	<p>a) Agreed.</p> <p>b) Agreed in principle but may not be practical. Some contracts are very large and would take a long time to scan. Also may take up too much space in electronic storage. Could discuss with the IT team about storage.</p> <p>c) Agreed. Have always done this but not up to date due to working in Legal.</p>	<p>Senior Procurement Officer</p> <p>March 2024</p>
<p><b>2. Communications regarding Universal Credit</b></p> <p>a) The Council should ensure that timely actions are taken and evidenced in the account notes, to follow up with claimants regarding changes to their housing benefit entitlement and ensure that the tenant is informed promptly to notify the DWP.</p> <p>b) The Council should ensure that the time frame to suspend Housing Benefit payments when claimants receive Universal Credit is communicated to all staff and monitored to ensure it is adhered to.</p>	<p>Medium</p>	<p>a) These work items are now dealt with as priority in a daily work queue to ensure no overpayments are created.</p> <p>b) Senior staff have reminded all staff at their team meeting to ensure suspensions are dealt with as priority. These work items will be monitored by the Senior Team on a regular basis.</p>	<p>a and c: Senior Billing and Benefits Officer</p> <p>b: Senior Benefits and Welfare Officer</p> <p>June 2023</p>
<p><b>3. Timeliness of reconciliations</b></p> <p>The Council should ensure that monthly general ledger reconciliations, and council tax and business rates property reconciliations, are completed in a timely manner. We recommend that reconciliations are completed</p>	<p>Medium</p>	<p>Reconciliations were delayed in 2022/23 due to be vacancies and lack of resources. The team is now fully resourced so this will improve. However, due to us being a small team, there is always the risk</p>	<p>Corporate Finance Manager</p> <p>Senior Billing &amp; Compliance Officer</p> <p>June 2023</p>






Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>within a month of the end of the period being reconciled and reviewed within two weeks of completion.</p>		<p>reconciliations could slip due to key staff leaving or taking leave.</p> <p>Council Tax property reconciliation is completed weekly. The period when these reconciliations were reviewed was when the annual government return (CTB1) was being completed. The CTB1 form is completed based on the Valuation List as at Monday 12 September. No further schedules received from the Valuation Officer Agency can be uploaded until the CTB1 form has been completed and approved by the Section 151 Officer for the Authority. Schedules were unable to be uploaded between Monday 12 September to Friday 14 October. Therefore, this delay with the sample testing was out of the Authority's control.</p>	
<p><b>4. Council tax and business rates system access</b></p> <p>a) The Council should ensure that all user access forms are signed as approved before system access is granted.</p> <p>b) The Council should undertake periodic reviews of system access to ensure that access is approved and commensurate to job roles.</p>	<p>Low</p>	<p>a) We are currently in the process of changing our procedure whereby system access will be done electronic. Access will not be granted unless it has been approved by Team Leader or above.</p> <p>b) These periodic reviews have now been set up to ensure access is still required for their Job Role.</p>	<p>Revenues &amp; Benefits Technical Manager</p> <p>a: Sept 2023</p> <p>b: June 2023</p>
<p><b>5. Policies and procedures</b></p> <p>a) The procurement and purchasing procedure notes should be updated to ensure the approver of the</p>		<p>a) Agreed.</p> <p>b) Our procedure process map will be amended to include reference to</p>	<p>a: Senior Procurement Officer</p> <p>March 2024</p> <p>b: Revenues &amp; Enforcement Manager</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>procedures is noted, the next review date and the date of the policy at the footer is amended to ensure staff are aware of which version of the policy is the most up-to-date, and the procedures are reviewed regularly to reflect any changes to the process.</p> <p>b) A procedure note stipulating the requirement for approval of discretionary discount should be created and communicated to staff, to ensure all staff including any new joiners are aware of this requirement.</p>		<p>approval being required to a Senior Officer. This will be circulated to all Business Rates staff.</p>	<p>July 2023</p>



# PAYROLL

## CRR REFERENCE: CYCLICAL REVIEW

Design Opinion	 Substantial	Design Effectiveness	 Moderate
Recommendations	 0	 3	 0



### SCOPE

#### BACKGROUND

- ▶ The Payroll audit forms part of the approved internal audit plan for 2022/23.
- ▶ Payroll services have been outsourced to an external provider since 2014. Braintree District Council has been the provider since the 1st of April 2021, with a three plus two-year contract agreement in place.
- ▶ Braintree is responsible for administering payroll functions before passing over to the Brentwood Council Finance Team to carry out a reconciliation, run the BACS report and make the payments.
- ▶ Previously, quarterly contract monitoring meetings were held, but staff vacancies caused disruption to regular scheduling. After a gap in meetings, a new monthly meeting schedule has been established which will be continued at this frequency until further notice.
- ▶ Contractor meetings are currently the responsibility of the Finance Manager and the Service Manager.
- ▶ The Council has 254 employees who are paid on a monthly basis.

#### PURPOSE

- ▶ The purpose of this audit is to provide assurance over the contractual monitoring arrangements over the shared payroll service, interfaces between the Council and the shared service and the adequacy and effectiveness of controls over inputs and amendments to the payroll system.

#### AREAS REVIEWED

Our audit focussed on the following areas:

- ▶ Reviewing the contract between the Council and the payroll provider to ensure that it contains adequate contract monitoring arrangements, and these are adhered to.
- ▶ Confirming the Council has defined clear roles and responsibilities to ensure that the contract is monitored and that these duties are carried out effectively.
- ▶ Determining whether interfaces between the Council and the payroll provider work effectively, eg that requests made by the council are effectively implemented by the provider in line with appropriate deadlines and cut offs.
- ▶ Reviewing a sample of payments to employees on long term-sick leave and maternity leave to verify that the appropriate salary deductions have been correctly applied.
- ▶ Reviewing a sample of leavers to confirm whether they were removed on a timely basis to avoid overpayments.
- ▶ Reviewing a sample of monthly payroll reconciliations undertaken and confirming any identified discrepancies have been investigated and resolved.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ Interfaces between the Council and the payroll provider work effectively with requests made by the Council being appropriately acted on by the payroll provider.
- ▶ Leavers are promptly processed and removed from the payroll.
- ▶ Monthly reconciliations are appropriately carried out and payments are approved by the Corporate Finance Manager.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ Quarterly KPI reports should form part of the contract monitoring arrangements per the contract but these are not being received by the Council. **(Finding 1 - Medium)**
- ▶ Staff vacancies resulted in a gap in contract monitoring meetings between November 2022 and March 2023. Meetings have since resumed but no minutes or other formal records of these are kept. **(Finding 2 - Medium)**
- ▶ Our testing of a sample of five long-term sick and maternity absence requests found that in one case an incorrect option was mistakenly entered in the online sickness absence request, resulting in an overpayment. While the error was subsequently detected by the Council, HR should carry out a review to determine if there are other errors of this nature. **(Finding 3 - Medium)**



## CONCLUSION

- ▶ Our review found that effective controls are in place and working well around the administration and management of the payroll.
- ▶ However, we identified a scope for improvement in contract monitoring arrangements, specifically around roles and responsibilities and performance information, and an error in the completion of an online sickness absence request form.
- ▶ We have raised three medium priority recommendations.
- ▶ Overall, we provide substantial assurance over the design of controls in payroll processes and moderate assurance in relation to the effectiveness of controls.






MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Performance monitoring reports</b></p> <p>The Council should ensure that quarterly performance reports are provided in line with the terms of the Service Provision Agreement. Alternatively, officers should agree with the payroll provider a set of information to be provided on a quarterly basis, which would provide the Council with assurance that services are being delivered in line with the specification.</p>	<p>Medium</p>	<p>Agreement on key performance indicators will be finalised at the next contract monitoring meeting with an agreed process moving forward, in order to effectively manage the Service Provision Agreement.</p>	<p>Joint Acting Director People &amp; Governance Sept 2023</p>
<p><b>2. Roles and responsibilities</b></p> <p>a) A contingency plan should be agreed, documented and disseminated to all relevant parties to ensure responsibility for continuing contract monitoring and attending meetings with the payroll provider is formally established.</p> <p>b) Responsibility for recording the meetings minutes / actions between the Council and payroll provider should be clarified. The Trust should consider adjusting its response timeframe targets, allowing more time for responding to complaints. A more achievable target should result in improved performance, while remaining compliant with NHS guidance.</p> <p>c) All agreed actions in contract monitoring meetings should be recorded and reported to the subsequent meetings to ensure effective management of the service's operations.</p>	<p>Medium</p>	<p>This will be picked up and agreed at the next contract monitoring meeting.</p>	<p>Joint Acting Director People &amp; Governance Sept 2023</p>
<p><b>3. Sickness form completion</b></p> <p>a) An exercise should be undertaken to determine if this issue of mistakenly selecting 'Industrial Injury' from the drop-down bar has been repeated elsewhere, and the Council has overpaid other employees in the same way.</p> <p>b) The Itrent 'Payment absence details' form should be reviewed to</p>	<p>Medium</p>	<p>An exercise will be undertaken before the next contract monitoring meeting to ascertain if there are any other issues where the wrong drop down has been selected. We have asked for the 'Industrial Injury' option to be removed to</p>	<p>Joint Acting Director People &amp; Governance Sept 2023</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>ensure it contains only options required and used at the Council. If appropriate, the 'Industrial Injury' option should be removed to prevent the same mistake from occurring again.</p> <p>c) If the options need to remain the same, an additional mitigating control should be introduced to review sickness pay records prior to each payment run to ensure accuracy and avoid overpayments.</p>		<p>ensure that this doesn't occur in the future.</p>	

# CLIMATE CHANGE ADVISORY REVIEW

**CRR REFERENCE:** RSK2: ENVIRONMENT STRATEGY

Design Opinion	 N/A	Design Effectiveness	 N/A
Recommendations	  		

## SCOPE

### BACKGROUND

- ▶ The Climate Change Act (2008) highlights the UK's aim to become carbon neutral by 2050.
- ▶ 'Protecting our environment' is one of the Council's five priorities in its Corporate Strategy and the Council's aim is to be carbon neutral within its own activity by 2040 and borough wide by 2050.
- ▶ A draft Brentwood Environment Strategy was presented to the Environment Enforcement and Housing Committee in March 2022, at which it was agreed to approve the strategy for consultation and to take account of any feedback.
- ▶ The Council consulted on the strategy during July and August 2022 and the Community Environment and Enforcement Committee approved the final Environment Strategy 2023 - 2026 in December 2022.
- ▶ The strategy includes an action plan for the following key areas that the Council has decided to focus on: Transport and Air Quality, Built Environment and Energy, Waste, and Partnership Working. This action plan, going forward, will form the basis for any annual reporting on the progress of the strategy, based on the key performance indicators set out in the strategy.
- ▶ At present the Environment Strategy sets out how the Council can influence actions and outcomes to achieving carbon neutral across the Borough by 2050. Officers intend to develop a further action-plan, a Carbon Reduction Plan, with a greater level of detail setting out how the Council will specifically achieve net zero by 2040, for approval by the Community Environment and Enforcement Committee in June or July 2023.
- ▶ As the Council has only recently approved its Environment Strategy and it is acknowledged that more needs to be done to embed the strategy and work on underlying action plans and actions, we have agreed with the Director of Environment that we will carry out our review on an advisory basis, without seeking to provide assurance over the effectiveness of controls in this area.

### PURPOSE

- ▶ The purpose of our review is to assess the adequacy of the Council's Environment Strategy, underlying actions plans and framework to measure and monitor achievement of carbon commitments.

### AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ **Environment Strategy** - We reviewed the Council's Environment Strategy to confirm whether it clearly sets out the Council's vision and steps it will take to ensure it achieves its goals of having zero carbon emissions internally by 2040 and borough wide by 2050.
- ▶ **Public Consultation and Community Engagement** - We reviewed the public consultation carried out by the Council between July and August 2022 to confirm whether results of the consultation have fed into the Strategy and underlying action plans.

- ▶ **Liaison with External Organisations** - We confirmed what liaison has taken place between the Council and other organisations, such as Friends of the Earth, Wildlife Trust or through the Brentwood Environmental Business Alliance (BEBA), in order to support the Council in achieving its climate change goals.
- ▶ **Climate Change Action Plans** - We reviewed the Council's Environment Strategy Action Plan, any emerging Carbon Reduction Plan and any other supporting plans to assess whether the action targets are specific, measurable, achievable, realistic and timebound (SMART), assigned to clear action owners and regularly reviewed.
- ▶ **Sources of Carbon Emissions and Data Quality** - We checked whether the Council has taken steps to comprehensively document all sources of carbon emissions and whether its action plans address all identified sources. We also reviewed the extent to which the Council has determined how the carbon emissions from each of these sources can be measured and monitored.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ An Environment Strategy is in place for 2023-26 which sets out the Council's vision and steps it will take to achieve its goals of having zero carbon emissions internally by 2040 and borough wide by 2050. The Strategy was approved on 19 December 2022 by the Community, Environment and Enforcement Committee.
- ▶ The Chair of Community, Environment and Enforcement Committee is the Cabinet Member responsible for the implementation of the Strategy ensuring senior scrutiny and oversight.
- ▶ The Strategy includes strong net zero targets for both the Council and the borough, actions have been assessed as to the carbon impact and where possible a specific emission amount is confirmed.
- ▶ The Council has completed a public consultation on the Strategy and the results have been taken into account for the redraft of the Strategy.
- ▶ The report accompanying the Strategy noted the outcomes of the consultation. This assessed the outcomes, which were included within the action plan where possible, and if this resulted in a significant impact on carbon emissions reduction. The report also recognised the importance of having further conversations with communities on harder to achieve actions.
- ▶ The action plan had been updated to include actions identified from the public consultation that were feasible and within the Council's remit.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ From a review of the Environment pages of the Council's website we noted that it has not been updated with the latest Strategy document. In addition, the Council does not have a communications plan or strategy in place for distributing information and reporting regular updates on progress of the Strategy and action plan. **(Finding 1 - Medium)**
- ▶ Whilst consultations with external organisations were completed, this was minimal and reliance was being placed upon the public consultation. **(Finding 2 - Medium)**
- ▶ We noted that there are no formal reporting lines or performance measures established to enable consistent and regular monitoring of the progress made against agreed actions. In addition, climate risks, which currently sit within the Community Risk Register, relate mainly to storm/flooding events and do not cover the Strategy and emissions or the wider impacts of climate change such as waves and drought. **(Finding 3 - High)**
- ▶ The actions within the action plan have not been financially assessed to identify which would give the best value for money in reducing emissions. **(Finding 4 - Medium)**





## CONCLUSION

- ▶ From our review of the environment strategy, it can be concluded that the Council has a solid basis for the reduction of carbon emissions.
- ▶ We identified some areas for improvement, mostly focused on the need for improved communications and action planning. Our recommendations will assist in strengthening the monitoring of the agreed actions and support achievement of the Council's objectives and targets in relation to climate change and carbon reduction.






MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Strategy</b></p> <p>a) The Council website should be updated with the new Environment Strategy for public viewing.</p> <p>b) A communications plan/strategy should be drafted for distributing information and reporting regular updates on progress of the Strategy and action plan.</p>	Medium	<p>Agree to recommendations - Comms Plan will be included in updated action plan to be submitted to the Community, Environment and Enforcement Committee in the summer.</p>	<p>Climate and Sustainability Officer July 2023</p>
<p><b>2. External liaisons</b></p> <p>The Council should engage with the key external organisations in time for the next annual report. This could be used to further develop partnerships and provide further information for the public to access on the Council website.</p>	Medium	<p>Agreed. The Council has started working with ASELA on the Climate and Environment Workstream and has recently submitted a funding bid looking at innovate green finance. The Council is also working with the Climate Action Anchors Working Group (CAAWG) pan Essex Group to share and deliver best practice.</p>	<p>Climate and Sustainability Officer Ongoing 2023</p>
<p><b>3. Governance arrangements</b></p> <p>a) The Council should consider establishing a climate sub-committee which receives reports on a quarterly basis on the progress made against actions within the action plan.</p> <p>b) This climate sub-committee should report annually into the Environment Committee and Council on progress made and reduction in emissions.</p> <p>c) The Council should put together a risk register that fully details the risks involved with implementing the strategy and monitor this on a quarterly basis at the climate sub-committee.</p> <p>d) The Council Report template should be updated to include environmental implications so that these are considered for all decisions made.</p> <p>e) The Council should enhance the KPIs detailed within the Strategy</p>	High	<p>Agreed. There may be difficulty in establishing a sub-committee but we will look into the possibility.</p>	<p>Climate and Sustainability Officer October 2023</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
to include the key leads responsible for monitoring this data.			
<p><b>4. Action plan</b></p> <p>a) The action plan should be enhanced and updated to fully record the owner and timescales involved for actions identified.</p> <p>b) The Council should financially assess the actions within the plan, so that the most cost effective, carbon reducing actions can be prioritised.</p> <p>c) The Council should liaise with other local boroughs and councils to see whether the actions identified could include support from partnerships.</p> <p>d) The Council should update its formal action plans to include other required actions identified by the Climate and Sustainability Officer during our review.</p>	Medium	Agreed.	Climate and Sustainability Officer Summer 2023

# LICENSING

**CRR REFERENCE:** N/A

Design Opinion	 Substantial	Design Effectiveness	 Moderate
Recommendations	  		

## SCOPE

### BACKGROUND

- ▶ The Licensing Act 2003 places obligations on local authorities for the review and granting of licences for regulated activities. These activities include the sale/supply of alcohol, provision of regulated entertainment and late-night refreshments. There are four licensing objectives defined within the Act, which the Council must have regard to in carrying out its licensing functions and assessing licence applications:
  - The prevention of crime and disorder
  - Public safety
  - The prevention of public nuisance
  - The protection of children from harm
- ▶ Under the 2003 Act, each licensing authority must publish a ‘Statement of Licensing Policy’ to set out how it plans to promote the objectives above when determining licence applications. Furthermore, a licence register must be made available for public inspection and scrutiny which, in turn, promotes the overarching licensing objectives and enables transparency over local licensing decisions which can affect residents, business and visitors.
- ▶ The Council has a committee structure in place to consider licensing applications, appeals and related matters. These committees include the Licensing Committee and the Licensing Sub-Committee, the remits of which span the provisions within the Licensing Act 2003 and Gambling Act 2005, the application of fees and charges, appeals, and other licensing functions such as animal welfare, scrap metal dealing and private hire operators.
- ▶ An internal audit review of Licensing was previously conducted in 2020/21, which highlighted gaps in controls and non-compliance with policies relating to the issuing of licences, a lack of supporting documentation for licence applications and issues with the recording of information in relation to licence applications. In addition, although a suite of licensing policies and supporting guidance was found to be in place at the time, these were noted to be overdue review, potentially affecting the Council’s ability to comply with legislation.

### PURPOSE

- ▶ The purpose of the audit is to provide assurance that appropriate controls have been designed and are operating effectively to enable the Licensing service to fulfil its statutory duties and achieve its aims.

### AREAS REVIEWED

- ▶ Policies and procedures covering the different types of licences within the Council’s remit are not maintained or are out of date, resulting in failure to comply with current legislative requirements.
- ▶ Staff do not maintain up to date knowledge of changes in licensing requirements, resulting in breaches.
- ▶ A licensing register, as required by the Licensing Act is not maintained, or is inaccurate or out of date.

- ▶ Policies and procedures for licensing are not followed resulting in licences being issued inappropriately, or not processed in a timely manner. Licensing decisions are not supported by adequate documentation or premises inspections.
- ▶ Authorisation for licences is not evidenced or decisions are made outside limits of authority.
- ▶ Fees for licence applications are not charged in accordance with statutory or agreed fee scales.
- ▶ Enforcement is inadequate leading to unlicensed or unregulated activity.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ There is a Licensing Committee, which discharges all functions conferred upon the council as licensing authority under the Licensing Act 2003.
- ▶ There is a Licensing Sub-Committee which hears and determines all licensing applications, registration and appeals relating to licensed trading activities, including all functions relating to hackney carriage drivers and vehicles and private hire drivers vehicles and operators; animal welfare and security; skin piercing, acupuncture, electrolysis and tattooing; sex establishments (including sex entertainment venues (SEV)); pavement permits; charitable collections; camping, caravan site and mobile homes; and scrap metal.
- ▶ There is a Statement of Licensing Policy, under which the council as licensing authority discharges its functions relating to licensing under the Licensing Act 2003, and the Gambling Act 2005. Both the Licensing Act 2003 Policy, and the Gambling Act 2005 Policy are currently undergoing review by the Licensing Committee 2022/23.
- ▶ The following three policies, which had been subject to consultation, were undergoing review in February 2023 and were to be presented for approval at an upcoming meeting of the Licensing Committee:
  - All functions relating to hackney carriage drivers and vehicles and private hire drivers vehicles and operators covered by the draft Taxi Policy 2023
  - All Pavement Permits covered by the draft Street Trading Policy 2023
  - The Gambling Act 2005 draft Policy 2023.
- ▶ Other trading activities are covered by detailed guidance on the Council website last updated August 2022:
  - Animal welfare and security, including animal boarding, pet shops, riding establishment, zoos.
  - Skin piercing and beauty treatments, including acupuncture, electrolysis, tattooing.
  - Sex establishments (including sex entertainment venues)
  - Camping, caravan sites and mobile homes
  - Charitable collections
  - Scrap metal dealers
- ▶ There is a Licensing Enforcement Policy, however, last updated 19 May 2016 to include guidance on enforcement action, the Better Regulation Delivery Office Regulators Code 2014.
- ▶ Licensing fees and charges 2022-23 are set in accordance with the Council's medium-term resources strategy, approved by the Licensing Committee and published.
- ▶ The Council has a Licensing Register in place and uses licensing case management software, Uniform by Idox plc which enables submission of evidence for processing applications, inspection, and enforcement of licensing standards.
- ▶ The Council website enables a search of the Licensing Register for licences and licensing applications by keyword, application reference, postcode or by single line of an address. The word 'licence' refers to a variety of authorisations including notices, permits, registrations, certificates, and consents issued by the Brentwood Council Licensing Authority.

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- ▶ The Licensing Register shows details of granted licences and certificates. Applications which are still within the consultation process, are available for website users to view at Applications under Consultation.
  - ▶ The Licensing team is jointly managed by two Licensing Managers who oversee a joint service between Brentwood Borough Council and Thurrock Council, which includes Environmental Health & Licensing.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ **Staff Training:** there is no comprehensive monitoring of the mandatory and statutory staff training and development relating to licensing, licences, regulations and trading standards and best practice. *(Finding 1 - Medium)*
- ▶ **License processing:** Our review of a sample of 10 licenses processed between April 2022 to February 2023 identified one inspection report that was not sufficiently comprehensive and detailed; and there was insufficient evidence that the conditions of the licence were met prior to the license being granted. *(Finding 2 - Medium)*
- ▶ **Enforcement activity:** Our review of a sample of five enforcement cases between April 2022 to February 2023 identified one case where enforcement requirements were not confirmed. In addition, there was no operational plan 2022-23 for enforcement action, including licensed premises inspections, and tracking of all enforcement activity. *(Finding 3 - Medium)*
- ▶ **Enforcement Policy:** There is a Licensing Enforcement Policy, however, it was last updated 19 May 2016 and does not reflect the shared licensing and enforcement with the licensing team at Thurrock Council. *(Finding 4 - Low)*



## CONCLUSION

- ▶ We have raised three medium and one low priority recommendation to improve the Council's controls over licensing, regarding monitoring staff training and development, quality of inspection reports, tracking enforcement activity, and updating the enforcement policy.
- ▶ Consequently, we conclude moderate assurance over the design and moderate assurance over the operational effectiveness of the controls in place to enable the Licensing service to fulfil its statutory duties and achieve its aims.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Staff training and development</b></p> <p>Develop and maintain a comprehensive staff training and development matrix to register, track and monitor all mandatory, statutory, and best practice training and development.</p>	<p>Medium</p>	<p>There are no mandatory requirements for licensing training or continuous CPD as with other professions such as Environmental Health, other than for Animal Licensing Inspections. Our membership of the Institute of Licensing provides access to a vast range of topic specific training courses, which staff do attend when relevant and required. It is difficult to schedule planned training as courses and training available are often offered by the IOL throughout the year, in response to changes in legislation and guidance relating to each licensing area. Officers are undertaking the Mandatory Animal Inspectors training if undertaking that aspect of work. The partnership with Thurrock also allows access to qualified animal inspectors which provides resilience for staff absence.</p> <p>Records of training have been kept individually previously, but we have now introduced a training matrix where all training undertaken is recorded centrally within the Licensing department and will be subject to ongoing tracking and monitoring.</p>	<p>Licensing Manager</p> <p>Actioned</p> <p>(We will follow up and seek evidence in July 2023)</p>



Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>2. Case management</b></p> <p>a) Remind licensing officers to ensure the outcomes of inspections are documented comprehensively and in sufficient detail to demonstrate whether or not the conditions of the licence have been met.</p> <p>b) Introduce quality reviewing of inspection reports on a sample basis to ensure high reporting quality standards are maintained, reports are sufficiently comprehensive and detailed and supported by sufficient documentary evidence, prior to granting new licences in order to ensure that individuals who apply for a licence and do not meet the regulation requirements for the grant of a new licence are refused a licence appropriately.</p> <p>c) Ensure the reason for delays processing applications are identified and documented.</p>	<p>Medium</p>	<p>a) A comprehensive inspection proforma is provided for inspections to ensure that all areas that need to be considered are covered. This proforma had been used but in places ticks and brief comments had been used to indicate that the requirements had been met. These documents are completed on site and at the time the inspection is undertaken. Staff have now been reminded to ensure that they complete with as much detail as possible. The licence in question was issued correctly as conditions were being met.</p> <p>b) Limited monitoring checks will be put in place to ensure that high quality inspections and checks are taking place on a small sample of cases. Resources do not allow for all cases to be checked, but Uniform and the Enterprise system also provides checks and monitoring that requirements are met.</p> <p>c) The response date on Uniform had been set incorrectly. For this type of application, 12 weeks are given from receipt to decision. This application was processed within time scales. Uniform has been amended</p>	<p>Licensing Manager</p> <p>a) Actioned b) October 2023 c) Actioned</p> <p>(We will follow up on the 'actioned' responses in July 2023)</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
		to ensure the right parameters are given.	
<p><b>3. Enforcement activity arrangements</b></p> <p>a) Management should ensure that the team’s enforcement activities are analysed against the resources available, and an assessment of the risks of the licensable activities and based on that a comprehensive operational plan be developed for enforcement, including inspections.</p> <p>b) The plan should be approved, and delivery monitored and scrutinised regularly throughout the year.</p> <p>c) Ensure there is tracking of all enforcement activity, clearly referenced to the case files on Uniform.</p>	Medium	<p>a) There is no requirement for routine inspection of licensed premises, as there would be in similar regimes such as food premises, under the food hygiene regulations. Inspections are carried out on a risk-based approach, and usually in response to complaints or incidents. Where capacity allows routine inspections may be undertaken around a theme or in support of a wider operation. The exception to this would be taxi enforcement where officers would usually undertake roadside checks on a weekly basis around other tasks. Currently the team resources are severely impacted with long term absence and officers on restricted duties, which has hampered the scheduling of any programmed inspections. Reactive inspections are being undertaken, and where required additional support is sought from the Thurrock partnership to ensure that all complaints and incidents are responded to accordingly. Once the team’s resource issue is resolved, a more comprehensive</p>	<p>Licensing Manager</p> <p>a) July 2023  b) October 2023  c) July 2023</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
		<p>plan will be produced scheduling areas of enforcement throughout the year.</p> <p>b) Once in place this will be monitored accordingly by management.</p> <p>c) All enforcement activity is recorded on Uniform and the increased use of the mobile apps with Uniform will ensure easier and more efficient recording of actions.</p>	
<p><b>4. Enforcement policy</b></p> <p>The Enforcement Policy should be reviewed to ensure it is up to date.</p>	<p>Low</p>	<p>Accepted. The owner of this Policy is the Environmental Health Manager. The Licensing Manager will liaise with the owner to ensure that a review is undertaken. The current policy while dated 19 May 2016 is still current and relevant for Licensing</p>	<p>Licensing Manager</p> <p>July 2023</p>

# SHELTERED ACCOMMODATION

## CRR REFERENCE: RSK 4 - FAILURE TO DELIVER THE COUNCIL'S STRATEGIC HOUSING

Design Opinion	<b>M</b> Limited	Design Effectiveness	<b>M</b> Moderate
Recommendations	<b>3</b>	<b>4</b>	<b>0</b>



### SCOPE

#### BACKGROUND

- ▶ The audit of Sheltered accommodation was added to the 2022/23 internal audit plan at management request, to replace the previously planned Housing management information audit.
- ▶ The Council offers sheltered accommodation to older people who want to downsize and continue to live independently within a self-contained home but who are looking for additional security and occasional support. Other benefits include the ability to socialise with other residents, a 24-hour emergency helpline and shared gardens.
- ▶ It is aimed at people aged over 55, although the Council may consider people who are aged under 55 depending on their support needs.
- ▶ The Council has 487 sheltered housing units, including studio and one-bedroom apartments within an in-house scheme, satellite bedsits, one-bedroom apartments, and a range of one- and two-bedroom bungalows situated throughout the borough. Two-bedroom bungalows are available to people who have a medical need for a second bedroom as assessed by the Council's independent medical adviser.
- ▶ The Sheltered Accommodation team consists of 15 officers, including a Corporate Manager, Team Leader, Housekeepers, Support Officers and bank staff, although several positions are currently vacant. The team handles the application and allocation process, as well as providing support for residents living in sheltered accommodation.
- ▶ A 2021-2026 Housing Strategy has been implemented by the Council, which highlighted that the Council's sheltered housing stock is underused and in need of review. Officers carried out a review of sheltered housing in 2020/21 to identify properties that should be retained as sheltered housing and which buildings should be used for a different purpose or regenerated to provide modern housing to meet future needs. The Council recognises that there is a link between sheltered housing and other support services in contributing to the overall health and wellbeing of its residents.

#### PURPOSE

- ▶ The overall objective of the audit is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes in relation to sheltered housing.

#### AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ Assess whether appropriate policies and procedures are in place, approved and up to date to govern sheltered accommodation application, allocation and monitoring processes.
- ▶ Assess whether there is a central record in place to log and monitor sheltered accommodation activities, and determine whether this is accurate and up-to-date.
- ▶ Determine whether applications and allocations for sheltered accommodation are handled in a timely manner and in accordance with Council policy and legislation.

- ▶ Determine whether allocations for sheltered accommodation are reviewed and independently authorised prior to accommodation being assigned to residents.
- ▶ Assess whether resident support plans are in place, appropriate and regularly reviewed to ensure that residents' needs are met.
- ▶ Assess whether sheltered accommodation is regularly inspected to identify health and safety and building safety issues, with any issues rectified in a timely manner.
- ▶ Assess whether there is a planned preventative maintenance programme in place covering all sheltered accommodation sites.
- ▶ Determine whether business continuity plans are in place to cover the management of sheltered accommodation and support for residents.
- ▶ Determine whether accurate records are kept of complaints, compliance issues and meetings between staff and residents, including whether action plans are in place and monitored to rectify identified issues.
- ▶ Assess whether there is regular monitoring and oversight of applications, allocations, complaints, safety and compliance issues, and whether this monitoring contributes to the achievement of the Council's strategic objectives.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ Allocations for sheltered accommodation are reviewed and independently authorised prior to accommodation being assigned to residents.
- ▶ The Council carries out Health & Safety related checks for its supported housing schemes including annual gas safety checks; weekly hot and cold-water flushing; 6-month fire alarm checks; annual emergency lighting testing and annual fire extinguisher checks.
- ▶ Our testing of a sample of 5 supported housing schemes found that these checks were completed in line with their stated frequencies.
- ▶ The Council has a contract in place with Axis Europe who are responsible for carrying out responsive and planned preventive maintenance at the Council's Sheltered Accommodation Schemes.
- ▶ Our review of the Housing Business Continuity Plan noted it to set out critical tasks for Sheltered Housing and steps to follow in the event of IT failure, Denial of Access (assuming access to IT), loss of staff and critical supplier failure.
- ▶ A Team Tasking meeting takes place every Tuesday morning. The objective of the Tasking meeting was to discuss residents who have had a recent change in either their well-being or behaviour resulting in concern and now requires additional resources or actions to be put in place such as a safeguarding referral, additional home visits or calls, or any other agreed actions.
- ▶ Activities relating to Sheltered Accommodation are reported by exception to the Housing Committee where matters require the attention of committee members. We were provided with evidence of Housing Committee minutes for September 2022 and December 2022 where issues such as planned works, mobility scooters, careline equipment, pullcord checks and fire risk assessments for example were discussed.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ Lack of formal operational procedures and working in silo from the rest of the Housing team and other related services, which may lead to out of date or inappropriate working practices being adopted, lack of resilience in the event of unexpected absence of key staff and poor user experience. **(Finding 1 - High)**
- ▶ Sheltered Housing case records are largely paper based before they are scanned into Orchard, although plans are in place to migrate all records to an electronic document management system in future. All welfare visits and tenancy issues are recorded outside of the two main housing systems, on a separate manually maintained excel-based workbook. There is no standard or systematic approach to needs assessment, support planning or case review. There was also no evidence of a formal approach to document retention. **(Finding 2 - High)**

- ▶ Our testing of a sample of 10 supported housing applications which were made between August 2022 - January 2023 found that in 4/10 instances the Sheltered Housing Assessment (SHA) was not held within Locata. In addition, the current support plan template was put in place approximately 15 years ago and has not been reviewed since. **(Finding 3 - Medium)**
- ▶ We were provided with the draft Service Business Continuity Plan for Housing which was last reviewed in June 2022. The plan outlines the specific requirements of the service in the event of an incident which disrupts normal operations and considers alternative working arrangements in the event of a loss of IT, denial of access, loss of staff and critical supplier failure. However, it was yet to be approved, disseminated and tested for appropriateness / effectiveness. **(Finding 4 - Medium)**
- ▶ There was evidence of poor communication arrangements between repairs and Sheltered Housing team whereby the results of the checks were not always shared and therefore not actioned. For example, a case of one resident was sighted who had no gas supply for four years. **(Finding 5 - Medium)**
- ▶ There was no guidance in place on how to recognise, record and follow through an onsite communication between staff and residents which may be raised during for example a welfare visit. **(Finding 6 - Medium)**
- ▶ Based on interviews and review of documentation, we noted that there was no clear service plan or specification setting out the services provided or expected outcomes. Furthermore, whilst there were KPIs on the housing KPI tracker, they were not completed, which makes the assessment of service performance or achievement of overall objectives impossible. This may also hinder the Council's compliance with the *Supported housing: national statement of expectations* as well as leave the service unprepared for the introduction of the Supported Housing (Regulatory Oversight) Bill. **(Finding 7 - High)**



## CONCLUSION

- ▶ Based on the work performed, we noted that at the time of this audit, there was no clear service plan or specification setting out the Sheltered Housing services provided or expected outcomes. Further, there was a lack of operational procedures or robust performance monitoring which makes it difficult to demonstrate that the Council is delivering an efficient and effective service.
- ▶ We raised a number of recommendations to address the findings identified by this review with the aim to positively improve the control environment and aid the Council in effectively managing its risks.
- ▶ Overall, we provide limited assurance on the design of controls and moderate assurance on the operating effectiveness of the controls in place.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Sheltered housing governance</b></p> <p>a) Operational policies and procedures should be documented in a procedure manual or equivalent. All operational procedure notes should include version control information and be periodically reviewed and updated. The procedures should include copies of all standard forms, templates and checklists expected to be used together with guidance on their completion and general documentation standards.</p> <p>b) As part of the documentation of operational procedures, guidance and instructions should be provided on undertaking initial assessments and determining support requirements, including frequency of visits, referrals to other agencies and any other support services to be provided. This should include documentation and evidence requirements. Guidance should distinguish between cases requiring relatively low-level support and those with multiple or complex needs.</p> <p>c) Procedures should be supplemented with staff training on needs assessment and support planning where necessary.</p> <p>d) Training needs analysis should be undertaken, and appropriate and relevant training developed and delivered to all Sheltered Housing staff and other housing teams.</p> <p>e) The Allocation Policy should be reviewed to include provision for temporary accommodation for those deemed not able to live independently.</p>	<p>High</p>	<p>We will undertake an exercise to identify all processes and procedures to ensure each one is captured. Where possible, procedures will be aligned with Estates Management and all documents will be stored centrally for services within housing to access and use.</p> <p>Training will be undertaken for staff to ensure they understand their responsibilities and how to conduct tasks.</p> <p>The allocations policy has recently been reviewed, however we will look to amend this to include more information around those who are deemed not able to live independently. If someone is deemed unable to live independently then we would have to work with other agencies.</p>	<p>Corporate Manager - Housing Estates Dec 2023</p>
<p><b>2. Record management</b></p> <p>a) Management should ensure that the Sheltered Housing processes are automated as much as possible using the currently available systems.</p> <p>b) Staff should be trained, and relevant user manuals put in place</p>	<p>High</p>	<p>We are currently looking at the use of digital apps and additional modules on our housing management systems that will create digital processes some of which can be automated or shortened by the use of</p>	<p>Team Leader Estates management and Senior housing officer March 2024</p>



Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
to provide a reference point and support on a daily basis.		<p>live inputting data. We will continue to develop this piece of work until all relevant modules are implemented.</p> <p>In order to mitigate in the interim, we will introduce digital forms to reduce the amount of paper documents being completed, data inputted onto the system and any data protection breaches.</p>	
<p><b>3. Sheltered housing assessments</b></p> <p>a) Management should ensure that supporting Housing Assessment (SHA) is in place for all applicable cases and a copy is uploaded to Locata.</p> <p>b) Ensure that the support plan template is reviewed and updated in line with the current service requirements and specification.</p>	Medium	<p>All new cases will now have a sheltered housing assessment stored on Locata which will then be transferred to personal (virtual) housefiles upon acceptance of a property.</p> <p>The support plan and sheltered housing assessments will be reviewed to include more relevant and in depth information to allow officers to support the most vulnerable residents effectively.</p>	<p>Corporate Manager - Housing Estates September 2023</p>
<p><b>4. Approval of Housing Business Continuity Plan</b></p> <p>Management should ensure that the Housing Service Business Continuity Plan is approved as soon as possible and disseminated to all relevant staff.</p>	Medium	<p>The current Business Continuity plan will be reviewed and any required changes made. We have an active one in the interim that can be accessed by all Housing staff.</p>	<p>Corporate Manager - Housing Estates December 2023</p>
<p><b>5. Inspections and repairs</b></p> <p>a) Ensure that clear communication links are established and documented for various information flows within and between the teams.</p> <p>b) The support plan review incorporates some additional questions in relation to basic needs.</p> <p>c) All jobs are completed in line with the agreed time frames. Where</p>	Medium	<p>Officers will look at new processes and workflows on digital systems to ensure jobs are recorded, logged and sent to the correct person. Monthly meetings to discuss any ongoing repairs can be set up to assist with the communication processes.</p>	<p>Corporate Manager - Housing Estates and Corporate Manager - Technical Services (interim) September 2023</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>delays are unavoidable, the reasons for those should be clearly documented.</p> <p>d) Completion of repairs are subject to regular monitoring and scrutiny. Any repairs completed after their due date should be investigated and discussed with Axis Europe.</p>		<p>Closer monitoring of the performance of the repairs contractor will be implemented through the weekly and monthly meetings including actions agreed being tracked until completion.</p>	
<p><b>6. Raising, recording and tracking of onsite communications</b></p> <p>a) Review current arrangements for raising and recording and tracking of onsite communications and develop appropriate process to ensure investigation and follow up and closure including roles and responsibilities, escalation routes, recording etc. This could form part of the procedures (recommendation 1 refers).</p> <p>b) Ensure that all relevant staff are trained in how to handle onsite communications of issues and other relevant matter which warrant an investigation.</p>	<p>Medium</p>	<p>As part of the ongoing work into improving the digital processes, we will look at modules for our housing management system which allow for instant input of information on site, workflow tasks to the correct department, and track when tasks have been completed.</p> <p>All staff will receive training on new systems and refresher training on existing systems.</p>	<p>Team Leader Estates management and Senior housing officer March 2024</p>
<p><b>7. Management information</b></p> <p>a) Management should ensure that a formal service specification or plan setting out the overall aims and objectives of the Sheltered Housing service, expected outcomes and detailed description of the services provided is developed.</p> <p>b) A set of metrics in relation to Sheltered Housing should be defined and agreed and regularly monitored and reported on to senior management to capture performance, emerging risks and issues, to aid decision making. KPIs should be linked to service aims and objectives and cover both inputs and outcomes and each KPI should have a clear definition and realistic target.</p>	<p>Medium</p>	<p>This work has already begun with the development of a Sheltered Housing Handbook. This can be adapted to be solely the aims and objectives of Sheltered accommodation and a description of the works undertaken.</p> <p>In addition, we will review the current bank of KPIs and research industry standards to improve the KPIs we report on to make them more relevant and monitorable.</p>	<p>Corporate Manager - Housing Estates September 2023</p>

# POLICY REVIEW

## CRR REFERENCE: CYCLICAL REVIEW

Design Opinion	M Moderate	Design Effectiveness	M Moderate
Recommendations	0 1 0		

**SCOPE**

**BACKGROUND**

- ▶ The adoption of sound and up to date policies and procedures is a key control contributing to the Council’s ability to meet its objectives and comply with legislative requirements and good practice.
- ▶ There is a central document library where the Council’s policies are stored, and individual Services are responsible for reviewing and updating their policies when necessary. However, a number of our internal audit reviews over the last few years have raised concerns that policies are not always regularly reviewed to ensure that they remain up to date. We have also noted instances where policies contain redundant references to other policies, documents, and legislation.
- ▶ During 2022/23 the Council entered into a strategic partnership with Rochford District Council and as part of the One Team Transformation Programme, the Councils are looking to introduce new, rebranded set of standard policy templates and guidance to fit with the overall direction of the Councils and their approach to policy management.
- ▶ As part of this process, the Councils will need to determine if they will continue with separate policies or look to form joint policies in areas where services have merged.

**PURPOSE**

- ▶ Review of the adequacy and effectiveness of policy management processes to ensure that the Council’s policies remain up to date, relevant and appropriate.

**AREAS REVIEWED**

- ▶ We assessed the Council’s current and proposed processes for maintaining, reviewing, and approving its policies.
- ▶ We reviewed the accessibility and completeness of the Council’s central directory.
- ▶ We reviewed the Council’s suite of policies and confirmed whether policies are supported by (i) owner(s) (ii) frequency of review (iii) date of last review with a log of changes made.

**AREAS OF STRENGTH**

We identified the following good practice:

- ▶ The Council’s policies are stored and readily accessible to all staff on its intranet. For other internal policies not yet transferred to the new intranet, these are currently listed in a central document library.
- ▶ The Council’s proposed policy approval process is sufficiently robust. Final versions of draft policies will be presented to CLT for approval prior to Committee approval (if required). If approved, the policy will be presented to Committee Members for final authorisation and adoption. The policy will then be published on the Council’s website and intranet.
- ▶ The Council’s proposed draft policy template fulfils all criteria we would expect to see in a formal policy and aligns with sector good practice. This includes the policy author, accountable director, responsible member, date of approval and by the Corporate Leadership Team (CLT)/Committee and policy review date.

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- ▶ The Project and Programme Manager is also in the process of developing a policy review timetable/policy register that lists all the policies in place, location, author, sponsor, approval, published date, review date and expiry date. Once complete, the policy review timetable will be presented to the CLT for approval and the monitoring of policy review cycles will be overseen by herself and the rest of the team.



#### AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ The current suite of policies is not consistently supported by policy owners. Furthermore, there is a lack of clarity regarding assigned responsibility for individual policies. Policies are not always subject to periodic review and senior leadership approval, to ensure they remain up-to-date and in line with the relevant legislation and good practice. **(Finding 1 - Medium)**



#### CONCLUSION

- ▶ Whilst our testing identified a number of inconsistencies and inefficiencies in the current policy review arrangements, as part of the partnership working the Council has already developed draft policy templates and new processes in place to address the identified weaknesses.
- ▶ As a result of our review, we provide moderate assurance over the design and operational effectiveness of the Council's arrangements in place to support the management of its policies.
- ▶ We have raised one medium priority recommendation to ensure that the new processes and templates are finalised and implemented effectively and in line with Council process.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Incomplete policies</b></p> <p>a) The draft Policy Template and Policy Register currently in development should be presented to CLT/ELT for review and approval as soon as it is complete. Once approved, the Council should update all existing and new policies to this new format to ensure that all policies have all necessary details as soon as practically possible.</p> <p>b) Responsibility for maintaining the policies, including timely review and updates, should be clarified, documented and disseminated to all relevant staff.</p>	<p>Medium</p>	<p>a) The draft policy approval process, templates and policy register are due to be presented to CLT on 28 June 2023. Following this, the above will be rolled out to the wider organisation and RDC. A rolling review of the policies on the policy register, starting with those most out of date and those of higher priority, will ensure that all policies on the register are revised and refreshed in line with the new format or rescinded in a timely way. Given the large number of policies to review, this will take some time to fully implement, likely some 12-18 months.</p> <p>Further it needs to be accepted that both Brentwood and Rochford will be considering their policies as part of service reviews and where appropriate these will be brought together. Therefore, whilst it is essential that we review the policies in line with the recommendations, we also need to consider the overriding need to work to a wider requirement.</p> <p>b) A procedure document will be provided to all</p>	<p>Project and Programme Manager</p> <p>a) June 2023 - Dec 2024</p> <p>b) July 2023</p>

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Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
		<p>relevant staff outlining the new policy process, setting out clear expectations of policy authors, sponsors and those maintaining the policy register, not only for approval of new policies but the timely review of existing policies. This procedure, along with all policy templates and the policy register will be made available via the intranet.</p>	

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# ENVIRONMENT - FLY TIPPING, STREET CLEANING AND ENFORCEMENT

## CRR REFERENCE: CYCLICAL REVIEW

Design Opinion	M	Moderate	Design Effectiveness	M	Moderate
Recommendations	0	3	0		



### SCOPE

#### BACKGROUND

- ▶ The Environmental Protection Act 1990 imposes a duty on local authorities to keep specified land and public highways clear of litter and refuse so far as practicable. A Code of Practice on Litter and Refuse is issued under section 89 (7) of the 1990 Act. The Code defines standards of cleanliness and sets out how quickly differing types of land should be returned to a set cleanliness standard.
- ▶ Fly tipping or the unauthorised dumping of waste is an environmental crime. We are informed that there are on average three fly tips every day in Brentwood. They are usually carried out in the quiet rural areas and can vary in size and nature. Fly tipping is not just unsightly, it can also be harmful to people and the environment if the waste that is dumped illegally is not biodegradable or if it contains hazardous materials.
- ▶ The duty to enforce fly tipping within the Council lies with Environmental Services. The Corporate Enforcement team, which sits under the Housing and Enforcement directorate, supports Environmental Services in this process.
- ▶ The Council's new Environment Strategy 2022/25 highlights that the environmental agenda is much wider than tackling 'traditional problems' such as littering and fly tipping, although they also have a part to play and there is a need to continue implementation of initiatives to combat littering and fly tipping to reduce the impact on wildlife.
- ▶ We carried out an Environment audit in October 2020, which identified that improvements were required in overall management of health and safety risks, the risk assessments review process, defined roles and responsibilities, site visit reviews and the monitoring of health and safety incidents.

#### PURPOSE

- ▶ The purpose of the audit was to review the Council's arrangements for keeping streets clean, including health and safety risk assessments and enforcement activity.

#### AREAS REVIEWED

- ▶ We confirmed whether health and safety policies are appropriate, available to all staff and regularly reviewed and updated. We also reviewed the risk assessment protocols in place to ensure that risks are identified, scored and mitigated.
- ▶ We reviewed street cleansing schedules and formal work plans highlighting areas to be cleaned on a daily, weekly and monthly basis and task management processes used to register, allocate and manage planned and ad hoc requests for street cleansing.
- ▶ We selected a sample of incidents/complaints to assess whether appropriate actions were taken following the reporting of a complaint.
- ▶ We reviewed the monitoring arrangements in place to assess whether regular performance reports are prepared, including all accidents, incidents and near misses; and that reports are presented to the appropriate monitoring committees, with follow up of actions raised.



- ▶ We confirmed if defined enforcement protocols were in place and if they considered the Code of Practice on litter and refuse guidance and highlight appropriate actions to be taken for cleansing or fly tipping incidents.
- ▶ We confirmed whether staff involved in fly tipping enforcement have completed induction and refresher training or relevant continual professional development to ensure compliance with current legislation (including RIPA).
- ▶ We reviewed the risk profiling processes in place that identify areas with high activity of littering or fly tipping incidents, to assess whether enforcement is carried out where required, within appropriate timeframes and follow up action taken.
- ▶ We selected a sample of enforcement activity to assess whether they were carried out in accordance with the Council's policies/protocols.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ Daily patrols are undertaken across the borough dealing with fly tipping, littering, abandoned vehicles, early presentation of waste and supporting the wider team where possible.
- ▶ The Council uses the Services of the enforcement of National Enforcement Solutions (NES) for investigation and enforcement of fly tipping and duty of care has been undertaken by acting as a contractor for Brentwood Council who have been issuing fixed penalties for fly tipping offences.
- ▶ NES provides a full team to Brentwood at no cost to support the Council's waste enforcement function. NES provides regular waste reports to enable prompt clearing of the identified waste as well.
- ▶ Community Safety Key Performance Indicator's 2022/23 were in place and reported as part of the Chair's update to the Community, Environment & Enforcement Committee. The KPIs included numbers of Joint Patrols (including with NES) and FPN's (Fixed Penalty Notices) for litter and fly tipping.
- ▶ In addition, regular operational management information in relation to fly tipping, by ward and cost is also produced and scrutinised.
- ▶ The Council's risk assessment processes for Fly Tipping and Street Cleansing service were found to be robust, accessible and transparent with clear information on risks identified, consequences and mitigating controls.
- ▶ An action tracker was also maintained and acts as a record to support the implementation of controls and supporting evidence that the action was successfully completed. This tracker is monitored and discussed at Depot H&S meetings.
- ▶ Work schedules were being used by the Street Care Team, to document daily/weekly operations for different activities and record the progress made. Our review of these schedules identified that these were developed using a structured approach with time frames attached to the work schedules to ensure that the activity was completed within the response times allocated. Once completed, the schedules are returned at the end of the day/week and signed off as completed. They are then scanned and saved in the shared drive.
- ▶ Staff involved in fly tipping enforcement have completed all required and relevant training including RIPA training.
- ▶ A weekly briefing document is maintained to monitor areas with high activity of littering and fly tipping incidents. Hotspot locations and emerging trends are identified and recorded. This document is updated each week by the Corporate Manager for Community Safety.
- ▶ Enforcement activity is appropriately carried out and actively monitored. We reviewed a sample of five fly tipping cases that have been investigated and noted that a Fixed Penalty Notice (FPN) had been issued in all cases within a timely manner of the issue being reported and had been recorded as paid. Appropriate evidence was also retained in all five cases.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ Both the Council's Health & Safety policy and Environmental Health Enforcement policy are out of date and have not been reviewed in line with the agreed process. **(Finding 1 - Medium)**
- ▶ There are area cases where fly tipping is removed before adequate evidence can be secured to identify and perpetrator. In addition, our sample testing of fly tips confirmed that not all cases were cleared within 15 days of the fly tip being reported, the average time to resolve the cases we reviewed was 26 days. **(Finding 2 - Medium)**
- ▶ There are no formal and documented procedures/protocols in place that provide guidance on how workload is scheduled, conducted, completed, managed and how resources are allocated. **(Finding 3 - Medium)**



## CONCLUSION

- ▶ Our review identified a number of areas where current controls could be strengthened further and these related to additional training around preserving fly tipping evidence, updating of the overarching policy documentation and developing and formalising Street Cleaning teams' procedures and protocols.
- ▶ This has led to a moderate assurance over the design and the operational effectiveness of the Council's arrangements in relation to its Street Cleaning, Fly Tipping & Enforcement activity.
- ▶ We have raised three medium priority recommendations.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Review of policies</b></p> <p>Management should ensure that both policies, Health &amp; Safety and Environmental Health Enforcement Policy are reviewed and updated to reflect the current arrangements and clarify roles and responsibilities around enforcement processes for littering and fly tipping and other related matters.</p>	<p>Medium</p>	<p>The Health, Safety and Wellbeing Policy for 2023 as advised in the Finding section, and discussed above, is currently being produced. A copy will be provided once completed and approved by Committee, to demonstrate the above recommendation has been addressed and completed.</p> <p>The Environmental Health Enforcement Policy will also be updated.</p>	<p>Director Assets and Investments and Director Communities and Health September 2023</p>
<p><b>2. Clearing of fly-tips</b></p> <p>a) Management should develop a toolbox training for the depot / waste collection teams, which will include securing relevant and adequate evidence of the fly tipping and why it is necessary.</p> <p>b) The Council should ensure that all fly tips are cleared within 15 days of the fly tip being reported. Any unresolved cases should be actively monitored to ensure that FPNs are paid and whether further action needs to be taken to recover this debt.</p>	<p>Medium</p>	<p>Active monitoring of fly-tips to take place, priority given to those close to exceeding 15-day limit.</p>	<p>Director of Environment April 2024</p>
<p><b>3. Protocols and working practices</b></p> <p>a) The Council should conduct a detailed review of the services provided by the Street Care team (SCT) under the Environmental Protection act.</p> <p>b) A detailed service specification document should be developed identifying the roles and responsibilities of the SCT, service areas, tasks and activities they conduct on day-to-day basis, service delivery standards, response times and monitoring activities in compliance with the</p>	<p>Medium</p>	<p>Full Review of Steet Cleansing Service required to produce schedule in accordance with revised Code of Practice</p>	<p>Director of Environment April 2024</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>revised Code of Practice (COP), published in September 2019.</p> <p>c) The Street Care team should develop comprehensive protocols or procedures, providing guidance on their activities and current working practices, in consultation with employees and unions. The protocols should include the management of their annual work plan, development of work schedules, management and allocation of resources, completion of work schedules by staff on a daily basis (including signing and dating), monitoring of the work schedules and documenting completion against the annual work plan.</p> <p>d) Management should also conduct random spot checks on a sample of work schedules at appropriate intervals, to ensure that the work is completed as stated and spot-checking templates should be developed to document the monitoring activities and formal evidence is retained for review and audit purposes.</p>			

# LEISURE SERVICES

## CRR REFERENCE: RSK 8: LEISURE STRATEGY

Design Opinion	M Moderate	Design Effectiveness	M Moderate
Recommendations	0 4 0		

### SCOPE

#### BACKGROUND

- ▶ Brentwood Borough Council works to promote the health, and wellbeing of Brentwood's communities. Its focus is to secure the best possible health outcomes for all residents and those visiting the Borough for work and leisure. The Council seeks to ensure that local views are fed into the overarching Essex Strategy but are dealt with locally. The Council actively promotes public health and the joining up of resources and supports integrated health and social care service delivery to the people of Brentwood.
- ▶ The Council's 2021-2022 Annual Review reports on its ongoing commitment to doing things differently, innovatively and in partnership with others, including its strategic partnership with Rochford District Council. Also, the Council's strategic plans are based on five key priorities:
  - Growing our economy
  - Protecting our environment
  - Developing our communities
  - Improving housing
  - Delivering an efficient and effective Council.
- ▶ The Brentwood Leisure Centre, managed for the Council by Sports Leisure Management operating under Everyone Active since October 2021, features a range of sports and leisure facilities to help the local community enjoy staying active. These include a recently refurbished gym, two swimming pools, a group fitness studio, a holistic studio, sports hall, meeting room, outdoor artificial 3G pitch and a beach volleyball area. The Brentwood Centre is also available to hire for events.
- ▶ The Council has a five-year Play Area Strategy 2019-24 which sits under the Council's overarching Leisure Strategy. The Council has opened new leisure facilities at Warley, Courage's Playing Fields, River Road, Bishops Hall Park, Hutton Recreation, and King George's Playing Fields (KGPF). In 2021-22, the Council opened KGPF Phase 3 Senior. Further plans exist to consider new play area sites at North Road, Crescent Road, Ingrave Johnson and Bishops Hall Park in 2023-24.

#### PURPOSE

- ▶ The purpose of the audit is to review the adequacy and effectiveness of the key processes in place to deliver the Leisure Strategy and underlying action plans.

#### AREAS REVIEWED

- ▶ We reviewed the existing Leisure Strategy in light of changes following COVID 19, the formal strategic partnership with Rochford District Council and the Council's key objectives for 2022/23. We also reviewed the governance framework underpinning the Leisure Strategy, including the Leisure Strategy Working Group and the principles, policies, and procedures in place supporting roles, responsibilities, and accountabilities.
- ▶ We reviewed risk identification processes in relation to leisure services, including financial, reputational, safeguarding, and service delivery risks, those relating to the operator of the Brentwood Leisure Centre, and the Phase 3 facilities at KGPF and the underlying mitigations identified in operational plans and maintenance programmes.

- ▶ We reviewed the feasibility studies undertaken on the development opportunities at the Brentwood Leisure Centre, including the Football Hub, and underlying assumptions and data allowing for informed decision making in line with the overall strategy for development opportunities, and whether there has been consideration of demand and exit strategies.
- ▶ We reviewed the consistency of existing progress and performance monitoring reporting that ensures Divisional Management and the Leisure Strategy Working Group have adequate oversight.
- ▶ We reviewed the leisure services management training and guidance for staff that should assist them in providing high-quality customer service and identifying service incidents, issues and opportunities for improved revenue generation and growth.



## AREAS OF STRENGTH

We identified the following good practice:

- ▶ The Council has a clear and comprehensive Leisure Strategy, that was approved in 2018 and refreshed in 2021. It is one of the key strategies set out in the Corporate Strategy 2025. There is also a five-year Play Area Strategy 2019-24 which sits under the overarching Leisure Strategy and covers how the borough's 38 play areas are managed and maintained, including the facilities at KGPF.
- ▶ The Leisure Strategy is aligned to the Local Development Plan and Asset Management Strategy.
- ▶ A refreshed Leisure Strategy 2020-28 was presented to the Community and Health Committee on 28 June 2021, when it was agreed that an annual report and action plan would be presented to the Community and Health Committee to update on progress.
- ▶ The Head of Leisure Services has provided an annual update on progress of the Leisure Strategy to relevant committees against the six key workstreams: built facilities; open spaces; play areas; sport; health and wellbeing; and leadership, management and oversight. There is an agreed annual timetable to ensure there is effective oversight. Significant projects within the strategy have had separate reports presented to the Leisure Strategy Working Group, Community and Health Committee, Community Environment and Enforcement (CEE) Committee, as well as to the Audit and Scrutiny Committee.
- ▶ Sports and Leisure Management Limited (SLM) operating under Everyone Active, which has had direct control of the Brentwood Leisure Centre since 1 October 2021, provides performance/KPI reports to the Council and there are regular meetings between the parties.



## AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ **Risk register:** No risk identification exercise with specific focus on risks to the achievement of the leisure services strategic objectives has been undertaken. *(Finding 1 - Medium)*
- ▶ **Feasibility study:** There has been no formal consideration of an exit strategy for the Brentwood Leisure Centre and Football Hub business activities, or review and approval of the sufficiency of an associated sinking fund for the replacement of assets when they reach the end of their expected lifespan in future years. *(Finding 2 - Medium)*
- ▶ **Performance monitoring/KPIs:** We were unable to obtain access to the working papers or system data supporting the performance monitoring/KPI reporting received from Everyone Active, or the Open Book Accounting data. There are no arrangements in place to validate any of the key measures and underlying system data, for example attendance figures, membership figures, and job costs for works undertaken and new initiatives reported by the Brentwood Centre operator, to ensure there is effective oversight by officers. In addition, there are no clear performance management monitors/KPIs in place for the Brentwood Centre operator covering leadership, management and oversight. There are also no arrangements for the Council to perform checks on the quality of leisure services

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being offered, for example through staff posing as secret customers. (*Finding 3 - Medium*)

- ▶ **Management and staff training and development:** There is no tracking or monitoring of mandatory and development training for Council staff and Everyone Active, including health and safety, equality, safeguarding, and customer services best practice. There are also no policies and procedures readily accessible for the benefit and guidance of Council staff and Everyone Active. (*Finding 4 - Medium*)



## CONCLUSION

- ▶ We have raised four medium priority recommendations to improve the Council's controls over leisure services. These relate to the need for a comprehensive risk register; a feasibility study for an exit strategy for the Brentwood Leisure Centre and Football Hub business activity, including scrutiny of the associated sinking fund; access to the underlying data for the performance monitoring/KPI reporting received from Everyone Active; and tracking and monitoring of training for Council staff and Everyone Active, as well as the need for documented policies and procedures in this area.
- ▶ Consequently, we conclude moderate assurance over the design and moderate assurance over the operational effectiveness of the controls in place to enable the leisure services to fulfil its strategic aims.



MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>1. Risks register</b></p> <p>a) A risk identification exercise should be undertaken with specific focus on identifying risks to the achievement of the leisure services strategic objectives. This exercise should ensure that risks are considered for all stated strategic objectives and that all identified risks are assigned to one or more strategic objective.</p> <p>b) Leisure services risks should be collated in a risk register and evaluated/scored and managed in accordance with the Council's overall Risk Management Strategy.</p>	<p>Medium</p>	<p>The Delivery of the Leisure Strategy is on the Council's Operational Risk Register. The Council can look at splitting the risks out around the six workstreams of the Leisure Strategy (including accountable officers) and evaluated/scored and regularly reviewed</p>	<p>Corporate Manager - Community, Leisure and Health July 2023</p>
<p><b>2. Feasibility studies</b></p> <p>a) Officers should consider carrying out a feasibility study to inform the development of a potential exit strategy from the Brentwood Leisure Centre and Football Hub facilities and activities, which should include plans to value the saleability of these assets in future years.</p> <p>b) As part of budget setting, officers should review the sufficiency of the sinking fund for the replacement of facilities when they reach the end of their expected lifespan.</p>	<p>Medium</p>	<p>a) The Council established an internal working group when Brentwood Leisure Trust went into liquidation. The Council, as part of the new leisure contract that will commence in April 2025, will develop a high-level business continuity/exit plan.</p> <p>b) The sinking fund amount will be informed by the Memorandum of Understanding and the financial contributions that are being made by the various parties that will be part of the Football Hub development.</p>	<p>Corporate Manager - Community, Leisure and Health a) September 2023 b) December 2023</p>
<p><b>3. Performance monitoring</b></p> <p>a) Obtain access to the working papers and system data supporting the key figures and measures reported by the Brentwood Centre operator, Everyone Active, and</p>	<p>Medium</p>	<p>a) The Council will liaise with the current operator to look at accessing the data supporting key figures and measures that are reported as part of</p>	<p>Corporate Manager - Community, Leisure and Health July 2023</p>

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>their Open Book Accounting system data.</p> <p>b) Implement a process to periodically validate a sample of the accounts and underlying system data for key measurements included in the progress and performance monitoring reports received from Everyone Active. These checks should cover attendance figures, membership figures, and job costs for works undertaken and new initiatives.</p> <p>c) There should be clear performance management monitors/KPIs in place for the Brentwood Centre operator covering leadership, management and oversight to ensure transparent and consistent monitoring and to drive the achievement of desired outcomes.</p> <p>d) Implement a process for quality checks over leisure services, including staff posing as secret customers and running through a series of requests for tasks to determine the quality of leisure services offered.</p>		<p>the monthly client meetings.</p> <p>b) The Council at the monthly client meetings will ask for deep dive into the figures presented by the leisure operator if there are dramatic changes to any of the figures, to understand the context behind it. Works such as interior painting by the operator can proceed without the Council's permission. Where works are required such as new toilets, then the priorities for the Brentwood Centre are mutually agreed by the Council and the Operator and capital budgets allocated.</p> <p>c) The Council will liaise with the current leisure operator to look at additional performance measures on their own leadership, management, and oversight to enable the delivery of the desired outcomes, which can include staff training programme undertaken and Quality Assurance on the monitoring.</p> <p>d) Officers from the Council will work with the Leisure Operator to look at satisfaction surveys or other quality assurance checks to ensure that the services remain of a high quality.</p>	

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p><b>4. Training and guidance</b></p> <p>a) Leisure services should track and monitor all mandatory staff training and development, covering both Council staff and Everyone Active staff.</p> <p>b) Consider whether there is a need to develop or update any leisure services specific guidance, policies and procedures and that these are readily accessible to Council staff and Everyone Active.</p>	<p>Medium</p>	<p>a) Currently the Council monitors staff training departmentally and through e-learning platforms. The HR department is looking at creating a central register of staff training.</p> <p>b) The Council will liaise with Everyone Active and investigate whether there is a need to develop any leisure specific policies and if so that these will be readily available to staff as part of the document library.</p>	<p>Corporate Manager - Community, Leisure and Health</p> <p>a) December 2023</p> <p>b) September 2023</p>

# KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable.	The timing of a number of audits was delayed due to a delay in approving the audit plan for the year. 2 out of 13 audits have not been completed before the issue of our Annual Report and have been deferred into 2023/24.	A
2. Actual days are in accordance with Annual Audit Plan.	The days associated with the deferred audits will be carried out in 2023/24.	A
3. Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Survey responses received to date have been positive	G
4. Annual survey to Audit Committee to achieve score of at least 70%.	Annual survey for 2022/23 not yet completed.	N/A
5. At least 60% input from qualified staff.	This KPI has been met in audits completed.	G
6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting.	This KPI has been met for 10 out of 11 audits (see table below).	A
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 10 out of 10 audits (see table below).	G
8. Positive result from any external review.	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	The KPI regarding Council agreement of the terms of reference has been met for 5 out of 11 audits (see table below). The KPI regarding draft report has been met for 4 out of 10 audits. (see table below).	R
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 34 high and medium priority recommendations raised in 2022/23, 2 have been completed, 1 is in progress and the rest are not yet due.	A
11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.	Management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary.	G

**AUDIT TIMETABLE DETAILS (2022/23 AUDITS)**

Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Main Financial Systems	24/01/23	24/01/23 (KPI 9 met)	19/05/23	29/05/23 (KPI 6 met)	15/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Payroll Shared Service	17/03/23	29/03/23 (KPI 9 not met)	18/05/23	31/05/23 (KPI 6 met)	19/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Partnership with Rochford	23/12/22	12/01/23 (KPI 9 not met)	19/06/23	23/06/23 (KPI 6 met)	TBC	TBC
Policy Review	15/02/23	09/05/23 (KPI 9 not met)	09/05/23	30/05/23 (KPI 6 met)	12/06/23 (KPI 9 met)	12/06/23 (KPI 7 met)
Cyber Security	16/09/22	29/09/22 (KPI 9 not met)	20/01/23	06/02/23 (KPI 6 met)	16/02/23 (KPI 9 met)	23/02/23 (KPI 7 met)
Climate Change (Advisory Review)	25/01/23	02/02/23 (KPI 9 not met)	17/03/23	04/04/23 (KPI 6 met)	24/04/23 (KPI 9 not met)	26/04/23 (KPI 7 met)
Sheltered Accommodation	28/11/22	05/12/22 (KPI 9 met)	14/05/23	19/05/23 (KPI 6 met)	14/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Environment - Street Cleansing, Fly Tipping and Enforcement	02/12/22	02/12/22 (KPI 9 met)	03/05/23	31/05/23 (KPI 6 not met)	15/06/23 and 27/06/2023 (KPI 9 not met)	28/06/23 (KPI 7 met)
Leisure Services	08/02/23	13/02/23 (KPI 9 met)	07/06/23	14/06/23 (KPI 6 met)	27/06/23 (KPI 9 met)	28/06/23 (KPI 7 met)
Licensing	28/11/22	01/12/22 (KPI 9 met)	02/03/23	16/03/23 (KPI 6 met)	21/04/23 (KPI 9 not met)	24/04/23 (KPI 7 met)
Democratic Services	10/03/22	08/04/22 (KPI 9 not met)	10/01/23	11/01/23 (KPI 6 met)	11/01/23 (KPI 9 met)	13/01/23 (KPI 7 met)

**KEY FOR RAG RATING:**



= met target



= partly met target







= not met target






= not applicable

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

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

## RECOMMENDATION SIGNIFICANCE DEFINITION

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

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# INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

BRENTWOOD BOROUGH COUNCIL

July 2023

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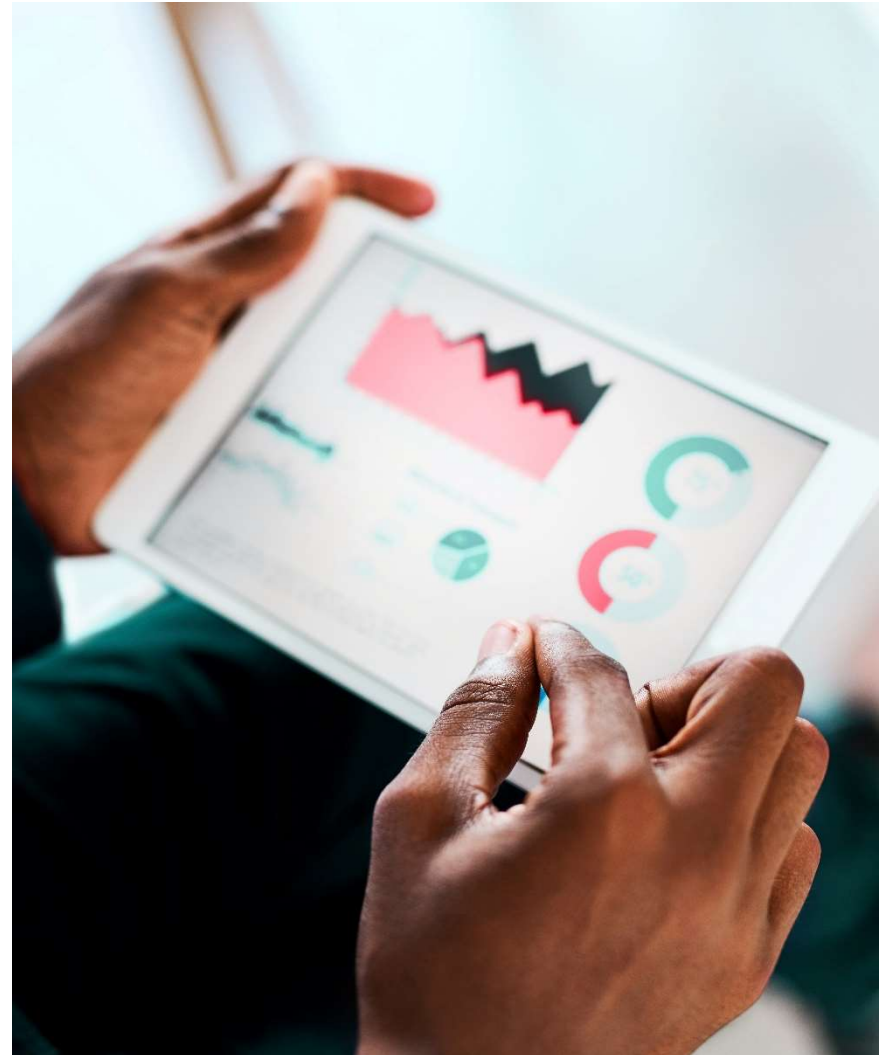
Appendix B

IDEAS | PEOPLE | TRUST

**IBDO**

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# SUMMARY

	Total Recs	H	M	L	To follow up	Previously completed	Completed this quarter	In progress	Overdue	Not Due
						H   M	H   M	H   M	H   M	H   M
<b>2022/23</b>										
Democratic services	6	1	3	2	4	-   1	1   -	-   1	-   -	-   1
Cyber security	4	1	1	2	2	-   -	-   -	-   -	-   -	1   1
Main financial systems	5	0	3	2	3	-   -	-   -	-   -	-   -	-   3
Payroll	3	0	3	0	3	-   -	-   -	-   -	-   -	-   3
Policy review	1	0	1	0	1	-   -	-   -	-   -	-   -	-   1
Environment - Street cleaning, fly tipping & enforcement	3	0	3	0	3	-   -	-   -	-   -	-   -	-   3
Leisure services	4	0	4	0	4	-   -	-   -	-   -	-   -	-   4
Sheltered accommodation	7	3	4	0	7	-   -	-   -	-   -	-   -	3   4
Climate change advisory	4	1	3	0	4	-   -	-   -	-   -	-   -	1   3
Licensing	4	0	3	1	3	-   -	-   -	-   -	-   -	-   3
<b>Sub-total</b>	<b>41</b>	<b>6</b>	<b>28</b>	<b>7</b>	<b>34</b>	<b>-   1</b>	<b>1   -</b>	<b>-   1</b>	<b>-   -</b>	<b>5   26</b>

	Total Recs	H	M	L	To follow up	Previously completed		Completed this quarter		In progress		Overdue		Not Due	
						H	M	H	M	H	M	H	M	H	M
<b>2021/22</b>															
Risk management	3	-	3	-	3	-	1	-	-	-	-	-	2	-	-
Main financial systems	5	-	2	3	2	-	1	-	1	-	-	-	-	-	-
Capital projects	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-
Partnerships	2	-	2	-	2	-	-	-	-	-	-	-	2	-	-
IT data breaches	4	-	4	-	4	-	3	-	-	-	-	-	1	-	-
Building control	2	-	2	-	2	-	1	-	-	-	-	-	1	-	-
Section 106 agreements	2	2	-	-	2	-	-	-	-	-	-	2	-	-	-
<b>Sub-total</b>	<b>19</b>	<b>2</b>	<b>14</b>	<b>3</b>	<b>16</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>2020/21</b>															
Disaster recovery and business continuity	1	-	1	-	1	-	-	-	-	-	-	-	1	-	-
Environment - Street cleaning, fly tipping and enforcement	6	2	4	-	6	-	-	2*	4*	-	-	-	-	-	-
Licensing	7	2	4	1	6	-	-	2*	4*	-	-	-	-	-	-
<b>Sub-total</b>	<b>14</b>	<b>4</b>	<b>9</b>	<b>1</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>74</b>	<b>12</b>	<b>51</b>	<b>11</b>	<b>63</b>	<b>-</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>26</b>

\* These recommendations have been closed as they have been superseded by new recommendations following a new audit of the service in 2022/23

# SUMMARY

Of the 230 high and medium priority recommendations raised over the period 2018 to 2023, 189 have been closed, one is in progress, nine are overdue and 31 are not yet due.

We have confirmed with reference to evidence and through discussions that two recommendations have been completed/closed since our last follow up report. Updates have been received for the remaining outstanding recommendations and it is clear that work is being done to progress them but they have not yet been fully implemented.

Seven high priority recommendations are outstanding, two of which are being monitored by the Council (relating to S106 agreements) and five of which are not yet due.

## 2022/23

- ▶ Of the 32 outstanding high or medium priority recommendations raised in 2022/23, one is in progress and 31 are not yet due before June 2023 (including high priority recommendations relating cyber security, sheltered accommodation and climate change).

## 2021/22

- ▶ Of the 8 outstanding high or medium priority recommendations raised in 2021/22, all are overdue (including high priority recommendations relating to section 106 agreements).

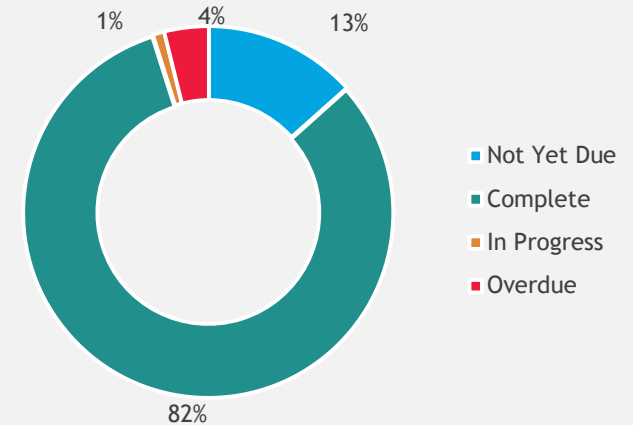
## 2020/21

- ▶ The one outstanding medium priority recommendation raised in 2020/21 is overdue.

### REQUIRED AUDIT & SCRUTINY COMMITTEE ACTION:

We ask the Audit and Scrutiny Committee to note the progress against the recommendations.

2018 - 2023 Cumulative implementation



## RECOMMENDATIONS: COMPLETE SINCE LAST FOLLOW UP REPORT

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2022/23 - Democratic services	<p><b>DS rec 1: Complaints</b></p> <p>Documentation and correspondence for complaints should be saved centrally, with a separate folder for each complaint. The filing system should include, as a minimum:</p> <ul style="list-style-type: none"> <li>• Notification to the relevant Councillor of the complaint and the outcome of the assessment</li> <li>• Notification to the Group Party Leader of the complaint and the outcome of the assessment</li> <li>• Acknowledgement of the complaint and notification of the outcome of the assessment to the complainant</li> <li>• Copy of the initial complaint and any supporting documentation</li> <li>• Correspondence with the Independent Person</li> <li>• Any further documentation relating to an investigation or a hearing.</li> </ul>	High	Monitoring Officer	<del>March 2023</del> Closed	<p><u>Management update:</u></p> <p>A Teams channel for Member Complaints has bene implemented with access to a number of officers (Monitoring Officer, Strategic Directors and joint director of People &amp; Governance), so there is resilience in the event of leave, illness and changes due to recruitment.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation.</p>
2021/22 - Main Financial Systems	<p><b>21/22 MFS rec 1:</b></p> <p>When requesting approval of loans, the e-mail request should explicitly set out all the key facts about each loan that demonstrates that it meets the requirements of the Treasury Management Strategy in terms of risks and affordability.</p>	Medium	Principal Accountant - Financial reporting	<del>Sep 2022</del> <del>Jan 2023</del> <del>April 2023</del> Closed	<p><u>Management update:</u></p> <p>The email request template has now been updated to include a full description of the risks and affordability associated with the loan being requested.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed following receipt of the updated template.</p>

## RECOMMENDATIONS: IN PROGRESS

These recommendations have been marked as In Progress as they have not been implemented by their original date; a revised date has been provided.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2022/23 - Democratic services	<p><b>DS rec 5: Freedom of Information requests</b></p> <p>a) Democratic Services should monitor the responses to FOI requests by the departments and follow up on any open FOIs that are approaching the 20 working-day deadline or ensure that extensions are agreed.</p> <p>b) Training on the FOI process and legislative requirements should be provided to all officers who are involved in responding to and monitoring FOI requests.</p> <p>c) A report on the status of FOI requests should be presented to CLT for oversight on at least a quarterly basis.</p>	Medium	Monitoring Officer	<del>May 2023</del> Oct 2023	<p><u>Management update:</u></p> <p>This is ongoing. Service Review to be undertaken in October. Looking at one system over both Councils.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>



## RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have exceeded their original and revised implementation dates by at least once. Therefore, they have now missed at least two revised implementation dates.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22 - Risk Management	<p><b>21/22 RSK rec 1:</b></p> <p>Management should review the content of the previous risk management training provided (in person and online), decide the best format for the training going forward and determine which staff need to receive the training.</p> <p>Training completion rates should be monitored closely and reported to senior management on a periodic basis to ensure any low levels of completion are addressed.</p>	Medium	Risk and Insurance Officer	<p><del>Dec 2022</del></p> <p><del>March 2023</del></p> <p><del>June 2023</del></p> <p>Aug 2023</p>	<p><u>Management update:</u></p> <p>A new e-learning module is in place and risk management refresher training will be rolled out to staff.</p> <p>Further to previous comments regarding the new-e-learning portal, HR were unable to locate the previous e-learning module. There are some risk management training modules on metacompliance, so we may look at these or update the PowerPoint presentation.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2021/22 - Risk Management	<p><b>21/22 RSK rec 3:</b></p> <p>The risk officer and senior management should monitor actions taken against risks and ensure that risk owners clearly document what actions have been taken to support reductions in risk scores.</p> <p>Staff should be sufficiently trained to understand how strengthening internal controls can have a direct impact on mitigating risks.</p>	Medium	Risk and Insurance Officer	<p><del>Dec 2022</del></p> <p><del>March 2023</del></p> <p><del>June 2023</del></p> <p>Aug 2023</p>	<p><u>Management update:</u></p> <p>A guide to Risk Controls and Treatments has been sent out to Risk Owners and further training will be provided.</p> <p>This action remains in progress.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2021/22 - Building Control	<p><b>21/22 BC rec 2:</b></p> <p>The service should request the Council's ICT department and third-party provider to enable functionality that allow management to download reports from the system which closely monitor progress against ISO and</p>	Medium	Building Control Team Leader	<p><del>June 2022</del></p> <p><del>Oct 2022</del></p> <p><del>Dec 2022</del></p> <p><del>Feb 2023</del></p> <p><del>June 2023</del></p>	<p><u>Management update:</u></p> <p>This is still work in progress, as it has a direct connection with the proposed revised Building Control performance criteria resulting from Grenfell Inquiry et al.</p> <p>The HSE produced last Month draft 'Operational Standards Rules monitoring arrangements' on behalf of the Building Safety Regulator. The Building Safety Regulator will be the overseeing</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>statutory KPIs. There should be reports that show:</p> <ul style="list-style-type: none"> <li>- Application date and date approved or rejected versus the ISO and statutory completion date requirements</li> <li>- All current active applications being worked on</li> <li>- All rejected applications within a specified timeframe</li> <li>- All approved applications within a specified timeframe.</li> </ul> <p>The Council should also liaise with the system service provider to ensure that the completion deadline dates are precisely calculated on the system.</p>			Dec 2023	<p>controlling body for the whole of the Building Control field of activities across both the Public and Private Sectors.</p> <p>These draft Operational Standards identify a number KPIs for the industry, amongst which are ones covering the full extent of those issues noted on the audit. The Building Service Regulator is currently in the process of producing a digital solution for the required data reporting. It is currently intended to give Building Control Bodies 6 months to prepare for the new arrangements, presumably for the date of the final document being produced.</p> <p>The one exception to the above KPI discussion is the audit item that files being worked on are recorded, as noted on 'bullet point 2'. This is already done on the existing system, in terms of those being processed for approval / evaluation. The auditor had more in mind a booking in and out system for the actual hard copy files being used on site. This would however be too resource burdensome on the professional staff due to the sheer number of movements involved. They can, though, be possibly partly tracked through Uniform site visit entries. The real solution to the overall issue is to scan full file details onto a data base, which would render the whereabouts of hard copy files much less important. This has traditionally not been undertaken due to Council Financial considerations outside the Services own control.</p> <p>In the light of the above it is intended to wait for the final adopted Operational Standards Rules to be produced by HSE before altering any of the current IT system.</p> <p><u>Internal audit comment:</u> Recommendation remains open.</p>
2021-22 - S106 agreements	<p><b>S106 rec 1:</b></p> <p>a) The Council should identify an appropriate function to take central ownership of s106 agreements. This team should then lead on all aspects of s106 arrangements, including negotiating the agreements with developers and monitoring them from planning consent through to delivery.</p>	High	<p>Director, Housing and Regeneration</p> <p>Strategic Director and Interim Director Housing</p>	<p>Jan 2023</p> <p>Feb 2023</p> <p>July 2023</p> <p>Sep 2023</p>	<p><u>Management update:</u></p> <p>The Interim Director of Resources will undertake a complete review of the Council's S106 process to be reported to A&amp;S Committee in September.</p> <p><u>Internal audit comment:</u> Recommendation remains open.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>b) The function should ensure that there are sufficient mechanisms in place to liaise with developers, to monitor progress of developments. Progress meetings with the developers should be implemented, taking account of the size of developments and anticipated speed of progress.</p> <p>c) The function should also liaise with Finance to ensure invoices are issued accurately and in a timely manner.</p> <p>A central s106 agreement register/tracker should be put in place where all aspects of the s106 agreements can be recorded and monitored, including progress against trigger points and the status of any payments. This tracker should be owned by the responsible function recommended above and should be reported to each of the teams involved in the management of s106 agreements (Planning, Housing, Finance and Legal) on a regular basis (quarterly as a minimum) with each of the teams being required to provide updates as appropriate.</p>		Interim Director of Resources		
2021-22 - S106 agreements	<p><b>S106 rec 2:</b></p> <p>Responsibility for the recording, allocation and monitoring of s106 contributions to the capital programme should be clearly assigned and communicated to a team or individual within the Council, who should own the process for ensuring contributions are utilised on appropriate projects in a timely manner and prior to any contributions becoming repayable to the developers.</p>	High	<p><del>Director, Housing and Regeneration</del></p> <p><del>Strategic Director and Interim Director Housing</del></p> <p>Interim Director of Resources</p>	<p><del>Jan 2023</del></p> <p><del>Feb 2023</del></p> <p><del>July 2023</del></p> <p>Sep 2023</p>	<p><u>Management update:</u></p> <p>The Interim Director of Resources will undertake a complete review of the Council's S106 process to be reported to A&amp;S Committee in September.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2020/21 - Disaster Recovery and Business Continuity	<p><b>20/21 DRBC rec 1:</b></p> <p>Management should perform a training needs analysis to identify and assess the level and type of training required by all members of staff with regards to business continuity and disaster recovery and should develop a mandatory training programme that is based upon these requirements. Training delivery methods could include, but not be limited to, the exercise types suggested in Appendix I in our report. Attendance should be recorded and monitored and training records should be maintained for audit purposes.</p> <p>Furthermore, Management should conduct a formally documented test of its business continuity and disaster recovery arrangements and should put arrangements in place to test them on a routine basis or following a significant change to the Council's operations. The results of the tests should be reported to Senior Management and any issues identified should be resolved in a timely manner.</p>	Medium	Risk and Insurance Officer	<p><del>Oct 2021</del></p> <p><del>June 2022</del></p> <p><del>Sep 2022</del></p> <p><del>Dec 2022</del></p> <p>Sep 2023</p>	<p><u>Management update:</u></p> <p>The training was provided in May 2022.</p> <p>Due to a new organisational OneTeam and risks we need to do new BC Plans before carrying out any testing.</p> <p><u>Internal audit comment:</u></p> <p>First part of the recommendation previously closed by Internal audit. However, second part of recommendation remains open.</p>
2021/22 - IT Data Breaches	<p><b>21/22 ITDB rec 1:</b></p> <p>a) Management should review and update the Council's Data Protection policy and Data Breach policy to ensure that it remains in compliance with the UK GDPR requirements and they are relevant to the Council's needs and in line with the Council's strategic objectives.</p> <p>b) The Data Breach policy should include detailed procedures for reporting a data breach. This should include but not be limited to:</p> <ul style="list-style-type: none"> <li>o Defining roles and responsibilities</li> <li>o Description of type of personal data breach</li> <li>o Steps taken in case of a breach</li> </ul>	Medium	ICT Manager	<p><del>Jan 2022</del></p> <p><del>June 2022</del></p> <p><del>Sep 2022</del></p> <p><del>Dec 2022</del></p> <p><del>Feb 2023</del></p> <p><del>June 2023</del></p> <p>July 2023</p>	<p><u>Management update:</u></p> <p>Brentwood Council has gone into partnership with Evalian to support the Council's statutory requirements for Data Protection. As part of this a full gap analysis is being conducted for Data Protection including but not limited to Policies, Processes for Data Protection and Data Breaches. Following this a formal remediation action plan will be developed and actions implemented. This work will support the Information Governance (IG) Group in their role around information Governance, and the contract will be monitored by the Corporate Manager - IT &amp; Service Improvement.</p> <p>The current Data Breach Policy is available.</p> <p>The gap analysis has been carried by Evalian and the Council is awaiting the report and the action plan from them.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<ul style="list-style-type: none"> <li>o Risk assessments and escalations</li> <li>o Containment and recovery</li> <li>o Contact details of the DPO, or other point of contact</li> <li>o Measures taken to evaluate and mitigate any possible breaches</li> <li>o Breach notifications to the ICO</li> <li>o Training and awareness</li> <li>o Monitoring and reporting compliance</li> </ul> <p>c) The revised policies should be approved and communicated to members of staff and arrangements should be put in place for reviewing the policies on an annual basis.</p>				<p>a) Reviewing of Information Governance policies is part of the role for the IG group and therefore this action is being co-ordinated by the group working with appropriate officers and partners.</p> <p>b) In addition to above - the group is reviewing the recommendations as part of its action plan. Once the suggestions have been reviewed, the agreed ones will be included.</p> <p>c) Agreed this is normal practice and will be published in document library and formal communication will be shared with all staff, and also including other IG activities such as training and awareness. Regular reviewing of IG policies is part of the roles and responsibilities of the newly formed IG group and will be undertaken.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open until completion can be fully evidenced.</p>
2021/22 - Partnerships	<p><b>21/22 PART rec 1:</b></p> <p>a) The Council should ensure that the Partnership Checklist is completed in all cases and held centrally. Consideration should be given to retrospectively completing the checklist for the Community Safety Partnership.</p> <p>b) The Partnerships Register should clearly indicate the risk level for all partnerships listed and the gaps in the register should be completed retrospectively.</p> <p>c) The Council's Partnership Register should include a hyperlink to the completed Partnership Checklist.</p>	Medium	Corporate Manager Communities, Leisure and Health	<p><del>July 2022</del></p> <p><del>Sep 2022</del></p> <p><del>Dec 2022</del></p> <p><del>Feb 2023</del></p> <p><del>March 2023</del></p> <p>July 2023</p>	<p><u>Management update:</u></p> <p>An annual review of the partnership register has been completed. After the briefing with CLT on the Council's arrangements the partnership webpage will go live and there will be links to the partnership register and any relevant webpages for the other partnerships that the Council is involved in.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open until the action has been fully completed and can be evidenced.</p>
2021/22 - Partnerships	<p><b>21/22 PART rec 2:</b></p> <p>The Senior Leadership Team should ensure that an Annual Performance Assessment is completed by the partnership leads for all partnerships. Reminders should be put in place</p>	Medium	Corporate Manager Communities, Leisure and Health	<p><del>July 2022</del></p> <p><del>March 2023</del></p> <p>July 2023</p>	<p><u>Management update:</u></p> <p>A briefing paper on the Council's partnership arrangements together with the Partnership Register is being presented to CLT in June</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	before the annual deadline to ensure this is completed in a timely manner.				<u>Internal audit comment:</u> Recommendation remains open until the action has been fully completed and can be evidenced.

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**COMMITTEE TITLE: AUDIT AND SCRUTINY**

**DATE: 11 JULY 2023**

<b>REPORT TITLE:</b>	Internal Audit Annual Report and Annual Statement of Assurance
<b>REPORT OF:</b>	Tim Willis, Interim Director Resources and Section 151 Officer

## **REPORT SUMMARY**

This report is intended to inform the Audit and Scrutiny Committee of the Head of Internal Audit opinion for 2022/23.

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

## **RECOMMENDATIONS**

To note the Head of Internal Audit opinion for 2022/23.

## **SUPPORT ING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

Internal audit is required to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.

### **2.0 OTHER OPTIONS CONSIDERED**

None.

### **3.0 BACKGROUND INFORMATION**

BDO has been the appointed Internal Auditor for the Council since 1 April 2014.

Their work complies with Public Sector Internal Audit Standards. As part of the audit approach, they agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which were covered as part of each assignment. This

approach is designed to enable internal audit to give assurance on the risk management and internal control processes in place in the Council to mitigate the risks identified.

The Audit Committee approved the 2022/23 annual audit plan in November 2022, after review of an outline audit plan in July 2022 and a full audit plan in September 2022. The progress against plan is reported at every Audit and Scrutiny Committee meeting.

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

In forming their view they have taken into account that:

- The Council's draft unaudited Statement of Accounts for 2022/23 indicates an underspend of £121,000 against budget, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £3.213 million over the year.
- The Council is in a period of change, as it is undergoing a One Team Transformation Programme with Rochford District Council, under a joint corporate leadership team formed during 2022/23.
- Internal audit has delivered 11 of the planned 13 reviews for 2022/23, of which 10 final reports have been issued and one report is in draft (the Partnership with Rochford audit). For the 10 final reports, nine related to audits on which they provided an opinion and one was an advisory review which carried no audit opinion.
- Due to a delayed start in the audit programme for the year (which could not be started until they were contractually engaged and the audit plan was approved) and further delays experienced in securing audit start dates, they agreed with management to defer one audit (Data protection regulations) into 2023/24 and to expand the scope of the financial planning audit in 2023/24.
- Internal audit has not included the summary from the Partnership with Rochford audit in this report as the draft report has not yet been agreed with officers. However, this does not impact on their overall opinion for the year.
- Internal audit agreed with management to split the scope of their work on the main financial systems in 2022/23 into two components: Audit of key controls (as included in the report); and an advisory review to provide an independent assessment of how fit for purpose Brentwood and Rochford's finance systems are. The choice of which system to use is ultimately for each Council to make, using a range of factors including cost, future plans, functionality etc. The review has provided input into this decision but has not recommended a system and the findings are not included in this report.
- In respect of the design of the controls, substantial assurance was provided in one out of nine audits (payroll), moderate assurance opinions were provided in seven areas and limited in one area (sheltered accommodation). These opinions are a deterioration compared with 2021/22, when substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and there was one limited assurance in an operational area.
- In respect of the operational effectiveness of the controls, moderate assurance opinions were provided in all nine areas. These opinions are a deterioration compared with 2021/22, when an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas.

- Officers specifically requested that internal audit carry out the sheltered accommodation audit, instead of the planned housing management audit, as this was recognised as an area in need of improvement.
- Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although internal audit experienced some delays in responses to reports and audit requests.
- Internal audit has confirmed that 82% of recommendations due for implementation by the date of reporting have been completed, which is fairly similar to the 83% in the prior year.
- Overall, therefore, internal audit noted some deterioration in the control environment compared to last year, although not to the extent that is necessary to downgrade their overall opinion.

#### **4.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / [tim.willis@brentwood.rochford.gov.uk](mailto:tim.willis@brentwood.rochford.gov.uk)**

There are no direct financial implications arising from the report.

#### **5.0 LEGAL IMPLICATIONS**

**Name & Title: Andrew Hunkin, Director – People & Governance & Monitoring Officer**  
**Tel & Email 01277 312500 / [andrew.hunkin@brentwood.rochford.gov.uk](mailto:andrew.hunkin@brentwood.rochford.gov.uk)**

There are no direct legal implications arising from the report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

There are no direct resource implications arising from the report.

#### **7.0 RELEVANT RISKS**

There are no direct risks arising from the report. The internal audit programme of work is designed to review risk areas within the Council.

#### **8.0 ENGAGEMENT/CONSULTATION**

Not applicable.

#### **9.0 EQUALITY IMPLICATIONS**

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**  
**Tel & Email 01277 312500 [kim.anderson@brentwood.gov.uk](mailto:kim.anderson@brentwood.gov.uk)**

There are no direct equality implications arising from the report.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

**Name & Title: Phil Drane, Director - Place**





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

Brentwood Borough Council

2022/23

IDEAS | PEOPLE | TRUST



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# SUMMARY OF 2022/23 WORK

## Internal Audit 2022/23

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

- Main financial systems
- Payroll shared service
- Policy review
- Cyber security
- Climate change advisory review
- Sheltered accommodation
- Environment - Street cleansing, fly tipping and enforcement
- Leisure services
- Licensing
- Democratic services.

We have also issued a draft report for the Partnership with Rochford audit.

We have detailed the opinions of each report and key findings on pages 6 to 15. Our internal audit work for the year ended 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

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



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The basis for forming my opinion is as follows:

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

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

In forming our view we have taken into account that:

- The Council's draft unaudited Statement of Accounts for 2022/23 indicates an underspend of £121,000 against budget, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £3.213 million over the year.
- The Council is in a period of change, as it is undergoing a One Team Transformation Programme with Rochford District Council, under a joint corporate leadership team formed during 2022/23.
- We have delivered 11 of the planned 13 reviews for 2022/23, of which 10 final reports have been issued and one report is in draft (the Partnership with Rochford audit). For the 10 final reports, nine related to audits on which we provided an opinion and one was an advisory review which carried no audit opinion.
- Due to a delayed start in the audit programme for the year (which could not be started until we were contractually engaged and the audit plan was approved) and further delays experienced in securing audit start dates, we have agreed with management to defer one audit (Data protection regulations) into 2023/24 and to expand the scope of our financial planning audit in 2023/24.
- We have not included the summary from the Partnership with Rochford audit in this report as the draft report has not yet been agreed with officers. However, this does not impact on our overall opinion for the year.
- We agreed with management to split the scope of our work on the main financial systems this year into two components: Audit of key controls (as reported below and feeding into our overall opinion); and an advisory review to provide an independent assessment of how fit for purpose Brentwood and Rochford's finance systems are. The choice of which system to use is ultimately for each Council to make, using a range of factors including cost, future plans, functionality etc. Our review has provided input into this decision but we have not recommended a system. We have not included the findings from this review in this report.
- In respect of the design of the controls, substantial assurance was provided in one out of nine audits (payroll), moderate assurance opinions were provided in seven areas and limited in one area (sheltered accommodation). These opinions are a deterioration compared with 2021/22, when substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and there was one limited assurance in an operational area (see page 16).
- In respect of the operational effectiveness of the controls, moderate assurance opinions were provided in all nine areas. These opinions are a deterioration compared with 2021/22, when an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas (see page 16).

- 
- Officers specifically requested that we carry out the sheltered accommodation audit, instead of the planned housing management audit, as this was recognised as an area in need of improvement.
  - Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although we have experienced some delays in responses to reports and audit requests.
  - We have confirmed that 82% of recommendations due for implementation by the date of reporting had been completed, which is fairly similar to the 83% in the prior year.
  - Overall, therefore, we have noted some deterioration in the control environment compared to last year, although not to the extent that is necessary to downgrade our overall opinion.

Our annual report and head of internal audit opinion has been prepared based on the audit work undertaken in respect of the financial year ended 31 March 2023.

# REVIEW OF 2022/23 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Main Financial Systems	0	3	2	Moderate	Moderate	<p>The purpose of the audit was to carry out a detailed annual review of the Council’s main financial systems, focusing on the following areas: General Ledger (including reconciliations for system interfaces and journals), Business Rates, Council Tax, and the Council’s processes for managing supply chain risks.</p> <p>We identified several areas of good practice such as appropriate managing of general ledger system user access, general ledger journal approvals, the application of Council Tax and Business Rates discounts and exemptions and meeting KPIs (timeframes) to process new housing benefit claims.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• Our review of the procurement and contract management practices found that the Corporate Business Continuity Plan does not include provision for supplier failure, risks of supplier failure are not included in the risk register and the contracts register does not consistently include the values of all contracts over £5,000 as required by the Local Government Transparency Code.</li> <li>• Our sample testing of claimants with Universal Credit identified one instance where the suspension and cancellation of the Housing Benefit took three months, and therefore was not completed in a timely manner. Additionally, in two instances the Council did not maintain effective contact with the claimants to ensure that the Housing Benefit could be cancelled.</li> <li>• Our review of a sample of General Ledger reconciliations identified two Council Tax (Receipts) and one Business Rates (Receipts) reconciliations that were not completed within a month or reviewed within two weeks of completion.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>Our review of a sample of billing and benefits user accounts with access to the system found that one user did not have an authorised access form in place to approve their access to the revenues system.</li> <li>The requirement for a Senior Officer to approve any business rates accounts with discretionary discount applied is not documented in the procedure notes, and the procedure notes for purchasing and procurement do not contain completed version control sections detailing the procedures approval and future review dates.</li> </ul>
Payroll Shared Service	0	3	0	Substantial	Moderate	<p>The purpose of the audit was to provide assurance over the contractual monitoring arrangements over the shared payroll service, interfaces between the Council and the shared service and the adequacy and effectiveness of controls over inputs and amendments to the payroll system.</p> <p>Our review found that effective controls are in place and working well around the administration and management of the payroll and identified that the interfaces between the Council and the payroll provider work effectively with requests made by the Council actioned appropriately. Leavers were promptly processed and removed from the payroll and monthly reconciliations completed by the Corporate Finance Manager.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>Quarterly KPI reports should form part of the contract monitoring arrangements per the contract, but these are not being received by the Council from the payroll shared service provider.</li> <li>Staff vacancies resulted in a gap in contract monitoring meetings between November 2022 and March 2023. Meetings have since resumed but no minutes or other formal records of these are kept.</li> <li>Our testing of a sample of long-term sick and maternity absence requests found that in one case an incorrect option was mistakenly entered in the online sickness absence request, resulting in an overpayment. While the error was subsequently detected by the</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						Council, HR should carry out a review to determine if there are other errors of this nature.
Policy Review	0	1	0	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of policy management processes to ensure that the Council's policies remain up to date, relevant and appropriate.</p> <p>Our review found that the Council's policies are accessible to all staff via the intranet and that the proposed policy approval process is sufficiently robust. The Council's draft policy template fulfils all expected criteria and a policy review timetable/policy register is currently being developed.</p> <p>Whilst our testing identified a number of inconsistencies and inefficiencies in the current policy review arrangements, as part of the partnership working, the Council had already developed draft policy templates and new processes to address the identified weaknesses.</p> <p>We identified further scope for improvement in the following area:</p> <ul style="list-style-type: none"> <li>The current suite of policies is not consistently supported by policy owners and there is a lack of clarity regarding assigned responsibility for individual policies. Furthermore, policies are not always subject to periodic review and senior leadership approval, to ensure they remain up-to-date and in line with the relevant legislation and good practice.</li> </ul>
Cyber Security	1	1	2	Moderate	Moderate	<p>The purpose of this audit was to provide assurance over the design and operation of the controls in place to protect the Council's IT systems, services, and information against a cyberattack.</p> <p>Our review found that the Council has effective processes in place for the monitoring of its infrastructure in addition to responding to cyber incidents and threats by working proactively with its managed service provider, Hytec.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>Vulnerabilities identified by Hytec are prioritised, remediated and monitored using knowledge and expertise of staff, however there are no</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<p>formal action plans in place to capture this work or to escalate risks and issues to senior management on a regular basis.</p> <ul style="list-style-type: none"> <li>The Council’s policies pertaining to information governance and security are out of date, have gaps, and do not refer to current legislation such as UK GDPR.</li> <li>A report of all staff who have carried out the Cyber Awareness training showed that of the 300 individuals who have completed the training, ten had not achieved the required pass score of 80%.</li> <li>The process for monitoring, escalation and investigation of potential cyber security incidents, including Hytec’s role, has not been documented in the Cyber Incident Response Plan.</li> </ul>
Climate Change Advisory Review	1	3	0	N/A - Advisory	N/A - Advisory	<p>The purpose of the advisory review was to assess the adequacy of the Council’s Environment Strategy, underlying actions plans and framework to measure and monitor achievement of carbon commitments.</p> <p>An Environment Strategy is in place for 2023-26 which sets out the Council’s vision and steps it will take to achieve its goals for reducing carbon emissions. The strategy has strong net zero targets for both the Council and the borough and actions have been assessed with regards to the carbon impact where possible. A public consultation has been completed and the results considered when redrafting the Strategy.</p> <p>We identified some areas for improvement, mostly focused on the need for improved communications and action planning, to assist in strengthening the monitoring of the agreed actions and support achievement of the Council’s objectives and targets in relation to climate change and carbon reduction. We noted that:</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>The Council’s website did not include that latest strategy document.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>• There is no communications plan or strategy in place to distribute information and regular updates on progress.</li> <li>• Whilst consultations with external organisations were completed, this was minimal and reliance was being placed upon the public consultation.</li> <li>• The actions within the action plan have not been financially assessed to identify which would give the best value for money in reducing emissions.</li> <li>• There are no formal reporting lines or performance measures established to enable consistent and regular monitoring of the progress made against agreed actions.</li> <li>• Climate risks, which currently sit within the Community Risk Register, relate mainly to storm/flooding events and do not cover the Strategy and emissions or the wider impacts of climate change such as waves and drought.</li> <li>• Council decisions use a reporting template which does not include a mandatory consideration of environmental implications.</li> </ul>
Sheltered Accommodation	3	4	0	Limited	Moderate	<p>The purpose of the audit was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes in relation to sheltered housing.</p> <p>Our review concluded that the Council has some good practice in place regarding weekly Team Tasking meetings, reporting of activities to the Housing Committee, carrying out regular health and safety checks, ensuring all sheltered housing schemes receive regular responsive and planned maintenance and ensuring that allocations for sheltered accommodation are reviewed and independently authorised prior to accommodation being assigned to residents.</p>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• A lack of formal operational procedures and working in silo from the rest of the Housing team and other related services.</li> <li>• Case records were found to be largely paper based before being scanned into Orchard. All welfare visits and tenancy issues are recorded outside of the two main housing systems, and no evidence was found regarding a formal approach to document retention.</li> <li>• The Business Continuity Plan for Housing was still in draft form and had not yet been approved and disseminated or tested for effectiveness.</li> <li>• Our sample testing identified instances whereby the Sheltered Housing Assessment was not held within Locata. In addition, the current support plan template has not been reviewed in 15 years.</li> <li>• There was evidence of poor communication between repairs and the Sheltered Housing team and no guidance in place to record and follow-up on onsite communication with residents.</li> <li>• There is no clear service plan or specification setting out the services provided or expected outcomes.</li> <li>• Void turnaround times should be monitored and measures should be taken to ensure void turnaround times meet the Council's target of 22 days.</li> </ul>
Environment - Street cleansing, fly tipping and enforcement	0	3	0	Moderate	Moderate	<p>The purpose of the audit was to review the Council's arrangements for keeping streets clean, including health and safety risk assessments and enforcement activity.</p> <p>We noted several areas of good practice, including the daily patrols in the borough to deal with fly tipping, littering, abandoned vehicles and waste, and the use of the National Enforcement Solutions for investigation into fly tipping. KPIs are in place, including numbers of Joint Patrols and Fixed Penalty Notices for litter and fly tipping. Additionally, regular management information related</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<p>to fly tipping by ward and cost is also produced and scrutinised and an action tracker is maintained to support control implementation.</p> <p>The Council's risk assessment processes for the Fly Tipping and Street Cleansing service are robust, accessible and transparent.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• Both the Council's Health &amp; Safety policy and Environmental Health Enforcement policy are out of date and have not been reviewed in line with the agreed process.</li> <li>• There are area cases where fly tipping is removed before adequate evidence can be secured to identify a perpetrator. In addition, our sample testing of fly tips confirmed that not all cases were cleared within 15 days of the fly tip being reported.</li> <li>• There are no formal and documented procedures/protocols in place that provide guidance on how workload is scheduled, conducted, completed, managed and how resources are allocated.</li> </ul>
Leisure Services	0	4	0	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of the key processes in place to deliver the Leisure Strategy and underlying action plans.</p> <p>The Council has a clear and comprehensive Leisure Strategy that has been both approved and reviewed. The Leisure Strategy is aligned to the Local Development Plan and Asset Management strategy and the Head of Leisure Services has provided an annual update on progress of the strategy to relevant committees against the six key workstreams: built facilities, open spaces, play areas, sport, health and wellbeing and leadership, management and oversight.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• No risk register for leisure services.</li> <li>• There has been no formal consideration of an exit strategy for the Brentwood Leisure Centre and Football Hub business activities, or</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<p>review and approval of the sufficiency of an associated sinking fund for the replacement of assets when they reach the end of their expected lifespan in future years.</p> <ul style="list-style-type: none"> <li>There are no arrangements in place to validate any of the key measures and underlying system data reported by the Brentwood Centre operator and no clear performance management monitors/KPIs in place for the Brentwood Centre operator covering leadership, management and oversight. There are also no arrangements for the Council to perform checks on the quality of leisure services being offered.</li> <li>There is no tracking or monitoring of mandatory and development training for Council staff and the Brentwood Centre operator and no policies and procedures readily accessible for the benefit and guidance of Council staff and Brentwood Centre operator staff.</li> </ul>
Licensing	0	3	1	Moderate	Moderate	<p>The purpose of the audit was to provide assurance that appropriate controls have been designed and are operating effectively to enable the Licensing service to fulfil its statutory duties and achieve its aims.</p> <p>We identified several areas of good practice. There is a Licensing Committee and Sub-Committee, which discharges all functions conferred upon the Council as a licensing authority under the Licensing Act 2003. There is a Statement of Licensing Policy, which was under review by the Committee, and trading activities are covered by detailed guidance on the Council's website. Licensing fees and charges for 2022/23 were set in accordance with the Council's medium-term resources strategy and a licensing register is in place which shows details of granted licenses and certificates.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>There is no comprehensive monitoring of the mandatory and statutory staff training and development relating to licensing, licences, regulations and trading standards, and best practice.</li> </ul>

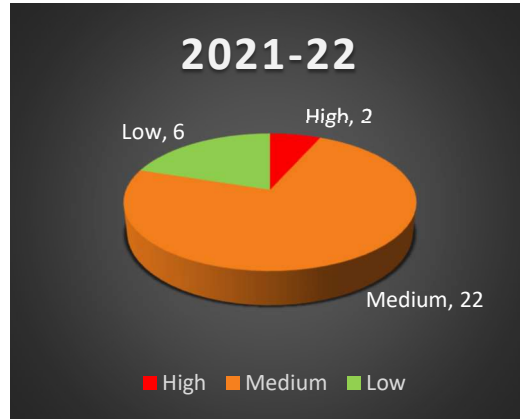
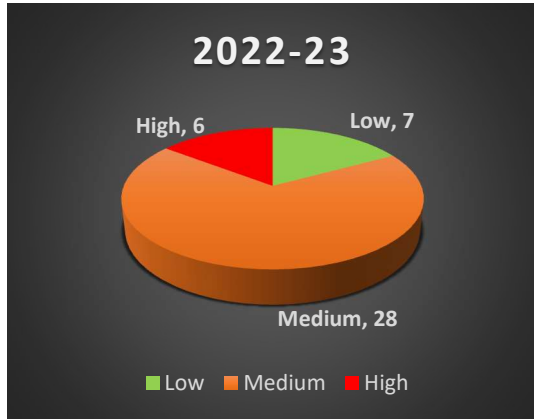
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>• Our review of a sample of licenses processed identified an inspection report that was not sufficiently comprehensive and detailed; and there was insufficient evidence that the conditions of the licence were met prior to the license being granted.</li> <li>• Our review of a sample of enforcement cases noted a case where enforcement requirements were not confirmed. In addition, there was no operational plan 2022/23 for enforcement action, including licensed premises inspections, and tracking of all enforcement activity.</li> <li>• The Licensing Enforcement Policy was last updated in 2016 and did not reflect the shared licensing and enforcement with the licensing team at Thurrock Council.</li> </ul>
Democratic Services	1	3	2	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of democratic processes and support for the senior leadership team (now the corporate leadership team).</p> <p>Our audit identified a number of areas of good practice in Democratic Services that assist the Council in functioning in an open and transparent way, including processes for publication of Committee papers and decisions, member declaration of interests and approval of changes to the Council's Constitution.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> <li>• There was inadequate evidence to support the processes and notifications underpinning the complaints against Councillors that we sampled in the audit, as there is no central filing system for this documentation.</li> <li>• The published training record for councillors indicated that 16 out of 37 councillors had not completed Code of Conduct training (a requirement of the Council's Constitution) since the published training record commenced in 2018.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>• Since 2021 we noted four instances of members of the Licensing Committee or previous Planning and Licensing Committee attending meetings before receiving the necessary training or refresher training, as required by the Council's Constitution.</li> <li>• An action log was not maintained for SLT meetings limiting the effectiveness of identifying and monitoring the completion of agreed actions.</li> <li>• 20% of the FOI requests sampled were not responded to within the required 20 working days and there was no evidence of an agreed extension.</li> <li>• At time of our audit fieldwork, updated declaration of interest forms had not been published for two Councillors since 2021, although they were subsequently uploaded.</li> </ul>

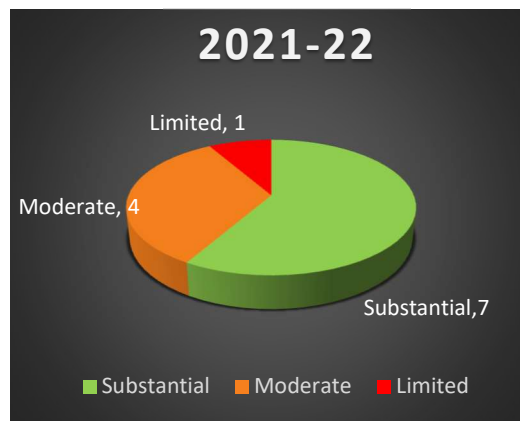
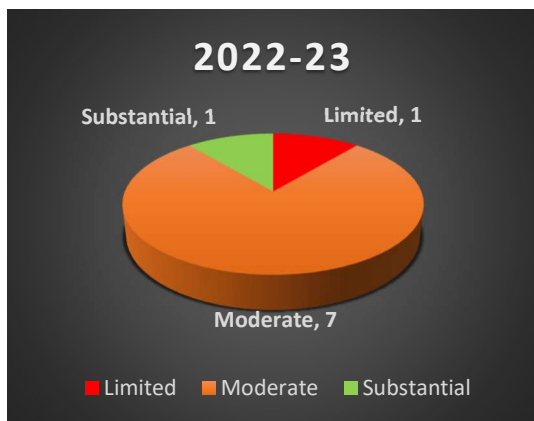
# SUMMARY OF FINDINGS

## RECOMMENDATIONS AND ASSURANCE DASHBOARD

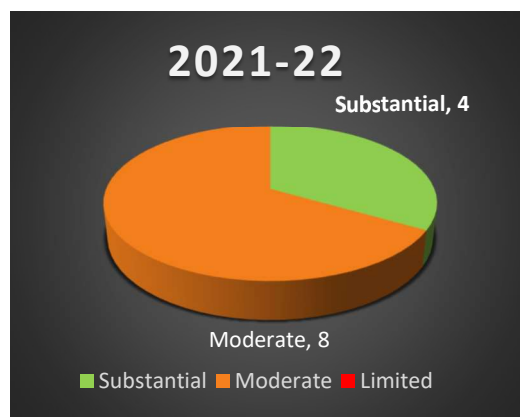
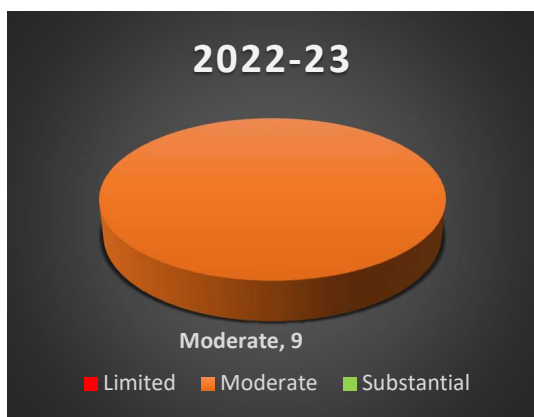
### Recommendations and Significance



### Control Design



### Operational Effectiveness



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# ADDED VALUE



## USE OF SPECIALISTS

We used our IT specialists to deliver the Cyber Security audit and an Environment specialist to deliver the Climate Change review.



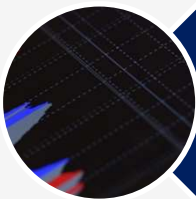
## RESPONSIVENESS

We have been flexible with the plan to respond to emerging risks and concerns, e.g. by replacing the Housing Management audit with an audit of Sheltered Accommodation which officers identified as a riskier area, and carrying out an advisory review to compare the financial systems in place at Brentwood and Rochford District Council.



## BENCHMARKING AND BEST PRACTICE

We have applied our experience of the local government sector, including knowledge of legal requirements e.g. Licensing and Environment - Street cleansing, fly tipping and enforcement audits.

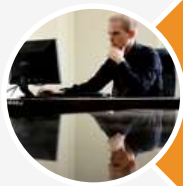


## INNOVATION

We applied advisory methodology in our review of Climate Change, rather than carrying out a traditional audit, to reflect the Council's needs regarding the evolving nature of the strategy.



# KEY THEMES



## PEOPLE

Clarity of roles and responsibilities was evident in the majority of areas reviewed. However, we found that there is a need to update training provided in some areas and ensure monitoring of training is in place e.g. Cyber security awareness, Licensing and trading standards and Leisure Services.



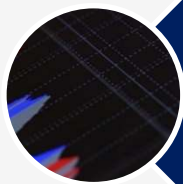
## SYSTEMS & PROCESSES

The Council's policies and procedures are generally being complied with, although there are instances where the documentation does not adequately evidence the checks carried out, as noted in our audits of Sheltered Accommodation, Licensing and Cyber Security.



## POLICES & PROCEDURES

Policies and procedures are in need of updating in some areas e.g. Information Governance and Security, Sheltered Accommodation, Environmental Health and Safety, Environmental Health Enforcement, and Licensing Enforcement. There are plans to update policies and procedures as part of the collaborative partnership with Rochford District Council.



## KEY PERFORMANCE INDICATORS

A few of our audits identified the need for key performance indicators to be implemented to enable measuring and monitoring of performance e.g. Payroll shared service.

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# BACKGROUND TO ANNUAL OPINION

## Introduction

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

Our internal audit work for the year ended 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

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

## Audit Approach

We have reviewed the control policies and procedures employed by Brentwood Borough Council to manage risks in business areas identified by management set out in the 2022/23 Internal Audit Annual Plan approved by the Audit and Scrutiny Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

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

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

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The opinion provided on page 4 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### **Reporting Mechanisms and Practices**

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

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

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

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

### **Recommendations follow-up**

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

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

### **Relationship with external audit**

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

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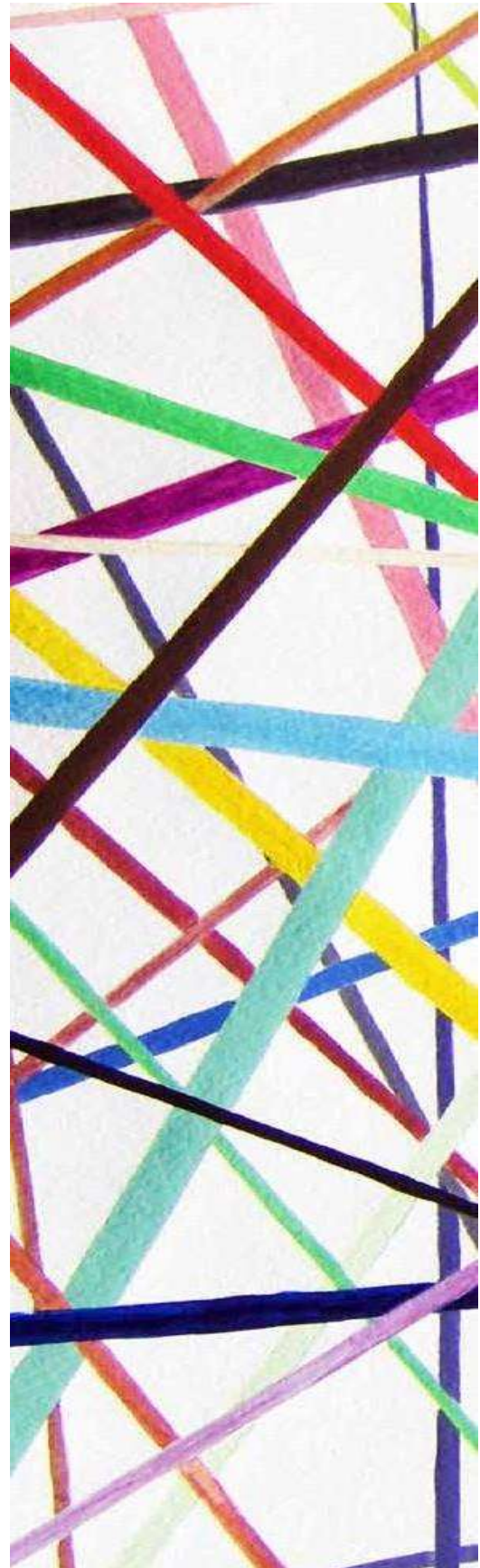
## Report by BDO LLP to Brentwood Borough Council

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

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Brentwood Borough Council with Moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2022/23. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.












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

- All internal audits undertaken by BDO LLP during 2022/23
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Brentwood Borough Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.





# KEY PERFORMANCE INDICATORS 2022/23

Quality Assurance as per the Internal Audit Charter	KPI Results	RAG Rating
1. Annual Audit Plan delivered in line with timetable.	The timing of a number of audits was delayed due to a delay in approving the audit plan for the year. 2 out of 13 audits have not been completed before the issue of our Annual Report and have been deferred into 2023/24.	
2. Actual days are in accordance with Annual Audit Plan.	The days associated with the deferred audits will be carried out in 2023/24.	
3. Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Survey responses received to date have been positive.	
4. Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%.	Annual survey for 2022/23 not yet carried out.	
5. At least 60% input from qualified staff.	This KPI has been met.	
6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting.	This KPI has been met for 10 out of 11 reviews (see table below).	
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 10 out of 10 reviews (see table below).	
8. Positive result from any external review.	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.	
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	The KPI regarding Council agreement of the terms of reference has been met for 5 out of 11 audits (see table below). The KPI regarding draft report has been met for 4 out of 10 audits.	
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 34 high and medium priority recommendations raised in 2022/23, 2 have been completed, 1 is in progress and the rest are not yet due.	
11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.	Management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary.	

**AUDIT TIMETABLE DETAILS (2022/23 AUDITS)**





Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Main Financial Systems	24/01/23	24/01/23 (KPI 9 met)	19/05/23	29/05/23 (KPI 6 met)	15/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Payroll Shared Service	17/03/23	29/03/23 (KPI 9 not met)	18/05/23	31/05/23 (KPI 6 met)	19/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Partnership with Rochford	23/12/22	12/01/23 (KPI 9 not met)	19/06/23	23/06/23 (KPI 6 met)	TBC	TBC
Policy Review	15/02/23	09/05/23 (KPI 9 not met)	09/05/23	30/05/23 (KPI 6 met)	12/06/23 (KPI 9 met)	12/06/23 (KPI 7 met)
Cyber Security	16/09/22	29/09/22 (KPI 9 not met)	20/01/23	06/02/23 (KPI 6 met)	16/02/23 (KPI 9 met)	23/02/23 (KPI 7 met)
Climate Change (Advisory Review)	25/01/23	02/02/23 (KPI 9 not met)	17/03/23	04/04/23 (KPI 6 met)	24/04/23 (KPI 9 not met)	26/04/23 (KPI 7 met)
Sheltered Accommodation	28/11/22	05/12/22 (KPI 9 met)	14/05/23	19/05/23 (KPI 6 met)	14/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Environment - Street Cleansing, Fly Tipping and Enforcement	02/12/22	02/12/22 (KPI 9 met)	03/05/23	31/05/23 (KPI 6 not met)	15/06/23 and 27/06/2023 (KPI 9 not met)	28/06/23 (KPI 7 met)
Leisure Services	08/02/23	13/02/23 (KPI 9 met)	07/06/23	14/06/23 (KPI 6 met)	27/06/23 (KPI 9 met)	28/06/23 (KPI 7 met)
Licensing	28/11/22	01/12/22 (KPI 9 met)	02/03/23	16/03/23 (KPI 6 met)	21/04/23 (KPI 9 not met)	24/04/23 (KPI 7 met)
Democratic Services	10/03/22	08/04/22 (KPI 9 not met)	10/01/23	11/01/23 (KPI 6 met)	11/01/23 (KPI 9 met)	13/01/23 (KPI 7 met)

**KEY FOR RAG RATING:**

-  = met target
-  = partly met target
-  = not met target
-  = not applicable

# APPENDIX I

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

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

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



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**COMMITTEE TITLE:** Audit & Scrutiny Committee

**DATE:** 11/07/2023

<b>REPORT TITLE:</b>	2022/23 Financial Outturn
<b>REPORT OF:</b>	Tim Willis, Interim Director - Resources

## REPORT SUMMARY

This report gives a summary of the overall financial outturn position for the financial year 2022/23.

The key elements of the provisional outturn are:

### General Fund

- 1) The outturn for the general fund is a balanced position for 2022/23 compared to a budgeted deficit set at £121k.
- 2) In March 2023 it was forecasted that the outturn position would be of a break-even position.
- 3) Working balances remain at £2.874 million which is still within the minimum level of reserves.
- 4) Overall, General Fund earmarked reserves have decreased by £3.354 million to £9,447 million. However, this is due to the planned use of covid reserves. Reserves at 31 March 2023 are:
  - a. Mitigation reserves balance - £6.182 million
  - b. Service reserves balance - £1,932 million
  - c. Specific reserves balance – £960k
  - d. Covid reserves balance – £373k

### Housing Revenue Account

- 1) The outturn reflects a net underspend of £390k against the working surplus budget of £147k.
- 2) The HRA working balance has increased significantly to £2.311 million as at the 31<sup>st</sup> March 2022.
- 3) The HRA earmarked reserves remain at £2.5 million.

## Capital

- 1) The capital outturn was £14.443 million compared to a reported revised budget of £58.952 million.

The Draft Annual Financial Statements 2022/23 have been prepared and will be reported to Audit & Scrutiny Committee on 11<sup>th</sup> July 2023 and to Finance, Assets, Investments and Recovery Committee on 12<sup>th</sup> July 2023. The draft accounts are still subject to an external audit process. Until the audit is finalised the figures included within this report are provisional and could be subject to change. Any changes to the outturn will be reported back to this committee once the Annual Financial Statements 2022/23 have been audited.

## RECOMMENDATIONS

The recommendation is for the report to be noted.

## SUPPORTING INFORMATION

### 1.0 REASONS FOR RECOMMENDATIONS

The Council is obliged under Section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs.

### 2.0 OTHER OPTIONS CONSIDERED

N/A

### 3.0 BACKGROUND INFORMATION

#### Main Report

#### Introduction and Background

1. The provisional outturn forms part of the preparation of the Council's Statement of Accounts for 2022/23. The outturn is reported prior to the audit of the Council's Accounts by the Council's external auditors – Ernst & Young LLP.
2. In line with the Local Government Act 2003, the relevant CIPFA codes of Practice and the Council's associated Treasury Management Policy and Practices, the outturn is presented to Members.

## Issue, Options and Analysis of Options

### General Fund and Housing Revenue Account (HRA)

3. Appendix A summarises the outturn position for each of the Council's revenue funds, general fund and HRA. Page 12 of Appendix A details the variances per subjective then on page 13 per corporate priority. It compares the working budget for 2022/23 to the outturn and then the outturn adjusted by the movement in reserves. The high-level summaries of the General Fund and HRA are tabled below.

#### General Fund Outturn 2022/23

	2022/23 Budget £'000	2022/23 Outturn £'000	Variance
Total Cost of Services	9,768	9,779	11
Total Funding	(9,646)	(9,779)	(133)
Deficit/(Surplus)	122	0	(122)
Working Balance b fwd	2,874	2,874	0
<b>Working Balance Cfwd</b>	<b>2,752</b>	<b>2,874</b>	<b>(122)</b>

#### HRA Outturn 2022/23

	2022/23 Budget £'000	2022/23 Outturn £'000	Variance
Total Expenditure	11,478	11,136	(342)
Total Income	(13,663)	(13,809)	(146)
Non-Service Expenditure	2,037	2,283	246
Deficit/(Surplus)	(148)	(390)	(242)
Working Balance b fwd	1,921	1,921	0
<b>Working Balance Cfwd</b>	<b>2,069</b>	<b>2,311</b>	<b>(242)</b>

4. To analyse the variances a subjective analysis per cost centre under each corporate strategy heading has been produced in Appendix A.
5. In summary the £122k variance on the General fund was related to the following:

### Growing Our Economy

The adjusted variance was a saving of £322k against a current budget of £1,157k. This was attributable to:

- Planning overspend & Enforcement had a planned drawdown of their service specific reserve to cover their out of budget expenditure.
- Underspend in planning policy for external contracted services.

### Protecting Our Environment

The adjusted variance was a saving of £673k against a current budget of (£2,008k). This was attributable to:

- Parking overachieved on its budgeted income.
- Asset management has seen an increase in income associated with Childerditch rent reviews, generating additional returns.
- The change in how the Council recycles continues to generate savings.
- There was also a significant underspend on salaries in Licensing, Environment Health & Building Control.
- There were large overspends on utility bills & fuel, due to rapid rise in inflation on those items. However, the impact of the above savings was far greater than cost these increases.

### Developing Our Communities

The adjusted variance was a saving of £80k against a current budget of £1,160k. This was attributable to:

- There were large overspends on utility bills & fuel, due to rapid rise in inflation on those items.
- These costs were offset by additional grant income, increased income from fees and greater profit share for Brentwood Centre and KGPF than budgeted.

### Delivering an Efficient & Effective Council

The adjusted variance was a pressure of £302k against a current budget of £5,456k. This was attributable to:

- Reduction in rental income for the Town Hall flats. This was due to SAIL paying a historic service charge to Sanderson Weatherall.
- There were also severance payments due to the restructuring of One Team tiers 1 to 3.

### Improving Housing

The adjusted variance was a saving of £75k against a current budget of £183k. This was attributable to:

- Rental income was more than budgeted.
- There were underspends for contracted services and premises related expenditure.

#### Net Non-Service Expenditure

Total pressure on net non-service expenditure is £858k. This was attributable to:

- Increased income for interest receivable, the council gained £327k more than budgeted. This was due to high interest rates and carrying high levels of cash due to holding of COVID Grants.
- Investment properties budget needs to be realigned with revised forecasts within the lease register.
- Payments to the pension fund were £102k less than budgeted.
- Underspends on the pension fund contribution and MRP provision are to be earmarked into an inflation and financing reserve to support the financial risk to the council regarding the current economic climate.
- There was a contribution into appropriations as a result of overachieving the vacancy factor and the income target for strategic properties.

#### Funding

Funding increased by £132k compared to a current budget of £9,646k. This was attributable to receiving funding for new burdens grants that were not budgeted for during budget setting. These new burdens grants were for Business Rate Relief and Council Tax Rebates final assessments.

#### HRA

The HRA had a budget surplus of £243k. This was attributable to:

- An underspend on repairs and maintenance.
- Underspends in supervision and management due to contracted services and a reduction in the HRA support recharge.
- There was an increase in rental income and a reduction in interest payable.
- There were increases in bad debt provision.

#### Collection fund

6. The Collection Fund is a statutory account relating to the administration of Council Tax and Business Rates. The account is administered by Brentwood



as “billing authority” on behalf of relevant precepting authorities, including the Borough, and, in the case of Business Rates, also central government. The account records all income due in respect of Council Tax and Business Rates. The precepts due to the participating bodies are debited to the account. Any balance remaining on the account following these transactions is normally shared proportionately between the precepting bodies in the following financial years.

7. For 2022/23 the financial position of the Collection Fund is as follows:
  - a. Business rates. There is a surplus of £1,123k, of which the Council’s share is £449k. The surplus is mainly due to the take up of retail, hospitality & leisure reliefs being lower than was anticipated when the 2022/23 budget was set. The Council’s share of the surplus will be credited to the General Fund in 2023/24 when it will offset a clawback of grant funding resulting from the reduced level of reliefs.
  - b. Council Tax. There is a surplus of £2,061k, of which the Council’s share is £234k.

#### Earmarked Reserves

8. Appendix A sets out the drawdown to and from earmarked reserves in detail. In summary the following movement on earmarked reserves is as follows:

	<b>Opening Balance £'000</b>	<b>Contribution To/(From) £'000</b>	<b>Closing Balance £'000</b>
Mitigation	4,296	1,911	6,207
Service	2,362	(430)	1,932
Specific	617	343	960
COVID-19	5,410	(5,037)	373
<b>Total</b>	<b>12,685</b>	<b>(3,213)</b>	<b>9,472</b>

9. The detail regarding earmarked reserves is within Appendix A. The new earmarked reserves to be created are as follows:

<b>Reserve Name</b>	<b>Type</b>	<b>Amount</b>
---------------------	-------------	---------------

		£'000
New corporate priorities	Specific	250
Domestic Abuse funding	Specific	69
CEV funding	Specific	27
<b>Total</b>		<b>346</b>

### Capital and Investment Strategy

10. Enclosed within Appendix B is the capital and investment report. Capital projects approved as part of the 2022/23 budget cycle are tabled and compared to the project's working budget.

11. In summary the capital outturn is as follows:

	2022/23 Budget £'000	2022/23 Outturn £'000	Variance
Total General Fund Capital Programme	34,312	2,842	(31,470)
Total HRA Capital Programme	24,640	11,601	(13,039)
<b>Total Capital Programme</b>	<b>58,952</b>	<b>14,443</b>	<b>(44,509)</b>
Total General Fund Capital Funding	34,312	2,842	(31,470)
Total HRA Capital Funding	24,640	11,601	(13,039)
<b>Total Capital Funding</b>	<b>58,952</b>	<b>14,443</b>	<b>(44,509)</b>

12. For 2022/23, like 2021/22, there have been external factors that have delayed delivery of certain capital projects. The ongoing impacts of the pandemic are still affecting the market, exacerbated by the Ukraine war and leaving the EU. These external factors have affected contractors to resource and deliver, the price of materials meaning some projects become unviable financially, and sourcing materials and parts delaying the delivery of purchased items, all impacting the end customer.

13. Due to the large amount of slippage in 2022/23, the section 151 made the decision to propose to minimise any slippage and instead rebase the 2023/24 and future capital programmes. This was reflected in the Budget report to

Council in March 2023. This should increase the likelihood that services will fully utilise the capital programme set for 2023/24, which stands at £58,340k.

14. Finally, Appendix B also includes a review of the Council's Treasury Management activities during the year. Alongside this is an update on the Council's prudential indicators for the year.

#### References to corporate plan

15. The outturn underpins the ability to be able to deliver the aspirations outlined within the Corporate Strategy by managing our finances and contracts robustly to ensure best value for money and deliver services meets the needs of our residents.

#### **4.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**

**Tel & Email: 01277 312500 / [tim.willis@brentwood.rochford.gov.uk](mailto:tim.willis@brentwood.rochford.gov.uk)**

- Financial implications have been included within the main body of the report and appendices.

#### **5.0 LEGAL IMPLICATIONS**

**Name & Title: Claire Mayhew?, Director – People & Governance & Monitoring Officer**

**Tel & Email 01277 312500 / [Claire.mayhew@brentwood.rochford.gov.uk](mailto:Claire.mayhew@brentwood.rochford.gov.uk)**

- The Council is obliged under Section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- The outturn report is just for informational purposes and therefore there are no resource implications have been included within the main body of the report and appendices.

#### **7.0 RELEVANT RISKS**

- Relevant risks have been included within the main body of the report and appendices.

#### **8.0 ENGAGEMENT/CONSULTATION**

- The Outturn has been presented to the corporate leadership team, the leader and the Chairs of Committees.

## 9.0 EQUALITY IMPLICATIONS

**Name & Title: Kim Anderson, Corporate Manager – Communities, Leisure and Health**

**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The proposals in this report will not have a disproportionate adverse impact on anybody with a protected characteristic.

## 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

**Name & Title: Phil Drane, Director – Place**

**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

Growing our economy is a corporate priority. Everything the council does contributes to or impacts the borough's economy in some way, either directly or indirectly. It is important that the council maintains a budget that considers such implications. In this case, it is important to regularly monitor and publish the final overall financial outturn position.

### REPORT AUTHOR:

**Name:** Sam Wood

**Title:** 2022/23 Financial Outturn

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## APPENDICES

- Appendix A – Revenue 2022-23 Outturn (GF & HRA)
- Appendix B – Capital 2022-23 outturn

## BACKGROUND PAPERS

- Medium Term Financial Strategy 2022/23

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
• PRED: 2021/22 Outturn	13/07/2022
• PRED: 2020/21 Outturn	30/06/2021
• PRED: 2019/20 Outturn	09/11/2020



**BRENTWOOD  
BOROUGH COUNCIL**

Brentwood Borough Council  
Revenue  
2022/23 Outturn

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## General Fund 2022/23

### Introduction

This enclosure summarises the provisional outturn position (subject to external audit process) for each of the Council's revenue funds and compares these with the corresponding working budget for the year.

A summary of the net position is set out below. There is an overall balanced position in the net cost of services compared to the deficit of £122k that was set.

The current budget is the original budget for the year plus items brought forward from the previous year plus other budget amendments approved during the year.

Some of the costs incurred during the year have been funded from earmarked reserves and surplus income received has been earmarked for specific purposes. The table below looks to highlight the impact of the contribution to and from reserves on the actual position on the total cost of services.

Service Net Expenditure	Current Budget	Actuals	Variance	Earmarked Reserve Adj	Revised Actual	Revised Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Growing Our Economy	1,157	1,197	40	(361)	836	(321)
Protecting Our Environment	(2,008)	(2,681)	(673)	0	(2,681)	(673)
Developing Our Communities	1,160	1,044	(116)	35	1,079	(81)
Improving Housing	183	39	(144)	70	109	(74)
Delivering An Efficient & Effective Council	5,457	5,827	370	(69)	5,758	301
<b>Total Corporate Priority Spend</b>	<b>5,949</b>	<b>5,426</b>	<b>(523)</b>	<b>325</b>	<b>5,101</b>	<b>(848)</b>
Debt Impairments	38	(77)	(115)	0	(77)	(115)
Interest Payable	2,958	2,948	(10)	0	2,948	(10)
Investment Income	(2,756)	(3,287)	(531)	0	(3,287)	(531)
Pension Fund	1,138	1,037	(101)	0	1,037	(101)
Provision for Loan Repayment	1,286	1,246	(40)	0	1,246	(40)
<b>Total Non-Service Expenditure</b>	<b>2,664</b>	<b>1,867</b>	<b>-797</b>	<b>0</b>	<b>1,867</b>	<b>-797</b>
Appropriations	535	2,191	1,656	0	2,191	1,656
<b>Total Cost of Services</b>	<b>9,148</b>	<b>9,484</b>	<b>336</b>	<b>-325</b>	<b>9,159</b>	<b>11</b>

The total Net Service Expenditure has been funded as set out in the table below.

	Current Budget	Actuals	Variance	Earmarked Reserve Adj	Revised Actual	Revised Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax	(6,589)	(6,589)	0	0	(6,589)	0
New Homes Bonus	(715)	(712)	3	0	(712)	3
Other Grants	(188)	(323)	(135)	0	(323)	(135)
Business Rates Retention	(1,535)	(835)	(700)	(700)	(1,535)	0
Collection Fund Deficit/(Surplus)	0	4,404	4,404	(4,404)	0	0
<b>Total Funding</b>	<b>(9,027)</b>	<b>(4,055)</b>	<b>3,572</b>	<b>(5,104)</b>	<b>(9,159)</b>	<b>(132)</b>

When the funding has been considered, the overall outturn is a drawdown on working balance of £121k.

	Current Budget	Actuals	Variance	Earmarked Reserve Adj	Revised Actual	Revised Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Total Cost of Services	9,148	9,484	336	-325	9,159	11
Total Funding	(9,027)	(4,055)	3,572	(5,104)	(7,735)	(132)
<b>Deficit/(Surplus)</b>	<b>121</b>	<b>5,429</b>	<b>3,908</b>	<b>(5,429)</b>	<b>0</b>	<b>(121)</b>

The General Fund Working Balances is £2.874m for the year ending 31<sup>st</sup> March 2023 and will be shown on the Council's balance sheet.

	Current Budget	Actuals	Variance
	£'000	£'000	£'000
Working Balance b/f	2,874	2,874	0
Deficit/(Surplus)	121	0	(121)
Working Balance c/f	2,753	2,874	(121)

## Earmarked Reserves Adjustment

The presented outturn position is a balanced position by utilising adjustments to and from earmarked reserves. This section looks to highlight the reason for these adjustments.

### Developing Our Communities

The health and wellbeing board had a surplus of £6.7k. As this funding is ringfenced. This has been put in the health and wellbeing reserve. There was funding for CEV of £27k which has also been placed into reserves.

There is also new burdens grant for pavement licenses. In 22/23 only £790 was spent so the remaining £2.6k has been put into reserves for 23/24.

### Efficient & Effective Council

Drawdown on the Rochford partnership reserve of £111k. These costs covered recruitment, legal fees, training, consultancy fees and a subscription with the good economy.

There was also a total of £42k put into reserves. £28k was for future corporate training and £13.4k for Electoral registration.

### Growing Our Economy

Planned expenditure in Planning development and enforcement drew down on reserves for £346k. This covered planning legal fees, a temporary additional enforcement officer and contracted services.

There was also draw down of £18k to fund procurement legal fees regarding advice for electric vehicle charging.

There was £3k remaining from the planning referendum grant. Therefore, this has been put in to reserves for 23/24.

### Improving Housing

We received a grant for £70k within general fund housing for Domestic Abuse funding. This money is yet to be spent and therefore been earmarked to 23/24.

### Total Non-Service Expenditure

The Council reviewed its bad debt impairments at the end of year, this review highlighted that the Council believes it has over provided on the debts and therefore the budgeted provision was not required. In addition, there have been underspends on the Council's pension budget and minimum revenue provision. These underspends are to be contributed to a new reserve to help support the future mitigation of inflation and financing costs. The Council believes based on the current economic climate it is prudent to set aside some money to help smooth future pressures that could arise.

## Funding

Contributions to and from the NDR Collection Fund Deficit and Tax Income Guarantee Scheme to offset future deficits on the Collection Fund. These deficits arise from the granting by Government of business rates relief to businesses in the retail, hospitality & leisure sectors. The loss of business rates income is paid in advance to the Council as S31 grant and is held in these earmarked reserves to offset future Collection Fund deficits.

## Earmarked Reserves

As part of the year end procedures the Council must review its Earmarked Reserves. These Reserves are required to comply with proper accounting practice, whilst others have been created to earmark resources for known or predicted liabilities.

After considering the earmark reserve adjustments highlighted to present a balanced budget, the total reserve balance on 31st March 2023 is £9,472k; the in-year movement was a net position of (£3,213k).

The reserves are grouped into 4 types of reserves.

- Service – Monies requested by services to be used on specific plans or projects.
- Specific – Monies that the Council has received that have restricted conditions on how the money can be used.
- Mitigation – Earmarked specifically to mitigate financial risks to the Council.
- COVID-19 – Specific monies set aside due to funding received during the pandemic to be utilised in the short-term as the pandemic impact continues.

	2022/23		
	Balance at 1 April 2022	Movement	Balance at 31 March 2023
<b>General Fund</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Mitigation Reserves</b>			
Inflation & Financing Mitigation	939	261	<b>1,200</b>
Funding Volatility	1,239	81	<b>1,320</b>
Housing Benefit Subsidy	150	0	<b>150</b>
Insurance and Risk Management	37	0	<b>37</b>
In Borough Regeneration	1,931	1,569	<b>3,500</b>
<b>Total Mitigation Reserves</b>	<b>4,296</b>	<b>1,911</b>	<b>6,207</b>
<b>Service Reserves</b>			
ICT Investment	0	0	<b>0</b>
Community Alarms	0	0	<b>0</b>
Asset Management	164	0	<b>164</b>
Electoral Registration	43	14	<b>57</b>
Economic Development	300	0	<b>300</b>
Brentwood Community Fund	0	0	<b>0</b>
High Street Fund	200	0	<b>200</b>
Environmental Initiatives	200	(18)	<b>182</b>
Planning Enforcement	180	(119)	<b>61</b>
Service Investment and Initiatives	200	0	<b>200</b>
Legal Resource	100	0	<b>100</b>
Leisure Contingency	72	0	<b>72</b>
LGV Driver Training	10	0	<b>10</b>
Parking Strategy/MSCP Clean	0	0	<b>0</b>
Digital, Customer & Comms	134	0	<b>134</b>
Planning Development	227	(227)	<b>0</b>
Election Costs	0	0	<b>0</b>
Rochford Partnership	300	(111)	<b>189</b>
Other Licences	3	2	<b>5</b>
Corporate Training	18	28	<b>46</b>
Apprentice Incentive	8	1	<b>9</b>
Street Scene Initiatives Creation	200	0	<b>200</b>
Staff Achievement & Recognition	3	0	<b>3</b>
<b>Total Service Reserves</b>	<b>2,362</b>	<b>(430)</b>	<b>1,932</b>

	Balance at 1 April 2022	Movement	Balance at 31 March 2023
<b>Specific Reserves</b>			
Waste Management	0	0	0
Dunton Hills Development	0	0	0
Nightingale Maintenance	292	(12)	280
Planning Delivery Grant	0	0	0
Preventing Homelessness	100	0	100
EU Exit Grant	0	0	0
Brentwood Community Hospital	40	0	40
Community Rights	38	0	38
Health and Wellbeing	103	6	109
Neighbourhood Plan	26	3	29
Land at Hanover House	10	0	10
Willowbrook Rosen Crescent	7	0	7
Play Area Grant	0	0	0
Open Data Funding to LA's	1	0	1
New corporate priorities	0	250	250
CEV funding	0	27	27
Domestic Abuse funding	0	69	69
<b>Total Specific Reserves</b>	<b>617</b>	<b>343</b>	<b>960</b>
<b>COVID-19 Specific Reserves</b>			
ECC - Night Time Economy Grant	0	0	0
New Burdens for SBSG	130	(130)	0
New Burdens LADGF (covid-19)	226	(226)	0
Test and Trace Admin	64	(64)	0
New burdens CT Hardship Fund and BRR	20	(20)	0
Tax Income Guarantee Scheme	440	(440)	0
COVID 19 Volatility	412	(412)	0
NDR Collection Fund Deficit	3,937	(3,564)	373
COVID-19 Support Grant	0	0	0
Council Tax Hardship Fund	26	(26)	0
Additional Restrictions Grant	24	(24)	0
New Burden funding post payment assurance	131	(131)	0
<b>Total COVID-19 Specific Reserves</b>	<b>5,410</b>	<b>(5,037)</b>	<b>373</b>
<b>Total General Fund Reserves</b>	<b>12,685</b>	<b>(3,213)</b>	<b>9,472</b>

\*Closing balance is subject to approval of Audited Financial Statements 2022/23

## Earmarked Reserve Detail

### Mitigation Reserves

- **Funding Volatility** - Fund to mitigate the uncertainty and financial risks regarding the Government Funding
- **Housing Benefit Subsidy Smoothing** - To support the funding of subsidy claims
- **Insurance and Risk Management** – To support and mitigate high risks identified through the risk register.
- **In Borough Regeneration** – Specifically set aside to mitigate future financing risk on redevelopment of Town Centre project.
- **Inflation & Financing Mitigation** – Funds to support the uncertainty of the Council's short-term finances regarding the current cost of living crisis.

### Service Reserves

- **ICT Investment** - To fund investment in the Council's ICT structure.
- **Community Alarms** - To fund the expansion of the community alarm service and the upgrading of the equipment.
- **Asset Management** - To fund the costs of developing and implementing the Council's asset management programme.
- **Electoral Registration** - To fund future changes to registration, and the implementation of the Canvass Reform 2020
- **Economic Development** - To fund the development of the Council's Economic Development Strategy
- **Brentwood Community Fund** - To fund agreed community projects.
- **High Street Fund** - To aid corporate objectives for growing the economy in town and village centres
- **Environmental Initiatives** - To develop environmental initiatives that will reduce the Council's carbon footprint.
- **Planning Enforcement** - To aid the dealing with unauthorised incursions and related enforcement work
- **Service Investment and Initiatives** - To mitigate one off costs for any identified service investments or initiatives in year
- **Legal Resources** - To fund the cost of unexpected legal case work
- **Leisure Contingency** - To support the interim direct management by the Council of the Brentwood Leisure
- **LGV Driver Training** - To fund mandatory CPC training for LGV drivers
- **Parking Strategy/MSCP Clean** - To fund specialised cleansing in the Multi Storey Car Park and costs associated with the Parking Strategy
- **Digital, Customer & Comms** - To fund schemes such as customer service accreditation and development of social media engagement
- **Planning Development** - To fund ongoing costs associated with dealing with planning applications
- **Election Costs** - To fund election services costs
- **Rochford Partnership** - To fund the development of the partnership
- **Other Licences** - Pavement licence grant to be utilised during 2022/23



- **Corporate Training** - To fund investment in staff training and development
- **Apprenticeship Investment Programme** - To maintain a rolling programme of apprenticeships at the Council.
- **Street Scene Initiatives Creation** - To fund development of one-off initiatives within Street Scene service area.
- **Staff Achievement & Recognition** - To recognise and celebrate staff achievements

### Specific Reserves

- **Waste Management** - To fund the development of waste management within the Borough.
- **Dunton Hills Development** - To fund planning costs associated with the Dunton Hills Garden Village Development.
- **Nightingale Maintenance** - To meet the cost of grounds maintenance at the new housing development at this site.
- **Planning Delivery Grant** - To fund work associated with the Local Development Plan.
- **Preventing Homelessness** - To fund prevention initiatives and new costs associated with the Homelessness Reduction Act 2018.
- **EU Exit Grant** - To fund preparations required of the Council when the UK exits the EU.
- **Brentwood Community Hospital** - To fund grounds maintenance of the former hospital site.
- **Willowbrook Rosen Crescent** - To fund the cost of hedge maintenance at this location.
- **Community Rights** - To fund costs associated with Community Rights to Buy and Assets of Community Value
- **Play Area Grant** - Park improvement funding, earmarked specifically to contribute to the Council's play area strategy
- **Health and Wellbeing** - To fund projects as determined by the Brentwood Health & Wellbeing Board.
- **Neighbourhood Plan** - To fund future costs associated with the with Doddinghurst and West Horndon Neighbourhood Plans.
- **Land at Hanover House** - To fund public open space improvements at land at Hanover House.
- **Leisure Strategy** - To fund the Council's Leisure Service review.
- **Open Data Funding to LA's** - To support additional work for DCA authorities in handling queries related to open UPRN/USRN data.
- **Corporate priorities** - To fund emerging new schemes
- **CEV funding** - To support the extremely vulnerable
- **Domestic Abuse fund** - To support initiatives to reduce domestic abuse

## COVID-19 Reserves

- **ECC – Night time Economy Grant** - To support licensed premises during the easing of the lockdown restrictions
- **New Burdens for SBSG** - To fund the administration of COVID 19 discretionary grants to support small businesses
- **New Burdens LADGF (covid-19)** - To fund COVID 19 local authority discretionary grants
- **Test and Trace Admin** - To fund the administration of the Test and Trace programme
- **New burdens CT Hardship Fund and BRR** - To fund the administration of delivering Council Tax and Business Rates relief.
- **Tax Income Guarantee (TIG) Scheme** - To carry TIG received in 2022/23 to offset the future year deficits on the Collection Fund
- **COVID 19 Volatility** - To mitigate any financial pressures on services caused by the COVID-19 pandemic.
- **NDR Collection Fund Deficit** - To carry forward S31 Grant received in 2022/23 to offset the deficit carried forward on the NDR Collection Fund due to the extended Retail Relief Scheme in 2022/23
- **COVID-19 Support Grant** - To assist local authorities deal with the financial pressures caused by the COVID-19 pandemic
- **Council Tax Hardship Fund** - To fund Council Tax reliefs for Council Tax payers financial Hardship Grant
- **Additional Restrictions Grant** - To hold grants funding that may need to be repaid to Government
- **New Burden post payment assurance** - To fund the reconciliation required by Government regarding all administered grants.

## General Fund Subjective Variances

Detailed in the table below is a summary overall variance per subjective across General fund.

Subjective	Budget	Outturn	Variance	Comments
	£'000s	£'000s	£'000s	
Employee Related Expenditure	11,954	11,484	(470)	Overachieved on vacancy factor – lot of vacancies within departments
Premises Related Expenditure	2,151	2,435	284	Increases in energy bills and materials and labour for R&M
Transport Related Expenditure	861	999	138	Inflationary pressures
Supplies & Services	4,757	5,077	320	Inflationary pressures
Third Party Payments	2,623	2,792	169	Inflationary pressures
Transfer Payments	99	79	(20)	
Rent Allowances	4,771	4,771	0	
Rent Rebates	3,767	3,767	0	
Appropriations	(362)	(512)	(150)	
Housing benefit subsidy	(8,765)	(8,665)	100	
Government Grants	(660)	(843)	(183)	
Other Grants & Reimbursements	(2,766)	(3,450)	(684)	Recharges to RDC were greater than budgeted. Costs would be included in expenditure above i.e. staffing
Customer & Client Receipts	(10,447)	(10,821)	(374)	Rental and parking income returned more than budgeted
Recharges - Internal Income	(2,034)	(1,995)	39	
GF Debt Impairments	39	(92)	(131)	Our bad debt provision improved.
Interest Payable	2,958	2,948	(10)	
Interest Receivable	(2,402)	(2,730)	(328)	High interest rates have meant a greater return on our surplus case
Investment Properties	(354)	(558)	(204)	
Pension Fund	1,138	1,037	(101)	
MRP	1,286	1,246	(40)	
Duchess Of Kent Reserve	(12)	(12)	0	
In Borough Regeneration	878	1,569	691	Income from strategic assets was greater and therefore able to put into reserve.
Financing Volatility	0	328	328	Extra income from interest receivable
Brentwood Centre	0	0	0	
Funding Volatility Reserve	(331)	56	387	Absorbed pay award within service budgets, remaining was from accumulated savings
New Corporate Priorities	0	250	250	New reserve set up to fund new corporate priorities. Funding for in year underspends
Council Tax	(6,589)	(6,589)	0	
New Homes Bonus	(715)	(713)	2	
Other Non-Specific Grants	(188)	(323)	(135)	
Business Rates Retention	(1,535)	(1,535)	0	
<b>Total</b>	<b>122</b>	<b>0</b>	<b>(122)</b>	

Detailed in the tables below are the cost centre variances for each area under each corporate strategy heading. This is to highlight the variances and costs associated in delivering the Corporate Strategy. Adjustments between earmarked reserves have been presented to show the impact of utilising reserves this financial year.

Corporate priority/Cost centre	Budget	Outturn	Variance	Reason for variance
	£'000s	£'000s	£'000s	
<b>Total</b>	<b>121</b>	<b>0</b>	<b>(121)</b>	
<b>Delivering an Efficient &amp; effective council</b>	<b>5,455</b>	<b>5,691</b>	<b>236</b>	
Business Transformation	141	84	(57)	Vacancies
Commercial Activity	(200)	0	200	Savings target not delivered
Communications	80	95	15	
Corporate Finance	632	596	(36)	Vacancies
Corporate Fraud	(25)	(18)	7	
Corporate Health & Safety	(10)	(14)	(4)	
Corporate Leadership Team	701	750	49	Redundancy payments
Corporate Management	42	188	146	Inflationary pressures and insurance premiums
Corporate Support	220	226	6	
Council Tax & NNDR	205	114	(91)	Reimbursement from Basildon for Grant
Customer & Performance	319	311	(8)	
Democratic Services & Support	320	314	(6)	
Design And Print Services	57	47	(10)	
Digital Servs & Transformation	1,141	1,232	91	Server & licenses cost increased.
Electoral Services	327	298	(29)	
Emergency Planning	1	11	10	
Hsg Benefit & C.Tax Support	49	175	126	
Human Resources	357	301	(56)	PM Support only used part year.
Internal Audit	90	95	5	
Legal Services & Data Protect	375	231	(144)	Vacancies
Office Accommodation	156	194	38	
Payroll	37	40	3	
Procurement	21	19	(2)	
Revs & Bens Customer Support	419	402	(17)	

Corporate priority/Cost centre	Budget	Outturn	Variance	Reason for variance
	£'000s	£'000s	£'000s	
<b>Developing Our Communities</b>	<b>1,160</b>	<b>1,078</b>	<b>(82)</b>	
Communities, Health & Leisure	678	578	(100)	40k contribution from AXIS & SAIL & savings on events
Community Safety	167	144	(23)	
Golf Course	(71)	(92)	(21)	
Health & Food Safety	223	202	(21)	
Open Spaces	163	246	83	Inflationary pressures
<b>Growing Our Economy</b>	<b>1,157</b>	<b>903</b>	<b>(254)</b>	
Asset Development	0	0	0	
Economic Development	190	122	(68)	
Land Charges	(28)	1	29	
Planning Development Management	300	300	0	
Planning Policy Total	695	480	(215)	Saving on project support
<b>Improving Housing</b>	<b>184</b>	<b>108</b>	<b>(76)</b>	
Community Alarms	18	28	10	
Homelessness	173	96	(77)	Grant larger than budgeted
Housing Advice & Enabling	53	45	(8)	
Housing General Fund Properties	(55)	(56)	(1)	
Housing Standards	(5)	(5)	0	

Corporate priority/Cost centre	Budget	Outturn	Variance	Reason for variance
	£'000s	£'000s	£'000s	
<b>Protecting Our Environment</b>	<b>(2,008)</b>	<b>(2,679)</b>	<b>(671)</b>	
Asset Management	(3,841)	(4,174)	(333)	Greater rental income
Building Control	78	97	19	
CCTV	126	163	37	
Cemeteries	31	(37)	(68)	Vacancies and generated more income than budgeted
Countryside Recreation	45	78	33	
Depot Management & Admin	640	828	188	Energy bills for depot
Dog Control	8	8	0	
Env Health & Licensing Admin	105	102	(3)	
Env Health Team & Support	266	194	(72)	Vacancies
Env Pro. Noise & Pollution	4	6	2	
Environmental Initiatives	38	64	26	
Environmental Maintenance	(58)	(58)	0	
Grounds Maintenance	458	323	(135)	Vacancies
Licensing	(11)	(7)	4	
Parking	(753)	(916)	(163)	Greater parking income
Street Services	558	446	(112)	Vacancies and higher income for recycling credits
Traveller And Caravan Sites	8	8	0	
Vehicle Fleet Management	751	936	185	Inflationary pressures such as fuel & repairs
Waste Management	(461)	(740)	(279)	Vacancies and income for hire charges
<b>Non-service expenditure</b>	<b>2,665</b>	<b>1,868</b>	<b>(797)</b>	
GF Debt Impairments	39	(92)	(131)	Bad debt provision improved
Interest Payable	2,958	2,948	(10)	
Interest Receivable	(2,402)	(2,730)	(328)	High interest rates have meant a greater return on our surplus case
Investment Properties	(354)	(558)	(204)	
Pension Fund	1,138	1,037	(101)	
MRP	1,286	1,246	(40)	Slippage on cap programme
Other operating expenditure	0	17	(40)	

Corporate priority/Cost centre	Budget	Outturn	Variance	Reason for variance
	£'000s	£'000s	£'000s	
<b>Appropriations</b>	535	2,191	1,656	
Duchess Of Kent Reserve	(12)	(12)	0	
In Borough Regeneration	878	1,569	691	Income from strategic assets was greater and therefore able to put into reserve.
Financing Volatility	0	328	328	Extra income from interest receivable
Brentwood Centre	0	0	0	
Funding Volatility Reserve	(331)	56	387	Absorbed pay award within service budgets, remaining was from accumulated savings
New Corporate Priorities	0	250	250	New reserve set up to fund new corporate priorities. Funding for in year underspends
<b>Funding</b>	<b>(9,027)</b>	<b>(9,160)</b>	<b>(133)</b>	
Council Tax	(6,589)	(6,589)	0	
New Homes Bonus	(715)	(713)	2	
Other Non-Specific Grants	(188)	(323)	(135)	
Business Rates Retention	(1,535)	(1,535)	0	



## Housing Revenue Account

The net expenditure for the year was a surplus of £390k increasing the HRA working balance to? The table below summarises the HRA outturn position for the year:

	Budget £'000	Outturn £'000	Variance £'000
Repairs & Maintenance	3,314	3,235	(79)
Supervision & Management	4,705	4,113	(592)
Rents Rates Taxes & Other Charges	171	161	(10)
Depreciation (major repairs reserve)	2,941	3,250	309
Corporate & Democratic Core	347	377	30
<b>Total Expenditure</b>	<b>11,478</b>	<b>11,136</b>	<b>(342)</b>
Dwelling Rent	(12,396)	(12,487)	(91)
Non-Dwelling Rent	(327)	(253)	74
Charges for Services & Facilities	(937)	(954)	(17)
Contributions to Expenditure	(3)	(115)	(112)
<b>Total Income</b>	<b>(13,663)</b>	<b>(13,809)</b>	<b>(146)</b>
<b>Net Cost of Services</b>	<b>(2,185)</b>	<b>(2,673)</b>	<b>(488)</b>
Bad Debt Provision	60	146	86
Interest Payable	2,071	1,908	(163)
Pension Contributions	185	276	91
Investment Income	(94)	(47)	47
Contribution (from)/to reserves	(72)	0	72
<b>Total Non-Service Expenditure</b>	<b>2,150</b>	<b>2,283</b>	<b>133</b>
<b>Deficit/(Surplus)</b>	<b>(35)</b>	<b>(390)</b>	<b>(355)</b>
<b>Working Balance bfwd</b>	<b>1,921</b>	<b>1,921</b>	<b>0</b>
<b>Working Balance cfwd</b>	<b>1,956</b>	<b>2,311</b>	<b>355</b>

## HRA subjective variance analysis.

Subjective	Budget	Outturn	Variance	Reason for variance
	£'000s	£'000s	£'000s	
Employee Related Expenditure	1,561	1,401	(161)	Vacancies in Supervision and Management
Premises Related Expenditure	3,648	3,710	62	Increased energy bills
Transport Related Expenditure	12	11	(1)	
Supplies & Services	1,173	655	(517)	Savings on professional fees,
Third Party Payments	176	188	11	
Support Services	1,964	1,895	(69)	Saving on GF recharge
Capital Financing Costs	2,941	3,250	309	Depreciation charge greater than budgeted
Government Grants	0	(9)	(9)	
Other Grants & reimbursements	(9)	(127)	(118)	Insurance claims recovered greater than budgeted
Client Receipts	(13,651)	(13,616)	34	
Recharges - Internal Income	0	(31)	(31)	
Bad Debt Provision	60	146	86	
Interest Payable	2,071	1,908	(163)	Capital programme slipped, so not as much borrowing.
Pension Contributions	185	276	91	
Investment Income	(94)	(47)	47	
Contribution (from)/to reserves	(72)	0	72	
<b>Total</b>	<b>(35)</b>	<b>(390)</b>	<b>(357)</b>	



**BRENTWOOD  
BOROUGH COUNCIL**

Brentwood Borough Council  
Capital Outturn 2022/23

## Capital Programme Outturn

	2022/23 Budget	2022/23 Outturn	Variance
	£'000	£'000	£'000
<b><u>Protecting Our Environment</u></b>			
Vehicle Fleet Management	2,154	832	(1,322)
Solar Smart Bins	12	0	(12)
Open Spaces - Site security	25	16	(9)
Open Spaces Infrastructure	132	109	(23)
Low Emissions Infrastructure	138	0	(138)
Cemetery Infrastructure	44	12	(32)
Cemetery Headstones	8	0	(8)
<b>Total Protecting Our Environment</b>	<b>2,513</b>	<b>969</b>	<b>(1,544)</b>
<b><u>Developing Our Communities</u></b>			
Play Area Refurbishment	300	56	(244)
King George's Pavilion Redevelopment	708	645	(63)
Football Hub Development	4,232	13	(4,219)
Community Halls	98	0	(98)
Brentwood Leisure Centre	250	159	(91)
<b>Total Developing Our Communities</b>	<b>5,588</b>	<b>873</b>	<b>(4,715)</b>
<b><u>Improving Housing</u></b>			
Home Repair Assistance Grant	5	0	(5)
Disabled Facilities Grant	250	192	(58)
HRA Decent Home Programme	12,158	7,990	(4,168)
Strategic Housing Delivery Programme	12,372	3,610	(8,762)
<b>Total Improving Housing</b>	<b>24,785</b>	<b>11,792</b>	<b>(12,993)</b>
<b><u>Delivering An Effective And Efficient Council</u></b>			
Asset Management Strategy	323	316	(7)
Asset Compliance	250	165	(85)
E-Financial	51	0	(51)
Ict Strategy	100	24	(76)
Ict Hardware	220	163	(57)
Software Infrastructure	47	19	(28)
<b>Total Delivering an Effective and Efficient Council</b>	<b>991</b>	<b>687</b>	<b>(304)</b>

	2022/23 Budget	2022/23 Outturn	Variance
	£'000	£'000	£'000
<b>Growing Our Economy</b>			
Asset Development	105	2	(103)
Strategic Property Acquisitions	4,650	0	(4,650)
S106 114-122 Kings Road	0	31	31
S106 Mountnessing Scrap Yard	0	24	24
S106 North Road Play Area	0	17	17
S106 16 Westwood Avenue	0	20	20
S106 Ford Motor Co. Eagle way	0	4	4
Car Park Improvements	320	24	(296)
Regeneration Fund	20,000	0	(20,000)
<b>Total Growing our Economy</b>	<b>25,075</b>	<b>122</b>	<b>(24,953)</b>
<b>Total Capital Programme</b>	<b>58,952</b>	<b>14,443</b>	<b>(44,509)</b>

Capital Programme for 2022/23 has been financed by the following:

	Budget £'000	Actual £'000	Variance £'000
Total General Capital Programme	34,312	2,842	(31,470)
Total HRA Capital Programme	24,640	11,601	(13,039)
<b>Total Capital Programme</b>	<b>58,952</b>	<b>14,443</b>	<b>(44,509)</b>
Funded By:			
General Fund Capital Receipts	349	349	0
Capital grants	250	288	38
Borrowing	33,713	2,205	(31,508)
<b>Total General Fund Capital Funding</b>	<b>34,312</b>	<b>2,842</b>	<b>(31,470)</b>
HRA Capital Receipts	4,500	1,444	(3,056)
Major Repairs Reserve	3,564	7,991	4,427
HRA Borrowing	16,576	2,166	(14,410)
<b>Total HRA Capital Funding</b>	<b>24,640</b>	<b>11,601</b>	<b>(13,039)</b>

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## AUDIT & SCRUTINY COMMITTEE

11 July 2023

<b>REPORT TITLE:</b>	2022/23 Treasury Management Annual Report
<b>REPORT OF:</b>	Tim Willis, Interim Resources Director

### REPORT SUMMARY

This report provides a summary of treasury management activity during 2022/23.

### RECOMMENDATIONS

**That the Committee approves the actual 2022/23 prudential and treasury indicators in this report (paragraphs 3.4 to 3.13) and notes the annual treasury management report for 2022/23.**

### SUPPORTING INFORMATION

#### 1.0 REASONS FOR RECOMMENDATIONS

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 None.

#### 3.0 BACKGROUND INFORMATION

##### Summary of treasury activity

3.1 Borrowing activity was modest during 2022/23, being limited to the refinancing of maturing short-term borrowing with new short-term borrowing. No long-term borrowing, to

refinance maturing borrowing or to finance new capital expenditure, was undertaken during the year. This was due to a combination of slippage in the capital programme and the increase in interest rates during the year. Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%, as the Bank of England has attempted to bring stubborn inflationary pressures under control.

3.2 The Council benefited during the year in the significant increase in interest rates on investments. In April 2022 the rate for overnight investments was around 0.55% and at the end of the year the equivalent rate was around 4%. Interest earnings were £335k compared to the target income of £50k. The average level of investments during the year was approximately £16m, which equates to average interest earning of 2.11%.

3.3 All treasury activity during the year was in compliance with the CIPFA Prudential Code and statutory investment guidance and with the Council's Treasury Management Strategy.

#### Prudential and Treasury Indicators

3.4 The following tables set out the Prudential and Treasury Indicators for 2022/23. They show the outturn position for the year, compared to the outturn position for the previous year and the revised estimate for 2022/23.

#### Capital expenditure and financing.

3.5 The first two tables show the capital expenditure for 2022/23 and how this was financed.

	2021/22 outturn £000	2022/23 Revised Estimate £000	2022/23 outturn £000
General Fund	9,114	4,428	2,842
HRA	6,276	14,501	11,601
<b>Total expenditure</b>	<b>15,390</b>	<b>18,929</b>	<b>14,443</b>

	2021/22 outturn £000	2022/23 Revised Estimate £000	2022/23 outturn £000
Capital receipts	(1,214)	(1,453)	(1,793)
Capital grants & contributions	(437)	(503)	(288)
Major repairs reserve	(4,430)	(8,095)	(7,991)
Borrowing	(9,309)	(8,878)	(4,371)
<b>Total</b>	<b>(15,390)</b>	<b>(18,929)</b>	<b>(14,443)</b>



3.6 More details of the capital outturn, including the reason for slippage on some schemes, is contained in the 2022/23 outturn report elsewhere on this agenda and also presented to Finance, Assets, Investments & Recovery Committee on 12<sup>th</sup> July 2023.

#### Capital Financing Requirement (CFR)

3.6 The CFR is the Council's underlying need to borrow to finance capital expenditure. The CFR is shown in the following table:

	2021/22 outturn £000	2022/23 Estimate £000	2022/23 outturn £000
<b>Total CFR</b>	<b>248,642</b>	<b>256,116</b>	<b>251,767</b>
<b>Increase in CFR</b>			<b>3,125</b>

3.7 The increase in CFR represents the new borrowing of £4.371m used to finance the 2022/23 capital programme, less funds set aside via the minimum revenue provision system to finance the repayment for borrowing in future years.

3.8 To ensure that borrowing levels are prudent over the medium term, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. The following table demonstrates that the Council has complied with this prudential indicator as the gross borrowing position is lower than the CFR.

	2021/22 outturn £000	2022/23 Estimate £000	2022/23 outturn £000
<b>Total CFR</b>	<b>248,642</b>	<b>256,116</b>	<b>251,767</b>
Gross borrowing position	228,019	225,188	226,196
<b>Under funding of CFR</b>	<b>20,623</b>	<b>30,928</b>	<b>25,571</b>

#### Borrowing limits

3.8 The operational boundary is the level above which borrowing is not expected to rise (occasions where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached).

3.9 The authorised limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003. This represents a limit beyond which external debt is prohibited.

3.10 The table below demonstrates that during 2022/23 the Council maintained gross borrowing within this limit

	2021/22 outturn £000	2022/23 Estimate £000	2022/23 outturn £000
Gross debt	228,019	225,188	226,196
Operational Boundary	245,000	260,000	260,000
Authorised Limit	293,000	330,000	330,000

#### Maturity Structure of the borrowing portfolio

3.11 The following table sets out the maturity structure of the Council's borrowing portfolio. The table also show the target upper limits for borrowings as a proportion of total borrowing. The Council sets these targets in order to minimise its exposure to large amounts of borrowing needing to be refinanced in the same year, potentially at higher interest rates.

	31 March 2022 £000	Proportion of total borrowing	Target upper limit	31 March 2023 £000	Proportion of total borrowing	Target upper limit
> 1 year	36,000	16%	50%	34,000	15%	50%
2 to 5 years	10,000	4%	50%	10,400	5%	50%
6 to 10 years	17,400	8%	50%	32,000	14%	50%
Over 10 years	164,796	72%	100%	149,796	66%	100%
<b>Total</b>	<b>228,196</b>	<b>100%</b>		<b>226,196</b>	<b>100%</b>	

3.12 The Council avoids exposure to changes in variable interest rates by arranging all of its borrowings at fixed interest rates.

3.13 The borrowing under one year at 31 March 2023 was all from other local authorities, and all of the borrowing over one year was from the PWLB. The average interest rate on borrowing under one year was 0.85% and on borrowing over one year was 2.37%

#### Investments

3.14 All investments during the year were fixed term deposits for under one year with the Debt Management Agency Deposit Facility, other local authorities and banks and building societies with high credit ratings. This approach mitigated credit risk.

3.14 Credit risk was mitigated during 2022/23 by restricting investments to short term investments and short-term deposits with the Debt Management Agency Deposit Facility, other local authorities and banks and building societies with high credit ratings.

3.15 The following table shows the Council's investment portfolio as at 31 March 2023 by sector

	Amount	Interest rate
Local authorities	£1,000,000	2.150%
DMADF	£5,000,000	4.050%
Banks	£1,000,000	4.220%
<b>Total</b>	<b>£7,000,000</b>	

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 This is a financial report and all the financial implications are contained therein

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

#### **5.0 LEGAL IMPLICATIONS**

5.1 None.

**Name & Title: Claire Mayhew, Monitoring Officer**  
**Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk**

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 None.

#### **7.0 RELEVANT RISKS**

7.1 TBA

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 None.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 None.

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**

**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 None.

**Name & Title: Phil Drane, Director - Place**

**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

**REPORT AUTHOR:**

**Name:** Tim Willis  
**Title:** Interim Resources Director and S151 Officer  
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**APPENDICES**

None.

**BACKGROUND PAPERS**

None.



## AUDIT & SCRUTINY COMMITTEE

11 July 2023

<b>REPORT TITLE:</b>	Risk Management Update
<b>REPORT OF:</b>	Tim Willis, Interim Resources Director

### REPORT SUMMARY

This report updates the Audit & Scrutiny Committee on the status of the Council's 2023/24 Strategic Risk Register.

The number of very high risks has reduced to one since the last report to the committee, the one remaining relates to Cyber Threat. The risk that has reduced slightly relates to the General Fund Budget.

There is one new risk this quarter regarding the partnership between Brentwood Borough Council and Rochford District Council.

### RECOMMENDATIONS

That the Committee notes the report.

### SUPPORTING INFORMATION

#### 1.0 REASONS FOR RECOMMENDATIONS

1.1 Effective risk management arrangements help enable the Council to achieve its corporate priorities. Risk management is the process by which officers assess the likelihood and impact of differing risks and take proportionate action/make decisions to reduce the likelihood of the risk occurring, as well as to reduce the adverse impact if it occurs. Members are asked to review and note the strategic risks and accompanying risk register.

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 None.

#### 3.0 BACKGROUND INFORMATION

3.1 A risk management report and register is considered quarterly by the Corporate Leadership Team, to ensure that strategic risks are updated to reflect ongoing changes to the internal and external environment. In addition to this, the Risk & Insurance Manager liaises with service heads on an ongoing basis to maintain active management of risks, including strategic, operational, contract and project risks.

3.2 Appendix A sets out the strategic risks, each of which is the responsibility of a risk owner. Each risk is scored (out of five) for both likelihood and impact, with a combined score arrived at by multiplying one by the other. Guidance on scoring is set out in the risk ranking table in Appendix B.

3.3 Each quarterly risk report will highlight and explain the very high risks, any changes to risk scores and any new risks or risks that have been removed from the strategic risk register. Even if a risk is not included in the strategic risk register, it does not mean that it is not being managed – only that it does not require the intervention of CLT to help manage it. The last report to Audit & Scrutiny Committee was on 7 March 2023.

3.4 Very high risks

- Risk 13 (Cyber Threat). A recent extensive cyber audit provided moderate assurance. An action plan has now been put in place to address and reduce the risk.

3.5 Change to risk scores

- Risk 7 (General Fund Budget). This risk has been reduced slightly as the draft 2022/23 accounts show a small underspend and protection of working balances. The Medium Term Financial Strategy currently shows a balanced budget position.

3.6 New/removed risks

- Risk 15 (Partnership between Brentwood Borough Council & Rochford does not deliver the benefits originally envisaged). Measures in place to mitigate this risk include a governance structure that facilitates review through Check and Challenge meetings, ensuring delivery through the Project Team and provides oversight through the Programme Board. All Directors and Service Managers have embedded roles within the programme, with clear objectives.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 None arising specifically from this report, but some risks include financial risks and some control measures identified in the risk register could have financial implications.

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

#### **5.0 LEGAL IMPLICATIONS**

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

**Name & Title: Claire Mayhew, Monitoring Officer**  
**Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk**

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 None.

## **7.0 RELEVANT RISKS**

7.1 The report itself is in relation to strategic risks.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 None.

## **9.0 EQUALITY IMPLICATIONS**

9.1 None.

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**

**Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk**

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 Economic implications are contained within the report and identified in risk registers.

**Name & Title: Phil Drane, Director - Place**

**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

<b>REPORT AUTHOR:</b>	<b>Name:</b>	<b>Tim Willis</b>
	<b>Title:</b>	<b>Interim Resources Director and S151 Officer</b>
	<b>Phone:</b>	<b>01277 312500</b>
	<b>Email:</b>	<b>tim.willis@brentwood.rochford.gov.uk</b>

## **APPENDICES**

Appendix A: Strategic Risk Register

Appendix B: Risk ranking table

## **BACKGROUND PAPERS**

Insurance and Risk Management Strategy





## APPENDIX A: BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER

Risk No.	Risk Owner	Corporate Objective	Risk
Risk 1	Director (Place)	<p><b>Growing our Economy:</b>  <b>A thriving borough that welcomes a wealth of business and culture</b></p>	<p>Failure to adopt a Local Plan in line with national policy due to a lack of local planning policies to plan and manage development will result in planning applications being judge solely against national policy "in favour of sustainable development" and/or unplanned development</p>
Risk 2	Director (Environment)	<p><b>Protecting our Environment:</b>  <b>Developing a clean and green environment for everyone to enjoy</b></p>	<p>Failure to develop an Environment Strategy and action plan due to lack of engagement with communities and businesses and non delivery of our plans for waste management services will result in the Council actively contributing to climate decline</p>

Risk 3	Director (Communities & Health)	<p><b>Developing our Communities: Safe and strong communities where residents live happy, healthy and independent lives</b></p>	<p>Failure to delivery a clear Leisure Strategy for the future of leisure facilities in Brentwood due to an inability to identify risk and liabilities for Brentwood Centre, Community Halls and Hartswood Golf Course, Play Areas and recommend options for the future. Resulting in reduced leisure provision within the Borough and health and well being of residents affected. Financial failure of the leisure facilities provided causing issues with the overall budget.</p>
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Risk 4	Director (Housing)	<p><b>Improving Housing: Access to a range of decent homes that meet local needs</b></p>	<p>Failure to deliver the Council's Strategic Housing Development Plan due to resources not adequately in place to deliver the Plan, resulting in fewer new homes being built within the borough</p>
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Risk 5	Strategic Director	<p><b>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</b></p>	<p>Lack of Strategic Direction due to no strategic direction provided by senior officers resulting in projects and programmes not delivered</p>
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<p>Risk 6</p>	<p>Strategic Director</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>Failure to deliver objectives within the Corporate Strategy due to non delivery of projects as set out in the Corporate Plan resulting community benefits not delivered</p>
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<p>Risk 7</p>	<p>Director (Resources)</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>General Fund budget forecasts could fall below the minimum level of reserves due to finances not being adequately managed, resulting in the Council being unable to deliver statutory services</p>
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<p>Risk 8</p>	<p>Director (Communities &amp; Health)</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>We will be unable to react to a major incident leading to a breach of our statutory duties under the Civil Contingencies Act if we don't have in place adequate plans and procedures, understood, tested and reviewed, resulting in ineffective response to an incident leading to greater inconvenience and hardship and a longer timescale for return to normal</p>
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Risk 9	Strategic Director	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	Lack of capacity to effectively govern the organisation if recruitment processes are not effective and resources are not adequately in place resulting in a delay in delivery of business objectives and key projects not delivered
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Risk 10	Director (Assets & Investments)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	We may be unable to meet the income projections for the Council if the commercial income target from the Joint Venture and other activities are not achieved resulting in the Council unable to meet budget requirements, spending/service cutbacks and greater use of reserves
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Risk 11	Director (People & Governance)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	There is a risk of non-compliance with Data Protection legislation if we do not have good information governance strategies and controls in place, resulting in fines from the Information Commissioner's Office (ICO) and litigation challenges to decisions made
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<p>Risk 12</p>	<p>Director (Resources)</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>Risk of Contract/Partnership failure within the organisation as a result of contract and procurement management not in place, resulting in negative impact on Council finances and reduction in Community benefits-the Council may not be able to comply with its statutory, strategic or service delivery obligations.</p>
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<p>Risk 13</p>	<p>Director (Customer &amp; Data Insight)</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>There is a threat of loss of data or access to network due to cyber attack that may result in digital disruption with a loss of productivity and service provision to residents.</p>
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<p>Risk 14</p>	<p>Director (Resources)</p>	<p>Delivering an effective &amp; efficient Council: An ambitious and innovative Council that delivers quality services</p>	<p>Inflationary pressures due to the current economic climate, resulting in increased costs (putting additional pressure on the MTFS) and services could be disrupted</p>
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		services	
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Risk 15	Director (Policy & Delivery)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	Partnership with Rochford District Council does not deliver the benefits originally envisaged
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Risk Category	Controls and Mitigations	Pr Fe  L
<p>Reputation</p> <p>Legal/Compliance</p> <p>Effect on Project objectives</p>	<p>Meeting targets set out in the Local Plan timetable (Local Development Scheme, approved September 2019).</p> <p>Ongoing discussion with neighbouring Local Planning Authorities and key stakeholders (Duty to Cooperate).</p> <p>Partnership in Association of South Essex Local Authorities (ASELA).</p> <p>Preparation of Community Infrastructure Levy (CIL).</p> <p>Delivery of Dunton Hills Garden Village (DHGV).</p> <p>Retention of permanent staff and recruitment of temporary staff to meet short-term needs when required.</p> <p>Adopted Local Plan</p>	<p>1</p>
<p>Effects on Service</p> <p>Reputation</p>	<p>Strategy and action plan are in place.</p> <p>Introduction of new recycling scheme Environment Strategy &amp; Action Plan agreed by Council</p> <p>Co Wheel Scheme implemented.</p> <p>Electric charging pilots implemented.</p> <p>New Climate &amp; Sustainability officer employed.</p> <p>Brentwood Environmental Business Alliance (BEBA) launched.</p>	<p>1</p>

Effects on Service	<p>Leisure Strategy reviewed and updated Feasibility/business plan in progress for King George's Playing Fields.</p> <p>Budget agreed for KGPF and 5-year Play Area Improvement programme</p> <p>Workstream established for transition of Brentwood Centre to Council.</p>	2
Reputation		
People		

Effects on Service	<p>Strategic Housing Delivery Plan 21-26 now developed to meet objectives within the Housing Strategy.</p> <p>Effective governance board in place. On course to deliver all homes in phase 1 as of May 23. HRA reviewed and has financial capacity to fund the current programme.</p>	1
Reputation		
Legal/Compliance		

Effects on Service	<p>Corporate Strategy</p> <p>Training and Development for Officers and Members.</p> <p>Code of Conduct.</p> <p>Consultation / surveys.</p> <p>Project and performance Management Framework.</p> <p>Business recovery plans in place and monitored with senior management &amp; members.</p>	2
Reputation		
Effect on Project objectives		



Effect on Project objectives	<p>PRED Committee appointed as Programme Board. Continued communication on Corporate Strategy within organisation.</p> <p>Ownership of delivery of projects identified at all levels within the Council.</p> <p>Business Plan is monitored by the Senior Leadership Team and the Leader regularly through project management techniques i.e RAG ratings</p>	2
Effects on Service		
Reputation		

Financial & Resources	<p>Medium Term Financial Strategic (MTFS) is undertaken on an annual basis, with monthly budget monitoring and quarterly reports to Committee.</p> <p>Meetings are in place to review and challenge budget managers as well as regular reporting to CLT and Committee.</p> <p>A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels.</p> <p>Risk Assessment of Minimum level of reserves is carried out yearly and monitored throughout the year.</p> <p>Draft 2022/23 accounts show a small underspend and protection of working balances.</p>	3
Reputation		

People	<p>All services areas have Business Continuity Plans in place.</p> <p>Support and ongoing embedding of Emergency Planning &amp; Business Continuity Plans within service departments</p> <p>Training to Extended leadership teams undertaken</p>	2
Effects on Service		
Reputation		

Effects on Service	<p>Monitor vacancy factor within Medium Term Financial Strategy (MTFS)</p> <p>Communications Protocol &amp; Strategy</p> <p>Workforce Strategy</p> <p>Regular meetings between senior members &amp; officers.</p> <p>Review options for alternative service delivery model</p> <p>Recruitment service brought in house</p> <p>Establishment Review Group between Finance &amp; HR</p>	1
Reputation		
Effect on Project objectives		

Financial & Resources	<p>Consultants have been engaged to advise and assist in delivery of projects</p> <p>Appropriate governance arrangements have been set up for the Council's Wholly owned company - Seven Arches Investment Ltd</p> <p>Progress reports to Committee. Robust business modeling and financial projections.</p> <p>Monthly SLT &amp; Leader meetings to monitor finances</p> <p>Financial Initiatives working group established</p>	2
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Legal/Compliance	<p>Information Governance Group set up to ensure that the Council has the correct controls in place to ensure good governance in all decision making</p> <p>Data Protection Policies</p> <p>Training</p> <p>Data Protection Officer in post</p>	2
Reputation		
Financial & Resources		

<p>Legal/Compliance</p>	<p>Service Level Agreements embedded within contract and penalties in place for non performance.  Regular reporting on contract performance.  Escalation and governance in place  Contract management diagnostic survey completed in 2021, recommending contract and relationship management training. Contract and Relationship Management training completed in May 2022, included risk management within contracts.  Procurement and contract manager meetings in place.  Procurement strategy been adopted by the Council.</p>	<p>2</p>
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<p>Effects on Service</p> <p>Financial &amp; Resources</p> <p>Reputation</p>	<p>We have a Managed Security Service that has been running for second year, part of this service uses a Security Operations Centre to monitor cyber threats. Immediate response plans are in place for critical threats, and regular investigation review are held, along with Account contract meetings.</p> <p>A suite of cyber security policies and procedures have been finalised, technical staff briefed and are available centrally on the service desk.</p> <p>Cyber security roadshows for staff and Members are still in preparation stage.</p> <p>Most recent extensive cyber audit provided moderate assurance.</p>	<p>3</p>
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<p>Financial &amp; Resources</p> <p>Effects on Service</p>	<p>The Medium Term Financial Strategy (MTFS) is undertaken on an annual basis, with monthly budget monitoring and quarterly reports to Committee. Meetings are in place to review and challenge budget managers as well as regular reporting to CLT and Committee.</p> <p>Whilst inflation continues to have an impact on</p>	<p>3</p>
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Effect on Project objectives	staffing costs, it has eased in respect of energy costs which have had a major effect on budgets.	
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Effect on Project objectives	<p>Embedded roles and objectives for all directors and service managers.</p> <p>Established support team to ensure the programme maintains momentum and achieves milestones.</p> <p>Key change champions across each organisation to provide support and guidance to service reviews.</p> <p>Feedback on process and progress regularly sort from those involved in order to refine and improve the process and work undertaken.</p> <p>A governance structure that facilitates review through Check and Challenge meetings, ensures delivery through the Project Team and provides oversight through the Programme Board.</p> <p>Allocated budget to support the work of the partnership to ensure it delivers against its objectives</p>	
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Out of 5 Previous Score February 2023		Out of 5 Current Score June 2023			Further Planned Actions
I	S	L	I	S	

5	MEDIUM	1	5	MEDIUM	Gathering evidence to inform local plan review, to inform stages of plan preparation within timeframes agreed in the council's Local Development Scheme (timetable).
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3	LOW	1	3	LOW	To implement the recommendations of the internal audit report -April 2023
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4	MEDIUM				
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4	MEDIUM	1	4	MEDIUM	
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2	LOW	2	2	LOW	
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2	LOW	2	2	LOW	
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5	VERY HIGH	2	5	HIGH	Continuing monitoring of budgets and reserves. The Medium Term Financial Strategy for 2024-27 will be formulated in the autumn for approval in February 2024.
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3	MEDIUM				
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4	MEDIUM	1	4	MEDIUM	
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5	HIGH	2	5	HIGH	There has been no movement in the risk since last reported. Officers continue to review the arrangement with the joint venture. The current income from all investment made is now within the base budget.
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3	MEDIUM	2	3	MEDIUM	
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4	MEDIUM	2	4	MEDIUM	
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5	VERY HIGH	3	5	VERY HIGH	<p>Continuing to work with partners to drive down the impact of any likely attack and improve recovery processes.</p> <p>Action plan in response to cyber audit recommendations is in place.</p>
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4	HIGH	3	4	HIGH	<p>Continued monitoring of the outcome of the 2023 pay award. Any additional burden on 2023/24 budgets may be mitigated by savings in non-staffing budgets. The next MTFS will incorporate these impacts, and inflation</p>
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					projections, over the next three years.
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		3	3	MEDIUM	Revised and updated programme of reviews to be proposed to Programme Board.
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# Appendix B

## Risk Ranking Table

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

<b>Likelihood</b>	(5) Definite/very high	<b>Low (5)</b>	<b>Medium (10)</b>	<b>High (15)</b>	<b>Very High (20)</b>	<b>Very High (25)</b>
	(4) Very likely	<b>Low (4)</b>	<b>Medium (8)</b>	<b>High (12)</b>	<b>Very High (16)</b>	<b>Very High (20)</b>
	(3) Likely	<b>Low (3)</b>	<b>Medium (6)</b>	<b>Medium (9)</b>	<b>High (12)</b>	<b>Very High (15)</b>
	(2) Unlikely	<b>Low (2)</b>	<b>Low (4)</b>	<b>Medium (6)</b>	<b>Medium (8)</b>	<b>High (10)</b>
	(1) Highly unlikely	<b>Low (1)</b>	<b>Low (2)</b>	<b>Low (3)</b>	<b>Medium (4)</b>	<b>Medium (5)</b>
		Negligible (1)	Minor (2)	Moderate (3)	Significant (4)	Major (5)
		<b>Impact</b>				

Likelihood x Impact = Risk Score

Level of Risk	Level of Concern	Recommended review pattern
<b>Very High 15-25</b>	Very concerned	1-2 months
<b>High Risk 10-15</b>	Concerned	2-3 months
<b>Medium Risk 4-10</b>	Quite Concerned Risk can be tolerated at this time	3-4 months
<b>Low Risk 1-5</b>	Not concerned Risk accepted at this time	4-6 months

Score	Likelihood	Description
1	Highly Unlikely/ rarely happens	5% likely to happen or hasn't happened within the last 5 years
2	Unlikely/moderate	20% likely to happen or has happened once or twice in the last 5 years
3	Likely/possible	50% likely to happen or has happened once or twice in the last 24 months
4	Very likely/high	75% likely to happen or has happened at least once or twice in the last 12 months
5	Definite/very high	99% likely to happen or has happened on a regular basis over the last 12 months

Score	Impact	Effect on Service	Financial & Resources	Reputation	Legal	People	Effect on project objectives
1	Negligible	<ul style="list-style-type: none"> <li>• Small impact on customer service which may result in complaints</li> <li>• Nuisance</li> </ul>	<ul style="list-style-type: none"> <li>• Small financial loss; less than £10K</li> <li>• Negligible property damage</li> </ul>	No adverse effect on perception	No legal implication	No injury	<ul style="list-style-type: none"> <li>• Minimal impact to project</li> <li>• Minor slippage</li> </ul>
2	Minor	<ul style="list-style-type: none"> <li>• Small setback</li> <li>• Disruptive impact on service</li> <li>• Localised disgruntlement</li> </ul>	<ul style="list-style-type: none"> <li>• Noticeable financial loss; £10-£100K</li> <li>• Slight damage to one property</li> </ul>	Minimal effect to perception (e.g. minor criticism of the Council)	Breach of statutory process, duty or law resulting in possibility of legal action	Minor Injury	<ul style="list-style-type: none"> <li>• Adverse effect to project.</li> <li>• Slippage requires review finances / short term programme</li> </ul>
3	Moderate	<ul style="list-style-type: none"> <li>• Widespread disgruntlement</li> <li>• Disrupted service delivery from one service area for up to 3 days</li> <li>• Can handle but with difficulty</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate financial loss £100-300K</li> <li>• Inability to deliver popular policies due to budgetary constrictions</li> <li>• Substantial damage to one part of a building</li> </ul>	Negative effect on perception, e.g. <ul style="list-style-type: none"> <li>• Criticism of the council</li> <li>• Local bad press</li> </ul>	Breach of major statutory duty or law resulting in probably legal action	RIDDOR (Reporting of Injuries, Diseases & Dangerous Occurrences Regulations (1995) Reportable major injury to an individual	<ul style="list-style-type: none"> <li>• Important impact on project or most of expected benefits.</li> <li>• Considerable slippage</li> <li>• Possible impact on overall finances / programme</li> </ul>
4	Significant	<ul style="list-style-type: none"> <li>• Intervention in a key service</li> <li>• Disruption to service delivery for one or more service areas for 3-5 days</li> <li>• Failure of an operational partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Sizeable financial loss up to 50% of budget or between £300K-1M</li> <li>• Extensive damage to a critical building or considerable damage to several properties from one source</li> </ul>	<ul style="list-style-type: none"> <li>• Criticism of key process</li> <li>• Large scandal</li> <li>• High level of complaints at corporate level across several service areas</li> <li>• Adverse national media coverage</li> </ul>	Breach of law resulting in legal action against the Council which would be difficult to defend	Reportable major injuries to several people or death of an individual	<ul style="list-style-type: none"> <li>• Extreme delay</li> </ul>

<b>Score</b>	<b>Impact</b>	<b>Effect of Service</b>	<b>Financial &amp; Resources</b>	<b>Reputation</b>	<b>Legal</b>	<b>People</b>	<b>Effect on project objectives</b>
5	Major	<ul style="list-style-type: none"> <li>• Complete breakdown in service delivery with severe, prolonged impact on customer service affecting the whole organisation</li> <li>• Failure of a strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>• A substantial failure in accountability or integrity</li> <li>• A large financial loss over 50% of budget or greater than £1M</li> <li>• Total loss of a critical building</li> </ul>	<ul style="list-style-type: none"> <li>• A vote of no confidence in one service area</li> <li>• Officer(s) &amp;/or Members forced to resign &amp;/or Audit Commission enquiry</li> <li>• Substantial adverse &amp; persistent national media coverage</li> </ul>	Breach of law resulting in legal action against the Council which would be very difficult / impossible to defend	Death of several people	<ul style="list-style-type: none"> <li>• Complete failure of project</li> </ul>

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**COMMITTEE TITLE: Audit & Scrutiny**

**DATE: 11<sup>th</sup> July 2023**

<b>REPORT TITLE:</b>	Scrutiny Work Programme 2023/24
<b>REPORT OF:</b>	Emily Yule

## **REPORT SUMMARY**

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee. This report provides an update of the current scrutiny work programme and is set out in Appendix A.

## **RECOMMENDATIONS**

- R1. That the Committee considers and agrees the 2023/24 Scrutiny work programme as set out in Appendix A with any additions agreed by the committee at the meeting.**

## **SUPPORT ING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

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

### **2.0 BACKGROUND INFORMATION**

At the Annual Council it was agreed that the committee structure would include the introduction of an Audit & Scrutiny Committee.

In relation to new scrutiny matters under its Terms of Reference any scrutiny matter identified by members must be agreed Audit and Scrutiny Committee.





**APPENDICES**

Appendix A: Draft Scrutiny Work Programme – July – 2023/24

**BACKGROUND PAPERS**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
The Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee.	

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# Audit & Scrutiny Committee

## 2023-24 Draft Scrutiny Work programme

Subject Matter	July	August	September	October	November	December	January	February	March
Local Development Plan									
Scope	1. Review the Council's Plan making process as required by the National Planning Policy Framework (NPPF). 2. Review efforts to ensure that necessary cooperation on strategic cross boundary matters have been made. 3. Review subjects and issues covered by LDP evidence base to ensure it is appropriate and proportionate.								
Membership 2023/2024	Cllrs To be confirmed.								
<b>Detailed timeline</b>									
1. Working Group Meeting - tbc									
2. Report to Audit & Scrutiny Committee - tbc									
3. Working Group Meeting - tbc									
4. Report to Audit & Scrutiny Committee - tbc									
Subject Matter	July	August	September	October	November	December	January	February	March
Performance and Formal Complaints	Collate Data	Member Working Group	Report to Committee	Collate Data	Member Working Group	Report to Committee	Collate Data	Member working Group	Report to Committee
Membership 2022/2023	Cllrs To be Confirmed								
<b>Detailed timeline</b>									
1. Working Group meeting - tbc									
2. Report to Audit & Scrutiny Committee - tbc									
3. Working Group meeting - tbc									
4. Report to Audit & Scrutiny Committee - tbc									
5. Working Group meeting - tbc									
6. Report to Audit & Scrutiny Committee - tbc									

<b>Subject Matter</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
Community Safety Partnership									
<b>Detailed timeline</b>									
1. Report to Audit & Scrutiny Committee - tbc									
7. Report to Audit & Scrutiny Committee - 15th November 2022									
<b>Subject Matter</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
<b>Council Motions</b>									Report to Committee
<b>Subject Matter</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
Review of s106 contributions			Report to Committee						
<b>Subject Matter</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
Implications of appointment system for recycling centres (Motion to Council - June) - dates tbc									
<b>Subject Matter</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
Review of Legislation Governing Council activity and which Committee has responsibility (Motion to Council - June)			Report to Committee						

## **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 Term of Reference**

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.

It also 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 review any issue referred to it by a Statutory Officer of the Council or any Council body.
- 2) To monitor the effective development and operation of risk management and corporate governance in the Council.

- 3) To monitor Council policies and strategies on an Annual basis

Whistleblowing  
Money Laundering  
Anti-Fraud and Corruption  
Insurance and Risk Management  
Emergency Planning  
Business Continuity

- 4) To monitor the corporate complaints process.
- 5) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 6) To consider the Council's compliance with its own and other published standards and controls.
- 7) To monitor the Council processes in relation to
  - Freedom of Information
  - Member Enquires
- 8) To monitor the Council's Data Quality arrangements.
- 9) To monitor the Council's Member's Training arrangements.

#### 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 Activity



- 1) Responsible to scrutinise any matters as identified and agreed by the Policy, Resources and Economic Development Committee as set out in the Audit and Scrutiny Procedure rules.
- 2) To report to the Policy, Resources and Economic Development Committee or the appropriate committee on the progress of any matters that have been requested and to make relevant recommendations as required.
- 3) To establish working groups as appropriate (in line with agreed protocols) to undertake the scrutiny of any matters requested by the Policy, Resources and Economic Development Committee, including setting their terms of reference, the reporting arrangements, and to co-ordinate and review the work of the working groups.
- 4) Responsibility for the monitoring of Council service performance, including Performance Indicators and, Formal Complaints, making reports if required to any committee, or subcommittee, 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.
- 5) To review and/or scrutinise decisions made, or other action taken, in connection with the discharge of any functions of the Local Authority.
- 6) To deal with those issues raised through the 'Councillor Call for Action' scheme in line with agreed protocols and procedures.
- 7) 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.
- 8) To make reports or recommendations to the Local Authority with respect to the discharge by the responsible authorities of their crime and disorder functions.

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