



Agenda

Audit and Scrutiny Committee

Tuesday, 14 November 2023 at 7.00 pm

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

Membership (Quorum – 3)

Cllrs Sankey (Chair), Naylor (Vice-Chair), Hirst, Marsh, Mayo, Munden, Rigby, Wagland and White

Substitute Members

Cllrs M Cuthbert, Gorton, Haigh, Heard and Gelderbloem

Agenda

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Live broadcast

[Live broadcast will 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. | Minutes of previous meeting held on 11 July 2023 | All Wards | 11 - 18 |
| 4. | Internal Audit Progress Report | All Wards | 19 - 58 |
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| 7. | Treasury Management April - October Update | All Wards | 207 - 216 |
| 8. | Risk Management Update | All Wards | 217 - 242 |
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| 10. | Formal Complaints & Performance Indicator Working Group | All Wards | 253 - 284 |
| 11. | Local Development Plan Member Working Group Update | All Wards | 285 - 306 |
| 12. | Scrutiny Work Programme 2023/24 | All Wards | 307 - 312 |
| 13. | Local Government and Social Care Ombudsman report | All Wards | 313 - 342 |
| 14. | Urgent Business
An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be considered as a matter of urgency. | | |



Jonathan Stephenson
Chief Executive

Town Hall
Brentwood, Essex
06.11.2023

Information for Members

Substitutes

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

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

Rights to Attend and Speak

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

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

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

Point of Order/ Personal explanation/ Point of Information

Point of Order

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

Personal Explanation

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

Point of Information or clarification

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

Information for Members of the Public

Access to Information and Meetings

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.

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

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

 **Private Session**

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

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  **Access**

There is wheelchair access to the 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

Audit and Scrutiny Committee Tuesday, 26th September, 2023

Membership/Attendance

Cllr Sankey (Chair)	Cllr Munden
Cllr Naylor (Vice-Chair)	Cllr Rigby
Cllr Hirst	Cllr Wagland
Cllr Marsh	Cllr White
Cllr Mayo	

Substitute Present

Also Present

Cllr Mrs Pound
Cllr Slade
Cllr Barber

Officers Present

Steve Summers	- Strategic Director
Emily Yule	- Strategic Director
Tim Willis	- Interim Director - Resources
Zoe Borman	- Governance and Member Support Officer
Greg Campbell	- Director - Policy and Delivery
Marcus Hotten	- Director - Environment
Janine Combrinck	- Internal Audit, BDO
Andrew Billingham	- Internal Auditor

LIVE BROADCAST

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

182. Apologies for Absence

No apologies had been received.

183. Minutes of the previous meeting

The Minutes of the last meeting held on 11th July 2023 were not agreed. Cllr Marsh wished to have the conversation regarding Officers' interests and their publication recorded.

The Minutes will be amended and re-presented to the next Audit & Scrutiny Committee for approval.

Mrs Yule advised Members that in respect of Officers' interests, Senior Officers complete, on an annual basis, a Declaration of Related Party Transactions. This lists any business or personal relationships, which could cause conflict of interest with the work of the Council. Mrs Yule will confirm if there is a requirement for this data to be published.

Mr Willis explained that the Accounts of 21/22 were completed and published some time ago. However, the audit of those draft accounts are currently taking place. The timetable for the Auditor's Opinion was September. This will now be November, as agreed with the External Auditors.

It is unknown when the 22/23 Accounts will be audited. Focus is on achieving the previous year's audit. This is due to Nationwide issues with external auditors.

Members raised concerns regarding public scrutiny and urged officers to push for completion of the audits.

Following an announcement from the Secretary of State regarding a review of the PSAA a member suggested the Council leave the PSAA, appoint their own auditors to ensure transparency. Officers advised the Council were committed to a further 5 years with the PSAA and had been made aware of the increase in fees. However, the Council were responding to the consultation in relation to the fee increase. Members requested consideration of extraction from the 5-year agreement due to breach of contract.

184. Treasury Management April - July Update

This report gave an update on the Council's treasury management activity and performance for the period April to July 2023.

Mr Willis presented the report.

Members raised concerns regarding investments with UK domiciled banks considered for their secure and low risk approach and the validity of these

institutions and the checks undertaken to test their security, morality and ethnicity.

The Council's Treasury Management Strategy was agreed at Council in March and places financial risk as its primary consideration.

The Council uses large banks with reputation in the industry, government agencies or counterparties advised by our treasury advisers.

Mr Willis will investigate as to what checks, if any, are carried out prior to borrowing or investing with financial organisations. He would also respond to a question regarding a UK domiciled bank.

Members noted the report.

185. Internal Audit Progress Report

This report was intended to inform the Audit and Scrutiny Committee of progress made against the internal audit plan. The following reports had been finalised since the last Committee meeting:

- Partnership with Rochford District Council 2022/23 (Moderate/Substantial)
- Car Parking 2023/24 (Moderate/Moderate)
- Tree Management 2023/24 (Limited/Limited)

Members noted the report.

[Cllr Marsh declared a pecuniary interest as her husband is the Arboriculturalist for Brentwood Borough Council and left the chamber whilst this item was being discussed.]

186. Appointment of an Independent Person for the Audit function

This report recommended to Council that an Independent Person (IP) is appointed to the Council's Audit & Scrutiny Committee (for audit business), in line with best practice.

Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendations in the report. Following a full discussion, it was **RESOLVED** that:

Members were requested to:

It is proposed that the Committee recommends to Council that an Independent Person is appointed for the Council's audit functions, which form part of the business of Audit & Scrutiny Committee.

It is further proposed that the recruitment of the Independent Person is delegated to the Interim Director of Resources in consultation with the Chair of Audit & Scrutiny Committee.

Reason for Recommendations

The Government response in June 2022 to the Local Audit Framework: Technical Consultation set out plans to strengthen local audit framework in light of the Redmond Review. It confirmed that when parliamentary time allows, audit committees will be made compulsory for all local councils, with at least one independent member required on each committee. This follows the CIPFA detailed guidance on the function and operation of audit Committees in Local Authorities which endorsed the approach of mandatory inclusion of a lay or independent member and recommended that, for authorities for whom it is not a requirement at present, they actively explore the appointment of an independent member to the Committee. Ahead of any legislative requirement being implemented, it is recommended that the Council's Audit & Scrutiny Committee therefore takes steps to introduce an Independent Person onto the committee (subject to Council agreement) so that an appropriate person can be recruited as soon as is practicable.

187. Formal Complaints & Performance Indicator Working Group

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

Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendations in the report. Following a full discussion it was that **RESOLVED** that:

Members were requested to:

R1. To note the Formal Complaints and Performance Indicators Working Group report, as attached at Appendix A, and agree the recommendations contained within it.

Reason for Recommendation

To ensure the Council provides quality customer services.

188. Scrutiny Work Programme 2023/24

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

Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendations in the report. Following a full discussion, it was **RESOLVED** that:

Members were requested to:

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.

Reason for Recommendation

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

189. Urgent Business

There were no items of urgent business to discuss.

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Minutes

Audit and Scrutiny Committee Tuesday, 11th July, 2023

Attendance

Cllr Sankey (Chair)	Cllr Marsh
Cllr Naylor (Vice-Chair)	Cllr Rigby
Cllr Mrs Fulcher	Cllr White
Cllr Hirst	

Apologies

Cllr Mrs N Cuthbert	Cllr Wagland
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Substitute Present

Also Present

Cllr Barber
Cllr Murphy
Cllr Mrs Pound

Officers Present

Steve Summers	- Strategic Director
Tim Willis	- Interim Director - Resources
Tracey Lilley	- Director - Communities & Health
Alistair Greer	- Principal Accountant (Financial Reporting)
Jonathan Woodhams	- Corporate Manager, Community Safety
Janine Combrinck	- Internal Audit, BDO
Andrew Billingham	- Internal Auditor
Elizabeth Jackson	- Partner, Ernst & Young LLP
Zoe Borman	- Governance and Member Support Officer

LIVE BROADCAST

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

67. Apologies for Absence

Apologies were received from Cllrs Wagland and N Cuthbert.

There were no substitutes.

Cllr Murphy withdrew from being a substitute as she was not a named substitute for this committee.

68. Minutes of the previous meeting

The Minutes of the previous meeting held on 7th March were signed as a true record.

69. Brentwood Community Safety Partnership Annual Report

The Community Safety Partnership (CSP) is made up of Responsible Authorities as outlined in the Crime & Disorder Act 1988 which includes the Council as a key partner.

Each year the partnership has a statutory duty to carry out a Strategic intelligence assessment which reviews existing priorities and identifies any new or emerging priorities that the partnership should focus on.

Mr Jonathan Woodhams was present at the meeting and summarised the report.

Officers advised Members that future member involvement was planned with a twice yearly briefing with the Community Safety Partnership being held to facilitate engagement with the Police and other third party colleagues.

Officers ensured members that drug and knife crime, together with vehicle theft are all priorities of the CSP, as well as fly tipping. Data was being shared around the borough and with neighbouring authorities regarding cross border operations. However, Mr Woodhams said he would undergo work regarding sharing fly tipping data with the wider Essex through Safer Essex colleagues. Mr Woodhams also advised that a government initiative, ASB hotspot policing, 'Operation Dial' would pilot in Essex and would enable Brentwood to benefit from extra resource for colleagues to patrol identified 'hotspot' areas, out of hours. This would also include resident engagement.

Following a full discussion, Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendation in the report.

Members voted by a show of hands and it was **RESOLVED UNANIMOUSLY** that:

Under the scrutiny arrangements in place the Committee are asked to consider the work of the CSP as outlined in the annual report attached at Appendix B and refer any comments or concerns to the partnership.

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.

70. 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.

Following a full discussion, Members noted the report.

71. Delayed audit of 2021/22 accounts

This report summarised 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.

Mr Willis summarised the report. Following discussion the report was noted.

72. Historic accounting for Minimum Revenue Provision

This report described 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 outlined the plan to resolve the matter with the involvement of the Council's external auditors, EY, and treasury advisors, Link Group.

Following discussion the report was noted.

73. External Audit Plan for 2021/22

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

Ms Elizabeth Jackson (E&Y) was present at the meeting and summarised the report.

Following a full discussion the report was noted.

74. Internal Audit Progress Report

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).

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

Following a full discussion the report was noted.

75. Internal Audit Annual Report and Annual Statement of Assurance

This report 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.

Ms Combrinck summarised the report.

Members raised concerns regarding the Corporate Leadership Team, and Declarations of Interest. Officers advised Members that Senior Officers were requested to declare their interests as part of the accounts process and it was thought this part of the accounts was then published.

Following discussion the report was noted.

76. 2022/23 Financial Outturn

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

Mr Willis summarised the report.

Members requested information regarding particular projects which contributed to the underspend in the Housing Revenue Account. Also, with

regards to Capital, the proportion of underspend due to the reduced MRP. Mr Willis advised he would respond to members outside of the meeting.

Mr Willis advised that the Council was conducting a review of capital investment and treasury management to be brought back to this committee.

Under Schedule 12A of the Local Government Act 1972, the committee went into private session to discuss an exempt item from a previous committee..

Following a full discussion the report was noted.

77. 2022/23 Treasury Management Annual Report

This report provided a summary of treasury management activity during 2022/23.

Mr Willis summarised the report.

Members thanked officers for the comprehensive and useful report.

Following a full discussion Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendation in the report:

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.

Cllr Sankey **MOVED** and Cllr Hirst **SECONDED** and amendment to the recommendation to read:

That the Committee notes 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, and recommends approval at Ordinary Council.

Members voted by a show of hands and it was **RESOLVED:**

That the Committee notes 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, and recommends approval at Ordinary Council.

Reasons for Recommendation

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).

78. Risk Management Update

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.

Mr Willis summarised the report.

Members enquired whether the risk table could be changed slightly to reflect risk tolerance and the process used to mitigate certain risks. Mr Willis advised the risk strategy was being reviewed and this could be explored simultaneously and used in future reports.

Following a full discussion the report was noted by members.

79. Scrutiny Work Programme 2023/24

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 of the report.

Members proposed a number of items to be included within the Scrutiny Programme.

Members were encouraged to use the Scrutiny Work form to determine the scope of the projects and achievable outcomes and provide these to Officers for consideration by Members at the next committee.

Cllr Sankey **MOVED** and Cllr Naylor **SECONDED** the recommendations in the report.

Members voted by a show of hands and it was **RESOLVED:**

That the Committee considers and agrees the 2023/24 Scrutiny work programme as set out in Appendix A.

Reasons for Recommendation

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

80. Urgent Business

There were no items of urgent business.

The meeting concluded at 21:00

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AUDIT AND SCRUTINY COMMITTEE

14 November 2023

REPORT TITLE:	Internal Audit Progress Report
REPORT OF:	Tim Willis, Interim Director Resources and Section 151 Officer
REPORT IS FOR:	Decision

REPORT SUMMARY

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2023/24 internal audit plan.

The following report has been finalised since the last Committee meeting:

- Waste Management 2023/24 (Limited/Limited)

RECOMMENDATIONS

- R1. To note the progress made against the 2023/24 internal audit plan and the findings from the audit completed since the last Committee meeting.**
- R2. To approve an escalation process for the non-completion of audit recommendations. Escalation process to require responsible officers for recommendations that have surpassed two implementation dates (the original and one revised date) to attend the Audit and Scrutiny Committee to provide an update on progress and an explanation for not implementing the recommendation by the agreed dates.**

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 2023/24 annual audit plan in March 2023. The progress against plan is reported at every Audit and Scrutiny Committee meeting.

Progress report

The following final internal audit report has been issued since the last Committee meeting and internal audit's overall conclusion is set out below. Further details included in Appendix A – Internal Audit Progress Report.

Waste Management (Limited/Limited)

Overall, we found the controls in place to mitigate the examined Waste Management risks were not well designed or fully operational.

We made two high priority, four medium priority and one low priority recommendation in relation to a Council specific Waste Management Strategy, centralised training documentation for staff, health and safety inspections, risks assessments, driver routes, monitoring of key performance indicators and the dissemination of the complaints policy.

We are therefore only able to provide limited assurance over the design and operational control framework in place for Waste Management services.

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

There are no direct financial implications arising from the report.

5.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew, Joint Acting Director People & Governance & Monitoring Officer
Tel & Email 01277 312500 / claire.mayhew@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

None.

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 B: Internal Audit Follow Up Report

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Scrutiny Committee	26.9.2023
	11.7.2023
	7.3.2023
	24.1.2023
	15.11.2022
	25.7.2022
	5.7.2022
	7.12.21
	28.9.21
	6.7.21



**INTERNAL AUDIT
PROGRESS REPORT**

Brentwood Borough Council

2023/2024

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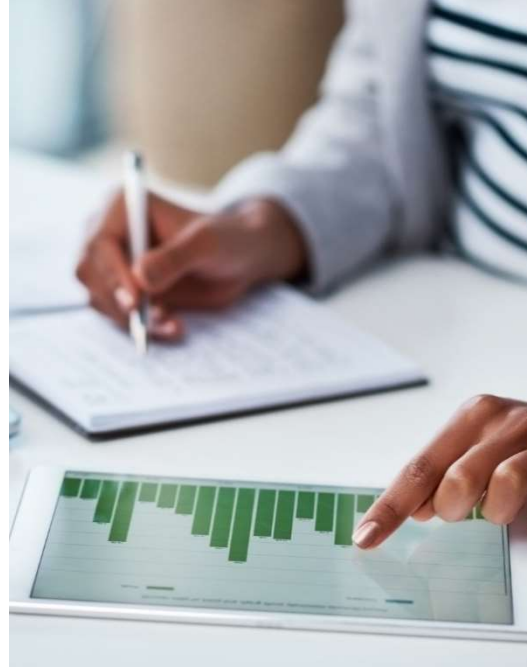
KEY PERFORMANCE INDICATORS 8

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SUMMARY OF 2023/24 WORK

INTERNAL AUDIT

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2023/24 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.

2023/24 INTERNAL AUDIT PLAN

Since the last Audit and Scrutiny Committee we have completed one audit from the 2023/24 audit plan and present the final report:

- ▶ Waste Management.

Fieldwork is currently progressing in respect of the following audits:

- ▶ Communications and Information Sharing
- ▶ Risk Management
- ▶ Workforce Strategy
- ▶ Estates Management (Corporate).

The remaining audits are being planned and we anticipate presenting these reports at future Audit and Scrutiny Committee meetings.

CHANGES TO THE 2023/24 INTERNAL AUDIT PLAN

We have agreed the following change to the audit plan with officers:

- ▶ An audit of Development Partnerships will replace the One Team review and Partnership with Rochford District Council review included in our audit plan.


REVIEW OF 2023/24 WORK

AUDIT	EXEC LEAD	A&SC	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVE -NESS
Car Parking	Director of Assets & Investments	Sept 2023			✓	M	M
Tree Management	Director of Environment	Sept 2023			✓	L	L
Waste Management	Director of Environment	Nov 2023			✓	L	L
Risk Management	Interim Director of Resources	Jan 2024		✓			
Communications and Information Sharing	Director of Policy & Delivery	Jan 2024		✓			
Workforce Strategy	Joint Acting Director of People & Governance	Jan 2024		✓			
Estates Management (Corporate)	Director of Assets & Investments	Jan 2024		✓			
Data Protection (c/fwd from 2022/23)	Director of Customer & Data Insight	Jan 2024	✓				
Assets Management	Director of Assets & Investments	Jan 2024	✓				
Disaster Recovery and Business Continuity	Interim Director of Resources	Jan 2024	✓				
Main Financial Systems	Interim Director of Resources	Mar 2024	✓				
Financial Planning and Monitoring	Interim Director of Resources	Mar 2024	✓				
Development Partnerships	Interim Director of Resources	Mar 2024	✓				



WASTE MANAGEMENT

Design Opinion	L Limited	Design Effectiveness	L Limited
Recommendations	2	4	1



SCOPE

BACKGROUND

- ▶ Waste Management is an in-house service at the Council. All domestic household properties in the borough receive a weekly refuse pick up. Glass and green waste is collected every two weeks. Cans, plastic, paper and cardboard are collected on alternate weeks.
- ▶ Missed collections are reported online and the Council aims to collect the missed waste and recycling by the end of the next working day after the report is made.
- ▶ Household and recycling waste is collected free of charge however, residents can pay £60 per annum for a two weekly garden waste collection and £13 per bulky waste item.
- ▶ The Council is part of a 25 year Joint Municipal Waste Management Strategy for Essex (2007-2032), comprising Essex County Council as the Waste Disposal Authority and the 12 District and Borough Councils as the Waste Collection Authorities.
- ▶ The aim of the strategy and the partnership is to work together to create, promote or support campaigns that avoid or reduces waste, improve or maximise recycling and composting and minimise the environmental impacts of managing, treating and disposing of waste in Essex. The Strategy is currently in the process of being refreshed.

PURPOSE

The purpose of the audit was to review the Council’s arrangements for improving the management of its waste and recycling collections.


AREAS REVIEWED

- ▶ We reviewed the Joint Municipal Waste Management strategy and established whether it is regularly reviewed, clearly defines roles and responsibilities, and is supported by action plans.
- ▶ Determined if there was adequate health and safety training available to officers which is completed regularly, and verified that completion records are maintained.
- ▶ Sought evidence to confirm if regular inspections of Waste Management are completed by the Health and Safety Team to ensure compliance with Health and Safety legislation.
- ▶ We scrutinised the Waste Management risk assessments to determine if they have been reviewed in the last 12 months.
- ▶ Confirmed if there is appropriate monitoring and reporting of key performance indicators to verify adequate oversight by management.
- ▶ Determined if there were action plans in place for any under-performing areas.
- ▶ Reviewed the complaints process to establish if it is sufficient and completed in compliance with procedures.



AREAS OF STRENGTH


- ▶ The Council has a complaints policy, which outlines the processes and procedures that are required by the Council and the complainant. Further, it also outlines the required timeframes set out by the Council for responses to each stage of complaint.



AREAS OF CONCERN

Our work highlighted the following areas of concern:

- ▶ The Council does not have a specific Waste Management Strategy, or supporting policies which incorporate the Essex Waste Management Strategy objectives and which also includes objectives which are relevant and tailored to the Council. The Council have a Performance Indicator Dashboard in place that shows current performance target percentages per department, which Street Scene is RAG rated red and no further breakdown is included. **(Detailed Finding 1 - High)**
- ▶ There was no documented evidence of Health and Safety inspections conducted in the last two years. **(Detailed Finding 2 - High)**
- ▶ The Council does not have an adequate and complete training document that outlines the current list of employees and the training they are required to complete for each waste role. Our review of the current training documentation found it was incomplete and the training dates on employee certificates were inconsistent to those listed on the training document maintained by the Council. **(Detailed Finding 3 - Medium)**
- ▶ We found no evidence that controls in the risk assessments maintained by Waste Management have been reviewed since they were implemented to ensure that the control is still working as originally expected. **(Detailed Finding 4 - Medium)**
- ▶ The Council do not conduct any formal reviews of routes conducted by waste drivers to ensure they are fully maximised and implemented effectively. **(Detailed Finding 5 - Medium)**
- ▶ Key performance indicators monitored by the Waste Management Team do not include missed collections and key themes that have been identified from the complaints received. Further, we found action plans for areas that are under performing area are not reported on and disseminated to ensure timely implementation. **(Detailed Finding 6 - Medium)**
- ▶ From our sample of five complaints received by the Team, we found that two stage 1 complaints and one stage 2 complaint had not received a response in a timely manner. **(Detailed Finding 7 - Low)**



CONCLUSION

- ▶ Overall, we found the controls in place to mitigate the examined Waste Management risks were not well designed or fully operational.
- ▶ We have made two high priority, four medium priority and one low priority recommendation in relation to a Council specific Waste Management Strategy, centralised training documentation for staff, health and safety inspections, risks assessments, driver routes, monitoring of key performance indicators and the dissemination of the complaints policy.
- ▶ We are therefore only able to provide limited assurance over the design and operational control framework in place for Waste Management services.












MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
<p>1. Waste Management Policy</p> <p>1.1 The Council should have a specific Waste Management Strategy, or create supporting policies and supporting standard operating procedures (SOPs), to incorporate the Essex Waste Management Strategy objectives including tailoring objectives that are relevant to the Council. The Strategy should also detail the following:</p> <ul style="list-style-type: none"> • Roles and responsibilities. • Health and Safety and risk assessment requirements. 	High	<p>1.1 Agreed. This is already underway with a Member workshop pending.</p> <p>1.2 Noted. Although final Brentwood strategy will reflect local resident practice.</p> <p>1.3 Agreed.</p>	<p>Director of Environment June 2024</p>





<ul style="list-style-type: none"> • Collection targets. • Agreed KPIs with monitoring and reporting structures. <p>1.2 We recommend that the Strategy or supporting Waste Management Policy should include action plans that support the Joint Municipal Waste Management Strategy for Essex, with collection targets and assigned responsibility owners, to ensure that Waste Management is being monitored and reported on accordingly and the Council have oversight of achieving their set objectives.</p> <p>1.3 The policy should include a schedule of reviews, to ensure that it is up to date and ongoing monitoring and continuous improvements are being implemented.</p>			
<p>2. Health and Safety Inspections</p> <p>2.1 The Council should establish an inspection schedule for regular inspections, to ensure that these inspections are completed. There should be allocated resources and personnel appointed to prioritise that these inspections are completed. Qualified individuals should be designated responsible for conducting inspections and addressing and reporting on solving any issues that arise.</p> <p>2.2 The Council should also document all results from the inspections to evidence regular review including the date of the inspection and by whom it was conducted.</p>	High	<p>2.1 Agreed.</p> <p>2.2 Agreed.</p>	<p>Waste and Streets Manager November 2023</p>
<p>3. Training Records Incomplete</p> <p>3.1 Develop a structured/centralised training program/document that outlines the current list of employees and the training they are required for each of their roles. Maintain records to show when they were inducted and when they are due to have a refresher on the health and safety training. A centralised document to track all training would allow for proper oversight to ensure that each current employee is meeting their training requirements.</p> <p>3.2 Implement periodic reviews of training records to identify gaps, outdated certifications and areas that need improvement. Assign responsibility to ensure records are being accurately maintained.</p>	Medium	<p>3.1 Agreed.</p> <p>3.2 Agreed.</p>	<p>Waste and Streets Manager November 2023</p>

<p>4. Waste Management Risk Assessments</p> <p>4.1 The Council should implement a schedule for the review and ongoing monitoring and mitigation for Waste Management risks. Monitoring of each of the controls should also outline when they have been last reviewed to ensure they are being regularly monitored to confirm they remain well designed and fully operating.</p>	Medium	4.1 Agreed.	Waste and Streets Manager November 2023
<p>5. Reviews of Driver Routes</p> <p>5.1 The Council should implement a schedule for regular and robust reviews of driver routes to maximise efficiency and establish a more effective route management system. This schedule should include:</p> <ul style="list-style-type: none"> • Action plans for when new locations are added onto the driver routes to ensure that the current driver routes are the most efficient or another route is better maximised, also considering the drivers capacity. • A feedback mechanism where drivers can report route-related issues or suggest improvements. <p>5.2 Driver software could also be implemented to enhance the driver routes. However, with this appropriate training should be provided.</p>	Medium	<p>5.1 Agreed. Route assessments to be spread over a year on a rolling basis.</p> <p>5.2 Noted. Prices for appropriate software are being obtained.</p>	<p>5.1 Waste and Streets Manager October 24</p> <p>5.2 Waste and Streets Manager December 23</p>
<p>6. Oversight of Key Performance Indicators</p> <p>6.1 The Council should expand the Key Performance Indicators to include missed collections and key themes that are being identified in the complaints they have been receiving regarding Waste Management e.g., percentage of bins missed, identifying areas that need improvement to ensure that areas of underperformance are being addressed.</p> <p>6.2 The Council should implement action plans for areas that are underperforming to ensure these areas are receiving efficient support and resources to improve in the areas they are lacking. With regular reviews and detailing timeframes to report back on the status of their performance.</p>	Medium	<p>6.1 This is now in place.</p> <p>6.2 Agreed, although existing data would require manual entry and analysis therefore it may prove too time consuming.</p>	<p>6.1 Waste and Streets Manager October 23</p> <p>6.2 Waste and Streets Manager July 2024</p>
<p>7. Complaints Policy</p> <p>7.1 The Policy should be disseminated to applicable staff to ensure they are fully aware of the response time requirements.</p>	Low	7.1 Agreed	7.1 Waste and Street Manager November 23

KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	Two 2023/24 audits have been deferred until later in the year, as detailed on page 3	
2. Actual days are in accordance with Annual Audit Plan	We are on track to meet this KPI	
3. Customer satisfaction report - overall score at least 70% for surveys issued at the end of each audit	No survey responses received yet for 2023/24	
4. Annual survey to Audit committee to achieve score of at least 70%	Average score from six respondents is above 70%.	
5. At least 60% input from qualified staff	We are on track to meet this KPI	
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for three out of three audits for 2023/24 to date	
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for three out of three audits fore 2023/24 to date	
8. Positive result from 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	
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 three out of three completed audits (see table below) The KPI regarding draft report has been met for three out of three completed audits (see table below)	
10. Audit sponsor to implement audit recommendations within the agree timescale	Our latest follow up exercise has confirmed 11 out of 30 due recommendations (based on original due dates) have been implemented since our last progress report.	
11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff	We have experienced some delays in securing meetings to start our audits	

KEY FOR RAG RATING





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

AUDIT TIMETABLE DETAILS (2023/24)




Audit	Draft ToR Issued	Management Response to ToR Received	Closing Meeting	Draft Report Issued	Management Response to Draft Report Received	Final Report Issued
Car Parking	14/07/2023	21/07/2023	30/08/2023	01/09/2023	13/09/2023	13/09/2023
Tree Management	29/06/2023	03/07/2023	29/08/2023	31/08/2023	13/09/2023	14/09/2023
Waste Management Services	06/07/2023	09/07/2023	02/10/2023	06/10/2023	19/10/2023	24/10/2023
Risk Management	10/07/2023	17/07/2023	n/a	n/a	n/a	n/a
Communications and Information Sharing	12/09/2023	25/09/2023	n/a	n/a	n/a	n/a
Workforce Strategy	19/09/2023	22/09/2023	n/a	n/a	n/a	n/a
Estates Management	24/10/2023	31/10/2023	n/a	n/a	n/a	n/a
Data Protection (Carried forward from 22/23)	n/a	n/a	n/a	n/a	n/a	n/a
Assets Management	n/a	n/a	n/a	n/a	n/a	n/a
Disaster Recovery and Business Continuity	n/a	n/a	n/a	n/a	n/a	n/a
Main Financial Systems	n/a	n/a	n/a	n/a	n/a	n/a
Financial Planning and Monitoring	n/a	n/a	n/a	n/a	n/a	n/a
Development Partnerships	n/a	n/a	n/a	n/a	n/a	n/a

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

BRENTWOOD BOROUGH COUNCIL

November 2023

Page 35

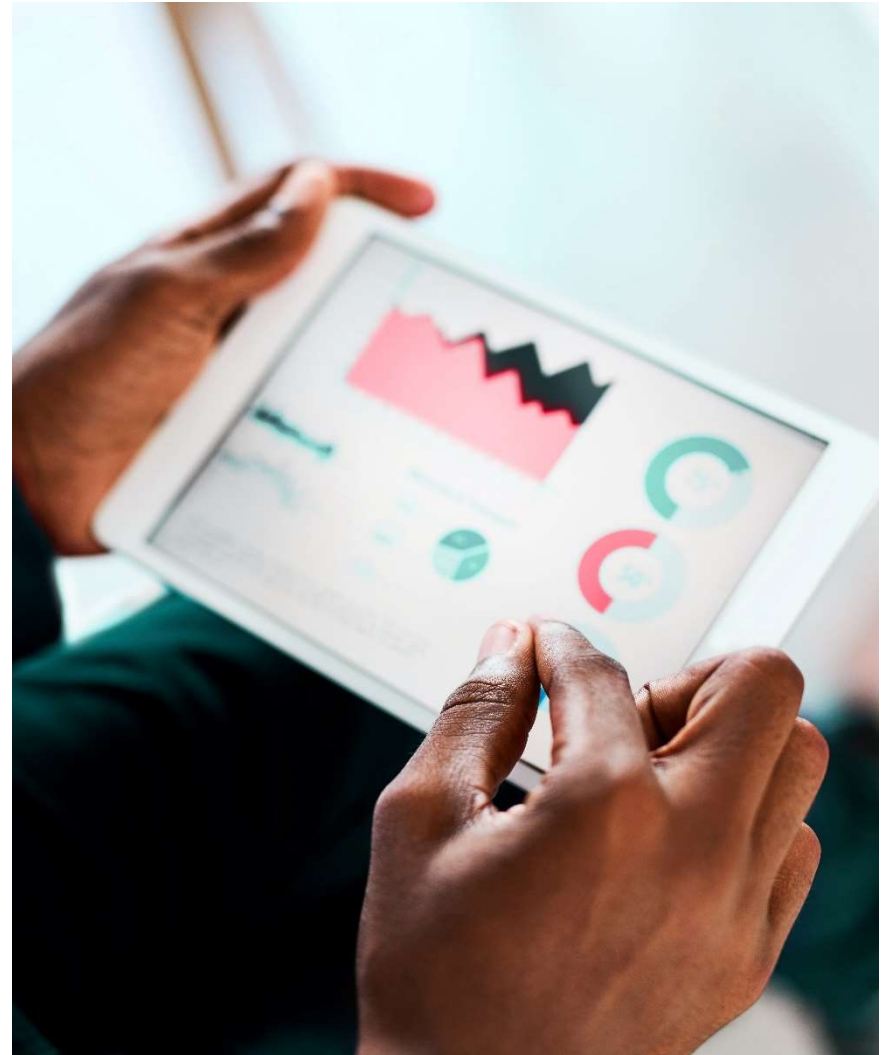
Appendix B

IDEAS | PEOPLE | TRUST

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SUMMARY 2
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RECOMMENDATIONS: IN PROGRESS..... 9
RECOMMENDATIONS: OVERDUE 14



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
2023/24											
Car parking	6	-	4	2	4	-	-	-	-	-	4
Tree Management	7	4	3	-	7	-	-	2	1	-	2
Waste Management	7	2	4	1	6	-	-	-	-	2	4
Sub-total	20	6	11	3	17	-	-	2	1	4	10
2022/23											
Democratic services	6	1	3	2	4	1	2	-	-	1	-
Cyber security	4	1	1	2	2	-	-	1	1	-	-
Main financial systems	5	-	3	2	3	-	1	-	1	-	1
Payroll	3	-	3	-	3	-	-	-	3	-	-
Policy review	1	-	1	-	1	-	-	-	-	-	1
Environment - Street cleaning, fly tipping & enforcement	3	-	3	-	3	-	-	-	1	-	2
Leisure services	4	-	4	-	4	-	1	-	1	-	2
Sheltered accommodation	7	3	4	-	7	-	-	1	2	2	2
Climate change advisory	4	1	3	-	4	-	-	1	-	1	2

	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
Licensing	4	-	3	1	3	-	-	-	3	-	-	-	-	-	-
Partnership with Rochford District Council	4	-	2	2	2	-	-	-	2	-	-	-	-	-	-
Sub-total	45	6	30	9	36	1	4	1	8	1	7	-	1	3	10

2021/22

Risk management	3	-	3	-	3	-	1	-	-	-	-	-	2	-	-
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	-	-	-
Sub-total	13	2	11	-	13	-	5	-	2	-	-	2	4	-	-

2020/21

Disaster recovery and business continuity	1	-	1	-	1	-	-	-	-	-	-	-	1	-	-
Sub-total	1	-	1	-	1	-	-	-	-	-	-	-	1	-	-
Total	79	14	53	12	67	1	9	1	10	3	8	2	6	7	20

SUMMARY

30 high or medium priority recommendations have been followed up on since the last Audit and Scrutiny Committee (which includes 7 recommendations for which a revised implementation date was previously agreed that is not yet due). We have confirmed with reference to evidence and through discussions that 11 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.

2023/24

- ▶ Of the 17 high or medium priority recommendations raised so far in 2023/24, three were due to be followed up. All three are marked as in progress.

2022/23

- ▶ 18 recommendations were due to be followed up from 2022/23, we have confirmed implementation of nine (eight medium and one high), eight are in progress and one for Democratic Services is now overdue.

2021/22

- ▶ Of the eight outstanding high or medium priority recommendations raised in 2021/22, we have confirmed implementation of two medium recommendations (for the partnerships audit) and six remain overdue. The updates confirmed that work is still ongoing on these recommendations.

2020/21

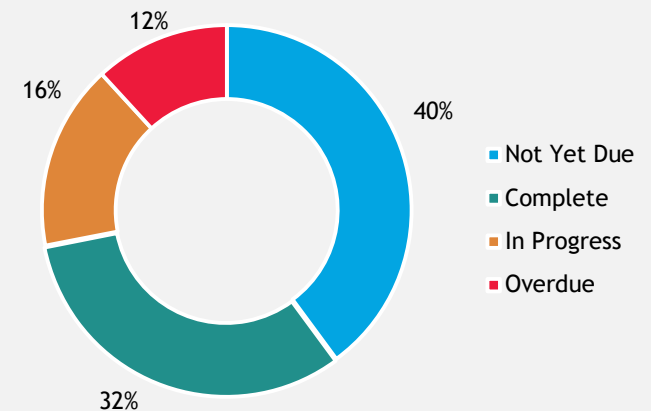
- ▶ The one outstanding medium priority recommendation raised in 2020/21 remains overdue.

Recommendation for Audit and Scrutiny Committee: To approve an escalation process for the non-completion of audit recommendations, whereby the responsible officers for recommendations that have surpassed two implementation dates (the original and one revised date) are required to attend the Audit and Scrutiny Committee to provide an update on progress and an explanation for not implementing the recommendation by the agreed dates.

REQUIRED AUDIT & SCRUTINY COMMITTEE ACTION:

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

2020 - 2023 Audits with outstanding recommendations



RECOMMENDATIONS: COMPLETE SINCE LAST FOLLOW UP REPORT

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2021/22 - Partnerships	<p>21/22 PART rec 1:</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>July 2022</p> <p>Sep 2022</p> <p>Dec 2022</p> <p>Feb 2023</p> <p>March 2023</p> <p>July 2023</p> <p>November 2023</p> <p>Closed</p>	<p><u>Management previous 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>The Corporate Manager for Communities is due to take a briefing paper to the next Corporate Leadership Team meeting on 20/09/2023 along with the Partnership Register and wording for the webpage.</p> <p><u>Management most recent update:</u></p> <p>Briefing presented to the Corporate Leadership Team (CLT) and the webpage has been written and is waiting to go live.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and evidence of briefing paper outlining the review of the Partnership register and completed checklist as well as the webpage.</p>
2021/22 - Partnerships	<p>21/22 PART rec 2:</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 before the annual deadline to ensure this is completed in a timely manner.</p>	Medium	Corporate Manager Communities, Leisure and Health	<p>July 2022</p> <p>March 2023</p> <p>July 2023</p> <p>November 2023</p> <p>Closed</p>	<p><u>Management previous update:</u></p> <p>The Corporate Manager for Communities is due to take a briefing paper to the next Corporate Leadership Team (CLT) meeting on 20/09/2023 along with the Partnership Register and wording for the webpage.</p> <p><u>Management most recent update:</u></p> <p>Annual performance assessment has been presented to CLT in September and calendar reminders are circulated to all partnership leads in December each year for reviews of their</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<p>partnerships to be completed by February each year. Annual performance review then circulated to CLT in March.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and evidence of briefing paper to CLT.</p>
2022/23 - Cyber Security	<p>Rec 1: Outdated policy documentation</p> <p>The Council's suite of IT policies and procedures should be reviewed on an annual basis in accordance with a defined review schedule. The Council should also consider amalgamating policies where appropriate, or reviewing and updating the policies on a staggered basis due to the number of policies owned by the Council, reducing the administrative burden on staff.</p>	Medium	Corporate Manager for IT and Service Improvement	<p>September 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>All policies reviewed and updated.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and supporting evidence of policies.</p>
2022/23 - Cyber Security	<p>Rec 2: Remediation of external and internal vulnerabilities</p> <p>The Council should ensure that vulnerabilities identified in the external Nessus scans and internal vulnerability scans are summarised and reported to senior management on a regular basis for the purposes of:</p> <ul style="list-style-type: none"> Informing senior management of the potential risks posed to the Council's IT infrastructure and underlying information assets. Prioritising and remediating vulnerabilities on a timely basis, in line with the Council's risk appetite and target risk scores specified in risk registers. <p>Ensuring that sufficient resource is allocated to managing and remediating vulnerabilities.</p>	High	Corporate Manager for IT and Service Improvement	<p>June 2023</p> <p>Oct 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>We get regular reports from our SoC to allow overview of Cyber.</p> <p>We have now had the opportunity to successfully recruit into the infrastructure team (IT Operations Officer), which gives us more resources. The post holder started in August.</p> <p>Following our additional resources we are working towards formalising the process for remediation and have a target date of October to introduce a RAP process (remediation action plan), linked to our recent adoption of "Change Enablement" processes.</p> <p>Change management process now live. Process documentation also established for Change Enablement.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and supporting evidence of the change enablement and change management process.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2022/23 - Main Financial Systems	<p>Rec 2: Communications regarding Universal Credit</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>	Medium	Corporate Finance Manager	<p>June 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>A process has been set up whereby when a notification is received by the DWP that a customer has moved to Universal credit, trainee staff will follow the revised procedure - procedure note provided. This new process mitigates human error, and avoids overpayments. This is an automated function within our Civica system.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and evidence of the new procedure.</p>
2022/23 Climate Change	<p>Rec 1: Strategy</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	Climate and Sustainability Officer	<p>July 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>The Climate Emergency sub Committee of the CEEC has been established for regular comms updates. Sustainability Strategy in place.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and evidence of the sub-committee and Strategy.</p>
2022/23 Licensing	<p>Rec 1: Staff training and development</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>	Medium	Licensing Manager	<p>July 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>There is a training matrix where all training undertaken is recorded centrally within the Licensing department. This has been utilised since its creation and is stored within Teams for easy access by all.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation closed by Internal Audit following receipt of management confirmation and evidence of training matrix.</p>
2022/23 Licensing	<p>Rec 2 Case Management</p> <p>a) Remind licensing officers to ensure the outcomes of inspections are documented comprehensively and in sufficient detail to</p>	Medium	Licensing Manager	<p>October 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>Officers have been reminded through team meetings and 1-2-1 of the importance of thoroughly completing inspection documentation.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>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>Limited management checks are now in place and are recorded on uniform.</p> <p>Uniform has been updated to reflect the application decision time for animal applications.</p> <p><u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and evidence of new process.</p>
2022/23 Licensing	<p>Rec 3 Enforcement activity arrangements</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	Licensing Officer	<p>October 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>An extended period of staff absence within the team restricted the ability to undertake a proactive enforcement programme initially. Since staffing levels have increased a programme of enforcement is in place based around risks and intelligence received.</p> <p>The Uniform app is being utilised for onsite recording of actions.</p> <p><u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and evidence of enforcement process.</p>
2022/23 Partnership with Rochford District Council	<p>Rec 1: Joint service key performance indicators</p> <p>a) The One Team formation Project Team should include a KPIs section within the service review business case template, to ensure that there is clarity around how the joint service will be measured once it is implemented and the target levels of performance.</p>	Medium	Director Policy and Delivery	<p>July 2023</p> <p>Closed</p>	<p><u>Management update:</u></p> <p>The business case template has been amended to include a section for Smart Performance Measures. These form part of the business case sign off when they are reviewed by the project board.</p> <p>All services that have gone through the process have been requested to retrospectively provide Smart.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	b) SMART KPIs should be developed for the joint services that have been approved by the One Team Transformation Programme Board (Human Resources, Communications, and Risk & Insurance and Emergency Planning & Business Continuity), and a process implemented to regularly monitor these as the joint services become embedded. These should cover both financial and operational performance and feed into the Council's overall performance monitoring processes.				<u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and evidence of business case template, emails and indicators.
2022/23 Partnership with Rochford District Council	Rec 2: Data Sharing Agreements Management should ensure that data sharing agreements are put in place, where required, for the joint services that are currently being implemented, in particular Human Resources, Risk & Insurance and Emergency Planning & Business Continuity, and Procurement.	Medium	Director Policy and Delivery	September 2023 Closed	<u>Management update:</u> The services HR and Comms have been asked to complete their Data Sharing requirement document. Data sharing agreements have been added to the requirements of the Business case required at Project Board 16/10/2023. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and evidence of email requests for Data sharing agreements from HR and Communications, Business Case template including requirement for Data Sharing.

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 Payroll	<p>Rec 1: Performance monitoring reports</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>	Medium	Joint Acting Director People and Governance	September 2023 December 2023	<p><u>Management update:</u></p> <p>Meeting took place to discuss proposed PIs with Provider. This will be discussed and agreed at the next CMM to be held before December 2023.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2022/23 Payroll	<p>Rec 2: Roles and responsibilities</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>	Medium	Joint Acting Director People and Governance	September 2023 December 2023	<p><u>Management Update:</u></p> <p>This was fed back to the Provider at the CMM. Agreed to finalise at next CCM before December 2023.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2022/23 Payroll	Rec 3: Sickness form completion 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 ensure that this doesn't occur in the future	Medium	Joint Acting Director People and Governance	September 2023 December 2023	<u>Management Update:</u> This has been completed and an email sent to Provider to remove 'Industrial Injury' as an option. On checking this to provide this response, this wasn't removed. So reminder email sent 26/10/23. This will be checked again as part of the CMM before the end of December 2023. <u>Internal audit comment:</u> Recommendation remains open.
2022/23 Environment - Street cleaning, fly tipping & enforcement	Rec 1: Review of policies Management should ensure that both policies, Health & 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.	Medium	H&S: Phoebe Barnes, Director Assets and Investments EH: Tracey Lilley, Director Communities and Health	September 2023 December 2023	<u>Management Update:</u> The H&S Wellbeing Policy has been produced and approved by Brentwood members on 13/09/23. The Current Enforcement Policy covers Environmental Health and Licensing dates from 2016. This is due a review but is awaiting the outcome of the service reviews currently being undertaken. We have held off from reviewing the policy as if the shape of the service changes fundamentally then this will doubtless impact on the policy. Once the outcome of the service review is published we will review the Enforcement Policy in light of its outcome. <u>Internal audit comment:</u> Recommendation remains open.
2022/23 Leisure Services	Rec 3: Performance monitoring 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 their Open Book Accounting system data. 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	Medium	Corporate Manager Community, Leisure and Health	July 2023 December 2023	<u>Management Update:</u> No update provided by management. <u>Internal audit comment:</u> Recommendation rolled forward to the next Audit and Scrutiny Committee and remains open.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>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>				
2022/23 Sheltered Accommodation	<p>Rec 3: Sheltered housing assessments</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	Corporate Manager Housing Estates	September 2023 December 2023	<p><u>Management Update:</u></p> <p>All SHAs are now uploaded to locata once completed and then a new process to upload to the house file once the property is accepted is being devised. The support plan and the review documents are being amalgamated into one to gather the Sme information so that it is clear where changes have been identified. This form will be digital and is currently being built.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2022/23 Sheltered Accommodation	<p>Rec 5: Inspections and repairs</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 delays are unavoidable, the reasons for those should be clearly documented.</p>	Medium	Corporate Manager Housing Estates	September 2023 December 2023	<p><u>Management Update:</u></p> <p>Repairs officers are now attending monthly residents meetings to identify and deal with repair issues. There is a new photobook digital form being devised which had been on hold whilst photobook went live with its tasking. This was done on the 1st October and work is underway to develop the relevant forms. There is an Axis improvement plan being worked through which is looking at the quality of works and post inspections. a new officer for Axis has been employed to conduct desktop checks on all jobs.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	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.				
2022/23 Sheltered Accommodation	<p>Rec 7: Management information</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>	High	Corporate Manager Housing Estates	<p>September 2023</p> <p>December 2023</p>	<p><u>Management Update:</u></p> <p>The procedure manual is well underway and is due to be completed by December 2023. Officers are assisting in developing and updating processes and there is a user manual that explains why each task is done and where to find the procedure.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2023/24 Tree Management	<p>Rec 2: Incomplete understanding of tree stock conditions in the borough</p> <p>The Council should collate the data on number of trees from the National tree Map into a report to ensure oversight/monitoring of tree stock levels can be implemented by Management and enable monitoring of overall stock levels.</p> <p>The Council should ascertain the level of resources required to gather the necessary data on current tree stocks, e.g., tree age, type and condition, to support a risk-based inspections programme.</p>	High	Corporate Manager Green Spaces	<p>October 2023</p> <p>April 2024</p>	<p><u>Management Update:</u></p> <p>Request to FAIR committee outlining resource required has been submitted. Awaiting outcome of Committee.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2023/24 Tree Management	<p>Rec 4: Inadequate complaints handling and absence of established procedures</p> <p>The Council should develop the 'prioritisation of works' document to add specific implementation guidance related to trees, including time scales for responses.</p> <p>The Council should complete a review of all open complaints in the dash system and ensure that either actions are taken where these have been missed, or the actions taken but not documented are included in the records to enable their closure.</p> <p>The Council should monitor complaint response times against the newly agreed timescales, as a service KPI.</p> <p>Guidance should be documented to cover response times when the Risk and Insurance officer requests information related to tree insurance claims.</p>	High	Corporate Manager Green Spaces	<p>October 2023</p> <p>April 2024</p>	<p><u>Management Update:</u></p> <p>Prioritisation of works document will be submitted to Green and Green as part of the #OneTeam joint Tree Management Strategy. DASH system currently under review to ensure that officers are receiving correct information and that the appropriate channels are filtering BBC specific complaints. Officers have consulted Zurich and received a recommended proforma to complete for insurance claims. This will be implemented as part of a new digital system.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open.</p>
2023/24 Tree Management	<p>Rec 6: Underutilised Computer Management System</p> <p>A review of the functionality of the existing computer management software, Pear, should be completed, to ascertain whether it is able to meet the Council's needs.</p> <p>Consideration should also be given to potentially sharing software with Rochford Council as part of a shared working partnership.</p>	Medium	Corporate Manager Green Spaces	<p>October 2023</p> <p>April 2024</p>	<p><u>Management Update:</u></p> <p>Review of computer system underway. Current system is outdated technology which does not allow for Cloud data to sync externally. Requiring officer down time uploading to an outdated computer system.</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>21/22 RSK rec 1:</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>Dec 2022</p> <p>March 2023</p> <p>June 2023</p> <p>Aug 2023</p> <p>Jan 2024</p>	<p><u>Management previous update:</u></p> <p>The recommendation remains open. However, Zurich are facilitating three workshops for up to 16 officers at each session to refresh their risk management knowledge and to engage and discuss new and emerging risks. It will cover the following:</p> <ul style="list-style-type: none"> • Risk management basics - definitions and benefits • The Council's methodology and tools • Consider threats associated to the delivery of objectives • Agree risk descriptions for including on the register. <p>Dates to be agreed for the workshops, so looking at either November or early in the New Year</p> <p><u>Management most recent update:</u></p> <p>The risk workshops have been arranged for Wednesday, 22 November 9:00-12:00 and 13:00-16:00 and Thursday, 23 November 9:00-12:00.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open and on track to be completed by the previously agreed revised implementation date.</p>
2021/22 - Risk Management	<p>21/22 RSK rec 3:</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</p>	Medium	Risk and Insurance Officer	<p>Dec 2022</p> <p>March 2023</p> <p>June 2023</p> <p>Aug 2023</p> <p>Jan 2024</p>	<p><u>Management previous update:</u></p> <p>The recommendation remains open. However, Zurich are facilitating three workshops for up to 16 officers at each session to refresh their risk management knowledge and to engage and discuss new and emerging risks. It will cover the following:</p> <ul style="list-style-type: none"> • Risk management basics - definitions and benefits • The council's methodology and tools

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	controls can have a direct impact on mitigating risks.				<ul style="list-style-type: none"> Consider threats associated to the delivery of objectives Agree risk descriptions for including on the register. <p>Dates to be agreed for the workshops, so looking at either November or early in the New Year</p> <p><u>Management most recent update:</u></p> <p>The risk workshops have been arranged for Wednesday, 22 November 9:00-12:00 and 13:00-16:00 and Thursday, 23 November 9:00-12:00.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open and on track to be completed by the previously agreed revised implementation date.</p>

2021/22 - Building Control	<p>21/22 BC rec 2:</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 statutory KPIs. There should be reports that show:</p> <ul style="list-style-type: none"> - Application date and date approved or rejected versus the ISO and statutory completion date requirements - All current active applications being worked on - All rejected applications within a specified timeframe - All approved applications within a specified timeframe. <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>	Medium	Building Control Team Leader	<p>June 2022</p> <p>Oct 2022</p> <p>Dec 2022</p> <p>Feb 2023</p> <p>June 2023</p> <p>Dec 2023</p>	<p><u>Management previous 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 has recently produced draft ‘Operational Standards Rules monitoring arrangements’ on behalf of the Building Safety Regulator. The Building Safety Regulator will be the overseeing 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 in 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 six 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 number of</p>
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AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<p>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 Service's 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>Management most recent update:</u></p> <p>The position remains the same as the previous response. These are national changes which are driven and being developed by national bodies outside the control of the Council's Building Control Service.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open and completion is dependent on matters outside of the control of the service. The revised implementation date is as previously reported.</p>
2021-22 - S106 agreements	<p>S106 rec 1:</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> <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>	High	<p>Director, Housing and Regeneration</p> <p>Strategic Director and Interim Director Housing</p> <p>Interim Director of Resources</p> <p>Strategic Director and Deputy Chief Executive</p>	<p>Jan 2023</p> <p>Feb 2023</p> <p>July 2023</p> <p>Sep 2023</p> <p>April 2024</p>	<p><u>Management previous 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&S Committee in September.</p> <p><u>Management most recent update</u></p> <p>Due to resource limitations and changes, Officers have considered the S106 review action and have determined that it can be dealt with through the Planning Improvement Plan. This will also enable the new monitoring software for the Community Infrastructure Levy to be used for S106s.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open. New implementation date and responsible manager established.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<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>				
2021-22 - S106 agreements	<p>S106 rec 2:</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>Director, Housing and Regeneration</p> <p>Strategic Director and Interim Director Housing</p> <p>Interim Director of Resources</p> <p>Strategic Director and Deputy Chief Executive</p>	<p>Jan 2023</p> <p>Feb 2023</p> <p>July 2023</p> <p>Sep 2023</p> <p>April 2024</p>	<p><u>Management previous 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&S Committee in September.</p> <p><u>Management most recent update</u></p> <p>Due to resource limitations and changes, Officers have considered the S106 review action and have determined that it can be dealt with through the Planning Improvement Plan. This will also enable the new monitoring software for the Community Infrastructure Levy to be used for S106s.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open. New implementation date and responsible manager established.</p>
2020/21 - Disaster Recovery and Business Continuity	<p>20/21 DRBC rec 1:</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</p>	Medium	Risk and Insurance Officer	<p>Oct 2021</p> <p>June 2022</p> <p>Sep 2022</p>	<p><u>Management previous 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>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>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>			<p>Dec 2022</p> <p>Sep 2023</p> <p>Nov 2023</p> <p>September 2024</p>	<p><u>Management most recent update:</u></p> <p>Officers are currently writing a new joint Business Continuity plan for both Councils. The plan will assist what is now a single Corporate Leadership Team to make informed decisions and set priorities for resources should there be service disruption. The overarching plan will be supported by individual Service Business Continuity Plans. Officers have started working with Service Managers to assess risk and write their plans, but this is a process that will take until the second quarter of 2024 to complete. Once fully completed the Plan will be subject to final approval and adoption by the Corporate Leadership Team. Officers will then exercise the plan to demonstrate its use.</p> <p>Disaster Recovery, whilst linked to Business Continuity, is a more technical aspect. Officers have met and drafted out the Service Business Continuity plan for IT, so this work is underway.</p> <p>Officers are aiming to complete the process at the end of quarter two, so an exercise in June.</p> <p>Following that there will be a programme of review and further exercises.</p> <p><u>Internal audit comment:</u></p> <p>First part of the recommendation previously closed by Internal audit. Work is progressing to implement the second part, however recommendation remains open. A new revised implementation date has been agreed with officers.</p>
2021/22 - IT Data Breaches	<p>21/22 ITDB rec 1:</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</p>	Medium	ICT Manager	<p>Jan 2022</p> <p>June 2022</p> <p>Sep 2022</p> <p>Dec 2022</p> <p>Feb 2023</p> <p>June 2023</p> <p>July 2023</p>	<p><u>Management previous 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 & Service Improvement.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>breach. This should include but not be limited to:</p> <ul style="list-style-type: none"> o Defining roles and responsibilities o Description of type of personal data breach o Steps taken in case of a breach o Risk assessments and escalations o Containment and recovery o Contact details of the DPO, or other point of contact o Measures taken to evaluate and mitigate any possible breaches o Breach notifications to the ICO o Training and awareness o Monitoring and reporting compliance <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>			Nov 2023	<p>The current Data Breach Policy is available.</p> <p>The gap analysis has been carried out by Evalian and the Council is awaiting the report and the action plan from them.</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>Management most recent update:</u></p> <p>The responsibilities for Data Protection have recently changed following the senior management restructure and now fall into the remit of the Interim Director of Governance. Further updates will be provided once this transition is complete.</p> <p>A gap analysis has been undertaken and a report produced for review.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open until completion can be fully evidenced. Recommendation not due for follow up this quarter as revised implementation date previously agreed is November 2023.</p>
2022/23 Democratic Services	<p>Rec 5: FOI evidence</p> <p>1. 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>	Medium	Corporate Manager Democratic Services	<p>May 2023</p> <p>October 2023</p> <p>January 2024</p>	<p><u>Management previous update:</u></p> <p>This is ongoing. Service Review to be undertaken in October. Looking at one system over both Councils.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>2. 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>3. A report on the status of FOI requests should be presented to CLT for oversight on at least a quarterly basis.</p>				<p><u>Management most recent update:</u></p> <p>This remains on going due to the service review. Hopefully completed by the new year.</p> <p><u>Internal audit comment:</u></p> <p>Recommendation remains open and a new revised implementation date has been agreed.</p>

FOR MORE INFORMATION:

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AUDIT & SCRUTINY COMMITTEE

14 November 2023

REPORT TITLE:	Draft Audit Results Reports for 2021-22 Accounts
REPORT OF:	Tim Willis, Interim Director – Resources
REPORT IS FOR:	Information

REPORT SUMMARY

This report introduces the Draft Audit Results Reports for the 2021-22 Accounts prepared by the Council's external auditors EY.

The annual audit expresses an opinion on the Council's financial statements and addresses current statutory and regulatory requirements. The Draft Audit Result Report contains the external auditor's findings related to the areas of audit emphasis, their views on the Council's accounting policies and judgements and their finding on material internal controls.

Our Audit Partner, Elizabeth Jackson, will attend this meeting to present the report and to answer questions from members.

SUPPORTING INFORMATION

1.0 BACKGROUND INFORMATION

The audit work on the 2021/22 accounts is still in progress. Most of the work is substantially complete and is currently undergoing review. The following significant areas are currently outstanding:

- Valuation of PPE
- Minimum Revenue Provision
- Group accounting boundary (specifically, the Brentwood Development Partnership joint venture)
- Going Concern Review

The report also sets out the items relating to the completion of the audit procedures that are currently outstanding (Appendix B on page 43). The auditors highlight that

they cannot confirm the final form of our audit opinion until all of the audit procedures are complete.

The final set of findings from the audit, along with the final accounts for 2021/22, will be reported to this committee once the audit has been finalised.

2.0 FINANCIAL IMPLICATIONS

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

Contained within the body of the report.

3.0 LEGAL IMPLICATIONS

Name & Title: Claire Mayhew, Joint Acting Director – People & Governance and Monitoring Officer
Tel & Email: 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk

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

4.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

None.

7.0 RELEVANT RISKS

None.

8.0 ENGAGEMENT/CONSULTATION

None.

9.0 EQUALITY IMPLICATIONS

None.

10.0 ECONOMIC AND CLIMATE IMPLICATIONS

None.

REPORT AUTHOR: **Name:** Alistair Greer
 Title: Principal Accountant
 Phone: 01277 312500
 Email: alistair.greer@brentwood.rochford.gov.uk

APPENDICES

Appendix A: Draft Audit Result Report 2021/22

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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Brentwood Borough Council Audit results report

Year ended 31 March 2022

5 November 2023

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Appendix A

EY

Building a better
working world

5 November 2023



Brentwood Borough Council
Audit & Scrutiny Committee
Brentwood Borough Council
Town Hall
Brentwood

Dear Audit & Scrutiny Committee Members

We are pleased to attach our 2021/22 audit results report, summarising the status of our audit for the forthcoming meeting of the Audit & Scrutiny Committee. We will update the Committee at its meeting scheduled for 14 November 2023 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit & Scrutiny Committee meeting on 14 November 2023.

Yours faithfully

Elizabeth Jackson
Partner
For and on behalf of Ernst & Young LLP
Encl

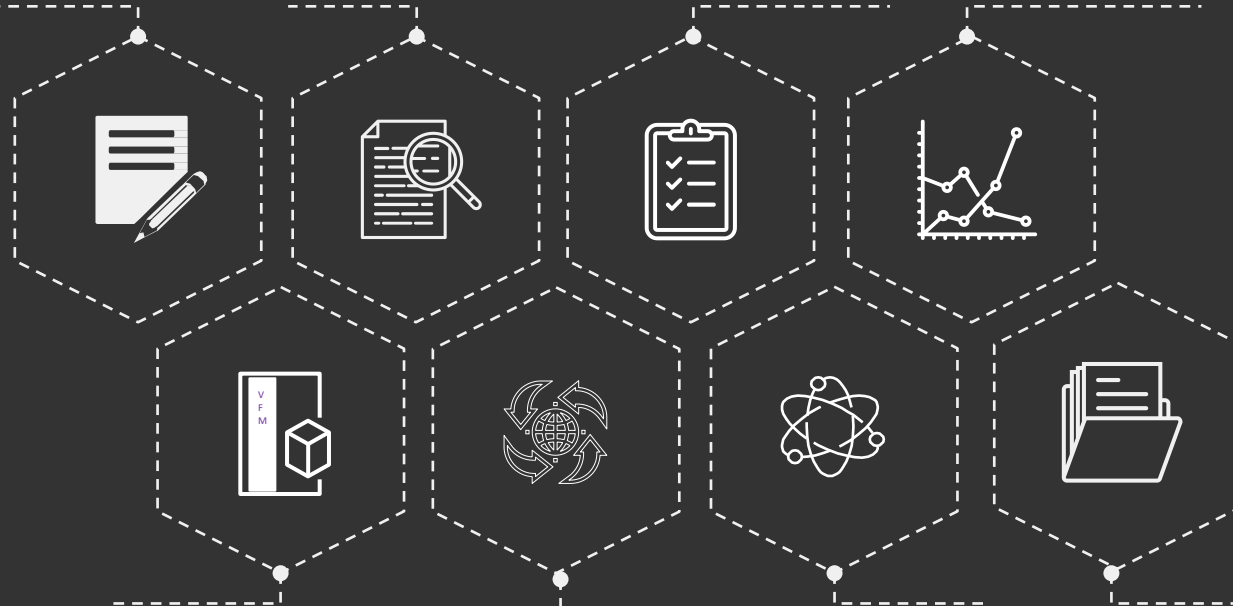
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01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Value for Money

06 Assessment of Control Environment

07 Independence

08 Appendices

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/audit-quality/statement-of-responsibilities/>). 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 April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and 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 for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report dated 28 June 2023 and presented to the 11 July 2023 Audit & Scrutiny Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan and have not identified any new risks since the plan was issued. Materiality has stayed the same as reported in the Audit Plan as it was based on the draft 2021/22 financial statements.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year audit is included in Appendix A.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the Entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
Agreed IPE to scanned documents or other system screenshots.

Status of the audit

Our audit work in respect of the Council opinion is in progress. The audit visit has concluded and for most areas of the accounts, the work is substantially complete although the Manager and Partner review is currently ongoing. The following significant accounts areas were outstanding at the date of this report:

- Valuation of PPE across the whole asset base
- Minimum Revenue Provision, and
- Group accounting boundary.

In addition, the completion procedures for the audit have not yet commenced. Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 4.



Executive Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 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; 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.

Page

Status of the audit – Value for Money

In the Audit Plan we reported that our value for money planning was yet to commence although we identified one area of focus 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.

Following the completion of the value for money planning we have identified that the earlier reported area of focus has been concluded as a risk of significant weakness in 2021/22. Under the NAO's 2020 Code we have identified the risk as part of the financial sustainability criteria. The detailed review of budget documents and the impact of the group on the financial sustainability of the Council is in progress.

We will report the outcome of our work in the final version Audit Results Report to the next committee meeting and full VFM commentary in the Auditor's Annual Report within 3 months of the audit report being issued.



Executive Summary

Audit differences

At the time of writing this report, the audit has identified:

- One uncorrected misstatement of £100k as one addition was accounted for incorrectly as an addition when the amount should have been credited to capital grants and contributions. This does not impact on the provision of services total for 2021/22.
- Management have corrected one misstatement amounting to £8,001k between cash and cash equivalents and short term investments.
- There is also a turnaround misstatement from the prior year in respect of the accounting treatment of minimum revenue provision. See separate risk for the conclusion of that misstatement.

Our audit has identified a number of disclosure misstatements in the following notes: Non-specific grant income, Commercial Income, Related Parties, NDR provisions, Trading Operations, Officers Remuneration, Exit packages, Going concern accounting policy, Pension liability and Financial Instruments. In addition, other casting and consistency check disclosure errors have been identified but these do not need to be reported individually to you.



Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

In addition, we review the Narrative Statement which is part of the financial statements. We have identified some inconsistencies in the figures reported and management has agreed to update these in the final version of the financial statements.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we do not expect any issues in performing this work as the Council falls below the threshold set within the guidance from HM Treasury and the group audit instructions for 2021/22 on which our work is based.

We have no other matters to report.



Executive Summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Brentwood Borough Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Fraud Risk	Findings & Conclusions
Misstatements due to fraud or error (management override)	Our work on the IAS 19 disclosures and journals is substantially complete and the valuation of property is still ongoing. We have not identified any evidence that management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements in our work completed to date. This work is currently in review.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	We have concluded our work on the testing of additions made to Property, Plant and Equipment during the year and have not identified any evidence of manipulation through incorrect capitalisation of revenue expenditure within the Property, Plant and Equipment additions balance. This work is currently in review.
Significant Risk	Findings & Conclusions
Valuation of PPE using Existing Use Value (EUV) and Investment Properties valued on a Fair Value (FV)	Our audit work over assets valued using EUV and FV is ongoing. We employed the use of our own expert, EY Real Estates (EYRE) to support the work in relation to the valuation of land and buildings on an EUV and FV basis, assessing the valuation of a sample of five properties. We have received their draft review and are following up the findings on two properties that are outside of the EYRE range and therefore potentially misstated.
Valuation of Seven Arches Investment Limited (SAIL) investment properties	Our audit work over the SAIL assets is ongoing. We employed the use of our own expert, EY Real Estates (EYRE) to support the work in relation to the valuation of land and buildings on an EUV and FV basis, assessing the valuation of a sample of one property. We have received their draft review and are following up the findings on this property that is outside of the EYRE range and therefore potentially misstated.

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Executive Summary

Areas of audit focus

Area of Audit Focus / Inherent Risk	Findings & Conclusions
Pension Net Liability Valuation	<p>We tested the Council's pension liability valuation and assessed the work of the Council's actuary. We are satisfied that the pension asset and associated balances within the financial statements are not materially misstated, subject to review. We have undertaken additional audit procedures in responses to the updated ISA540 regarding accounting estimates. These have included the production of a parallel IAS19 report by an EY pensions expert which was then compared to the report prepared by Barnett Waddingham. No material differences were identified from this process. However, amendments are being made to the disclosure notes as the draft financial statements were inconsistent with the report from the Actuary.</p> <p>Due to the timing of the audit being after the triennial valuation of Essex Pension Fund as at 31 March 2022, a revised IAS19 report is required to take account of changes that have occurred in the scheme since the last triennial valuation as at 31 March 2019. The financial statements will be updated as required once this work is complete.</p>
Valuation of Land and Buildings using DRC and HRA properties	<p><i>Our audit work over assets valued using DRC and HRA properties is ongoing.</i></p> <p>Our testing to date has identified a misstatement in the HRA council dwellings balances in the financial statements as the Brookfields site has been accounted for incorrectly. This misstatement is currently being agreed with management and an amendment will be made to the valuation once the work is complete.</p>
Infrastructure Assets	<p>Our work is in progress as we have raised queries with management over the treatment of additions to infrastructure during 2021/22.</p>
Accounting for Covid-19 related grant funding	<p>Our work is complete in this area. Our testing did not identify any misstatements in the accounting for covid 19 grants. However, amendments have been made to the grant income disclosures as balances were incorrectly disclosed in the notes.</p>
Group accounts	<p>Our work is in progress. We are satisfied that the boundary for the consolidation of SAIL within the accounts is correct. However, we have challenged management on the status of Brentwood Development Partnership as the balances within their accounts increased during the 2021 financial year and therefore may require different accounting treatment in the Council's accounts.</p> <p>Due to the size of the balances in the SAIL accounts we determined that the most appropriate method of obtaining sufficient assurance over the material figures was to carry out the sample testing ourselves. For 2021/22, there has been an increase in the size of the subsidiary and sampling has been required in the following areas: Cost of Sales, Administrative Expenditure, Expenses, Revenue, Debtors, Creditors, IP valuation, Finance costs, Deferred Tax Liability and Cash reconciliation. Our testing has been completed and is subject to review.</p>



Executive Summary

Areas of audit focus

Area of Audit Focus / Inherent Risk	Findings & Conclusions
Minimum Revenue Provision	Our work is ongoing. We have held a number of meetings about the Council's treatment of MRP in accordance with the rules and regulations for accounting for balances. Currently, there is a difference of opinion between the Council's expert and our EY technical specialist. Discussions are ongoing and the issues identified are being reviewed to determine whether the Council's accounting treatment is in line with the spirit of the regulations or not.
Going Concern	The work is still in progress. We have been provided with a cash flow forecast until March 2025 to assess the Council's going concern assessment for a period at least 12 months from the date of the accounts being issued.

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We request that you review these and other matters set out in this report to ensure:

There are no residual further considerations or matters that could impact these issues

You concur with the resolution of the issue

There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit & Scrutiny Committee or Management.

Control observations

During the audit work completed to date, we have not identified any significant deficiencies in internal control.

As work progresses, if we identify any control deficiencies we will report these to you.

Independence

We have not identified any issues arising that need to be reported in relation to our independence.

Please refer to Section 10 for our update on Independence.



02 Areas of Audit Focus



Significant risk

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 and Ireland) 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.

We did not identify any specific fraud risks in our planning. We continued to update our risk assessment throughout our audit. We have no additional specific fraud risks to report.

What judgements are we focused on?

The risk manifests specifically in whether year-end adjustment journals are appropriate and supported, the application of estimates and judgements, and whether significant or unusual transactions are identified and accounted for appropriately. As part of our work we focus on judgements made which effect the recording of transactions within the general ledger, particularly around journal entries. We considered what the most significant estimates in the financial statements relate to and we reviewed these accounting estimates for evidence of management bias, with a specific focus on the following:

- IAS 19 disclosures;
- Valuation of the Local Government Pension Scheme assets and liabilities;
- Valuation of land and buildings in Property, Plant and Equipment.

As the above estimates have been identified as separate risks within section 2 of this report we have not repeated that information here.

What did we do?

We have performed the procedures described in our original audit plan. Please see the following page for full details.

What are our conclusions?

Our audit work is still in progress and is subject to review.

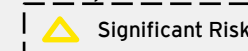
We have found no evidence of weaknesses in controls or that management had attempted to override internal controls. We have not identified any instances of inappropriate judgements being applied to date.

Our testing of journals found the items tested to be appropriately supported and correctly entered into the general ledger.

Our testing of judgements and estimates did not identify inappropriate judgements or bias in estimates.

We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

This conclusion is based on detailed testing of accounts entries susceptible to potential manipulation.





Areas of Audit Focus – Fraud risk



Further details on procedures/work performed

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding. We remained alert throughout the course of the audit for where this assessment may have changed. We did not identify any previously unidentified areas of risk (that are not linked to the presumed risk of fraud in revenue and expenditure recognition covered separately).

We have:

- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Understood the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.

Performed mandatory procedures regardless of specifically identified fraud risks, including:

Page 75 Reviewing the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of the financial statements.

Substantively testing of journals that met specific risk criteria in order to understand their purpose and appropriateness, and we reviewed and tested accounting estimates for evidence of management bias, including those related to pensions and asset valuations.

Reviewing and discussing with management and challenging any accounting estimates on revenue or expenditure recognition for evidence of bias, specifically:

- IAS 19 disclosures;
- Valuation of the Local Government Pension Fund asset and liability; and
- Valuation of land and buildings in Property, Plant and Equipment and Investment Properties.

Our work on the *IAS 19 disclosures and journals is substantially complete. The valuation of property is still ongoing.*

- Reviewing the transactions in the financial statements for evidence of any significant unusual transactions.



Significant risk (Cont.)

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure *

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What is the risk?

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.

The Council is under financial pressure to achieve budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

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 or incorrect classification of expenditure as revenue funded from capital under statute (REFCUS), as there is an incentive to reduce expenditure which is funded from Council Tax.

What judgements are we focused on?

We focused on the Council's judgements to classify expenditure as either revenue or capital in nature. We tested a sample of items to confirm that the Council's judgement was supported by sufficient evidence and was genuinely capital in nature.

What did we do?

In response to this risk, we:

- Tested a sample of PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. We also ensured the transaction was supported by sufficient evidence to verify its value and the period to which it related.
- Tested a sample of REFCUS, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources. As with PPE additions, we also ensured these items were supported by sufficient evidence to verify the value and period to which it related.
- Performed a review of significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What is the status of our work?

Our audit work is complete in this area with the exception of the Brookfield site.

We have concluded our work on the testing of additions made to Property, Plant and Equipment during the year and have not identified any evidence of manipulation through incorrect capitalisation of revenue expenditure within the Property, Plant and Equipment additions balance.

We are satisfied that the transactions tested were supported by evidence which confirmed the valuation, nature of the expenditure, period to which it related to and confirmed that it was correctly classified, except for one addition totalling £100k that was accounted for incorrectly as an addition when the amount should have been credited to capital grants and contributions.

We are satisfied that journals posted were appropriate.

We identified no evidence of fraud in revenue and expenditure recognition through the above testing.



Significant risk (Cont.)

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

What is the risk?

The valuation of land and buildings valued on an EUV 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 judgements are we focused on?

We focussed on whether the appropriate assumptions had been used in calculating the valuation of the assets.

What did we do?

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- Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations;
- Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
- Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
- Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer.
- Considered 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
- Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated
- Considered changes to useful economic lives as a result of the most recent valuation, and
- Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Our audit work over assets valued using EUV and FV is ongoing.

We employed the use of our own expert, EY Real Estates (EYRE) to support the work in relation to the valuation of land and buildings on an EUV and FV basis, *assessing the valuation of six properties. We have received their draft review and are following up the findings on three properties that are outside of the EYRE range and therefore potentially misstated.*



Significant risk (Cont.)

Valuation of SAIL Investment Properties (IP) under Fair Value (FV)

What is the risk?

The Council's wholly owned subsidiary, Seven Arches Investment Limited (SAIL) has a significant investment property portfolio.

The valuation of these are 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.

What judgements are we focused on?

We focused on whether the appropriate assumptions had been used in calculating the valuation of the assets.

What did we do?

We:

- Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations;
- Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
- Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
- Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer
- Confirmed that the valuation was undertaken to ensure all investment property had been revalued in year as required by the Code
- Considered changes to useful economic lives as a result of the most recent valuation, and
- Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Our audit work over the SAIL assets is ongoing.

We have employed our EYRE team to review a sample of assets, including SAIL assets.



Areas of Audit Focus

Other areas of audit focus (Cont.)

Pension Liability Valuation

What is the risk?

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 Essex County Council.

The Council's pension fund liability 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.

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.

What did we do?

we:

- Liaised with the auditors of Essex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council;
- Assessed the work of the Pension Fund actuary 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 audits, and considering any relevant reviews by the EY actuarial team;
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19; and
- Assessed the accuracy of estimated information included in the financial statements and concluded whether any adjustments were required.

What is the status of our work?

In response to the requirements of ISA540, the auditing standard on accounting estimates, we based our audit approach on procedures to evaluate management's process. The 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. Neither we, nor PwC as consulting actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we undertook further procedures to create an auditor's estimate, to gain assurance. We employed the services of an EY Pensions specialist to review the Council's IAS19 reports and run a parallel actuarial model which was compared to that produced by Barnett Waddingham. This confirmed there was no material misstatement arising from those estimation procedures undertaken by Barnett Waddingham. However, amendments are being made to the disclosure notes as the draft financial statements were inconsistent with the report from the Actuary.

Due to the timing of the audit being after the triennial valuation of Essex Pension Fund as at 31 March 2022, a revised IAS19 report is required to take account of changes that have occurred in the scheme since the last triennial valuation as at 31 March 2019. The financial statements will be updated as required once this work is complete.



Areas of Audit Focus

Other areas of audit focus

Valuation of Land & Buildings in property, plant and equipment (PPE) under Depreciated Replacement Cost (DRC) and HRA council dwellings

What is the risk?

The value of land and buildings in PPE under DRC and the HRA properties 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 which are required to calculate these balances held in the balance sheet. Although there is a risk for land and buildings under DRC to be misstated due to the specialised nature of these assets and insufficient availability of market-based evidence to assist the valuation, these assets are inherently not subject to material uncertainty arising due to market conditions.

What did we do?

- Page 80.
- Considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of their work is adequate, they had appropriate professional capabilities to complete the work and the results of their work is in line with our expectations
- Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation. Additional work has been completed in this area, including detailed review of a sample of assets by our own valuer
- Sample tested key asset information used by the valuer in performing their valuation (e.g. yield adopted and forecast future income has been agreed to external sources)
 - Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Council's Valuer
 - Confirmed that the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer
 - Considered 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
 - Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated
 - Considered changes to useful economic lives as a result of the most recent valuation, and
 - Tested accounting entries have been correctly processed in the financial statements

What is the status of our work?

Our audit work over assets valued using DRC and HRA properties is ongoing.

Our testing to date has identified a misstatement in the HRA council dwellings balances in the financial statements as the Brookfields site has been accounted for incorrectly. This misstatement is currently being agreed with management and an amendment will be made to the valuation once the work is complete.



Other areas of audit focus (Cont.)

Infrastructure Assets

What is the risk?

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.

Our work in 2020/21 concluded the Council's current accounting practice is in line with the CIPFA Code. However, as a consequence of the issue above CIPFA is considering a potential Code amendment. We will ensure the Council's accounting treatment of infrastructure assets complies with any updated guidance or Code amendments issued by CIPFA.

What did we do?

We confirmed the Council's accounting practice for infrastructure assets remains in line with the published CIPFA Code of Local Authority Accounting. The Council has therefore not needed to adopt the temporary solution for accounting for infrastructure assets issued by DLUHC and CIPFA. Our work focused on:

- Obtaining evidence to match the subsequent expenditure to the carrying amount of the replaced part or component that is being derecognised.
- Understanding the Council's approach to depreciating infrastructure assets, ensuring that the asset lives were reasonable and undertaking sensitivity analysis to understand the potential impact of over or understating the asset lives.
- Testing the accounting entries have been correctly processed in the financial statements.

What is the status of our work?

Our work is in progress as we have raised queries with management over the treatment of additions to infrastructure during 2021/22.



Areas of Audit Focus

Other areas of audit focus

Accounting for Covid-19 related grant funding

What is the risk?

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 did we do?

- Page 82
- Considered 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.

What is the status of our work?

Our work is complete in this area. Our testing did not identify any misstatements in the accounting for covid 19 grants.

However, amendments have been made to the grant income disclosures as balances were incorrectly disclosed in the notes.



Other areas of audit focus

Group Accounts

What is the risk?

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.

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.

What did we do?

We:

- Reviewed the Council's group boundary assessment to determine which entities fall within scope of the group accounts for 2021/22;
- Performed our own testing of all material balances and transactions in the subsidiary accounts;
- Liaised with the subsidiary auditor to ensure we understand work undertaken by them and findings in any area we are placing reliance on them; and
- Reviewed the consolidation work to ensure the Group accounts are materially fairly stated.

What is the status of our work?

Our work is in progress. We are satisfied that the boundary for the consolidation of SAIL within the accounts is correct. However, we have challenged management on the status of Brentwood Development Partnership as the balances within their accounts increased during the 2021 financial year and therefore may require different accounting treatment in the Council's accounts.

Due to the size of the balances in the SAIL accounts we determined that the most appropriate method of obtaining sufficient assurance over the material figures was to carry out the sample testing ourselves. For 2021/22, there has been an increase in the size of the subsidiary and sampling has been required in the following areas: Cost of Sales, Administrative Expenditure, Expenses, Revenue, Debtors, Creditors, IP valuation, Finance costs, Deferred Tax Liability and Cash reconciliation. Our testing is subject to review.



Other areas of audit focus

Minimum Revenue Provision

What is the risk?

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.

What did we do?

- Reviewed 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
- Determined the impact on the 2021/22 audit report for the uncorrected misstatement in the 2020/21 accounts, and
- Reviewed the MRP calculation for 2021/22.

What is the status of our work?

Our work is ongoing. We have held a number of meetings about the Council's treatment of MRP in accordance with the rules and regulations for accounting for balances. Currently, there is a difference of opinion between the Council's expert and our EY technical specialist. Discussions are ongoing and the issues identified are being reviewed to determine whether the Council's accounting treatment is in line with the spirit of the regulations or not.



Other areas of audit focus (Cont.)

Going Concern Disclosure

What is the risk?

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.

What did we do?

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Challenged management's identification of events or conditions impacting going concern.

Tested management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).

- Reviewed the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern including an assessment of any underlying need to borrow.
- Undertook a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when drawing our conclusions on going concern.
- Challenged the disclosure made in the accounts in respect of going concern and any material uncertainties.

What is the status of our work?

The work is still in progress. We have asked for a cash flow forecast until *March 2025 to assess the Council's going concern assessment for a period at least 12 months from the date of the accounts being issued.*



03 Audit Report



Draft audit report

DRAFT report TBC

Our opinion on the financial statements

- TBC once testing is complete

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05 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £54k which have been corrected by management that were identified during the course of our audit:

- one misstatement amounting to £8,001k between cash and cash equivalents and short term investments.

Our audit has identified a number of disclosure misstatements in the following notes: Non-specific grant income, Commercial Income, Related Parties, NDR provisions, Trading Operations, Officers Remuneration, Exit packages, Going concern accounting policy, Pension liability and Financial Instruments.

In addition, other casting and consistency check disclosure errors have been identified but these do not need to be reported individually to you.



Audit Differences

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit & Scrutiny Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2022 (Currency'000)		Effect on the current period:		Net assets (Decrease)/Increase		
		OCI Debit/(Credit)	Comprehensive Income and Expenditure Statement Debit/(Credit)		Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)
Errors						
Known differences:						
An amount was accounted for as an addition to PPE when it should have been credited to capital grants and contributions					100,000 (100,000)	
Balance sheet totals					0	
Cumulative effect of uncorrected misstatements before turnaround effect					0	
Turnaround effect. See Note 1 below. Minimum Revenue Provision misstatement from 2020/21 audit			TBC			
Cumulative effect of uncorrected misstatements, after turnaround effect			TBC		0	

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2022.

Note 1: turnaround effect is the post-tax impact of uncorrected misstatements related to the prior period, on results of the current period.



04 Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

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.

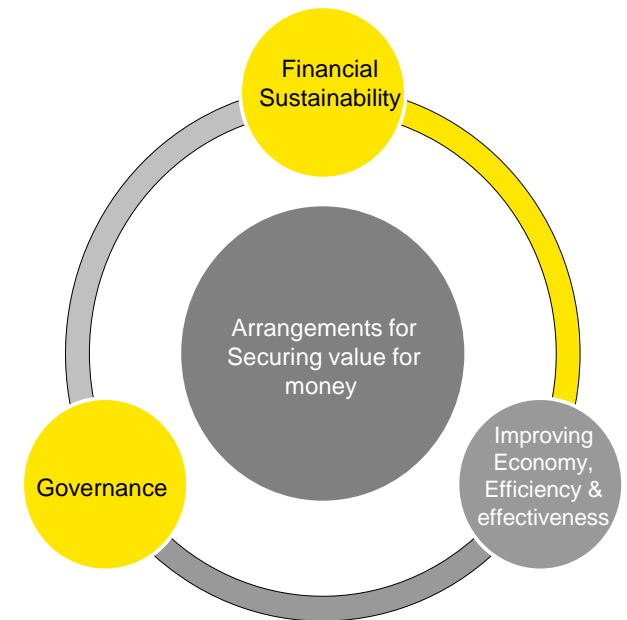
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

In the Audit Plan we reported that our value for money planning was yet to commence although we identified one area of focus 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.

Following the completion of the value for money planning we have identified that the earlier reported area of focus has been concluded as a risk of significant weakness in 2021/22. Under the NAO's 2020 Code we have identified the risk as part of the financial sustainability criteria. The detailed review of budget documents and the impact of the group on the financial sustainability of the Council is in progress.

We will report the outcome of our work in the final version Audit Results Report to the next committee meeting and full VFM commentary in the Auditor's Annual Report within 3 months of the audit report being issued.



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Status of our VFM work

We have completed our planned risk assessment procedures and have determined that there is a significant weakness in the Council/Authority's arrangements for supporting its financial sustainability. Our detailed work is in progress and we will report the findings and conclusion, and any impact on the audit report in the final version Audit Results Report.

We plan to issue the VFM commentary within 3 months of issuing the audit report as part of the Auditor's Annual Report.

Responding to a risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?	What did we do?
<p>Financial Sustainability</p> <p>The Council has a high level of borrowing that needs to be repaid, with £60m of the borrowing loaned to the wholly owned subsidiary.</p> <p>There is a risk to the Council's medium to longer term sustainability over the repayment of this borrowing and the impact on the Council's reserves if the return from the wholly owned subsidiary is not received at the expected level.</p> <p>In addition, like all Local Government bodies, there is an increasing risk that the Council's financial position reduces over the medium term and the use of reserves is needed to balance the Council's budget in 2024/25.</p>	<p>Financial Sustainability</p>	<p>The work is currently in progress.</p>

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05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the 2021/22 Statement of Accounts with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2021/22, for the Council this is the Narrative Report, and published with the financial statements was reviewed for consistency with the other information published in the Statement of Accounts and we have identified some inconsistencies in the figures reported and management has agreed to update these in the final version of the financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

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

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we do not expect any issues in performing this work as the Council falls below the threshold set within the guidance from HM Treasury and the group audit instructions for 2021/22 on which our work is based.

We have no other matters to report.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits.

At this stage of the audit we have not identified any reporting issues. We will update the Audit & Scrutiny Committee if any issues arise.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control. To date, we have not identified any significant matters to report to you. As we conclude our audit, we will reflect on the final accounting adjustments and determine if there are any additional matters to report, particularly if we determine there are areas where the Council could strengthen its systems of internal control to support the preparation of the 2022/23 financial statements for audit.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

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FY Transparency Report 2022

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 year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Proposed Fee 2020/21 £
PSAA Scale Fee	54,288	54,288	52,365
Scale fee rebasing (Note 1)	36,001	-	36,001
Revised proposed scale fee:	90,289	54,288	88,366
In-year scale fee variation:			
Scale fee variation - Additional audit work (Note 2)	TBC		39,761
Scale fee variation - PSAA pre- approved additional fee for VFM and ISA540 (Note 3):	8,500 - 13,500	8,500 - 13,500	8,500
Total fees	TBC	TBC	136,627

All fees exclude VAT

* this is our proposed figure that has been submitted to the PSAA

The agreed fee presented is also based on the following assumptions:

- ▶ Officers meet the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion are 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 where applicable.

Relationships, services and related threats and safeguards (Cont.)

Services provided by Ernst & Young

Notes

Note 1 - This relates to our scale fee rebasing for the audit, to take into account changes in professional and regulatory requirements to that date. This was previously raised in the 2019/20 audit year and as these are related to ongoing requirements, we have included the impact again in our 2020/21 requested fees. This is the same request that was submitted in the prior year and has been adjusted for the increase in PSAA rates.

Note 2 - This figure includes a variation to the scale fee for items specific to the 2020/21 audit year where additional audit work was undertaken by the audit team. We will be submitting a request for this additional work undertaken on:

▶ Work of EY expert to calculate an auditor's estimate of the pension liability and the valuation of assets;

▶ Increased testing for the consolidation of material balances in the group accounts; and

▶ Work on the value for money risk of significant weakness.

Note 3 - The fee impacts of the NAO's 2020 Code of Audit Practice, and the revised ISA540 on estimates were new during 2020/21. The PSAA communicated fee ranges for each type of auditee, and our assessed impact for the Council is that both ISA540 and VFM Commentary is at the bottom of the ranges.



08

Appendices



Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.




Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- **Existence:** An asset, liability and equity interest exists at a given date
- **Rights and Obligations:** An asset, liability and equity interest pertains to the entity at a given date
- **Completeness:** There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- **Valuation:** An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded

Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Outstanding matters





The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
<i>Review of completed audit work</i>	<i>Final review to be performed by the Manager and Partner</i>	<i>EY</i>
<i>Completion of our work over PPE Valuations</i>	<i>Obtain relevant supporting evidence and complete our testing of revalued assets</i>	<i>EY and management</i>
<i>Group accounting</i>	<i>Confirm group boundary and accounting for Brentwood Development Partnership</i>	<i>EY and management</i>
<i>Minimum Revenue Provision</i>	<i>Determine the correct accounting treatment for the MRP</i>	<i>EY and management</i>
<i>Completion of going concern assessment</i>	<i>Reviewing of cashflow forecast and management assessment on going concern, this is in progress Detail review and consideration of the going concern assessment</i>	<i>EY and management</i>
<i>Review of the revised financial statements</i>	<i>Obtain and review final revised financial statements and verify all agreed amendments have been made</i>	<i>EY and management</i>
<i>Subsequent events review</i>	<i>To be performed just before signing</i>	<i>EY and management</i>
<i>Receipt of signed management representation letter</i>	<i>Finalise the letter following completion of the audit</i>	<i>EY and management</i>
<i>Receipt of signed Narrative Report and financial statements</i>	<i>Finalise the financial statements and narrative report following completion of the audit</i>	<i>EY and management</i>

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern and PPE valuation remain to be finalised and audited.

Required communications with the Audit & Scrutiny Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Terms of engagement	Confirmation by the Audit & 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.	Audit planning report - July 2023	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. 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.	Audit planning report - July 2023	
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - November 2023	

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		Our Reporting to you
Required communications	What is reported?	When and where
Page 107	<ul style="list-style-type: none"> • Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee • Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof • The valuation methods used and any changes to these including first year audits • The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework • The identification of any non-EY component teams used in the group audit • The completeness of documentation and explanations received • Any significant difficulties encountered in the course of the audit • Any significant matters discussed with management • Any other matters considered significant 	
	<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"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	Audit results report - November 2023
	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	Audit results report - November 2023
	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report - November 2023

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		Our Reporting to you
Required communications	What is reported?	When and where
Page 108	Fraud <ul style="list-style-type: none"> • Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • 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"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit & Scrutiny Committee responsibility. 	Audit results report - November 2023
	Related parties <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report - November 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"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit planning report - July 2023 Audit results report - November 2023

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		Our Reporting to you
Required communications	What is reported?	When and where
Page 109	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
	<p>External confirmations</p> <ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report - November 2023
	<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> • 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 • Enquiry of the audit 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 committee may be aware of 	Audit results report - November 2023

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		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report - November 2023
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components 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 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 Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted 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. 	Audit planning report - July 2023 Audit results report - November 2023
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report - November 2023
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report - November 2023
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - November 2023

Management representation letter

Management Representation Letter

[To be prepared on the entity's letterhead]

[Date]

Elizabeth Jackson
Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of Brentwood Borough Council ("the Council") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Brentwood Borough Council as of 31 March and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement]

Management representation letter

Management Rep Letter

6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Full Council, Cabinet, and Audit Committee and Governance Committee held through the year to the most recent meeting of the XXX.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.

Management representation letter

Management Rep Letter

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From XXX, the date of our last management representation letter, through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third

E. Going Concern

1. Note XX to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than Note XX to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises information included in the Statement of Accounts 2021/22 and Narrative Report 2021/22, other than the financial statements and your auditor's report thereon.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Council, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the applicable financial reporting framework, aligned with the statements we have made in the other information or other public communications made by us (see section C)

Management representation letter

Management Rep Letter

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of our land and buildings, HRA properties and investment properties and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

NDR Appeals Provision

1. We confirm that the significant judgments made in making the NDR appeals provision have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the NDR appeals provision.

3. We confirm that the significant assumptions used in making the NDR appeals provision appropriately reflect our intent and ability to carry out our services on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
5. We confirm that appropriate specialized skills or expertise has been applied in making the NDR appeals provision.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

Valuation of assets

1. We confirm that the significant judgments made in making the valuation of assets have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of assets.
3. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out our services on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
5. We confirm that appropriate specialised skills or expertise has been applied in making the valuation of assets.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

Management representation letter

Management Rep Letter

M. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(s151 Officer)

I confirm that this letter has been discussed and agreed at the Audit Committee on XX.

(Chair of the Audit & Scrutiny Committee)

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ED None

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AUDIT & SCRUTINY COMMITTEE

14 November 2023

REPORT TITLE:	Treasury Management Review
REPORT OF:	Tim Willis, Interim Director – Resources
REPORT IS FOR:	Information

REPORT SUMMARY

This report sets out the findings of the Council's treasury management advisors, Link, in respect of a review of the Treasury Management Strategy.

The Council has, over recent years, embarked upon an ambitious capital investment programme that has necessitated significant treasury management activity, including sizeable borrowing. A report was commissioned from the local government experts in this field (Link) to report back on this activity – both in terms of the Council's performance and its current compliance with best practice.

SUPPORTING INFORMATION

2.0 OTHER OPTIONS CONSIDERED

None.

3.0 BACKGROUND INFORMATION

After a procurement process in April 2023, Link were commissioned to carry out a review of the Council's Treasury Management (TM) Strategy. Link produced a draft report in June 2023 and finalised it in August. Their report is attached.

The report provides an independent view of the Council's management of risk in relation to borrowing and investment. It also provides guidance on compliance with best practice.

The key conclusions from the report are as follows:

- a. The Council has a high level of absolute debt; consequently a high cost of servicing that debt; and a reliance on income generated from assets, acquired from the borrowing, to service the debt. To balance this, the Council pays a

low average rate of interest on the debt; and generates a relatively healthy return in regard to income from the assets.

- b. The Council does not yet fully comply with the CIPFA Code of Practice on Treasury Management in that it does not have a set of updated Treasury Management Practices (TMPs) or an adequate set of Investment Management Practices (IMPs). TMPs set out the manner in which the Council will achieve effective treasury management, and IMPs cover the same ground for non-treasury investments. A TMP operations manual should be produced and used as a reference document to regularly check that details of the TMPs are up to date.
- c. The level of scrutiny of treasury management reports by members requires strengthening: in particular, it is recommended that the Audit & Scrutiny Committee undertakes prior scrutiny of treasury strategy reports before they go to Full Council for approval.
- d. Member scrutiny would also be enhanced by a training programme.
- e. Organisational change has exacerbated existing resourcing issues within the treasury management team. Additional staff resources would be advisable to support with best practice and compliance, particularly in relation to segregation of duties. This will be considered as part of the OneTeam review of the corporate finance function.
- f. The Capital Strategy needs to have a time line beyond the current three years horizon.

With regard to TMPs, officers have worked with Link to update the these documents, and they are now in place. It is proposed that they be formally adopted as part of the 2024/25 Treasury Management Strategy. A separate exercise is planned for 2024 to develop a full set of IMPs.

The Committee is asked to note the following actions arising from the Link report:

- a. The TM Strategy will be considered by Audit & Scrutiny Committee before it is submitted to Council for approval.
- b. The updated set of TM Practices will be presented for approval by Council as part of the 2024/25 TMSS, and updated IMPs will be developed during 2024/25.
- c. Progress on compliance with the TMPs and IMPs will be reported to Audit & Scrutiny Committee on a regular basis.
- d. A TMP operations manual will be developed and maintained in 2024/25.
- e. An internal audit of TM will be commissioned for 2024/25 to test the extent of implementation and effectiveness of the above actions.
- f. Training of relevant members will be commissioned to help enable appropriate challenge and interrogation of TM reports.
- g. An Independent Person will be appointed to the Committee to enhance expertise on the Committee.

- h. The Capital Programme will be extended to five years to assist in longer-term investment planning and the subsequent TM Strategy to support that.
- i. Consideration will be given to the inclusion of a specific risk in the Council's strategic risk register regarding the level of exposure.
- j. A separate capital and investment strategy will be developed in 2024 to support forward planning and be reported separately to members to inform 2025/26 and beyond.

4.0 FINANCIAL IMPLICATIONS

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

Contained within the body of the report.

5.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew – Joint Acting Director of People and Governance & Monitoring Officer
Tel & Email 01277 312741 / claire.mayhew@brentwood.gov.uk

The Council's treasury management activities are governed by statute, regulations and best practice.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

Contained within the body of the report.

7.0 RELEVANT RISKS

The risks associated with the treasury management operation are managed through limits set out in the annual treasury management strategy.

8.0 ENGAGEMENT/CONSULTATION

None.

9.0 EQUALITY IMPLICATIONS

None.

10.0 ECONOMIC IMPLICATIONS

None.

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

APPENDICES

Appendix A: Link Review of Treasury Management.

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

Brentwood Borough Council

REPORT ON THE TREASURY MANAGEMENT OF BRENTWOOD BOROUGH COUNCIL

June 2023

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Notes

Brentwood Borough Council (BBC) were asked to provide replies to various questions that were raised in undertaking this review.

1. Introduction

Treasury management in local authorities is a high profile area, this has been brought into further focus following the world financial crisis in 2008, [with a particular emphasis on improving the safety of local authority investing with creditworthy counterparties and adequate identification and management of risk] and more recently with the introduction of the revised Treasury Management and Prudential Codes for 2023-24 which makes it clear Local Authorities must not borrow to invest in assets primarily for financial return.

At the same time, local authorities are having to deal with many pressures to cut costs in an environment of increased budget pressures. Many local authorities have also had difficulties with replacing key staff who, when they leave the authority, take with them a wealth of experience and expertise which, sometimes, may prove difficult to replace. *(Please note that Brentwood Borough Council (BBC) has undergone a significant restructure and experienced difficulties in recruiting permanent members of staff, including S151 (see the section on Staffing resource for the treasury management team.)* Such staffing difficulties can cause issues in the following areas of treasury management:

- **The level of compliance** with all professional, statutory and legal requirements, but especially the **two codes** issued by the Chartered Institute of Public Finance and Accountancy's (CIPFA) - the Treasury Management Code of Practice and the Prudential Code, and with other statutory and legal requirements.
- Treasury management **performance** in terms of the effect on the bottom line of how much an authority pays in interest borrowing costs and on investment earnings on cash balances.
- The level of **risk exposures** in investing and borrowing portfolios.

The purpose of this report is to undertake an independent examination of the following: -

- **Compliance:** do your policies / procedures comply with the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code, DLUHC investment guidance and other areas of compliance?
- **Evidence:** can you provide evidence to internal / external scrutiny that the above is the case?
- **Delivery:** how do your policies, procedures and level of staffing impact on the delivery of your treasury function?
- **Review:** following the outcomes of this health check will you review your processes and approach to how you do treasury management?

This report is therefore intended to help those involved in monitoring the treasury management function, whether senior management, members, external auditors or internal auditors to gain insight into the way in which treasury management is carried out in the organisation.

It is also intended to help in identifying areas where the treasury management function could be improved and strengthened and in most local authorities, it is likely that a health check of this nature will find such areas which, at the least, would be worth reviewing.

What are the areas covered by treasury management?

CIPFA has adopted the following as its definition of treasury management activities:

The management of the organisation's: -

- borrowing, investments and cash flows,
- its banking, money market and capital market transactions;
- the effective control of the risks associated with those activities;
- and the pursuit *of optimum performance consistent with those risks.*

Executive Summary

Link Treasury Service (LTS) have been commissioned by Brentwood Borough Council (BBC) to undertake several pieces of work resulting in a 'health check of the Councils Treasury and Capital Strategies. These areas include a review of the Councils Minimum Revenue Provision (MRP) Policy, Its Capital Strategy, its Commercial Assets (Business Case Review) and its Treasury Management Strategy. Each of the above areas will be distinct pieces of work consisting of a detailed report with their own findings. The focus of this report will be the Councils Treasury Management Strategy approach with significant focus on the Councils recent Borrowing activity. There may be some natural overlap into the other commissioned pieces of work however any comment in this report in relation to those areas will be limited.

It should be noted that HM Treasury published its revised lending terms for PWLB borrowing on 25th November 2020, this included a requirement for authorities to confirm that they do not intend to buy investment assets primarily for yield. This was effective from 9am on 26th November 2020. (See Appendix 1.0 for Newsflash issued to Clients by LTS).

The Prudential Code and Treasury Management Code were subsequently revised in December 2021 with full implementation for the 2023/24 financial year. The revised Prudential Code now specifically states that an authority must not borrow to invest primarily for financial return (an amendment to para 51 of the Code) which was applicable with immediate effect following the change in lending terms set out by HM Treasury with effect from 26th November 2020.

Whilst the focus of this report will be on BBC's current 2023/24 treasury strategy, it will be necessary to review treasury strategies and decisions taken by BBC prior to this (*primarily from 2020 onwards*). As such, certain decisions/reports will pre-date the updated TM/Prudential Code changes and revised PWLB lending terms. Activity/decisions predating this guidance will be viewed within the context of the applicable guidance at that time.

This report has reviewed the following areas:

- (i) Compliance with the CIPFA Codes of Practice on Treasury Management
- (ii) Compliance with Statutory Investment Guidance
- (iii) The Annual Treasury Strategy report – Borrowing: Including a detailed timeline with analysis/ context around long term borrowing decisions undertaken from 2020 to date (*Note 2020 is the most relevant starting point given long term borrowing prior to this was March 2012*)
- (iv) Benchmarking of Borrowing Performance
- (v) The Annual Treasury Strategy Report – Investing
- (vi) Benchmarking of Investment Performance

(vii) Staffing

The key findings from this report are as follows:

1. BBC has **not fully complied with the Cipfa's Code of Practice on Treasury Management**.
2. The required **twelve treasury management practices** are not up to date and will require a significant refresh. As a follow-up to this review, Link Treasury Services will support the Council in this piece of work.
3. BBC has work to do to **demonstrate proportionality** in relation to BBC's non-treasury activities and ensure compliance with the spirit of the 2018 Statutory Investment guidance. Non-treasury activities are not currently supported by adequate Investment Management Practices (IMP's).
4. In January 2021 and February 2021 BBC presented two separate reports to Council seeking approval of the purchase of strategic assets. These reports included requests to raise the Authorised Limit to accommodate the uplift in the CFR to ensure that levels were not breached. The starting point for the limit as reported in the 2020/21 Capital and Investment Strategy was £157,729k. The Authorised limit was initially increased to £185,000k [per the 20.01.2021 Ordinary Council Report- Investment proposal – acquisition of Baytree shopping Centre and Academy Place Brentwood]. BBC took a further report to Extraordinary Council on 16-02-2021. [Acquisition of Childeric Industrial Park]. This report was seeking approval to raise the Authorised Limit further to £247,500k. Actual external borrowing had risen significantly during this time to a peak of £233,224k.
5. **BBC's Capital Financing Requirement has increased at a significant rate** during the period 31st March 2020 (£118.2m) to 31st March 2023 (£259.8m) a total of £141.6m (120% increase) with forecasts for the CFR to reach over £320m by 31st March 2024 (further increase of 23% in 2023/24 and a total increase over this 4 year period of 171%). Such rapid increase in CFR levels during this relatively short space of time can adversely impact on treasury planning, (i.e. ability to adopt a proportionate and effective borrowing strategy). (As detailed in the forward balance sheet iterations within section 4.5 of this report). The pace of growth can also adversely impact the effective monitoring and scrutiny of treasury strategy. This has been borne out to some extent by point 3 noted above.
6. As detailed in Section 4.8 Table 5, and linked to point 5 above, the **ratio of financing costs to net revenue stream has risen rapidly from an already elevated position** (12% in 2021 to 48% in 2022/23) and is forecast to increase to 69% by 2024/25. Such elevated levels bring into question affordability and sustainability and would be a risk area for BBC to closely monitor with a view to reduce this ratio in the near future if possible.
7. BBC has clearly had a detailed and thorough approach to its **borrowing strategy**, however whilst this has achieved a level of budgetary certainty and reduction in exposure to

refinancing risk, significant exposure still remains. This is despite BBC externalising £178m worth of borrowing *in just 15 months* from Sept 2020 to Dec 2021 [*included deferred drawdown loans of £45m agreed in Dec 2021*]. This links back to the rapidly rising CFR as noted in point 5 above.

8. As detailed in section 6, Table 8, there is significant reliance (arguably over-reliance) on commercial and Service income. The ratio of gross income to net revenue stream is forecast to increase from an already elevated position of 80% in 2022/23 to 86% by 2024/25.
9. **Benchmarking of Borrowing** performance with neighbouring Authorities ranks BBC as 1st in terms of the lowest average rate being achieved. This undoubtedly has been driven by the scale of borrowing in a historically low interest rate environment.
10. **Benchmarking of Investment** performance against a peer group places BBC close to the upper band in terms of expected return achieved on a risk adjusted weighted average rate of return.
11. **Monitoring and Approval processes** require strengthening. Whilst there is regular monitoring of Prudential Indicators, further Scrutiny of TM reports from Members prior to presentation to Full Council could provide a more suitable mechanism, particularly in this time where significant TM work is being undertaken.
12. **Organisational Change** has potentially exacerbated existing resource issues within the TM team. Additional staff resources would be advisable to support with best practice and compliance (particularly in relation to segregation of duties).

A Summary table of compliance is included at Section 13 of this report.

2. Basic compliance with the CIPFA code of practice on treasury management

2.1 FOUR REQUIREMENTS

The main area of compliance that a local authority treasury management team has to comply with is the above code. **The Code sets out four main requirements** referred to as “Clauses to be formally adopted”(page 13):

1. This organisation will create and maintain, as the cornerstones for effective treasury and investment management:

- suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
- investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the TM Code’s key principles.

2. This organisation (i.e. full board/council) will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs and IMPs.

3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to [note 1], and for the execution and administration of treasury management decisions to [note 2], who will act in accordance with the organisation’s policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA’s Standard of Professional Practice on treasury management.

4. This organisation nominates [note 3] to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Note 1: name of responsible body (for example, committee, board or council) or nominated group of individuals or relevant committee such as cabinet or executive. Where a capital strategy is produced by a local authority, this may include the setting of detailed treasury management policies, while being clear that overall responsibility remains with full council.

Note 2: title of responsible officer (for the purposes of this Code, the term ‘responsible officer’ has been used, although it is recognised that, in practice, many different terms exist). For example, in higher education, the vice chancellor/principal or equivalent is the ‘designated officer’, who will ensure that the governing body complies with all terms and conditions of funding provided by the funding body. However, it is usual for day-to-day financial management to be delegated to a director of finance, who will take professional responsibility for such areas of an institution’s work, and this is the officer who is referred to here.

Note 3: name of responsible body (for example, committee, board or council) or nominated group of individuals or relevant committee such as audit committee or relevant scrutiny committee.

Findings

BBC has not fully complied with these four prime requirements as detailed:

13. The policies, objectives and approach to risk management of its treasury management activities are set out in its **Treasury Management Strategy Statement (TMSS)/ Annual Investment Strategy (AIS)**, (this is termed the **Capital and Investment Strategy** report at BBC), which is revised and updated each year before the start of each new year. The Council has however failed to adequately update the required **twelve treasury management practices** to provide the operational detail in support of each member of the treasury management team when undertaking treasury management activities. The Council does not have adequate **Investment Management Practices** (IMP’s) detailed in support of reporting of its non-treasury activities.
14. The full council receives the following **reports** on its treasury management policies, practices and activities:
 - a. an annual strategy and plan in advance of the year (the TMSS/AIS)
 - b. a mid-year review
 - c. an annual review report after the end of each financial year
15. BBC has **delegated responsibility** for treasury management to the Interim Director of Finance and S151 officer, Tim Willis.

16. The **Audit and Scrutiny Committee do not** undertake prior scrutiny of Treasury reports before they are submitted to the Full Council, the reports go direct to Full Council for approval.

Note: Whilst it is not a statutory requirement for Treasury Management Reports to be subject to prior Scrutiny before presentation to Full Council for approval, the CIPFA code considers it “vital that the treasury management decisions of organisations in the public services should be subjected to **prior scrutiny**”. it would be good practice for BBC to incorporate this to enhance current governance arrangements.

Action: BBC to Review Treasury Management Practice Templates provided by Link to all clients and incorporate BBC practices in line with best practice. Link will work with BBC in support of this as part of ongoing Treasury Strategy work.

2.2 THREE KEY PRINCIPLES

The Code also requires local authorities to comply with three key principles:

KEY PRINCIPLE 1

*Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the **effective management and control of their treasury management activities**.*

KEY PRINCIPLE 2

*Their policies and practices should make clear that the **effective management and control of risk** are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that **priority is given to security and portfolio liquidity when investing treasury management funds**.*

KEY PRINCIPLE 3

*They should acknowledge that the **pursuit of value for money** in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of **effective risk management**, their treasury management policies and practices should reflect this.*

The rest of this CEDR report will look in detail at how well BBC has implemented these four requirements and three key principles. Inevitably, a thorough examination into every corner of how treasury management is being conducted will turn up some areas for improvement.

3. Compliance with statutory investment guidance

3.1 THREE EDITIONS OF STATUTORY GUIDANCE

There have been **three editions of statutory investment guidance issued by DLUHC** (*formally MHCLG*) in 2004, 2010 and 2018: each edition replaced the previous one. Reference is made below, and elsewhere, to the third edition of 2018 which was the guidance applicable when investments were made. However, the essential principles of security, liquidity and risk are unchanged between the 2010 and 2018 editions.

The second edition of the guidance followed in the aftermath of the financial crisis of 2008 and the failure of Icelandic banks, which many local authorities had placed investments with. This raised fundamental questions as to whether local authorities were managing **risk exposure** in an appropriate manner as they appeared to have prioritised earning a higher rate of interest more highly than security, (and also liquidity – as it took several years for local authorities to get nearly all their cash returned to them).

The 2010 edition therefore majored on some **key fundamental principles** to guide all local authority investing as set out in sections 6 and 7 below:

*6. The preparation each year of an investment Strategy is central to the guidance [4.1]. It encourages the formulation of policies for the **prudent** investment of the funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by the full council ensures that these policies are subject to the scrutiny of elected Members: this is particularly important, given that central Government in 2004 ceased its close regulation of local government investment.*

7. The guidance defines a prudent investment policy as having two objectives:

*achieving first of all **security** (protecting the capital sum from loss) and then **liquidity** (keeping the money readily available for expenditure when needed) [4.2]. The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for the guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what **yield** can be obtained consistent with those priorities. This widely-recognised investment policy is sometimes more informally and memorably expressed as follows:*

Security - Liquidity -Yield ...in that order!

The 2018 edition retained and repeated the above principles. So, in summary, all local authority investing is required to be:

- **Prudent**
- **To put security before liquidity and yield**

3.2 SCRUTINY BY MEMBERS

In addition, the 2010 edition introduced a new concept of member scrutiny. In this edition the government relinquished exercising detailed control over local authority investing and handed responsibility to members to ensure that effective scrutiny of officer management of the treasury management function.

Each local authority was therefore required to set up a committee which would exercise this scrutiny function before treasury management reports were submitted to full council for approval. Scrutiny members are therefore expected to have a higher level of understanding of treasury management and to challenge officers if they feel uncomfortable with any aspect of the conduct of treasury management or proposed strategies.

Along with this new role of scrutiny, the guidance placed responsibility on officers to arrange appropriate training for members so that they were equipped to be able to carry out this scrutiny role in an effective way.

Inherent in this development, was also the responsibility of members to attend training sessions as they are now personally responsible for carrying out this scrutiny role.

Link has been informed that no evaluation has been done of scrutiny members to establish what TM experience or expertise such members have. As part of the revised TM Code of Practice updated 2021 (for full implementation from 2023/24); TMP 10 is now to include a Knowledge and Skills schedule supported by appropriate training for both officers and members. CIPFA have provided a 'learning needs analysis template' to help Members identify any training gaps.

Note: BBC is aware of the new requirement for a 'Knowledge and Skills' schedule however this is not in place at present and will be picked up as an action as part of this review (built into the revised TMPs which will be produced as an output of this report.

Note: BBC should review this whole area of member training with a view to conducting training courses which require members to attend. Providing training courses for Members is a service that Link Treasury Services can assist with and will provide as a follow up to this review.

3.3 SPECIFIED AND NON-SPECIFIED INVESTMENTS

The 2004 edition of the statutory guidance introduced a new concept, (which was retained in the 2010 and 2018 editions), which was not previously found in the CIPFA TM Code prior to the 2021 updates – the need to split all investments by a local authority between **specified and non-specified investments**:

(2010 guidance): INVESTMENT SECURITY [5.1 - 5.3]

13. The idea of **specified investments [5.1]** is to identify options with relatively high security and high liquidity, **to which authorities need make only minimal reference in their Strategies.** All such investments must be in sterling and with a maturity of no more than a year. Such investments with the UK Government, a local authority or parish council will count as specified investments, as will those with bodies or in investment schemes of "high credit quality". The meaning given by the authority to the latter term is to be stated in the Strategy **[5.2]** and it is expected that authorities will adopt rigorous standards of definition. If the criteria here refer to credit ratings, the recommendations in paragraph **[6.1]** of the guidance should be followed.

14. **The Strategy should deal in more detail with non-specified investments [5.3], given the different levels of potential risk.** There is no intention of discouraging authorities from pursuing these options, but the aim is to ensure that proper procedures are in place for assessing and mitigating risk. Therefore, the Strategy should identify the types of such investments that may be used during the course of the year and should set a limit to the amounts that may be held in such investments at any time in the year. The limit may be a sum of money or a percentage of total investments or both. The Strategy should also lay down guidelines for making decisions on such investments, for example, on the circumstances in which professional advice is to be sought. Again, if the criteria mentioned refer to credit ratings, the recommendations in paragraph **[6.1]** of the guidance should be followed.

(2) DEFINITIONS OF TERMS

2.4. A **long-term investment** is any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period.

Non-specified investments

5.3 With regard to **non-specified investments** (i.e. those not meeting the definition in paragraph 5.1), the Secretary of State recommends that the Strategy should:

(a) set out procedures for determining which categories of such investments may prudently be used (and where these procedures involves the use of credit ratings, paragraph 6.1 is relevant);

(b) identify which categories of such investments have so far been identified as prudent for use during the financial year; and

(c) state the upper limits for the amounts which, at any time during the financial year, may be held in each identified category and for the overall amount which may be held in non-specified investments (the limits being defined by reference to a sum of money or a percentage of the authority's overall investments or both).

Section 8 of the code has since been updated (as part of the 2021 edition changes adopted for 2023-24 TM Strategies) in relation to non-treasury investments and CIPFA have incorporated a definition of treasury management which states that it **includes all the investments made by the organisation, meaning service investments and commercial investments as well as the 'regular' treasury investments.**

Section 8 of the TM Code describes **Investments for commercial purposes** (or commercial investments) as those which:

Are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

- *This includes non-financial assets such as commercial property, where they are held primarily for financial return.*
- *For local authorities, investments of this type will usually constitute capital expenditure.*
- *'Commercial' in this context refers to the purpose of the investment. Commercial investments are not taken to meet treasury management cash flow needs and do not result from treasury risk management activity to prudently manage the risks, costs or income from existing or forecast debt or treasury investments. They are additional investments voluntarily taken primarily to generate net financial return or profit.*

Investments for **service purposes (or service investments)** are described as those which:

Are taken or held primarily for the provision and for the purposes of delivering public services including housing, regeneration and local infrastructure), or in support of joint working with others to deliver such services.

- *Service investments may or may not involve commercial returns; however, obtaining those returns will not be the primary purpose of the investment.*

- *For local authorities, service investments will normally constitute capital expenditure, and it may be appropriate to borrow to finance service investments.*

For investments that are not for TM purposes, classified as commercial or service investments, these should be clearly identified and reported in appropriate categories, to reflect their service or commercial purpose. It should also be noted that for each investment, an investment management Practice (IMP) should set out a range of criteria such as the investment objectives, risk management arrangements and reporting arrangements.

Note: Outside of this CEDR TM Review there are separate reports being produced in relation to the Councils Commercial Investment Portfolio, Primarily Seven Archers Investment Ltd (SAIL) as well as a separate report solely focusing on the Councils Capital Strategy, as such, this review will not major on these areas and will only make reference to these areas within the scope of this Treasury Management Strategy Review.

The following should be noted from the above guidance: -

1. Investments initially made for under one year, or have only one year left to run to maturity, are defined in the 2018 statutory guidance as being specified investments; therefore all investments, regardless of the type of investment instrument, with over one year to run to maturity are, by definition, **non-specified**.
2. The authority must **set an upper limit** for how much can be held in each type of non-specified investments and an upper limit for the **total of non-specified investments**.
3. Specified investments with high credit quality bodies need only **minimal reference** in annual strategy reports.
4. **Non-specified investments** should be dealt with in more detail in annual strategy reports as they involve a **higher level of risk** than specified investments. It is therefore very important that members' attention should be drawn to the need to understand those risks when approving different types of non-specified investments and when setting upper limits for each one and a total upper limit for all non-specified investments. *(Please see appendix 2.0 containing the TMSS template report provided by Link Treasury Services to all clients, which sets out what types of investments fall into each of the specified and non-specified categories.)*

This is the relevant paragraph of the Capital and Investment Strategy 2023/24 report for your authority, appendix, page 40, para 153:

***Non-specified investments** are any other type of investments; in addition, any investment with a duration of over one year is classified as a non-specified investment. In previous years the Council has not used non-specified investments. For 2023/24, investments of up to three years with other local authorities will be allowed, up to a total value of £5m. This is to enable the Council to access higher returns through investing for longer periods.*

Note: BBC confirmed that longer term resources had been identified and set aside which could potentially be utilised for longer term investments, thus benefiting from higher returns (and locking in those returns) to support its investment income target. Having said this, the Council still has a modest income target of £150k for 2023/24 and as of yet has not utilised any longer term investments with other Local Authorities.

THE TRADE-OFF BETWEEN SECURITY AND RISK

The over-riding principal that Officers and Members need to firmly take hold of is the rule in investing, that generally, and usually, a higher yield or rate of interest can only be achieved by taking on a higher level of risk by accepting less security and / or liquidity. The proper identification and management of risk is what the statutory guidance and CIPFA codes are focused on.

3.4 COMPLIANCE WITH STATUTORY INVESTMENT GUIDANCE: NON-SPECIFIED INVESTMENTS

The Capital and Investment Strategy 2023/24 incorporating the Investment and Treasury Management Strategy (the Strategy), complies with statutory guidance as detailed:

- a) **The 2010 statutory guidance stated that the key requirement of a specified investment** (besides being for under one year), is that it should require *‘minimal reference in their Strategies’*, i.e. such types of investments should be straight forward for all members approving the strategy to understand the risks and rewards associated with using that type of investment. *(The 2018 statutory guidance omits this phrase of ‘minimal reference in their Strategies’: however, it is clear in statutory guidance that specified investments are high credit worthiness / low risk, i.e. they would require minimal scrutiny by members. Conversely, non-specified investments would therefore require greater scrutiny and understanding from members: this places responsibility on officers to ensure that TM reports clearly explain the risk characteristics of non-specified investments so that members can form a judgement.)*

3.5 MEMBER SCRUTINY

Scrutiny members are required by statutory guidance and the TM code to give careful consideration to approving the TM strategy and approved investment instruments. As high credit worthiness / low risk specified types of investment require little consideration, their scrutiny focus should fall on **non-specified investments** which have higher risk.

Action: Non-treasury investments should be clearly identified and reported in appropriate categories reflecting their service or commercial purposes. For each, the various purposes and management arrangements should be described. The level of risk and the arrangements for managing it should be set out. A Set of Investment Management Practices should be developed to support Members ability for effective Scrutiny as well as ensure appropriate compliance with the revised TM Code of Practice.

The scrutiny role of members is given high profile in the CIPFA TM Code and in statutory investment guidance:

CIPFA TM Code

1.3 DECISION MAKING AND ANALYSIS IN THE PUBLIC SERVICES

*CIPFA considers it vital that the treasury management decisions of organisations in the public services should be subjected to **prior scrutiny**. The treasury management strategy is approved annually by full board/council, which is a strength. The treasury management strategy should be supplemented by the provision of monitoring information and regular review by board members/councillors in both executive and scrutiny functions.*

1.12

*The procedures for monitoring treasury management activities through audit, **scrutiny** and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change.*

Investment guidance 2010

INVESTMENT STRATEGY [4.1 - 4.7]

6. The preparation each year of an investment Strategy is central to the guidance [4.1].

*It encourages the formulation of policies for the prudent investment of the funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by the full council ensures that these policies are subject to the **scrutiny of elected***

Members: this is particularly important, given that central Government in 2004 ceased its close regulation of local government investment.

(The 2018 statutory guidance omitted to comment on the scrutiny role of members and so has left this area to CIPFA to provide guidance on. However, members should note the above paragraph from the 2010 guidance which clearly states the importance that the Government places on the role of members in local authorities.)

Action: In view of the lack of an appropriate level of Member Scrutiny of the Capital & Investment Strategy and the proposed amendments resulting from this report, it is suggested that a new Capital & Investment Strategy should be submitted for approval.

4. The annual TM strategy report: borrowing

4.1 COMPLIANCE REQUIREMENTS FOR BORROWING

The CIPFA Prudential Code 2021 states the following: -

E16. In order to ensure that over the medium-term net debt will only be for a capital purpose, the local authority should ensure that gross external debt 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.

*E17. Local authorities are reminded that they should **avoid exposing public funds to inappropriate or unquantified risk**. The prime policy objective of their treasury management investment activities is the security of funds, and authorities should consider a balance between security, liquidity and yield that reflects their own risk appetite but that prioritises security and liquidity over yield. **Investments for ‘commercial purposes’, which are taken primarily for financial return, are likely to be higher risk, and local authorities must not borrow to invest primarily for financial return.** It is therefore important that the **risks of commercial investments are proportionate to an authority’s overall capacity** – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services and the level of resources available to the organisation. Authorities that have an expected need to borrow should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies.*

As this report deals with borrowing going back to 2020, reference is made initially to statutory guidance issued pre the 2021 Code of Practice and Pre changes to PWLB guidance effective from 26th November 2020.

In addition **the statutory guidance 2010** states the following, (the DLUHC will never give a definitive legal opinion as it would be inappropriate for civil servants to give such):

Investment of money borrowed in advance of need [6.4]

*19. Section 12 of the 2003 Act gives a local authority power to invest for "any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs". CLG cannot offer an authoritative interpretation of the law, but takes the informal view that, while **the speculative procedure of borrowing purely to invest at a profit is unlawful**, there appears to be no legal obstacle to the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. CIPFA’s Prudential Code for Capital Finance in Local Authorities (2nd edition 2009) makes recommendations about this procedure in the context of prudent borrowing practice. **To complement that, the***

CLG guidance recommends that the Strategy reports the authority's policies relating to the investment of any sums borrowed in advance. *The Government considers that elected Members should have an opportunity to scrutinise this aspect of their authorities' investment practices, given that it may expose more money than is strictly necessary to investment risk.*

The statutory guidance 2018 repeats the same principles as the 2010 guidance: -

Borrowing in advance of need

46. Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

47. Where a local authority chooses to disregard the Prudential Code and this Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and*
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.*

To summarise our understanding is as follows: -

- As noted in 4.1 above, per the Prudential Code, it would be ultra vires to borrow in advance of a local authority's needs, (to finance capital expenditure or to replace maturing debt) purely to invest at a profit. Forward projections of CFR levels (usually over a 3 year time horizon) however enables borrowing to take place at the most opportune time in support of planned capital programme works.
- It would be intra vires to borrow in advance of need provided it is within the increase in the capital financing requirement estimates in the strategy and a sound business case can be made which demonstrated e.g. that borrowing rates are expected to go up so it would save money to borrow soon, rather than later.
- Investment activities must put first and foremost the security of funds and not exposing the authority's funds to inappropriate risk.
- Authorities are expected to include in their TM strategy report what their policy is on the investment of any sums borrowed in advance of need.
- Members must be given the opportunity to scrutinise any borrowing in advance, both as a policy in the strategy report and of actual borrowing in advance of need undertaken in the annual review report.

- The CIPFA Code and statutory guidance explicitly prohibit local authorities from borrowing to funding assets primarily for investment return, as the more of such investments an authority has, **the more risk exposure an authority is taking on. Furthermore**, where an authority has large cash balances over and above what it needs to manage day to day cash flows, the expectation would be that that surplus should be the first source for financing capital expenditure rather than going to the PWLB or to financial markets to increase external borrowing so as to maintain those large in house cash balances. That is a prudent policy as borrowing is generally always more expensive than the returns achievable on investments unless investments take on a greater degree of risk and / or are invested for longer periods.

4.2 TEMPLATE TM STRATEGY REPORTS PROVIDED BY LINK TO BBC

Link provides template annual strategy and annual review reports to all clients which contain suggested paragraphs dealing with borrowing, the reports have been fully updated to reflect the revised TM/Prudential Code Guidance for implementation in 2023/24.

1. Extracts from a template annual review report supplied by Link to all clients

Borrowing strategy

(Please amend for local circumstances) The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2023 before falling in 2024 through 2025.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates*, then borrowing will be postponed.
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast*, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Each authority will now need to state its own particular preferences and strategy...

Policy on Borrowing in Advance of Need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

(If desired) Borrowing in advance will be made within the constraints that:

- It will be limited to no more than XX% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The Authority would not look to borrow more than XX months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4.3 WHAT POLICY ON BORROWING IN ADVANCE HAVE MEMBERS APPROVED EACH YEAR IN THE TM STRATEGY REPORT?

BBC does not make any reference in its Capital and Investment Strategy in relation to its policy on borrowing in advance of need. The Council does clearly undertake detailed forecasting for its CFR and future borrowing requirements however it would be good practice to include some of the above detailed template information provided by Link, within its own Capital and Investment Strategy.

Action: Update Capital and Investment Strategy to include further detail on policy of borrowing in advance of need as provided in templates from Link Treasury Services.

Extract from BBC 2023/24 TMSS:

	2021/22 Actual	2022/23 Estimated outturn	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	£000	£000	£000	£000	£000
Total external borrowing	228,197	217,191	267,688	297,685	308,182
Capital financing requirement	240,596	259,779	303,964	332,894	342,439
Under borrowing	(12,399)	(42,588)	(36,276)	(35,209)	(34,317)

Note: the Capital Financing Requirement in the 2021-22 Statement of Accounts was actually £248,673k and thus £8,077k more than the actual reported in the 2023/24 TMSS. It should also be note that BBC Operational Boundary was set at £245,000k for 2021/22, it would typically be set at a margin above forecast CFR levels to allow for variations in expected cashflows. It was noted by the client that the operational boundary was in fact breached for a month in November that year where debt levels reached £247m. The Authorised Limit was set at a level comfortably above expected Borrowing levels (£293,000k). As noted in the TMSS for BBC, The Local Government Act 2003 stipulates that it must not be breached at any time.

Action: A Revised Capital and Investment Strategy Report should include updated CFR actuals for 2021/22 with existing projections reviewed for accuracy.

4.4 ACTUAL BORROWING FIGURES FOR BBC

Table 1 shows Link figures for the level of under borrowing each year 2019/20 – 2022/23:

Table 1

	31.03.2020 (£m)	31.03.2021 (£m)	31.03.2022 (£m)	31.03.2023 (£m)
BS Balance available for investment	21.6	23.5	25.0	Awaiting
Actual external investments	2.2	21.2	13.9	Awaiting
Surplus monies	19.4	2.3	11.1	Awaiting
Source of Surplus monies				
Working Capital (creditors, debtors etc.)	3.4	5.0	9.0	
Under Borrowing	22.8	7.3	20.1	
BBC Estimate CFR per Capital and Investment Strategy				
Capital Financing Requirement	118.2	149.7	250.3	259.8
Actual external borrowing	96.4	233.2	228.4	
Under Borrowing	21.8	83.5	21.9	
Actual external borrowing	96.4	233.2	228.4	
Actual external investment	2.2	21.2	13.9	
Net borrowing	94.2	212	214.5	

Note: BBC has been consistently under-borrowed every year for the years reviewed from 2019/20 to date however during this time the anticipated CFR level has increased significantly year on year and the 2022/23 Forecast CFR is more than double the 2019/20 forecast position. Actual external borrowing has more than doubled during this time.

Table 2 shows the CFR compared to external debt and investments.

Table 2

Comparison of CFR to External Borrowing and Investment Portfolios:				
	31.03.2020	31.03.2021	31.03.2022	31.03.2023
	(£m)	(£m)	(£m)	(£m)
Actual external borrowing	96.4	233.2	228.4	
Actual external investment	2.2	21.2	13.9	
Net borrowing	94.2	212	214.5	
Capital Financing Requirement				
Capital Strategy 2023/24	118.2	149.7	250.3	259.8
Actuals from year-end figures	119.2	240.5	248.6	
Authorised Limit reported in Capital & Investment Strategy	£126m	£157.7	£293m	330m

Note: There has been a material expansion of both CFR levels and debt . It was reported in the 2020/21 Capital Strategy that the anticipated CFR level would be £149.7m however the actual position per the SOA was £240.5m a significant (£90.8m) variance. External borrowing had also increased significantly during this period.

The Authorised Limit for External Debt is the limit placed by the Council on the absolute level of its gross debt at any time. (The Local Government Act 2003 stipulates that it must not be breached at any time.) The Limit was reported in the 2020/21 Capital and Investment Strategy as £157,729k whilst actual external borrowing was £233,224k. It has been subsequently clarified that further reports were presented to Members to seek authorisation for increases limits.

Table 3: Borrowing in the last three treasury management strategy reports

TM Report 2020/21	2019/20 estimate (£m)	2020/21 estimate (£m)	2021/22 estimate (£m)	2022/23 estimate (£m)
Debt as at 1 st April	97.934	131.380	128.175	130.080
Expected change in debt	33.446	-3.205	1.905	
Actual gross debt at 31 st March	131.38	128.175	130.080	242.688
CFR	118.076	149.729	151.054	152.439
Under/(over) borrowed	13.304	-21.554	-20.974	-90.249
Actual over borrowing				
TM Report 2021/22	2019/20 Actual (£m)	2020/21 estimates (£m)	2021/22 estimates (£m)	2022/23 estimates (£m)
Debt as at 1 st April	96.351	213.847	237.599	248.087
Expected change in debt	117.496	23.752	10.488	8.053
Actual gross debt at 31 st March	213.847	237.599	248.087	256.140
CFR	119.238	240.382	262.394	271.292
Under/(over) borrowed	94.609	-2.783	-14.307	-15.152
TM Report 2022/23	2019/20 Actual (£m)	2020/21 Actual (£m)	2021/22 estimates (£m)	2022/23 estimates (£m)
Debt as at 1 st April	96.351	232.847	233.338	279.835
Expected change in debt	136.496	0.491	46.497	29.997
Actual gross debt at 31 st March	232.847	233.338	279.835	309.832
CFR	240.596	250.289	295.648	320.706
Under/(over) borrowed	-7.749	-16.951	-15.813	-10.874

Note: There are many questions raised by the above table, notably the seemingly continuous under forecasting of CFR and subsequent expected debt levels. This suggests a lack of capital planning with implications around effective monitoring and scrutiny of the Capital and Investment Strategy.

4.5 TIMELINE OF LONG-TERM NORROWING DECISIONS TAKEN FROM 2020 TO 20223:

The below table details the long-term PWLB Maturity loans taken out by BBC between the 2019/20 Financial year to date:

Table 4: BBC Long term Maturity PWLB borrowing 2020-2023

Maturity PWLB Borrowing					
Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):	Interest p.a. (£000s)
247841	16/09/2020	16/09/2050	£7,000,000.00	2.57	179.9
272452	27/11/2020	27/11/2030	£10,000,000	2.16	216
272454	27/11/2020	27/11/2050	£10,000,000	2.71	271
324302	26/03/2021	26/03/2071	£20,000,000	1.89	378
340223	27/04/2021	27/04/2071	£30,0000,00	1.87	561
378361	19/07/2021	19/07/2031	£7,000,000	1.48	103.6
378527	22/07/2021	22/07/2034	£10,000,000	1.55	155
378529	22/07/2021	22/01/2068	£9,000,000	1.67	150.3
378263	22/07/2021	22/07/2069	£10,000,000	1.65	165
431961	04/11/2021	04/11/2062	£20,000,000	1.72	344
494800	14/03/2022	14/03/2042	£2,853,000	2.31	65.90
Total:			£135,853,000		£2,589.7

This section of the report will provide a detailed commentary and timeline on the lead up to all long-term borrowing decisions and the strategy undertaken by BBC since 2020 (*including key discussions/meetings which have taken place with LTS in relation to the ongoing borrowing strategy*): The Forward Balance Sheet Projections and Interest rate forecasts will also be detailed to further contextualise decision making:

28th Jul 2020: Areas identified by LTS for discussion at Strategy Meeting on 11th Aug:

- Significantly under-borrowed at present (£88m if client doesn't renew the £35m st borrowing maturing in year).
- Loans to SAIL [*wholly owned subsidiary classed as commercial activities*] forecast to increase by £27.5m in year – implications for new borrowing with PWLB.

- MTFs only forecasts to 2022/23 – not long enough, need more detailed projections to 2024/25.
- Capital Strategy – Lacking detail and again not projected beyond 2022/23 – and the borrowing identified against spend is minimal.
- HRA is fully funded with £61m LT loans so any borrowing would be GF related.
- Commercial arm SAIL (Seven Arches Investment Ltd) has made the following purchases [Sept 2018 One Curo Park Hertfordshire (Residential development cost £4.965m) and March 2019 44 East Street, Chichester (Former TK Max cost £7.075m). All out of Borough.

11th Aug 2020 Strategy Meeting with BBC:

The below Projected Forward /Balance Sheet agreed in advance with the Council:

2019/20 (£'000)		2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
CAPITAL FINANCING REQUIREMENT						
23,910	GF	36,494	36,219	39,204	39,204	39,204
62,829	HRA	64,671	64,671	64,671	64,671	64,671
32,500	Commercial Activities	60,000	60,000	60,000	60,000	60,000
119,239	CFR	161,165	160,890	163,875	163,875	163,875
	PFI Liabilities					
-	Finance Lease Liabilities	-	-	-	-	-
119,239	Underlying Borrowing Requirement	161,165	160,890	163,875	163,875	163,875
(96,412)	External Borrowing c/fwd	(96,412)	(61,347)	(56,347)	(56,347)	(56,347)
-	Loan Maturities	35,065	5,000	-	-	-
-	New Loans	-	-	-	-	-
(96,412)	External Borrowing	(61,347)	(56,347)	(56,347)	(56,347)	(56,347)
22,827	Under / (Over) Borrowing	99,818	104,543	107,528	107,528	107,528
19%	Underborrowing as a % of Underlying Borrowing Requirement	62%	65%	66%	66%	66%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
3,117	General Fund Balance	2,578	2,178	2,178	2,178	2,178
7,416	Housing Revenue Account Balance (inc MRA)	2,616	2,616	2,616	2,616	2,616
(449)	Collection Fund Adjustment Account	(449)	(449)	(449)	(449)	(449)
6,804	Earmarked reserves	3,579	3,276	2,974	2,672	2,672
2,065	Capital Receipts Reserve	2,065	2,065	2,065	2,065	2,065
1,968	Provisions (exc. any accumulating absences)	1,968	1,968	1,968	1,968	1,968
751	Capital Grants Unapplied	751	751	751	751	751
21,672	Amount Available for Investment	13,108	12,405	12,103	11,801	11,801
2,221	External Investments	(83,334)	(88,762)	(92,049)	(92,351)	(92,351)
3,376	Working Capital (Deficit) / Surplus	3,376	3,376	3,376	3,376	3,376
INTERNAL BORROWING / OVER BORROWING (£'000)						

For context, the below interest rate view was in place at this time:

Link Group Interest Rate View 11.8.20											
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
6 Month LIBID	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
12 Month LIBID	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
5yr PWLB Rate	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Borrowing Strategy agreed:

In light of the interest rate forecast (note there was a 180bps margin on non HRA PWLB borrowing at this time) and risks highlighted around current commercial programme, a borrowing requirement of c£72.5m was identified by the Council, in-day rate monitoring was put in place by link to optimise timings of new borrowing, the following strategy was agreed with Link and noted in the minutes:

- ***HRA CFR increasing by circa £1.8m this year [2020-21] so consider borrowing from PWLB Gilts + 80bps for this borrowing requirement – (asap)***
- ***Additional SAIL Loans of £27.5m – consider borrowing from PWLB at Gilts + 180bps. [De-risks this financing need as market borrowing for this type of expenditure would be more expensive and PWLB have indicated in the Consultation Paper issued earlier this financial year that they will not fund this type of activity at some date in the near future] – arrange asap.***
- ***Remaining c.£43m consider funding via the market from institutional lenders in agreed tranches which tie in with the dates that the cash is actually needed (future drawdown periods to be agreed) but importantly the interest rate is fixed on the loan now. This scheduled drawdown facility is not available from the PWLB. It is also anticipated that these loans will be materially cheaper than the current PWLB lending rate for General Fund purposes of Gilts plus 180bps. The purpose of this deferred drawdown loan will be to refinance temporary borrowing and general capex as part of the capital programme.***

Note: Even with the benefit of hindsight the above borrowing strategy which was set out during the Strategy meeting on 11th Aug 2020 seems sound. The long-term view on interest rates was to remain low at 0.1% for the forecast period to March 2023 however there was still a Gilts +180bps margin on new non HRA PWLB borrowing making any cost of carry for new PWLB loans significantly material in terms of revenue budget impact. Through this backdrop the sound strategy was to utilise short term borrowing and seek to replace with deferred market loans, thus securing budgetary certainty (minimising refinancing risk), avoiding significant cost of carry/increased counterpart exposure . The requirement for SAIL was to funded through PWLB at an opportune time (but as soon as possible) to ensure compliance with PWLB requirements prior to any potential change in regulations.

14th Sep 2020 £7m from PWLB (in relation to SAIL) Application submitted for advance at the morning Fix rate; drawn down on 16th Sep:

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
247841	16/09/2020	16/09/2050	£7,000,000.00	2.57

Note: Following the above drawdown, the Council still had a further c£20m requirement for SAIL and The Council carries this risk should mooted PWLB regulation changes be announced

12th Oct 2020 an update from the client was requested on the Councils borrowing by LTS and it was noted by the Council that "At some stage we will be looking to take some more PWLB borrowing but not until the rate drops closer to 2.5%. Last week it was around the 2.7% level, so no phone call updates needed just at the moment. We can touch base again as and when the rates start to move in the right direction".

19th Nov 2020 The Council was notified of a chance that the Chancellor may take the opportunity to release the new terms on PWLB borrowing.

25th Nov 2020: the Council was notified by Link as follows:

With reference to our recent discussion, you will be aware that we have advised the Authority in the past to borrow PWLB to finance capex as the PWLB Consultation paper was threatening to withdraw the PWLB borrowing facility for any local authority planning to purchase assets for yield in the future. Today the HM Treasury have confirmed that the PWLB lending arrangement will be changing from 9am tomorrow morning. The language used in their communication is not very clear so you may need to seek further clarification from the PWLB, but it would appear that If you are planning to incur capex on investment assets in the next 3 years, for yield, the PWLB facility will not be available to the Authority from 9am tomorrow morning. If this interpretation is confirmed by the PWLB, and your intentions regarding your future capex plans remain unchanged in relation to your intention to purchase commercial assets for yield, then you may wish to consider borrowing today from the PWLB.

Following this correspondence the client confirmed the below borrowing in relation to SAIL:

"Many thanks for this briefing. We have proceeded today with borrowing £20m from PWLB today. £10m for 10 years and £10m for 30 years. The combined interest rates equate to 2.43%, which is just under our target rate of 2.5%. We are unlikely to take any further PLWB borrowing in the foreseeable future, so could you unsubscribe our treasury.management@brentwood.gov.uk account from the PWLB alerts that we currently receive. I can always go into Passport and take a look at the rates if I need to check them".

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
272452	27/11/2020	27/11/2030	£10,000,000	2.16
272454	27/11/2020	27/11/2050	£10,000,000	2.71

For context, the below interest rate view was in place at this time:

Link Group Interest Rate View		9.11.20													
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	1.80	1.80	1.80	1.80	1.80	1.90	1.90	1.90	1.90	1.90	2.00	2.00	2.00	2.00	
10 yr PWLB	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70	2.70	2.70	2.80	2.80	2.80	2.80	
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.60	

Note: Following the above £20m drawdown, the Council had fully funded its Commercial programme (SAIL) prior to the regulation changes and therefore avoided placing its future access to the PWLB at Risk. This decision had to be taken despite it being known that the +180BPS margin above Gilts was to be reduced the following day to +80BPS as this scheme would not have been allowable. As such this was a sound decision (albeit a decision that could have been taken earlier).

2nd Feb 2021: The Council notifies LTS of the potential for a large in-borough purchase and potential requirement to borrow £62m at the end of February. The Council updated that they are in the process of purchasing another asset in Brentwood Town Centre, likely to complete at the end of February, supported by £17m borrowing. Initially borrow short-term, then refinance with PWLB borrowings.

12th Feb 2021: The previously discussed deferred drawdown borrowing option (as set out at the Aug Strategy Meeting) was presented to the Council. At the time, there was an anticipated c£1m saving over 2 years by not borrowing today and locking in a deferred drawdown private placement. It was noted that naturally the private placement rate was higher than current PWLB but does offer the certainty of locking in an interest rate for money in the future and forgoing the cost of carry £1m.

19th Feb 2021 The Council outlined their preferred approach as follows:

- Borrow £30m from PWLB at the prevailing rate next week (1.86%)
- Borrow £60m short-term from other local authorities, with a view to replacing, say, £30m with PWLB funding over the next few months if rates start to drop towards the target level of 1.70%, or if they start to rise.

- c) Over the next few months, explore in more detail the deferred draw-down option for the remaining £30m, so that we fully understand the options and the risk factors.

22nd Feb 2021 Strategy Meeting with BBC:

The below Projected Forward /Balance Sheet agreed in advance with the Council:

2019/20 (£'000)		2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
CAPITAL FINANCING REQUIREMENT						
56,409	GF	176,791	193,108	193,479	193,779	193,779
62,829	HRA	63,591	69,286	77,813	88,340	88,340
119,238	CFR	240,382	262,394	271,292	282,119	282,119
	PFI Liabilities					
-	Finance Lease Liabilities	-	-	-	-	-
119,238	Underlying Borrowing Requirement	240,382	262,394	271,292	282,119	282,119
(96,412)	External Borrowing c/fwd	(96,412)	(123,412)	(63,912)	(63,912)	(63,912)
-	Loan Maturities	-	59,500	-	-	-
-	New Loans	(27,000)	-	-	-	-
(96,412)	External Borrowing	(123,412)	(63,912)	(63,912)	(63,912)	(63,912)
22,826	Under / (Over) Borrowing	116,970	198,482	207,380	218,207	218,207
19%	Underborrowing as a % of Underlying Borrowing Requirement	49%	76%	76%	77%	77%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
3,117	General Fund Balance	2,578	2,996	3,200	3,200	3,200
1,071	Housing Revenue Account Balance	1,133	1,567	1,585	1,612	1,612
6,345	Major Repairs Reserve	5,684	1,056	866	676	3,576
(449)	Collection Fund Adjustment Account	(449)	(449)	(449)	(449)	(449)
4,404	Earmarked reserves - GF	4,404	7,039	8,824	10,330	10,330
2,400	Earmarked reserves - HRA	2,400	2,400	2,400	2,400	2,400
2,065	Capital Receipts Reserve	2,065	2,065	2,065	2,065	2,065
1,968	Provisions (exc. any accumulating absences)	1,968	1,968	1,968	1,968	1,968
751	Capital Grants Unapplied	751	751	751	751	751
21,672	Amount Available for Investment	20,534	19,393	21,210	22,553	25,453
2,222	External Investments	(93,060)	(175,713)	(182,794)	(192,278)	(189,378)
3,376	Working Capital (Deficit) / Surplus	3,376	3,376	3,376	3,376	3,376

For context, the below Interest rate view was in place at this time:

Link Group Interest Rate View		8.2.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00

The meeting noted that the Council was looking for a 'blended' approach to its borrowing with a view to de-risk its current position limiting cost of carry and achieving a greater element of budget certainty through:

- (i) Utilising further short-term borrowing (Circa £60m) from other Local Authorities
- (ii) Borrowing Circa £30m from PWLB to fund immediate capital programme requirement.

- (iii) Securing an element of budget certainty through the possibility of arranging a forward starting market loan with a deferred drawdown which would replace £30m of the temporary loans

Prior to the meeting, an illustrative example for the deferred drawdown based on £30m principal for a 40 year annuity PWLB loan at 1.99% was provided:

40 year annuity	PWLB Cost (NPV @ 3.5%)	Market Loan Cost (NPV @ 3.5%)	NPV Saving/(Cost)	Cost of Carry
1 year forward (indicative rate of 2.36%)	£23.476m	£24.204m	(£0.728m)	£0.56m
2 year forward (indicative rate of 2.41%)	£23.448m	£23.584m	(£0.136m)	£1.12m
3 year forward (indicative rate of 2.45%)	£23.422m	£22.941m	(£0.481m)	£1.665m

The meeting minutes note that the Council will maintain dialogue with LTS over imminent borrowing requirement and look to optimise the point of borrowing from PWLB through monitoring of in-day expected movements, *(it was acknowledged that the short-time frame available limits the ability to achieve this due to imminent capital spend requirement)*.

1st Mar 2021 An update was requested by LTS in relation to progression on Borrowing

2nd Mar 2021 The Council confirmed as follows: *“Borrowed £55m last week to fund the first in-borough acquisition, which completed at the end of last week. We borrowed all of this short-term – a package of borrowings from other local authorities. The second acquisition is due to complete on Friday 12 March, and we will need to borrow £25m by that date to fund this acquisition. Ideally, we will borrow from PWLB to fund this acquisition to reduce our exposure to the risk associated with short-term borrowings. The timing of any PWLB borrowing, however, is critical with 50 year rates still at the 2% level”.*

9th Mar 2021 LTS *notified the Council that updated target rate (1.90 for 50 year maturity) rates are in this area at the moment so we will monitor closely with you. Please make sure that all the admin / paperwork is in place so you are able to undertake borrowing to act at short notice should you be notified of a favourable move.*

Updated forecast also issued direct to the Council:

Link Group Interest Rate View		8.3.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

24th Mar 2021: Link notify BBC of PWLB rates being below their Target Rate:

You may have seen that 50 yr. PWLB is now just below your target rate at 1.89%? How is everything going your side? Also, are you still looking to progress with the deferred drawdown or do we need to look at an alternative approach?

Client confirms application for borrowing submitted:

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
324302	26/03/2021	26/03/2071	£20,000,000	1.89

Note: £20m of identified borrowing allocation drawn down from PWLB at an excellent rate. It should be noted however that since the initial borrowing strategy was set-out by the Council in conjunction with LTS (Aug 2020), the Councils CFR has shifted upwards significantly and late notification of purchases through short term borrowing (see note on 22nd March) results in increased refinancing risk through additional short term borrowing of £55m; therefore outpaces initial borrowing strategy for replacing short term loans with longer term PWLB. The £20m loan above only partly offsets this increasing short term position.

8th Apr 2021: LTS requests meeting to update eon borrowing position

23rd Apr 2021: Update meeting held with Brentwood to update on debt strategy, a signed mandate was received by LTS to progress with the deferred drawdown through the market. The below Updated Forward Balance Sheet Projection was agreed with the Council:

2019/20 (£'000)		2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
CAPITAL FINANCING REQUIREMENT						
56,409	GF	176,791	193,108	193,479	193,779	193,779
62,829	HRA	63,591	69,286	77,813	88,340	88,340
119,238	CFR	240,382	262,394	271,292	282,119	282,119
PFI Liabilities						
-	Finance Lease Liabilities	-	-	-	-	-
119,238	Underlying Borrowing Requirement	240,382	262,394	271,292	282,119	282,119
(96,412)	External Borrowing c/fwd	(96,412)	(178,412)	(103,912)	(63,912)	(63,912)
-	Loan Maturities	-	74,500	40,000	-	-
-	New Loans	(82,000)	-	-	-	-
(96,412)	External Borrowing	(178,412)	(103,912)	(63,912)	(63,912)	(63,912)
22,826	Under / (Over) Borrowing	61,970	158,482	207,380	218,207	218,207
19%	Underborrowing as a % of Underlying Borrowing Requirement	26%	60%	76%	77%	77%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
3,117	General Fund Balance	2,578	2,996	3,200	3,200	3,200
1,071	Housing Revenue Account Balance	1,133	1,567	1,585	1,612	1,612
6,345	Major Repairs Reserve	5,684	1,056	866	676	3,576
(449)	Collection Fund Adjustment Account	(449)	(449)	(449)	(449)	(449)
4,404	Earmarked reserves - GF	4,404	7,039	8,824	10,330	10,330
2,400	Earmarked reserves - HRA	2,400	2,400	2,400	2,400	2,400
2,065	Capital Receipts Reserve	2,065	2,065	2,065	2,065	2,065
1,968	Provisions (exc. any accumulating absences)	1,968	1,968	1,968	1,968	1,968
751	Capital Grants Unapplied	751	751	751	751	751
21,672	Amount Available for Investment	20,534	19,393	21,210	22,553	25,453
2,222	External Investments	(38,060)	(135,713)	(182,794)	(192,278)	(189,378)
3,376	Working Capital (Deficit) / Surplus	3,376	3,376	3,376	3,376	3,376

For context, the below Interest rate view was in place at this time:

Link Group Interest Rate View		8.3.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
340223	27/04/2021	27/04/2071	£30,000,000	1.87

Note: The further £30m PWLB maturity loan above helped to further secure capital financing requirements at an excellent rate. The Council however still held a significant short-term position as at 30th April (£84.5m) exposing itself to significant refinancing risk (all be it, at a time when the long term out-look for rates was low, enabling the Council to fund at extremely low rates between 0.01% and 0.47%. The strategy remained to replace this short-term funding with a combination of PWLB maturity and deferred drawdown loans.

Short Term Borrowing held by BBC at 30 April 2021:

Counterparty Name	Start Date	Maturity Date	Principal	Coupon
Western Isles Council	11/01/2021	11/05/2021	£2,000,000	0.0500%
Lincolnshire County Council	02/11/2020	04/05/2021	£2,000,000	0.1000%
Western Isles Council	02/11/2020	04/05/2021	£3,000,000	0.1000%
Warwick District Council	05/11/2020	05/05/2021	£2,500,000	0.1300%
Hyndburn Borough Council	05/01/2021	05/05/2021	£2,000,000	0.0500%
Barnsley Metropolitan Borough Council	14/01/2021	14/05/2021	£8,000,000	0.0500%
Tyne & Wear Pension Fund	25/02/2021	25/05/2021	£5,000,000	0.1000%
Oxfordshire County Council	16/09/2020	16/06/2021	£5,000,000	0.4700%
Lincolnshire County Council	16/09/2020	16/06/2021	£5,000,000	0.4500%
London Borough of Newham	09/09/2020	28/07/2021	£7,000,000	0.3500%
Somerset County Council	01/04/2021	01/12/2021	£5,000,000	0.1500%
Trafford Council	07/04/2021	07/01/2022	£5,000,000	0.160%
West Midlands Combined Authority	31/03/2021	07/01/2022	£10,000,000	0.1000%
Devon County Council	06/04/2021	07/01/2022	£5,000,000	0.1500%
Vale of Glamorgan Council	01/04/2021	14/01/2022	£5,000,000	0.1500%
Hampshire County Council	29/04/2021	28/01/2022	£6,000,000	0.1500%
Hyndburn Borough Council	05/05/2021	07/02/2022	£2,000,000	0.050%
Darlington Borough Council	28/04/2021	27/04/2022	£5,000,000	0.0100%

18th Jun 2021: LTs held a Meeting with BBC to review Investor presentation in advance of pitch to proposed market lenders for deferred drawdown funding.

13th Jul 2021: The below updated Forward Balance Sheet projection was provided for inclusion in investor presentations:

2020/21 (£'000)		2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
CAPITAL FINANCING REQUIREMENT						
176,921	GF	193,108	193,479	193,479	193,779	193,779
63,437	HRA	69,286	77,813	88,340	88,340	88,340
240,358	CFR	262,394	271,292	281,819	282,119	282,119
	PFI Liabilities					
-	Finance Lease Liabilities	-	-	-	-	-
240,358	Underlying Borrowing Requirement	262,394	271,292	281,819	282,119	282,119
(96,953)	External Borrowing c/fwd	(233,223)	(263,223)	(218,223)	(243,223)	(253,723)
35,065	Loan Maturities	75,000	75,000	-	-	-
(171,335)	New Loans	(105,000)	(30,000)	(25,000)	(10,500)	-
(233,223)	External Borrowing	(263,223)	(218,223)	(243,223)	(253,723)	(253,723)
7,135	Under / (Over) Borrowing	(829)	53,069	38,596	28,396	28,396
3%	Underborrowing as a % of Underlying Borrowing Requirement	0%	20%	14%	10%	10%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
2,875	General Fund Balance	3,114	3,318	3,318	3,318	3,318
1,480	Housing Revenue Account Balance	1,914	1,932	1,932	1,932	1,932
6,473	Major Repairs Reserve	1,954	1,800	1,800	1,800	1,800
(5,675)	Collection Fund Adjustment Account	(2,000)	(500)	(500)	(500)	(500)
10,781	Earmarked reserves - GF	10,781	10,781	10,781	10,781	10,781
2,400	Earmarked reserves - HRA	2,609	3,435	3,435	3,435	3,435
2,604	Capital Receipts Reserve	2,604	2,604	2,604	2,604	2,604
1,527	Provisions (exc. any accumulating absences)	1,527	1,527	1,527	1,527	1,527
896	Capital Grants Unapplied	896	896	896	896	896
23,361	Amount Available for Investment	23,399	25,793	25,793	25,793	25,793
21,223	External Investments	29,228	(22,276)	(7,803)	2,397	2,397
4,997	Working Capital (Deficit) / Surplus	5,000	5,000	5,000	5,000	5,000

19th to 22nd Jul 2021: Further long term PWLB funding was taken in conjunction with the deferred drawdown process (which is ongoing at this time)

For context, the forecast as of 10th May was still in place at this time and includes potential increases in Bank rate from Sep 2023 (to 0.25%) but no significant amends to long term PWLB rates:

Link Group Interest Rate View		10.5.21											
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.40	0.40	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.50	0.50	
5 yr PWLB	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	
10 yr PWLB	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00	
25 yr PWLB	2.20	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.60	
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.40	

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
378361	19/07/2021	19/07/2031	£7,000,000	1.48
378527	22/07/2021	22/07/2034	£10,000,000	1.55
378529	22/07/2021	27/01/2068	£9,000,000	1.67
378263	22/07/2021	27/07/2069	£10,000,000	1.65

Note: The above £36m of PWLB Maturity tranche of long term PWLB supported the ongoing capital programme and the allocation was secured at very low rates. At this time, the long-term interest rate outlook was still low. LTS forecasted 2.4% as the highest point in its 50 year PWLB forecast (*still in place from 10th May*).

10th Sep 2021: Further meeting re investor drawdown

Updated Forward Balance Sheet Projection:

2020/21 (£'000)		2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
CAPITAL FINANCING REQUIREMENT						
177,036	GF	193,108	193,479	193,479	193,779	193,779
63,437	HRA	69,286	77,813	88,340	88,340	88,340
240,473	CFR	262,394	271,292	281,819	282,119	282,119
-	PFI Liabilities	-	-	-	-	-
-	Finance Lease Liabilities	-	-	-	-	-
240,473	Underlying Borrowing Requirement	262,394	271,292	281,819	282,119	282,119
(96,593)	External Borrowing c/fwd	(233,223)	(255,723)	(266,223)	(278,723)	(278,723)
35,000	Loan Maturities	129,500	17,000	7,500	-	-
(171,630)	New Loans	(152,000)	(27,500)	(20,000)	-	-
(233,223)	External Borrowing	(255,723)	(266,223)	(278,723)	(278,723)	(278,723)
7,250	Under / (Over) Borrowing	6,671	5,069	3,096	3,396	3,396
3%	Underborrowing as a % of Underlying Borrowing Requirement	3%	2%	1%	1%	1%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
2,874	General Fund Balance	3,114	3,318	3,318	3,318	3,318
1,480	Housing Revenue Account Balance	1,914	1,932	1,932	1,932	1,932
6,473	Major Repairs Reserve	1,954	1,800	1,800	1,800	1,800
(5,678)	Collection Fund Adjustment Account	(2,000)	(500)	(500)	(500)	(500)
10,783	Earmarked reserves - GF	7,678	9,250	9,250	9,250	9,250
2,400	Earmarked reserves - HRA	2,609	3,435	3,435	3,435	3,435
2,604	Capital Receipts Reserve	2,604	457	-	-	-
1,527	Provisions (exc. any accumulating absences)	1,527	1,527	1,527	1,527	1,527
1,011	Capital Grants Unapplied	1,011	1,011	1,011	1,011	1,011
23,474	Amount Available for Investment	20,411	22,230	21,773	21,773	21,773
21,223	External Investments	18,740	22,161	23,677	23,377	23,377
4,999	Working Capital (Deficit) / Surplus	5,000	5,000	5,000	5,000	5,000

28th Sept 2021: BBC updates LTS on borrowing position and review options:

We currently have £68m of short-term borrowing with other local authorities, of which we will need to refinance around £40m (the balance will be covered by long-term borrowing taken out over the Summer). The £40m matures at different times between January and April 2022. We are considering our options – whether to continue to finance it short-term from other local authorities, or to lock into long-term financing from PWLB. In the light of the current upward trend in PWLB rates, I'd like to get your thought on what our approach could be. It would be useful to get your views on rates short-term borrowing rates and whether the current low rates are going to continue.

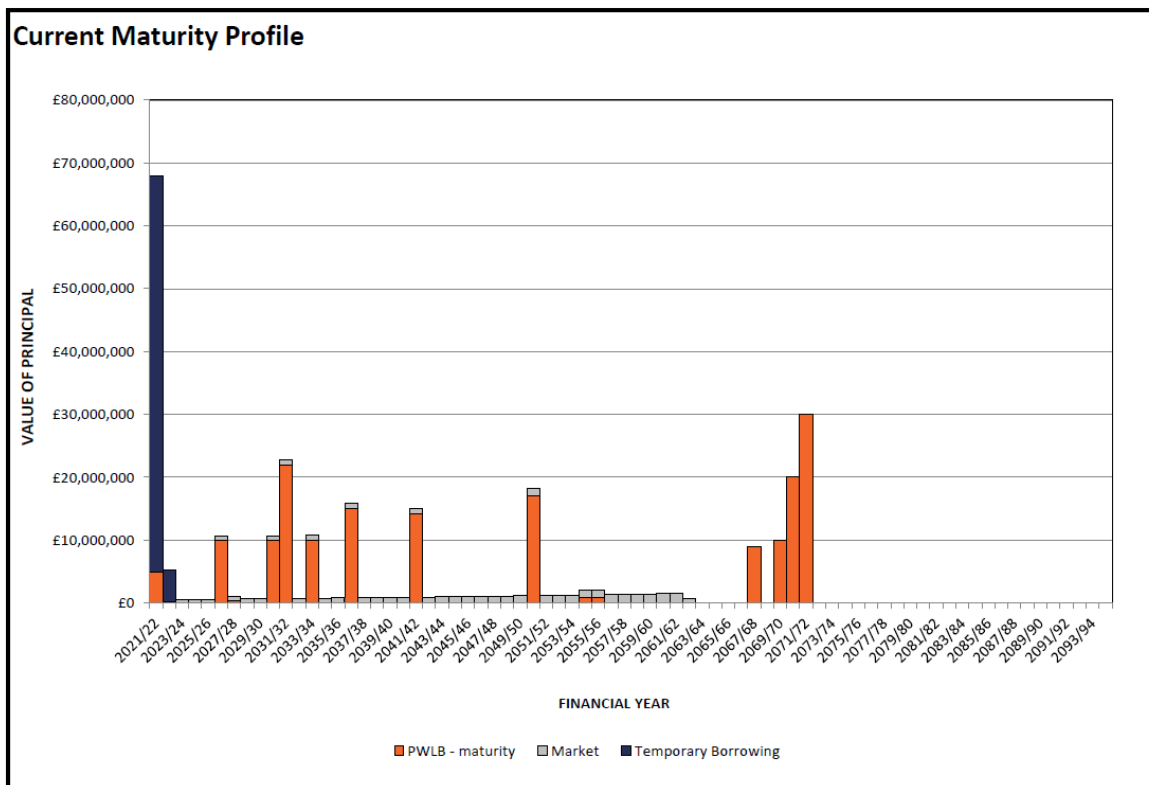
29th Sep 2021: Summary of approach for deferred drawdown option highlighted with BBC per below:

- have a premium over PWLB in terms of the interest rate and the amount of interest paid,
- provide a hedge against unexpected future PWLB interest rate increases or movements,
- provide certainty regarding the future interest rates payable, and
- provides a cost of carry saving by not borrowing today and in turn minimises credit risk by not having surplus cash that needs to be invested with a counterparty in a low interest rate environment.

Updated Interest rate view provided for context below which now shows a gradual increase in bank rate to a peak of 0.75% by March 2025 and 50 year PWLB still unchanged at 2.4%:

Link Group Interest Rate View		29.9.21								
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

22nd Oct: A Debt profile illustration was provided by LTS to BBC which includes deferred loans a mocked up debt maturity profile is included to show “*the £40m of annuity loans (£20m in 2years and £20m in 3 years overlayed with BBC current loans. The profile shows a smooth fall out of loans until maturity which complements BBC current debt portfolio in terms of having a staggered fallout of loans*”



29th Oct 2021: BBC notifies LTS of further PWLB Borrowing as follows:

“We applied yesterday for £20m of PWLB borrowing. The loan will start from next Thursday, assuming no queries from HMT. This borrowing is intended for refinancing some of the existing short-term term borrowing. Just to say, be assured that we remain keen to pursue the deferred market loan, which we are looking to align with our new borrowing requirements over the next 3-4 years. We’ve taken the £20m over 41 years @ 1.72%. With the drop in rates this week on the back of the market reaction to the scaling back of QE

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
431961	04/11/2021	04/11/2062	£20,000,000	1.72

Note: The above £20m of PWLB borrowing takes total fixed long-term maturity PWLB borrowing to £133m (from 16th September 2020 to 4th November 2021). Whilst this is a significant amount of borrowing for a period of just over one year, there has been a coherent strategy in place (including the planned deferred drawdown of c£45m). The financing of the projected CFR (updated 10th Sep 2021 detailed above) is at this point fully funded and therefore de-risked with long term low interest rate PWLB loans secured. The proposed deferred drawdown (set-up to replace outstanding short term funding, ensured budgetary certainty of funding whilst avoiding cost of carry).

12th Dec 2021: Forward Borrowing agreed:

Total £45m Annuity loans on a deferred drawdown basis: £25m 40yr annuity loan for settlement 14/8/2023 at a rate of 2.058% and a £20m 40yr annuity loan for settlement 13/6/2024 at a rate of 2.059%.

Note: The above £45m deferred drawdown loans agreed with private lender Phoenix were secured after 8 months from the signed mandate. This was a rigorous process involving numerous presentations by BBC to prospective lenders. LTS supported in the projection of the presentation packs and ongoing investor queries. As detailed in the below (most recent forecast from LTS): The strategy to undertake these loans at the time seemed to be good risk management for the debt portfolio and the decision when viewed in hindsight further emphasises this point.

Link Group Interest Rate View		20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00	
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10	
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20	
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00	
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30	
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50	
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30	

03rd Mar 2022 Strategy Meeting

Link Group Interest Rate View		7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25		
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25		
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20		
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30		
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40		
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30		
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40		
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60		
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40		

08th Mar 2022: Updated Forward Balance Sheet following Strategy Meeting:

The draft Forward Balance Sheet Review was presented which showed the CFR continuing to increase from £250m in 2021/22 to £326m in 2024/25. The draft FBS position includes the deferred borrowing scheduled (£25m in 2023/24 and £20m in 2024/25).

The meeting minutes also noted: *The Council is anticipating a further £102m spend on capital over the next 3 financial years to 2024/25. This includes a new Regeneration Fund initiative which represents £20m of this value (although this could increase up to £100m). The initiative involves loans to SME's to support their development plans. It was noted that a full appraisal should be undertaken to assess the risks and particular attention should be given to the potential impact of proposed changes to MRP guidance via the DLUHC consultation on changes to the Capital Framework. The proposal is to stop the exclusion of MRP relating to an investment asset or capital loan with implemented from 1st April 2023, (no retrospective application). It is however not yet clear how the changes will be implemented, if it would be applied to loans already in place or only applied to new loans provided once the revised regulations are adopted. This would also impact on the Councils SAIL investments.*

2020/21 (£'000)		2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
CAPITAL FINANCING REQUIREMENT						
177,036	GF	185,802	217,180	217,180	216,670	216,670
63,437	HRA	64,487	78,468	103,268	109,460	109,460
240,473	CFR	250,289	295,648	320,448	326,130	326,130
-	PFI Liabilities	-	-	-	-	-
-	Finance Lease Liabilities	-	-	-	-	-
240,473	Underlying Borrowing Requirement	250,289	295,648	320,448	326,130	326,130
(96,593)	External Borrowing c/fwd	(233,089)	(228,261)	(279,261)	(309,261)	(313,261)
35,000	Loan Maturities	149,681	41,000	49,000	16,000	-
(171,496)	New Loans	(144,853)	(92,000)	(79,000)	(20,000)	-
(233,089)	External Borrowing	(228,261)	(279,261)	(309,261)	(313,261)	(313,261)
7,384	Under / (Over) Borrowing	22,028	16,387	11,187	12,869	12,869
3%	Underborrowing as a % of Underlying Borrowing Requirement	9%	6%	3%	4%	4%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
2,874	General Fund Balance	2,874	2,874	2,874	1,470	(356)
1,480	Housing Revenue Account Balance	1,480	1,514	1,997	2,457	2,457
6,473	Major Repairs Reserve	1,954	1,800	1,800	1,800	1,800
(5,678)	Collection Fund Adjustment Account	(2,000)	(500)	(500)	(500)	(500)
10,783	Earmarked reserves - GF	6,472	7,315	8,302	9,324	9,324
2,400	Earmarked reserves - HRA	2,400	2,327	2,327	2,327	2,327
2,604	Capital Receipts Reserve	2,604	457	-	-	-
1,527	Provisions (exc. any accumulating absences)	1,527	1,527	1,527	1,527	1,527
1,011	Capital Grants Unapplied	1,011	1,011	1,011	1,011	1,011
23,474	Amount Available for Investment	18,322	18,325	19,338	19,416	17,590
21,089	External Investments	1,294	6,938	13,151	11,547	9,721
4,999	Working Capital (Deficit) / Surplus	5,000	5,000	5,000	5,000	5,000

Updated Short Term Borrowing Position Presented at the 08th March 2022 Meeting:

Brentwood Borough Council - Temporary Borrowing

Loan Reference Number	Counterparty Name	Start Date	Maturity Date	Principal	Coupon	Years to Maturity
	Darlington Borough Council	28/04/2021	27/04/2022	£5,000,000	0.1000%	0.15yrs
	Winchester City Council	27/01/2022	27/04/2022	£1,500,000	0.1200%	0.15yrs
	New Forest District Council	27/01/2022	27/04/2022	£1,500,000	0.1200%	0.15yrs
	Western Isles Council	28/02/2022	28/04/2022	£5,000,000	0.3000%	0.15yrs
	West Yorkshire Combined Authority	28/01/2022	29/11/2022	£5,000,000	0.2000%	0.74yrs
	West Yorkshire Combined Authority	14/01/2022	15/12/2022	£5,000,000	0.2000%	0.78yrs
	Warwickshire County Council	26/01/2022	25/01/2023	£5,000,000	0.3000%	0.9yrs
	Hampshire County Council	28/01/2022	27/01/2023	£6,000,000	0.3000%	0.9yrs
	Hyndburn Borough Council	07/02/2022	06/02/2023	£2,000,000	0.2000%	0.93yrs

14th March, final tranche (to date) of PWLB borrowing taken:

Ref:	Start date:	Maturity date:	Principal:	Interest rate (%):
494800	14/03/2022	14/03/2042	£2,853,000	2.31

Note: The updated March 2022 Forward Balance Sheet projections above shows £80m of net new borrowing (£35m after deferred drawdown loans secured) over the forecast period. This contrasts with the Sep 2021 projection detailed previously above which shows £54.5m of net new borrowing (£9.5m after deferred drawdown loans secured.) This increasing borrowing need is reflective of the continuing ambitions of BBC's capital programme as detailed in the strategy meeting note above; *(despite BBC having already secured £178m of long-term borrowing via PWLB and through its deferred drawdown loans.*

Subsequently, a further £2.853m of PWLB Maturity borrowing was secured on 14th March. The Council held £36m of short-term borrowing. These short loans are to be covered by the deferred drawdown market loans of £45m, however due to the ongoing steeping in the CFR, the Council will still have significant exposure to increased borrowing costs.

04th Oct 2022 Strategy Meeting:

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

2021/22 (£'000)		2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
CAPITAL FINANCING REQUIREMENT						
184,054	GF	188,524	211,432	210,664	216,670	216,670
64,487	HRA	75,267	100,067	106,259	109,460	109,460
248,541	CFR	263,791	311,499	316,923	326,130	326,130
PFI Liabilities						
-	Finance Lease Liabilities	-	-	-	-	-
248,541	Underlying Borrowing Requirement	263,791	311,499	316,923	326,130	326,130
(233,224)	External Borrowing c/fwd	(228,402)	(205,402)	(215,402)	(235,402)	(235,402)
4,822	Loan Maturities	38,000	15,000	-	-	10,000
	New Loans	(15,000)	(25,000)	(20,000)	-	-
(228,402)	External Borrowing	(205,402)	(215,402)	(235,402)	(235,402)	(225,402)
20,139	Under / (Over) Borrowing	58,389	96,097	81,521	90,728	100,728
8%	Underborrowing as a % of Underlying Borrowing Requirement	22%	31%	26%	28%	31%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
2,874	General Fund Balance	2,874	2,874	1,470	356	356
1,927	Housing Revenue Account Balance	1,480	1,514	1,997	1,997	1,997
5,153	Major Repairs Reserve	1,800	1,800	1,800	1,800	1,800
(4,461)	Collection Fund Adjustment Account	(500)	(500)	(500)	(500)	(500)
12,619	Earmarked reserves - GF	7,315	8,302	9,324	9,324	9,324
2,327	Earmarked reserves - HRA	2,327	2,327	2,327	2,327	2,327
2,337	Capital Receipts Reserve	457	-	-	-	-
1,191	Provisions (exc. any accumulating absences)	1,191	1,191	1,191	1,191	1,191
1,095	Capital Grants Unapplied	1,095	1,095	1,095	1,095	1,095
25,062	Amount Available for Investment	18,039	18,603	18,704	17,590	17,590
13,946	External Investments	(35,350)	(72,494)	(57,817)	(68,138)	(78,138)
9,023	Working Capital (Deficit) / Surplus	5,000	5,000	5,000	5,000	5,000

The meeting noted that “The Updated Forward Balance Sheet included revised CFR forecasts provided by the Council, which although shows the CFR increasing to £264m (up c£15m) in 2022-23, this was still a reduction based on the original TMSS forecasts. The forecasts were revised due to capital programme slippage. Whilst it was acknowledged that a revised reserves schedule is required, the projected cash position is still negative and will therefore require the continued approach of short term borrowing which exposes the Council to refinancing risk”.

It was also noted that “the Councils affordable housing programme has been delayed (still to be procured) and this project will likely require further viability assessment as a result. The Councils regeneration fund has also stalled due to current market conditions. There are two additional capital schemes which are not yet profiled into the CFR. These include the industrial estate at Childerditch (storage unit/depot) – Cost c£5.5m) and the £21.5m shopping centre development. Both Schemes are provisionally set for January 2024. Target levels of borrowing for these schemes is set at 3.5%”.

The Council updated on its borrowing strategy and it was noted that “The Council held £230m of External debt at the time of this meeting. (£192m Fixed PWLB) and £38m in short term loans from other local authorities. The average rate was 2.063%. (PWLB Maturity debt average life was 29.3 years). The Council has also secured two deferred drawdown loans from Phoenix as Follows: £25m 40yr annuity loan for settlement 14-8-2023 at a rate of 2.058% and £20m 40yr annuity loan for settlement 13-6-2024, with a rate of 2.059%. These rates were achieved based on a margin of 110bp over the relevant forward gilt and are profiled into the forward Balance sheet projection. The Council has also agreed a further £15m of forward dated short term loans from other LA’s.

It was noted that the Council will be exposed to the current volatile interest rates for its short-term funding requirements. An element of this risk has however been offset through the forward/deferred deals and the view is to fix into longer term PWLB funding in a couple of years once rates fall back from current levels (per current forecast). Furthermore, Capital Programme slippage and internal borrowing will help to further defer some external borrowing requirements”.

Note: It is clear from the above meeting minutes that BBC has continued with its ambitious capital plans, with further schemes of £27m sitting outside of the projections detailed above. The meeting note identifies the significant change in the interest rate environment since the last tranche of long term PWLB borrowing was undertaken. Further capital schemes were placed on hold with a view to delay any long term borrowing requirement until a point when rates return to levels in line with the Councils target borrowing rate (noted to be 3.5%). At this meeting time, the latest forecast did not anticipate 50 year PWLB maturity loans to be within this range until September 2024. *(At the time of writing, the updated forecast of 24th May 2023 sees this level not being reached until Sep 2025).*

4.6 SUMMARY OF DEBT POSITION AT MAY 2023

FIXED DEBT						
		Principal Outstanding	Discount	Premium	Average Rate	Average Life
PWLB	Maturity	£192,019,000	(£55,987,571)	£1,279,424	2.374%	28.69 yr
	Annuity	-	-	-	-	-
	EIP	-	-	-	-	-
Total PWLB (fixed)		£192,019,000	(£55,987,571)	£1,279,424	2.374%	28.69 yr
Market	Maturity	£0			-	-
	Annuity	£45,000,000			2.058%	40.59 yr
	Stock	£0			-	-
Total MARKET (fixed)		£45,000,000			2.058%	40.59 yr
EIB	Maturity	£0			-	-
	Annuity					
Total EIB (fixed)		£0			0.000%	0.00 yr
Total FIXED debt		£237,019,000	(£55,987,571)	£1,279,424	2.314%	30.95 yr

Note: The above table details BBC latest Summary Borrowing position. As can be seen, the average rate of fixed borrowing is at just 2.314% (average life 30,95 years). This is a very low rate by any standards. Even if the additional £44m of short-term borrowing is added, the average rate increases just slightly to 2.485% and as previously noted, this short-term debt will be replaced by the deferred loans at low coupon rates.

4.7 CFR AND EXTERNAL DEBT COMPARISONS FROM 2020/21 TO 2021/22

	2020/21 £bn	2021/22 £bn	% change y/y
CFR	72.48	75.35	4%
PFI and finance leases	(8.54)	(8.31)	-3%
Underlying Borrowing Requirement (UBR)	63.94	67.04	5%
External borrowing	52.48	54.30	3%
Internal Borrowing	11.45	12.74	11%
% Internally Borrowed	17.9%	19.0%	

Note: The above table shows the 31st March 2021 to 31st March 2022 movement CFR requirement (UBR) and external borrowing positions across 224 clients whom submit their y/e information to LTS. BBC fits within the Non-metro district category where CFR's increased by 4% and external borrowing 3%. BBC CFR increased by 3.35% with external borrowing reducing by 2% during the same period. By 2025/26 however there is a significant 31.2% increase in CFR forecast to 2025/26 from 2021/22 levels. This follows on from CFR levels more than doubling between 2019/20 (£119,238k) to 2020/2021 (£240,473K).

Type	2021			2022		
	Internal Borrowing £bn	UBR £bn	%	Internal Borrowing £bn	UBR £bn	%
Welsh Unitary	0.30	3.11	9.8%	0.31	3.15	9.9%
Scottish Unitary	0.97	13.05	7.5%	1.37	13.79	9.9%
London Boroughs	1.94	6.09	31.8%	1.84	6.54	28.1%
Metropolitan Districts	3.00	14.44	20.8%	3.49	14.96	23.3%
Unitary Authorities	1.89	10.06	18.8%	2.22	10.66	20.8%
Counties	1.31	7.34	17.8%	1.46	7.52	19.4%
Non-Metropolitan Districts	1.56	8.63	18.1%	1.79	9.01	19.8%
Other Authorities	0.13	0.75	17.1%	0.17	0.84	20.1%
Combined Authorities	0.35	0.47	73.4%	0.10	0.56	18.1%
Total	11.45	63.94	17.9%	12.74	67.04	19.0%

Note: The above table shows the 31st March 2021 to 31st March 2022 movement in underlying borrowing requirement (UBR) and internal borrowing positions across 224 clients whom submitted their y/e information. BBC fits within the Non-metro district category where UBR increased on average from 18.1% to 19.8%. BBC UBR increased from 3% March 2021 to 8% March 2022.

4.8 DEBT RATIOS

The following table shows the revenue costs to the general fund of financing capital expenditure (made up of interest charges and provision of debt repayment) as a ratio of general fund net revenue:

Table 5: Ratio of Financing Costs to Net revenue Stream (Per 2023/24 TMSS):

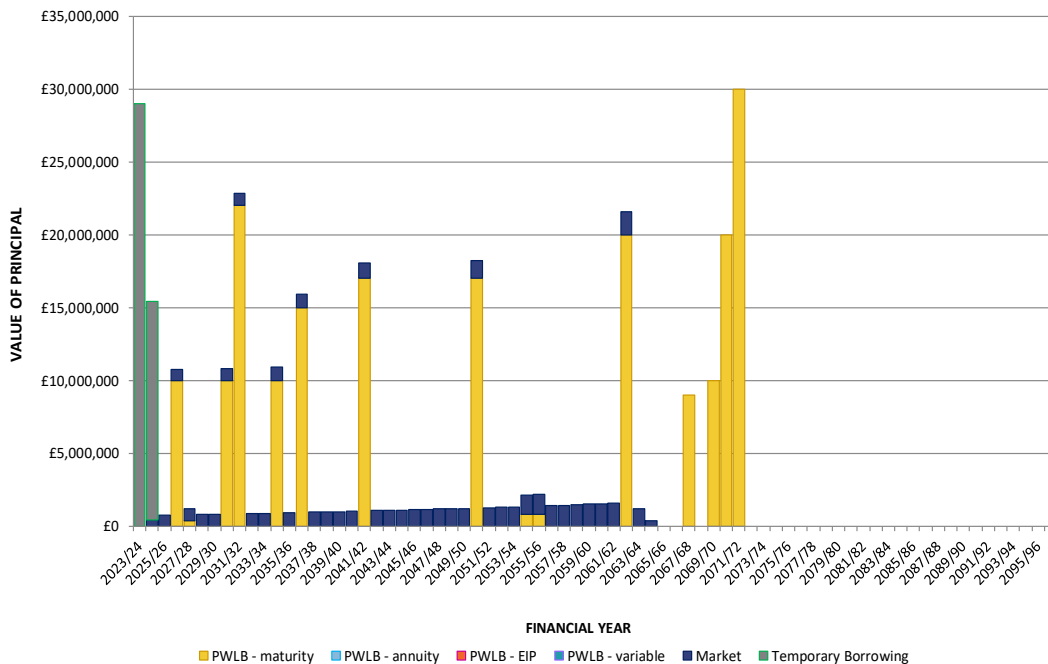
General Fund	2020/21	2021/22	2022/23	2023/24	2024/25
Financing Costs (£000's)	1,109	3,431	4,300	4,998	5,938
Net Revenue Stream (£000's)	9,245	9,061	9,027	8,477	8,647
Ratio (%)	12	38	48	59	69

Note: The above table shows a significant increase in the proportion of financing costs to net revenue stream borne by the general fund through years 2020/21 to 2024/25.

Action: It may be appropriate to add debt exposure to the Council’s risk register with assessment of impact in relation to forecast rising debt levels, exposure to rising interest rates, affordability and mitigating actions including deferring/re-appraising planned capital programmes.

4.9 DEBT MATRUITY PROFILE AT 23.05.2023

The maturity graph below shows how BBC is still heavily exposed to rising longer term borrowing rates through its outstanding short term local Authority borrowing. BBC however does have a good spread of long term maturity profiles for its PWLB debt and a significant portion of BBC long term funding has been de-risked through long term low rate PWLB loans.



4.10 BORROWING BENCHMARK PERFORMANCE

10 of the 12 Councils in Essex held outstanding PWLB borrowing at year end 31st March 2023. (Including Brentwood BC). [The data has been sourced direct from PWLB Website]. The below table shows that BBC ranks 1st as the top performer when looking at the average rate of secured for its

external PWLB borrowing portfolio, with a rate of 2.37% being achieved. Furthermore BBC has a 28.8 average years to maturity for its debt which is 2nd on the list just behind Colchester City at 29.85. Granted that these figures do not include any short term borrowing outside of PWLB however this still indicates that BBC has secured this low rate of borrowing for a significant time period compared to its peers.

Table 6: Essex Authority PWLB Borrowing at 31st March 2023:

Local Authority	No. of PWLB Loans	Total Principal	Weighted Average Rate %	Weighted average Years to Maturity	Rank
Brentwood BC	18	£192,019,000	2.37	28.8	1
Braintree DC	1	£5,800,000	2.59	14.16	2
Castle Point DC	6	£33,300,000	2.73	6.05	3
Colchester City	37	£132,094,000	3.28	29.85	4
Epping Forest DC	17	£261,639,333	3.3	15.49	5
Harlow DC	6	£211,837,000	3.31	11.19	6
Basildon BC	69	£314,300,967	3.34	17.43	7
Tendring DC	20	£34,699,167	3.57	19.88	8
Uttlesford DC	22	£158,314,827	3.76	16.89	9
Bassetlaw DC	13	£65,363,000	3.90	14.61	10

Note: Brentwood compare favourably (ranking 1st) in comparison to the other Essex based Authorities when looking at weighted average rate paid on its outstanding PWLB debt. Furthermore, with a weighted average time to maturity of 28.8 years in existing PWLB debt, this low rate has been secured for the long term.

4.11 CONCLUSIONS TO SECTION 4 ON BORROWING

- TM Staff have maintained an ongoing dialogue with its Treasury Advisors and there is clear rationale detailed prior to each borrowing decision. *[Evidenced through ongoing iterations of forward balance sheet projections, rate tracking and detailed minutes/email exchanges between BBC and its treasury advisors].*
- The clear borrowing strategy has been borne out through the total current long term debt portfolio for BBC being at a very low average rate of 2.31%.
- Furthermore, the total PWLB portfolio at 31st March 2023 had an average rate of 2.37% which was the lowest amongst its Essex Authority peer group.
- Despite BBC having demonstrated a clear and detailed borrowing strategy, capital programme ambitions and the pace of these capital plans have led to an ongoing and significant increase in CFR levels (*BBC's CFR has doubled between 2019/20 and 2020/21*); therefore, BBC is still exposed to a rising interest rate environment for future borrowing needs.
- This exposure to refinancing risk comes despite the fact over £180m of long-term borrowing was externalised in the relatively short period between September 2020 to March 2022. (£135.8m of PWLB maturity loans and a further £45m deferred drawdown Market loans)
- The CFR is forecast to increase yet further by 31% through to 2025/26.
- The £45m deferred drawdown market loans secured in December 2021 have further supported the borrowing strategy and helped to de-risk this element of the portfolio's exposure to rising interest rate.
- The main question in relation to BBC borrowing strategy is in terms of affordability. The Financing Costs to Net Revenue Stream have seen a significantly material increase (*as reported in BBC 2023/24 TMSS*) with an increase from 12% in 2020/21 to a forecast position of 69% by 2024/25.
- As noted, it may be appropriate for BBC to add debt exposure to the Councils risk register with assessment of impact in relation to forecast rising debt levels, exposure to rising interest rates, affordability and mitigating actions including deferring/re-appraising planned capital programmes.
- BBC borrowing strategy can only be optimised with an appropriate long term capital strategy. A separate review of BBC Capital Strategy is underway and falls outside the scope of this Treasury Strategy Health Check however findings from this report will naturally build on the findings of the Capital Strategy Review, further strengthening

Governance and compliance around the treasury Management Borrowing Strategy, planning and approach taken by BBC.

5. The annual TM strategy report: investing

5.1 INTRODUCTION

- Statutory guidance requires local authorities to prepare an **Annual Investment Strategy (AIS)**.
- The CIPFA TM code requires local authorities to prepare an annual **Treasury Management Strategy**; this is commonly referred to as the **TMSS** (the Treasury Management Strategy Statement), and it can incorporate the AIS as above.
- The CIPFA prudential code which deals with capital finance, requires local authorities to prepare a **Capital Strategy report**. BBC has chosen to roll all three reports into one report termed the **Capital and Investment Strategy report 2023/24 incorporating the Investment and Treasury Management Strategy**.

The most important part of an investment strategy report is setting out what creditworthiness parameters will apply to all investments made by the authority.

As already explained in section 2, statutory guidance requires local authorities to apply and comply with three key principles in selecting creditworthy counterparties and suitable types of investment instrument to use.

All local authority investing is required to be:

- **Prudent**
- **To put security before liquidity and yield**
- ***Security - Liquidity - Yield ...in that order!***

In addition, all investments in each local authority's investment portfolio have to be split between specified and non-specified.

The 2004 edition of the statutory guidance introduced a new concept which is not found in the CIPFA TM Code – the need to split all investments by a local authority between **specified and non-specified investments**: -

INVESTMENT SECURITY [5.1 - 5.3]

13. The idea of **specified investments [5.1]** is to identify options with relatively high security and high liquidity, **to which authorities need make only minimal reference in their Strategies.**

The 2010 and 2018 editions of the statutory guidance retained this distinction between specified and non-specified investments.

5.2 CREDITWORTHINESS LIMITS

Para 154 of the Councils 2023/24 TMSS details the Council's proposed minimum acceptable credit as follows:

Agency	Short term	Long term
Fitch	F1	A-
Moody	P-1	A3
S&P	A1	A-

The following is an extract from the 2023/24 strategy report para162: *The table below details the Councils Investment Instruments that it will utilise, and the associated limits:*

Instrument	Minimum short term credit rating	Minimum long term credit rating	Maximum value of investment per counterparty	Maximum duration of investment
Term Deposits with UK Local Authorities	N/a	N/a		3 years
Term deposits or notice accounts with UK banks and building societies	Fitch F1 Moody's P-1 S&P A-1	Fitch A- Moody's A3 S&P A-	£5m	1 year
Term deposits with banks part nationalised	Minimum credit ratings not required as long as these banks continue to be part nationalised		£5m	1 year
Term deposits or notice accounts with non UK banks accessible via the Link Group Agency Treasury Service	Fitch F1 Moody's P-1 S&P A-1	Fitch A- Moody's A3 S&P A-	£5m	1 year
	Sovereign rating AA-			

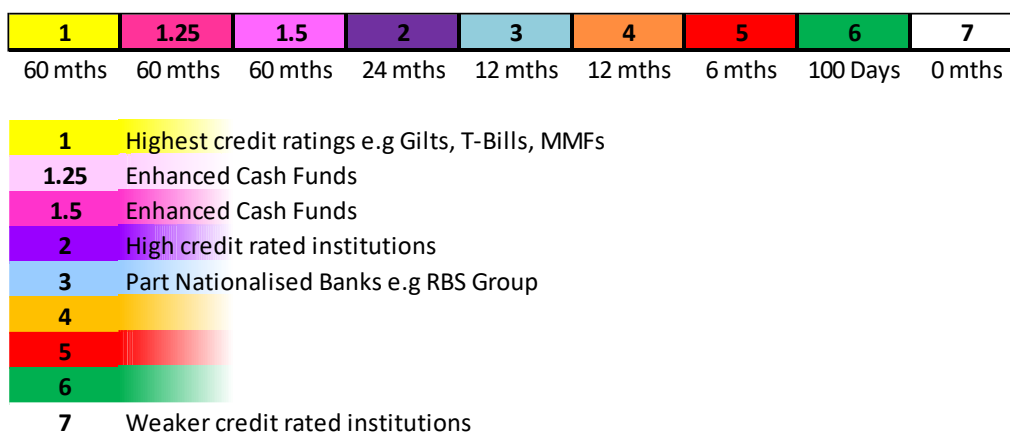
Debt Management Account Deposit Facility (DMADF)	N/a	N/a	Unlimited	6 months (DMADF time limit)
Ultra-Short/Short Dated Bond Funds	Selection process	Selection process		
Treasury Bills issued by the UK Government	N/a	N/a	Unlimited	1 year
Money Market Funds CNAV	N/a	AAA	£5m	Liquid
Money Market Funds LVNAV	N/a	AAA	£5m	Liquid
Money Market Funds VNAV	N/a	AAA	£5m	Liquid
Certificates of Deposit issued by UK institutions	Fitch F1 Moody's P-1 S&P A-1	Fitch A- Moody's A3 S&P A-	£5m	1 year

The Council has made the below amendment for its 2023/24 Investment Strategy:

For 2023/24, investments of up to three years with other local authorities will be allowed, up to a total value of £5m. This is to enable the Council to access higher returns through investing for longer periods.

It is further noted in para 159 that “In 2022/23, the country limits were expanded to include the non-UK banks that are accessible via the Agency Treasury Service provided by Link Group.”

The following diagram illustrates the suggested time horizon “buckets” that individual counterparties are assigned to by Link Treasury Services, dependent on a calculation that incorporates both credit ratings and the CDS price of an entity. The colour of a counterparty is also shown on a Council’s Monthly Investment Report. Link Treasury Service’s Approved Counterparty List is found at Appendix 3.0 and the Council’s credit list is shown for comparison in Appendix 4.0.



Although BBC treasury advisors Link Treasury Services have their own suggested counterparty approach as outlined above, it is up to each authority to determine their own risk appetite and therefore they may choose to take greater or less risk than the approach set out by Link Treasury Services. As noted, prior to 2022/23 the Council took a more risk averse approach to investment strategy with the exclusion of non-UK banks from its approved counterparty list (despite some of those banks meeting the minimum acceptable credit score set-out in Link Treasury Services approved Counterparty methodology). From 2022/23 BBC moved to include non-UK Banks which are accessible to BBC via Agency Treasury Services.

The only non-specified investments approved by BBC are Ultra Short and Short dated bond funds, as well as the 2023/24 amended allowance for investments up to three years with other Local Authorities. Yet, the Council has non undertaken any of these such investments. In this regard, the Councils investment strategy could be described as low risk however in terms of BBC standard approved Counterparty approach, it does not follow Link Treasury Serviced approved methodology.

Note: A key differential between BBC approved counterparty list and Link Treasury Services suggested list is the deposit duration period. BBC 'approved investment instrument' table (detailed above), has a maximum 1 year duration across all of its approved *counterparties* (*exception of DMADF as they have their own maximum term of 6 months and exc. LA's*)

An alternative approach provided by Link Treasury Services, as part of its client services, is a credit worthiness service which blends together the use of both long and short term ratings, viability and support ratings and rating outlooks, and then overlays them with analysis of CDS prices, (it was CDS prices which gave early warning that the Icelandic banks were heading towards default).

This is a complex approach which is beyond the capability of any local authority to replicate and therefore provides a higher level of credit analysis than any individual local authority can achieve on its own. LTS also has access to other market information which could provide early warning of concerns for an individual counterparty. It is doubtful that any local authority would have a similar level of access to market information and to process it in a usable form.

IMPORTANTLY: following challenge of this approach as part of this review process, it has been confirmed that it is the intention of BBC to apply Links methodology (duration of suggested deposit terms).

Action: BBC to amend Capital & Investment Strategy to reflect intended Counterparty Approach in line with Link Treasury Service suggested methodology.

5.3 FORECASTS OF EXPECTED INVESTMENT BALANCES

The following table appears in para 128 of BBC's Capital & Investment Strategy:

	31 March 2022 £000	31 March 2023 £000	31 March 2024 £000	31 March 2025 £000	31 March 2026 £000
Borrowing					
- PWLB	192,019	192,019	211,019	219,019	241,019
- Market Lender	0		25,000	45,000	45,000
- Other Local Authorities	36,000	25,000	31,500	33,500	22,000
- Transferred Debt	178	172	169	166	163
Total Borrowing	228,197	217,191	267,688	297,685	308,182
Investments	-11,000	-1,000	-5,000	-5,000	-5,000
Net Borrowing	217,197	216,191	262,688	292,685	303,182

Note: Investment Balances are clearly to be maintained at minimum levels for the medium term whilst the Council utilises short term and internal borrowing in support of its capital programme. As noted in the section on Borrowing, this is where the main risks to the current treasury strategy lie.

5.4 INVESTMENT PERFORMANCE

The benchmarking report detailed below compares the return that BBC's portfolio of specified investments actually earned during the period against the return that the portfolio would have been forecast to earn, given the three main risks inherent in it. It does this by comparing:

- (a) the actual weighted average rate of return (WARoR) earned by a portfolio, derived from the returns and portfolio holdings provided by each authority.
- (b) a forecast, or model, WARoR, which estimates what the portfolio would have been forecast to earn, given its exposure to maturity risk, credit risk and the risk of changes in the shape of the yield curve.

We measure a portfolio's exposure to maturity risk by calculating the length of time during which the investments in the portfolio have been held (since we want to forecast what the portfolio's return

should have been during this time). We measure it's exposure to credit risk by it's weighted average credit risk score. This score is arrived at after using Link's methodology (which takes into account variables such as credit ratings and CDS spreads) to measure a portfolio's exposure to credit risk on a scale of 1-7. Lastly, we measure a portfolio's exposure to changes in the shape of the yield curve by examining the spread of maturity dates in the portfolio (since the greater the dispersion in the maturity dates of a portfolio's investments, the greater is the risk of the portfolio being affected by a change in the shape of the yield curve.)

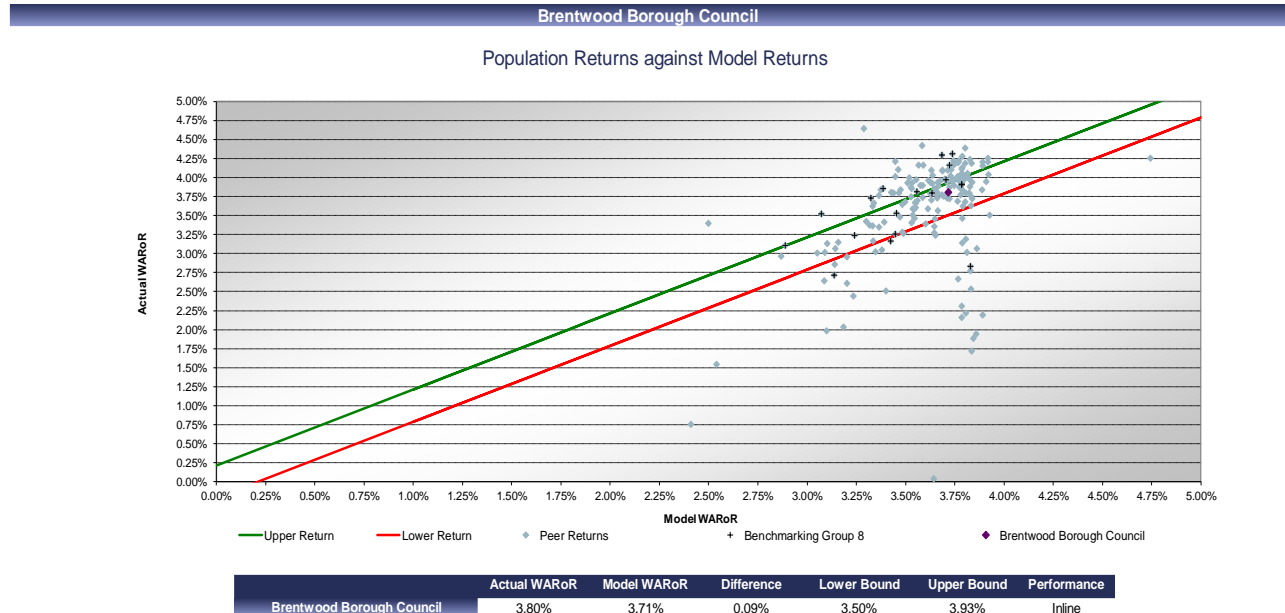
Although we use the above framework to forecast what a portfolio's return would have been given it's exposure to risk, we recognise that other variables might also influence it's return during any given time period. These other influences include, but are not limited to, diversification, the impact of timing, or the tilt of a portfolio towards a particular asset type or institution type that is extraordinarily paying an above market rate (e.g. special tranche rates). As such, we recognise that there is some uncertainty attached to our forecast WARoR.

We account for this uncertainty by using standard mathematical techniques to create a confidence interval within which we would expect the forecast WARoR should lie. (Another way of saying the same thing, given that we plot a portfolio's actual return on the vertical axis of the regression chart in the benchmarking report, is that it allows us to establish a range within which we would expect a portfolio's actual WARoR to have been, given the risks to which the portfolio was exposed, as they are reflected in the portfolio's forecast, or model, WARoR.) This enables us to plot on the regression chart in our benchmarking report: (i) a dot reflecting how each authority's actual WARoR (on the vertical axis) compared to it's forecast (or model) WARoR (on the horizontal axis) and (ii) upper and lower bands (or bounds) which reflect where we would expect each authority's actual return to have been, given (a) their portfolio's exposure to maturity, credit and yield curve risk and (b) the uncertainty attached to making a forecast portfolio return.

If an authority's actual WARoR lies above the upper band then we would say that the their return is "above" on a risk-adjusted basis, given the risks inherent in the portfolio. In other words, we would say that the portfolio actually earned a greater return than would be expected during the period, given the maturity, credit, and yield curve risks to which it was exposed. By contrast, if the portfolio's actual WARoR is below the lower bound, then we would say the client's return is "below" on a risk-adjusted basis, given the risks inherent in the portfolio. I.e. the portfolio actually earned a smaller return than would be expected during the period, given the maturity, credit and yield curve risks to which it was exposed. On the other hand, if the authority's actual return laid within the bands, (*as is the case for BBC at 31st March 2023*), then we would say that the return was "in line" on a risk adjusted basis, given the risks inherent in the portfolio. i.e. We would say that the portfolio earned a return commensurate with the maturity, credit and yield curve risks to which it was exposed. Once again, the bands are used to help identify whether performance was "above", "below" or "in line",

given the uncertainty of precisely forecasting what a portfolio would have been expected to earn, given the risks to which it was exposed.

5.6 BENCHMARK REPORT AS AT 31ST MARCH 2023

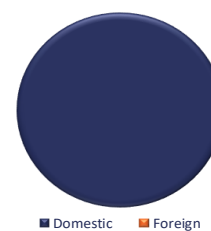
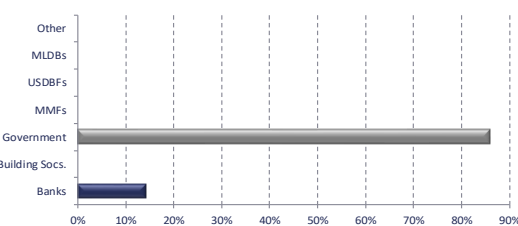
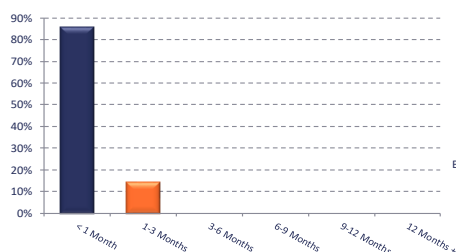


Note: Given the inherent limitations within BBC's investment strategy (due to liquidity needs), the Council has performed well with its investment strategy, placing towards the upper returns band (green line). BBC achieved an actual Weighted Average Rate of Return (WARoR) of 3.8% which was above the model WARoR of 3.71%.

5.7 BBC INVESTMENT POSITION 31ST MARCH 2023

Totals		Portfolio Breakdown		Portfolio Characteristics				
Total	£7,000,000	Fixed Deposits	100.0%	WARoR	3.80%	Score	%	Days Limit
exc. Calls & MMFs & USDBFs	£7,000,000	Calls & O/N	0.0%	WAM	7	1	86%	1825
exc. Struct. Prods.	£7,000,000	MMFs	0.0%	WA Tot. Time	33	1.25	0%	1825
Fixed Deposits	£7,000,000	USDBFs	0.0%	Maturity Std. Dev.	15	1.5	0%	1825
Calls & O/N	£0	Struct. Prods.	0.0%	WA Risk	1.6	2	0%	730
MMFs	£0	Bonds	0.0%			3	0%	365
USDBFs	£0	CDs	0.0%			4	0%	365
Struct. Prods.	£0					5	14%	180
Bonds	£0					6	0%	100
CDs	£0					7	0%	0

Maturity Structure		Institution Type		Country	
< 1 Month	86%	Banks	14%	Domestic	100%
1-3 Months	14%	Building Soc.	0%	Foreign	0%
3-6 Months	0%	Government	86%	*Excludes MMFs & USDBFs	
6-9 Months	0%	MMFs	0%		
9-12 Months	0%	USDBFs	0%		
12 Months +	0%	MLDBs	0%		
		Other	0%		



Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating
DMO	3,000,000	4.05%	31/03/2023	03/04/2023	AA-
DMO	2,000,000	4.05%	31/03/2023	03/04/2023	AA-
Thurrock Borough Council	1,000,000	2.15%	05/10/2022	05/04/2023	AA-
National Bank of Kuwait (International) PLC	1,000,000	4.22%	28/03/2023	02/05/2023	A
Total Investments	£7,000,000	3.80%			

As can be seen by the above Investment summary, BBC has maintained a liquid portfolio with all investments sub 3 months. As such the investment portfolio is exposed to any fall in the yield curve. At this time however the yield curve has been steepening and thus the Council has seen investment returns increase as maturities are reinvested at higher rates.

5.7 ESG INVESTMENT POLICY

Page 3 of the Council's Capital and Investment Strategy notes the new requirements under TMP for an ESG Policy however the Council does not have any TMP's and therefore **does not meet this new requirement in relation to having an appropriate ESG investment approach**. Link Treasury Services provide an example template approach to support in this regard.

Link note: this is a suggested draft for clients to amend as appropriate.

ESG is an area that CIPFA is still working on after the 2022 revised codes. In particular, work will be needed to coordinate the priority which needs to be given to issues of security, liquidity and yield (SLY) while also accommodating ESG principles as a fourth priority and principle to apply.

The assessment and implementation of ESG considerations are better developed in equity and bond markets than for short-term cash deposits, primarily due to the wider scope of potential investment opportunities. Furthermore, there is a diversity of market approaches to ESG classification, analysis and integration. This means that a consistent and developed approach to ESG for public service organisations, focussed on more typical Treasury-type investments, is currently difficult to achieve. CIPFA, therefore, recommends authorities to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies.

CIPFA does not expect that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

When drafting an ESG "policy", Councils will need to understand that anything too "broad" in its approach could have a material impact on potential counterparties, which could then limit diversification and / or security considerations in investment processes. Furthermore, Councils will also need to be clear that when choosing between two counterparties that pass all relevant "security" tests, that the additional implementation of an ESG policy may mean that a lower investment rate is achieved by choosing the counterparty that passes the council's ESG requirements.

Typical ESG considerations are shown below. Please note that these are examples of ESG factors that are considered by Credit Rating Agencies, such as Fitch, Moody's and Standard & Poor's when assigning credit ratings to counterparties. The credit ratings provided by these agencies are also used as the basis for selecting suitable counterparties by Councils.

- **Environmental:** Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
- **Social:** Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
- **Governance:** Management structure, governance structure, group structure, financial transparency.

Suggestions for possible wording.....

This Council is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. Within this, the Council is also appreciative of the Statement on ESG in Credit Risk and

Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

“We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers’ cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.

At a sovereign level, risks related to, inter alia, natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is true for local governments and special purpose vehicles issuing project bonds. Such events can result in bond price volatility and increase the risk of defaults.

In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systematic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.

In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer’s creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issuer ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.

*With this in mind, we share a common vision **to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness.**”*

For short term investments with counterparties, this Council utilises the ratings provided by Fitch, Moody's and Standard & Poor's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings. The Council will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment process and will update accordingly.

For those Councils who use external fund managers to manage part of their investment portfolio, you should ask these managers to provide details of how ESG factors are incorporated into their investment process and provide the relevant details here.

For councils investing in shares or corporate bonds, the following is an example of what could be included...

This Council will not invest in companies whose core activities pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values e.g.:

- a. Human rights abuse (e.g., slave or child labour, political oppression)
- b. Activities that damage the environment by extraction of fossil fuels, destruction of habitat, or creation of pollutants
- c. Socially harmful activities (e.g., tobacco, gambling)
- d. Manufacture of weapons

Action: As part of the TMP review, TMP 1 will be updated to include BBC ESG investment approach utilising LTS ESG Template wording as a starting point for this work.

5.8 CONCLUSIONS TO SECTION 5 ON INVESTING

- It is clear that the main focus and risk area for BBC treasury Management strategy lies with borrowing rather than its investment strategy *[by investment strategy in this instance we are referring to 'regular' Treasury investments and not service/commercial investments]*.
- A key finding here has been the requirement for BBC to update its approved investment instruments table under para 162 of its Capital & Investment Strategy. This needs to reflect the intention of the Council to have its maturity limits for deposits in line with Links suggested approach.
- As noted, BBC will also need to include an ESG approach within its Capital & Investment Strategy, this will be picked up as part of the TMP work to be undertaken by the Council.
- It is for each authority to determine its own risk appetite. BBC has increased its risk appetite slightly through the inclusion of non-UK Banks *[which have been approved by its Treasury Advisors and are accessible through Agency Treasury Services]* from 2022-23 as well as approving investments with other Local Authorities for up to three years *[previously one year prior to 2023-24]*. The rationale for BBC increasing its maturity term for investments

with other LA's, is to utilise long term monies set aside in reserve, however from a practical sense this will have little impact on the Councils current investment activity as it requires liquidity to support its internal borrowing/ cashflow position. The Council in all likelihood will not utilise this investment option in the near future. The addition of Non-UK banks (from ATS platform) has however proved useful to the Council in expanding its counterparty options and increasing opportunities for greater yield without taking undue risk.

- The investment benchmarking information detailed in this report evidences that BBC has performed well compared to its peer group based on the weighted average rate of return being achieved. This is a welcome finding, particularly given the limitations on the current investment parameters due to the liquidity needs of BBC in support of its internal borrowing needs.
- BBC has the option to join one of LTS Investment Benchmark Groups if it wishes to have access to ongoing Investment benchmark meetings with peer Authorities.

6. Non-treasury management investments

The 2023/24 strategy report includes the following paragraph under Commercial Investments:

These are investments held primarily for financial return with no treasury management or direct service provision purpose. The investments held by the Council that come within this category are:

- *the loans totalling £60m made by the Council to its subsidiary company, SAIL, to fund the purchase of commercial properties*
- *the residential flats and the commercial office space in the Town Hall*
- *the neighbourhood shops that were formerly part of the HRA (these can be considered as legacy assets)*

Table 7 below shows the Movement in Fair Value of Investment Property 2021/22. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Table 7: Movement in Fair Value of Investment Properties:

Investment Properties	£000's
Balance at 1st April 2021	16,714
Enhancements	70
Transfer to Surplus Assets	(256)
Net gains/(losses) from fair value adjustments	1,269
Balance at 31st March 2022	17,797

Table 8: Ratio of Gross Income to Net revenue Stream (Per 2023/24 TMSS):

Investments	2022/23	2023/24	2024/25
Service Delivery (%)	45	52	50
Commercial Investments (%)	35	36	36
Total (%)	80	88	86

Note: The above table shows significant reliance on non-treasury investment income in support of delivery of Council services.

Note: BBC has confirmed there are no further plans to invest directly in purchases of assets with the sole focus of generating yield. BBC should ensure that there is a process of ongoing monitoring, reporting and performance review of existing Commercial assets with appropriate risk management measures in place. It is noted that BBC does include the following risk on its Corporate Risk Register:

“If the commercial income target from the Joint Venture and other activities are not achieved.” This risk is scored 16 out of 25 and is ranked a very high risk by the Council. The mitigating measures detailed are:

- *Consultants have been engaged to advise and assist in delivery of projects*
- *Appropriate governance arrangements have been set up for the Council's Wholly owned company - Seven Arches Investment Ltd*
- *Progress reports to Committee. Robust business modelling and financial projections.*
- *Monthly SLT & Leader meetings to monitor finances*
- *Financial Initiatives working group established*

Whilst it is good to see BBC has high visibility of this area, it may be advisable to undertake sensitivity analysis and impact assessment around reductions in service income as well as establishing exit strategies. Councils engaging in non-treasury investment activity (*more specifically in relation to investing in assets primarily for financial return*), has seen some high-profile negative coverage. Failure to ensure appropriate financial controls within this area therefore not only brings financial risk but reputational risk which can be damaging to the Council and lead to a lack of trust/confidence in Leadership amongst for example taxpayers, other market participants and other Councils.

A separate review of BBC Commercial Assets and Capital Strategy is being undertaken and is outside the scope of this TMSS Health Check.

7. Staffing resource for the treasury management team



The Corporate Finance team of BBC underwent a restructure in 2022. This coincided with the S151 Officer leaving the Council. The Corporate Finance Manager (who was also involved with Treasury Management) transferred to another department. A new Corporate Finance Manager (Sam Wood) was appointed during this period and since this time has had responsibility for Treasury Management as part of their remit. Principal Accountant Alistair Greer has remained the constant within treasury and has significant expertise and experience in this area.

A new post has been created – (Capital & Treasury) however, the Council confirmed that recruitment there are no plans to recruit to this post at this time.

The Corporate Finance team is currently undergoing a service review as part of the wider 'One Team' programme involving Brentwood Council and Rochford Council. The outcome of this review has not yet been determined.

This Treasury Strategy Health Check report has been requested by Tim Willis, the Interim Director of Finance.

Tim started the end of November 2022. As noted, the previous S151 left in December 2022. Furthermore, Phoebe Barnes (Corporate Finance Manager) was promoted to Director of Assets and Investments role on November 1st 2022 and is no longer directly involved in Treasury Management Strategy going forward. Sam Wood joined the treasury team to replace Phoebe.

7.1 RESPONSIBILITIES OF TREASURY MANAGEMENT STAFF

Corporate Finance Manager – Sam Wood

Responsibility for:

- Co-ordinating annual budget setting process
- Development of MTFS
- Co-ordinating Budget Monitoring process
- Overseeing Treasury Management Operations

Principal Accountant (Financial Reporting) – Alistair Greer

Responsibility for:

- Production of Annual Statement of Accounts
- Support with delivery of Capital Strategy / MTFS
- Co-ordination / liaison with External Audits in delivery of Annual Audit
- Maintaining the Councils Fixed Asset Register
- Daily Treasury Management activity
- Collection Fund

7.2 POSTS INVOLVED IN TREASURY MANAGEMENT DUTIES

(i) Dealing in the Market

- Placing the deals - Principal Accountant: Alistair Greer (daily requirement)
- Approval of deal – Corporate finance Manage: Sam Wood

Whenever possible the recording/checking of the details of deals is kept separate from the negotiating and closing of them however it was noted that the Principal Accountant has the autonomy to place deals with DMADF without additional authorisation

(ii) Authorisation process for bank payments

- Creating payment via online banking - Finance Assistant: Vacant

- Authorising release of payment - Principal Accountant: Alistair Greer (daily requirement)

(iii) Cash forecast (Cash book)

- Finance Assistant: Vacant (Temporary staffing measures in place)

Note: For the authorisation and release of payments, BBC does not currently have appropriate segregation of duties or seniority from sign-off on deals or release of payments. Processes have seemingly failed to keep pace with the expansion / growth and increased complexities of the treasury function. As a result, BBC is failing to meet the requirements of the Treasury Management Code of Practice.

The Treasury Team at BBC has seen a significant change in staff resource over the past 12 months which has exacerbated some of the resource issues which already existed within the tm function. This has adversely impacted the ability of the team to maintain/develop appropriate treasury management practices/ policies and processes. Ad hoc arrangements for daily treasury management have been in place even prior to the restructure. This will inevitably have had an adverse effect on the amount and quality of time dedicated to treasury management. BBC has been highly dependent on the TM expertise and experience of one person, the Principal Treasury Accountant (Alistair Greer), to manage TM operations in addition to the other duties as part of his main post.

Note: It is important for BCC to maintain a level of continuity within the Treasury Management function.

8. Treasury Management Practices (TMPs)

The below is an extract from BBC's 2023/24 Capital and Investment Strategy para 109:

This Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services and, as required by the Code, has an approved Treasury Management Policy Statement and associated Treasury Management Practice Statements (TMPs).

It has been confirmed as part of this review that the TMPs, for BBC have not been updated for some years, possibly several years.

Link Treasury Services supplies templates for each of the 12 TMP's to all clients. In the context of the repeated questions around the level of compliance with statutory guidance in this report, this is a serious omission.

Please see Appendix 5.0 for the templates that Link supplies to all clients for each of the TMP's

It is suggested that an annual review date is set for management to check that the TMPs have been fully updated for any changes during the year. It should be noted that the whole point of the TMPs is to ensure that all staff have the same understanding of how to operate the treasury management function by ensuring that a full description has been documented of all policies and procedures required to operate TM. This documentation should include a full set of all forms etc. in daily or other periodic use.

It is also important that the TMPs are taken seriously, and kept up to date, in order to build resilience into the TM function at BBC; if the authority were to lose key TM staff unexpectedly, the TMPs should be of sufficient quality that an outsider could pick up the TMPs and be able to operate TM at BBC i.e. this should not just be a tick box exercise to put a poor quality document into a file, never to see the light of day again. A detailed Operations Manual should be maintained.

It is suggested that a three-monthly check is made to ensure that names of staff, including backup staff, are up to date. As there is a major question in terms of how up to date the current TMPs are, it should be a priority to carry out a full review and update.

Note: As previously detailed in this report, BBC does not currently have any Treasury Management Practices in place. To comply with the CIPFA Code of Practice, BBC must produce a full set of TMP's for approval by Council.

Action: BBC to produce a full suite of TMPS using Link Treasury Services Template information as a base to produce practices specific to BBC needs.

Action: BBC should maintain a three-monthly check to ensure that names of staff, including backup staff, are up to date detailed and detailed within an Operations Manual. An annual review date should be agreed for management to check that the TMPs have been fully updated for any changes during the year.

9. Overall Conclusions

The findings and proposed actions from this Treasury Management Strategy Health Check will build on the additional findings from the separately commissioned pieces of work in relation to the BBC Capital Strategy, Commercial Assets and MRP Strategy. A key output of this report will be to provide an action plan to enable BBC to strengthen its treasury framework, providing Officers and Members with greater confidence and oversight of ongoing treasury activities.

Whilst credit needs to be given to the treasury management team, in particular Alistair Greer for the work undertaken to deliver BBC's treasury management function, (most notably the execution of the long term borrowing rates secured); the investigations undertaken in writing this report have revealed numerous instances of lack of compliance/best practice, or questions around the level of compliance, with statutory guidance, the CIPFA treasury management code of practice and the CIPFA prudential code. The report has highlighted several instances here, particularly in relation to the absence of Treasury Management Practices. By developing a suite of TMP's specific to BBC needs, this will by default rectify many of the compliance issues raised here, whilst also installing best practice, e.g. segregation of duties, Operations Manual, Member approval processes, monitoring, training requirements and so on.

The overall conclusion from the examination of how treasury management has been carried out at Brentwood Borough Council, is that it has suffered from a lack of adequate resourcing in recent years. A more junior finance assistant has been in post to support with the more administrative function of the daily treasury management responsibilities, however at the time of writing, this post is vacant.

Furthermore, an experienced Senior Manager, previously involved in treasury, moved posts last year and will not be involved in treasury management going forward. Although this post has been filled, the replacement will naturally need time to develop experience within this often-complex area.

Several key recommendations have been identified as part of this review for BBC to follow-up on. Link Treasury Services will work with the Council in support of implementing these recommendations.

9.1 OTHER MAIN RECOMMENDATIONS REQUIRING FURTHER ATTENTION

1. There is a need for improvement in the level of **compliance** with statutory guidance, the CIPFA TM and Prudential Codes, Member approved TM limits and policies. These are all requirements which are applicable to a local authority.
2. A **new Capital and Investment Strategy Should be submitted for approval**. The amended Capital & Investment Strategy should also reflect the intended **counterparty approach** of the Council in line with Link Treasury Service suggested methodology. The report should also **include updated (accurate) CFR actuals** for 2021/22 with **existing projections reviewed for accuracy**.
3. Further detail on the Councils policy of **borrowing in advance of need should be included** within its revised Capital and Investment Strategy.
4. A **full set of Treasury Management Practices** should be developed (This will also include the required detail within **TMP1 in relation to the Councils ESG policy on investments**. Link Treasury Service Templates should be used as a starting point for this exercise.
5. A set of **investment management Practice (IMP)** should set out a range of criteria such as the investment objectives, risk management arrangements and reporting arrangements. For each, the various purposes and management arrangements should be described. The level of risk and the arrangements for managing it should be clearly set out. This detail will support Members ability for effective Scrutiny as well as ensure appropriate compliance with the revised TM Code of Practice.
6. Annual **review date set for TMP's and Operations Manual** with a three monthly check on the **Operations Manual maintained** to ensure Treasury Operational details are up to date (i.e. designated staff responsibilities)
7. A wider **Internal Audit of Treasury Management** would be advisable following implementation of the recommendations of this report.
8. In view of the number of instances of non-compliance in BBC's treasury management, it is suggested that there should be a **review of the level of training and expertise of Members** to help them to be able to carry out more effective scrutiny of all treasury management

policies. As part of this process, a **knowledge and skills schedule should be produced** as required under the revised CIPFA TM Code of Practice 2021 (TMP10).

9. **Additional Overview & Scrutiny of TM Reporting** should take place prior to approval of reports by Full Council.
10. Major work needs to be done to improve the Capital Strategy with a **time horizon beyond 3 years**, in accordance with CIPFA Capital Strategy Guidance. A separate piece of work commissioned by BBC will provide detailed recommendations in relation to this area.
11. **Elective Professional Client Assessment** to be undertaken in line with FCA requirements (as notified through client questionnaire). Link Treasury Services will action this with the client.
12. An appropriate level of **segregation of treasury duties** and hierarchical levels of sign-off should be introduced as practicable.
13. It may be appropriate for BBC to **add debt exposure to the Council's risk register** with an assessment of impact in relation to forecast rising debt levels, **exposure to rising interest rates, affordability and mitigating actions including deferring/re-appraising planned capital programmes.**

10. Summary tables of levels of compliance

Treasury management area	Fully compliant	Part compliant	Non-compliant	Notes
1. CAPITAL, INVESTMENT AND TM STRATEGY REPORT 2023/24 – overall compliance			×	No TMPs
1a. Capital strategy				
Does the report contain tables of estimates for three financial years on capital expenditure, financing of capital expenditure, movements in the CFR and debt portfolio and commentary on the proposed capital strategy.	✓			
IMPS and supporting commentary		×		
1b. Borrowing strategy				
Does the report set limits for three financial years for the operational boundary, authorised limit, maturity structure of fixed rate borrowing, forecasts for PWLB rates and economic commentary.	✓			
1c. Investing strategy				
Does the report contain tables of estimates for three financial years on an analysis of year end cash resources and expected total investments, forecasts for Bank Rate and economic commentary?		✓		Forecast of BBC own resources to be included
1d. Creditworthiness policy				
Does the report contain a table to how various credit ratings will be used to determine credit limits for counterparties and different types of investment instruments and time and cash		✓		Forecast of BBC own resources to be included

limits, investment tables of estimates for three financial years of an analysis of year end cash resources and expected total investments, forecasts for Bank Rate and economic commentary?				
Does the report provide a full explanation of the different types of investment instruments approved for use and the risks around each type so that the average member would be able to fully understand the risk exposure for all types?		✓		Further detail around risk / exposure for non-specified investments
Is the table on how various credit ratings will be used to determine credit limits for counterparties and different types of investment instruments and time and cash limits, clear, unambiguous, and unlikely to have the potential for different interpretations?			✗	An amendment to the Policy is required here. As noted, as part of the report, the review discovered that it is BBC intention to follow Links recommended methodology for deposit durations however the table within the TMSS states that investments with such institutions can be placed for up to 1 year regardless of what Links recommended maximum duration is
1e.Non-Treasury Investments				
Has the rationale for change in non-specified investments (e.g. longer term deposits with other Local Authorities) been clearly reported, with rationale for change for approval by Members?		✓		Was included within the TMSS as an amendment, noting higher returns...no comment on increased risk (mainly impact on liquidity)
Has the report correctly defined specified and non-specified investments in accordance with statutory investment guidance?	✓			
Does the report set a limit for the total that can be invested by TM officers in each type of non-specified investment and a total			✗	BBC notes that investments in LA's for up to 3 years are applicable but there should

limit for investments in all non-specified investments?				perhaps be a more explicit reference to the fact that no other Non-specified investments are approved.
Are current levels of non-commercial income deemed proportionate?			✗	Significantly high ratio of commercial income vs non-commercial income
1f. Other areas				
Does the report cover commercial property investing, shares, loans and financial guarantees?		✓		Further detail required
Did BBC propose a policy to comply with DLUHC guidance that investment in commercial property solely to achieve yield is not an appropriate policy for local authorities?	✓			Strategy was (<i>prior to changes in PWLB borrowing requirements Nov 20</i>) overtly seeking Commercial Investments primarily for yield. A shift away from this approach has been required however the SAIL project is a key part of the Councils Investment strategy.
Does BBC have an up-to-date operations manual?			✗	Not in place
Has BBC updated its Investment strategy to include its policy on ESG investing (inline with TMP1)			✗	
2. ANNUAL REVIEW REPORT 2022/23				
Has a template provided by Link been utilised		✓		
Provision of annual review report – overall compliance	✓			
Does the report contain tables of comparisons of actuals to estimates on capital expenditure, financing of capital expenditure, movements in the CFR and debt and investment portfolios and commentary on these areas.	✓			Further commentary would be appropriate and no benchmarking within the report

Does the report contain tables showing the maturity structure of borrowing, average rates of interest paid on borrowing and earned on investments, plus benchmark investment rates?			×	Not included as we intentionally aim for brevity
Does the report contain commentary on how Bank Rate has changed during the year or not changed, plus economic commentary?			×	BBC noted that it is not included as they intentionally aim for brevity
Provision of assurance to members of compliance with the CIPFA Prudential Code and statutory investment guidance	✓			BBC includes a statement of compliance however as noted in the report, work needs to be done to ensure compliance
Provision of assurance to members that TM has been carried out during the past year has complied with the authority's TM policies and TMPs	n/a	n/a	n/a	No investments over one year
Does the report contain a table showing the breakdown of the investment portfolio by different types of investment instrument so that members can review risk exposures?				Not included as the only investment instrument is fixed term deposits
Provision of a table on the amount of investments invested for over 1 year				N/A
Provision of a report on under borrowing at the year end, comparison to the original strategy and explanation of any deviation from that strategy.		✓		Just a table: no narrative
Provision of report on how borrowing and investment interest rates have moved in the year and how that has impacted TM.			×	Not currently included
Reporting of all breaches of credit limits during the year.	✓			None to report

Has an internal Audit of TM been undertaken in the last 3 years?	✓			June 2022
Internal audit reports: Have any red flags been highlighted, if so, has remedial action been subsequently taken to remedy this area?				Some process recommendations, but no red flags. Made recommendations for approval of borrowing. Note that the Audit report has not been shared with LTS as part of this review.
3. MID-YEAR REPORT 2022/2023				
Has the Template provided by Link been utilised?		✓		
Provision of mid-year report – overall compliance	✓			
Does the report contain tables of movements in total debt and investments in the first half year and the maturity structure of debt?	✓			
Does the report contain commentary on how Bank Rate has changed during the half year or not changed, plus economic commentary? Also updated forecasts for Bank Rate and PWLB rates?	✓			
Timing of report in the year - provision of report in autumn	✓			2022/23 mid year report done Nov 2022
Provision of updates of prudential indicators or confirmation of no change	✓			
Does BBC monitor its Prudential indicators Quarterly in line with the update Prudential Code Requirements 2021	✓			The Council confirmed that it actually maintains a monthly monitoring sheet to ensure no breaches take place. This is good practice – particularly given the steep CFR increases which have occurred.

Provision of breakdown of the investment portfolio over different types of investment instruments?		✓		Only had fixed term deposits so analysis over various investment instruments was not applicable.
Provision of report on how interest rates have moved in the year to date and how that has impacted TM?		✓		Just included as narrative (no tables)
Increase in limit for investment over 365 days: was rationale clearly reported and approved.	✓			
Provision of amount of investments invested for over 1 year (there is a table for investments invested beyond the end of the year).	✓			N/a as no investments > 365 days
Provision of assurance that no approved limits were breached in the first half year or reporting of all breaches of those limits.	✓			
4. MEMBERS				
What level of scrutiny (if any) is undertaken on TM Reports prior to submission to full Council?				None - as detailed in the report, this may be an action BBC wishes to follow up on
Have TM scrutiny members received training in TM?	✗			No – As detailed in this report, training is to be scheduled
Has a Knowledge and Skills schedule been provided to members in line with TMP10	✗			No – As detailed in this report, a schedule will be completed
Have records been kept of what training has been given and to who?	✗			No – This will be actioned as part of the TMP work.
Is it likely that members are fully aware that over the last four years there has been both a large increase in, and a major shift upwards in CFR levels and subsequent borrowing?	✓			
Over the last four years, has the member approval process succeeded in giving sufficient priority to security and liquidity, over achieving yield, in line with		✓		In terms of Treasury Investments it is fair to say this has succeeded however questions remain in relation to non-treasury activity

statutory guidance, in view of all of the above findings?				(Commercial / Service investments).
In view of non-compliance (particularly in relation to updated TMPS and IMPS) in this strategy committee report, was the member approval of this report valid? It is suggested that BBC should consider resubmitting a new report dealing with all areas of non-compliance to members for fresh approval for 23/24.			✗	This will be actioned as an output of this report.
5. TM OFFICERS				
Do internal TM staff have sufficient experience and technical understanding to be able to adequately challenge advice provided by brokers and external treasury advisers?	✓			
Has there been stability within the TM Team/wider Finance Function?			✗	
Do the TMPs provide a fully comprehensive documentation of all TM processes and other areas?			✗	
Do the TMPs name the individual officers who carry out which roles in TM?			✗	
Are the TMPs up to date?			✗	
Would the TM operational manager inform the S151 officer if a breach was identified?	✓			
Is there appropriate separation of duties between 1. officers who place investments and input investment deals into the financial records, and 2. officers who approve each deal and the sending of the investment transaction?			✗	
Is a monthly reconciliation of TM investment deals done by an		✓		Monthly rec prepared by TM officer but reviewed by independent officer

officer independent of the TM team?				
Is there adequate backup cover to undertake investment deals when the regular TM officers are absent from work?			✘	Back up in place, but not adequate cover - would benefit from being strengthened
Do the TM team have a cash flow forecasting facility to identify the periods for which individual investments deals can be placed?	✓			
Does this cash flow forecasting facility provide a rolling one year ahead view?		✓		Forecast is set up to the end of the current financial year and then reviewed/extended towards the end of the financial year (therefore not done on a rolling basis)
Do the TM team provide a basic monthly summary monitoring report to officers and scrutiny members of borrowing and investments?			✘	Would be best practice but is not a specific issue of compliance. Council produces Quarterly Monitoring reports.
6. INVESTING OPERATIONS				
Are the Council's systems updated each day for changes in credit ratings before placing investments? (Use Link's Passport system)	✓			
Is the credit worthiness of each bank and building society checked before placing each investment deal?	✓			
Do officers have delegated authority to suspend/remove an institution from the counterparty list if they suspect that institution to no longer be a safe investment option?	✓			
Do the TMPs fully document all criteria used in determining selection of counterparties to place investments with?			✘	
Do the TM team make use of external treasury advisers to provide expert advice on optimising investing and borrowing operations?	✓			

Does the Council undertake benchmarking of the performance of the investment portfolio against investment benchmark rates and the performance of other local authorities so as to make an assessment of its relative performance on yield?			×	Investment Benchmarking is available to the Council as detailed within this report.
Is there a disaster recovery plan in place in case the Council's premises are out of action?		✓		No contingency manual in place – the Council does have a wider corporate disaster recovery plan which would cover elements of TM process.
Has this plan been reviewed and updated to reflect any recent changes?	×			
Is this disaster recovery plan regularly tested on a periodic basis?	×			
7. BORROWING				
Do you have a full schedule of when all TM borrowings mature so as to manage refinancing risk?	✓			
Has the large expansion of debt increased the level of risk that BBC is exposed to?				Yes – as noted in the report, financing costs have increased significantly in the past 2 years.
Do you use balance sheet reviews, revenue budget plans for use of reserves and provisions, and cash flow forecasts to optimise timing and amounts of new external borrowing?	✓			Council is very pro-active with BSR forecasting.
Has your total external borrowing been below your CFR (capital financing requirement) over the last 4 years?				It has however the annual CFR position has increased significantly in the past 3 financial years.
Does the Council undertake benchmarking of the performance of the external borrowing portfolio against the performance of other local authorities so as to make an			×	This exercise has been undertaken as part of this report

assessment of its relative performance?				
Does the Council regularly monitor total external borrowing against its authorised limit and operational boundary to check that it does not exceed them?	✓			
Leasing: Does the authority allow individual services to arrange their own leasing contracts? Central oversight of all leasing will be required for implementation of IFRS16 in 23/24.			✗	Would be best practice to have central over sight in order to achieve optimal value for money - but is not a specific issue of compliance
8. FCA REGULATION				
Has the Council complied with the FCA requirements of MIFID2 in order to conduct investing on the basis of being a professional investor?				As detailed at Appendix X the Council needs to complete the elective professional client assessment

The above check list has been produced from an examination of BBC Capital & Investment Strategy and other documents as well as the answers to a questionnaire completed by Alistair Greer.

Contact us

Carl Gurnell

Associate Director

Link Group

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AUDIT & SCRUTINY COMMITTEE

14th November 2023

REPORT TITLE:	Treasury Management April - October Update
REPORT OF:	Tim Willis, Interim Director – Resources
REPORT OF FOR:	Information

REPORT SUMMARY

This report gives an update on the Council's treasury management activity and performance for the period April to October 2023. In line with the scrutiny of the Council's Treasury Management activity and performance in 2023/24 in compliance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2021 Edition) and generally accepted good practice.

SUPPORTING INFORMATION

3.0 BACKGROUND INFORMATION

UK Economy and Interest Rate Forecasts

The period April to October saw:

- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7
- Core CPI inflation (excluding energy, food, alcohol and tobacco) declining from the 31-year high of 7.1% in April and May to 6.2% in August
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth as the 3mmyy growth of average earnings rose to 7.8% in August
- Interest rates rise by 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the cycle.
- Short, medium and long-dated gilts remaining elevated as inflation continually surprised to the upside.

The following table shows bank rate and PWLB rate forecasts up to June 2026 (provided by Link Group, the Council's treasury advisors):

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Bank Rate	5.25%	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	2.75%	2.75%	2.75%
PWLB Rates											
- 5 years	5.10%	5.00%	4.90%	4.70%	4.40%	4.20%	4.00%	3.90%	3.70%	3.70%	3.60%
- 10 years	5.00%	4.90%	4.80%	4.60%	4.40%	4.20%	4.00%	3.90%	3.70%	3.70%	3.60%
- 25 years	5.40%	5.20%	5.10%	4.90%	4.70%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%
- 50 years	5.20%	5.00%	4.90%	4.70%	4.50%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%

They set out a view that the bank rate has peaked at 5.25% and will gradually start to fall next year. They also show a gradual decline over the period in PWLB rates from the current peak.

Investment Activity

The Council's investments have continued to benefit from the increase in interest rates during the period. The month-end investment balances and interest rates for the period are as follows:

Month end	Balance (£000)	Ave interest rate
April 2023	17,000	4.21%
May 2023	10,000	4.38%
June 2023	15,000	4.69%
July 2023	11,800	5.00%
August 2023	24,300	5.16%
Sept 2023	26,300	5.32%
Oct 2023	23,880	5.36%

The approach to investments has been to keep up to £5m on call with the Council's bankers, Lloyds Banking Group, and to invest the remaining funds through short-dated fixed term investments with the Debt Management Account Deposit Facility (DMADF) and with UK domiciled banks (accessible either directly or through the Link Agency Treasury Service). This is a secure, low risk approach, which will generate approximately £0.7m investment income for the year (split across the general fund and the HRA).

A table of investments as of 31 October 2023 totalling £23,880m is shown at Appendix A.

Borrowing Activity

The following table shows the amount of external borrowing at the beginning and the end of the period.

	Short term	Long term-PWLB	Long term-Market Lender	Transferred debt	Total
	£000	£000	£000	£000	£000
01-Apr-23	34,000	192,019	0	174	226,193
31-Oct-23	27,000	192,019	25,000	174	244,193
Interest rate	4.52%	2.37%	2.06%	8.80%	

The short-term borrowing is all from other local authorities. There was some modest activity during the period, with a net reduction of £7m. There has been no PWLB borrowing during the period. A breakdown of the short-term and long-term borrowings is shown in Appendix B.

The source of the £25m market lender borrowing is Phoenix Life Ltd. The £25m loan was received in August and is the first tranche of the £45m deferred loan agreement that the Council arranged in December 2021. It will be paid back over 40 years at an interest rate of 2.058%. The remaining £20m will be drawn down in June 2024.

The £0.174m transferred debt is a historic loan between Brentwood and Chelmsford councils, originating from the local government reorganisation of 1974. The Council has recently agreed to settle this loan in November and this debt will therefore have been cleared by the next treasury management update.

It is anticipated that short borrowing of up to £20m will be undertaken during the latter stages of this financial year to finance new capital expenditure. The timing of any borrowing will be influenced by the movement in interest rates.

Compliance with Treasury and Prudential Limits

During the period ended 31st October 2023, the Council has operated within the prudential and treasury indicators set out in the Council's Treasury Management Strategy Statement (TMSS) for 2023/24.

The Interim Director - Resources recommends that some revisions are made to the prudential indicators. Members are asked to approve these revised indicators, which are set out in the final column of the following table:

Indicator	2023/24 TMSS (£000)	2023/24 revised (£000)
Capital Expenditure-GF	36,332	24,862
Capital Expenditure-HRA	22,008	14,972
Capital Financing Requirement	303,964	280,759
Gross External Borrowing	267,688	260,019
Operational Boundary	305,000	281,000
Authorised Limit	340,000	316,000

- a) Capital Expenditure (GF and HRA). The revised indicators represent the forecast expenditure for 2023/24. Further explanation, including details of slippage, will be reported to the next Finance, Assets, Investment & Recovery Committee meeting in December.
- b) Capital Financing Requirement (CFR). This represents the total historic capital expenditure which has not yet been paid for from either revenue or capital resources. The revised CFR has been reduced from the original figure because of:
- the reduction in the forecast capital expenditure
 - the CFR in the TMSS was based on the estimated closing CFR for 2022/23; the revised CFR reflects the closing CFR for 2022/23
- c) Gross External Borrowing. This has also been revised downwards for the same reasons as the CFR.
- d) Operating Boundary. This is the borrowing limit above which borrowing would not normally be expected to rise. This aligns with the CFR level and has been reduced following the reduction in the CFR. The revised level continues to give the Council sufficient headroom for future borrowing this year, whilst remaining at a prudent level.
- e) Authorised Limit. This is the limit placed by the Council on the absolute level of its gross external debt, as required by the Local Government Act 2003. The revised level has also been reduced in line with the reduction in the CFR and the operational boundary. The revised level is considered to be prudent.

Review of capital investment and treasury management

The Interim Director- Resources recently commissioned Link Group to carry out a review of the Council's treasury management arrangements. A report on the outcome of this review is presented as a separate item on the agenda for this meeting.

4.0 FINANCIAL IMPLICATIONS

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

Contained within the body of the report.

5.0 LEGAL IMPLICATIONS

Name & Title: Claire Mayhew, Acting Joint Director – People & Governance & Monitoring Officer
Tel & Email 01277 312500 / 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 EQUALITY IMPLICATIONS

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

7.0 ECONOMIC AND CLIMATE IMPLICATIONS

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

REPORT AUTHOR:	Name:	Alistair Greer
	Title:	Principal Accountant (Financial Reporting)
	Phone:	01277 312385
	Email:	alistair.greer@brentwood.gov.uk

APPENDICES

- Appendix A: investments at 31 October 2023
- Appendix B: short and long-term borrowing at 31 October 2023

BACKGROUND PAPERS

- None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
• Ordinary Council: 2023/24 Treasury Management Strategy	1 st March 2023
• Ordinary Council: 2022/23 Treasury Management Strategy	23 rd February 2022
• Ordinary Council: 2021/21 Treasury Management Strategy	24 th February 2021

Appendix A

Investments at 31 October 2023

Counterparty	Amount (£000)	Start date	Maturity date	Interest rate
Lloyds Treasury Call	3,000			5.140%
DMADF	1,000	11/10/2023	01/11/2023	5.170%
East Lindsey District Council	2,000	13/10/2023	01/11/2023	5.300%
DMADF	880	04/10/2023	03/11/2023	5.170%
National Bank of Kuwait International	2,000	05/09/2023	06/11/2023	5.370%
DMADF	1,000	13/10/2023	17/11/2023	5.190%
SMBC	2,000	31/08/2023	01/12/2023	5.610%
Cheshire East Council	2,000	24/10/2023	15/12/2023	5.430%
Standard Chartered Bank	1,000	01/09/2023	02/01/2024	5.530%
Liverpool City Council	3,000	29/09/2023	03/01/2024	5.400%
National Bank of Kuwait International	1,000	23/10/2023	23/01/2024	5.400%
Standard Chartered Bank	2,000	22/09/2023	01/02/2024	5.370%
National Westminster Bank	2,000	25/09/2023	01/03/2024	5.430%
National Westminster Bank	1,000	29/09/2023	28/03/2024	5.490%
Total	23,880			

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Appendix B

Short-term and long-term PWLB borrowing at 31 October 2023

Short-term borrowing

Lender	Amount (£000)	Start date	Maturity date	Interest rate
West Midlands Combined Authority	5,000	27-Feb-23	27-Nov-23	4.17%
West Midlands Combined Authority	5,000	28-Apr-23	26-Apr-24	4.65%
Lichfield District Council	2,000	03-Mar-23	01-Mar-24	4.40%
West Midlands Combined Authority	5,000	28-Apr-23	26-Apr-24	4.65%
West of England Combined Authority	5,000	15-Aug-23	13-Aug-24	4.75%
West Midlands Combined Authority	5,000	26-Oct-23	24-Oct-24	4.28%
Total	27,000			

Long-term borrowing (all PWLB)

HRA/GF	Amount (£000)	Start date	Maturity date	Interest rate
HRA	2,853	14-Mar-22	14-Mar-42	2.31%
HRA	10,000	28-Mar-12	28-Mar-27	3.01%
HRA	15,000	28-Mar-12	28-Mar-32	3.30%
HRA	15,000	28-Mar-12	28-Mar-37	3.44%
HRA	14,166	28-Mar-12	28-Mar-42	3.50%
Total HRA	57,019			
General Fund	400	08-Jan-03	08-Jan-28	4.88%
General Fund	800	24-Apr-95	24-Feb-55	8.88%
General Fund	800	30-Apr-95	30-Apr-55	8.88%
General Fund	7,000	16-Sep-20	16-Sep-50	2.57%
General Fund	10,000	27-Nov-20	27-Nov-30	2.16%
General Fund	10,000	27-Nov-20	27-Nov-50	2.71%
General Fund	20,000	26-Mar-21	26-Mar-71	1.89%
General Fund	30,000	27-Apr-21	27-Apr-71	1.87%
General Fund	7,000	19-Jul-21	19-Jul-31	1.48%
General Fund	10,000	22-Jul-21	22-Jul-34	1.55%
General Fund	9,000	22-Jul-21	22-Jan-68	1.67%
General Fund	10,000	22-Jul-21	22-Jul-69	1.65%
General Fund	20,000	04-Nov-21	04-Nov-62	1.72%
Total General Fund	135,000			
Total	192,019			

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AUDIT & SCRUTINY COMMITTEE

14 November 2023

REPORT TITLE:	Risk Management Update
REPORT OF:	Tim Willis, Interim Resources Director
REPORT IS FOR:	Decision

REPORT SUMMARY

This report updates members of the Audit & Scrutiny Committee with a revised Insurance & Risk Management Strategy and is attached in Appendix A.

This report also updates the Audit & Scrutiny Committee on the status of the Council's 2023/24 Strategic Risk Register.

The number of very high risks has increased to two since the last report to the committee. The risk that has increased relates to the Contract/Partnership failure.

RECOMMENDATIONS

- R1 To agree the revised Insurance & Risk Management Strategy.**
- R2 That the Committee notes the report.**

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

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

None.

3.0 BACKGROUND INFORMATION

A review of the Insurance and Risk Management Strategy is due, and a revised Strategy is attached as Appendix A.

Work continues to embed Risk Management within the Council. It is important that all staff become involved in the risk management process and become aware of their responsibilities in identifying and managing risk. A Risk Management Fund of £5k was allocated within the insurance tender, which is deducted from the annual premium, for use on Risk Management improvements for the Council. The remainder of the fund for 2022-2023, together with the fund for 2023-2024 has been allocated to three Risk Workshops, which are to be held on 22nd and 23rd November.

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 and project risks.

Appendix B 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 C.

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 11 July 2023.

Very high risks

- Risk 13 (Cyber Threat). The Council is actively involved in the Essex-wide LA cyber partnership, with response framework, sharing intelligence and good practice. It is also a member of regional WARP (Warning, Advice and Reporting Point) to share and receive up-to-date advice on information security threats, incidents and solutions. This risk score is relatively high and is likely to remain so, despite mitigations. Given the continued threat and adverse impact of a successful cyber attack, officers will strive to put in place defensive measures that minimise the likelihood. These measures will be proportionate to balancing the needs of the Council to deliver public services and its commitment to transparency.

Change to risk scores

- Risk 12 (Contract/partnership failure). This risk has been increased from a score of 8 to a score of 16 due to the increased likelihood of potential losses arising from partnership failure. In recognition of this, an internal audit has been added to this year's plan to review development partnerships; additionally, provision has been made in the Council's reserves to accommodate potential costs arising from such a failure.

New/removed risks

- Risk 5 (Lack of Strategic Direction) has been removed. The risk score of 4 was low and it is considered that there are sufficient plans and resources in place to ensure this risk can be managed without strategic intervention.

- Risk 6 (Failure to deliver objectives within the Corporate Strategy) has been removed. The risk score of 4 was low and it is considered that there are sufficient structures and processes in place to ensure this risk can be managed without strategic intervention.

4.0 FINANCIAL IMPLICATIONS

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

Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk

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.

5.0 LEGAL/GOVERNANCE IMPLICATIONS

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

Tel & Email 01277 312741 / claire.mayhew@brentwood.gov.uk

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

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

None.

7.0 RELEVANT RISKS

7.1 The report itself is in relation to strategic risks.

8.0 ENGAGEMENT/CONSULTATION

None.

9.0 EQUALITY IMPLICATIONS

None.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 Economic implications are contained within the report and identified in risk registers.

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: Insurance & Risk Management Strategy

Appendix B: Strategic Risk Register

Appendix C: Risk ranking table

BACKGROUND PAPERS

Insurance and Risk Management Strategy

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Scrutiny Committee	8.3.2022
Audit & Scrutiny Committee	5.7.2022
Audit & Scrutiny Committee	7.3.2023
Audit & Scrutiny Committee	11.7.2023

BRENTWOOD BOROUGH COUNCIL

INSURANCE AND RISK MANAGEMENT STRATEGY

Version 6.0

November 2023

Contents

1. Policy Statement
2. Introduction
3. Aims and Objectives
4. Insurance Framework
5. Risk Management Framework
6. Roles and Responsibilities
7. Risk Analysis
8. Risk Ranking Table
9. Risk Appetite
10. Risk Tolerance
11. Monitoring arrangements for Key Risks

Key Information

This document is to be reviewed every two years by Brentwood Borough Council's Risk & Insurance Officer

Author:	Sue White
Section / Directorate:	Finance & Resources
Strategy Approval – Officer Level:	Tim Willis
Strategy Approval – Member Level:	Audit & Scrutiny Committee
Strategy Published Date:	November 2023
Strategy Review Date:	September 2025

1. Policy Statement

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

2. Introduction

The Council's priority is to deliver excellent, customer focused, cost effective services by ensuring that the Council's Risk Management framework is in place and operating effectively.

The Council's constitution vests the overall responsibility for the management of risk with the audit function of the Audit & Scrutiny Committee.

The Council's corporate insurance arrangements form part of the overall risk management approach.

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

Risk

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

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

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

The Council maintains a Strategic Risk Register (SRR) and this Register will be regularly reviewed with updates reported to the Audit Committee on a quarterly basis as a minimum.

The SRR is developed using the notion of residual risk. This notion assumes that controls put in place will usually mitigate the inherent risk of an activity leading to a lower residual risk.

The SRR is underpinned by Operational Risk Registers (ORRs) and individual Project and Contract Risks.

ORR's are owned by each Director and identify the risks and mitigation controls that apply to each of the Council's service areas. They form part of a continual review and are monitored as part of the SRR review at Corporate Leadership Team (CLT) meetings.

Project Risks Registers (PRR's) are owned by each Project Lead and identify the risks and mitigation controls that apply to that particular project. They form part of a continual review for the duration of the project and are also within the function of the Programme Management Office (PMO).

Contract Risks Registers (CoRR's) for Medium to High risk contracts are owned by each Contract Monitoring Officer and identify the risks and mitigation controls that apply to that particular contract. They form part of a continual review for the duration of the contract.

Insurance

Insurance is a mechanism for transferring risks to another (the insurer) for a consideration (premium). The broad principle of insurance is that the premiums collected from many policyholders pays for the claims of a few, whilst still allowing the insurer to meet their overheads, pay dividends to shareholders, purchase re-insurance to protect themselves against catastrophic losses and to build up their reserves. The Council is not required by law to purchase insurance to cover its risks, except as set out in the next paragraph.

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

3. Aims and Objectives

Aim

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

Objectives

The objectives of this Strategy are: -

- Integrate and raise awareness of risk management for all those connected with the delivery of Council services.
- To provide a robust and systematic framework for identifying, managing, and responding to risk.
- Anticipate and respond to changing social, environmental, and legislative requirements.
- Enhance the attractiveness of the Council's risk profile to underwriters.
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.
- Minimise potential claims and consequently reduce the cost of insurances.
- Reduce the cost of external premium spend and to consider self-funding for low level claims.
- Protect the Council's assets (people and property).
- Protect the reputation of the Council.

These objectives will be achieved by:

- Establishing clear roles, responsibilities, and reporting lines within the Council for identifying and managing risk.
- Embedding risk management into the Council's decision-making process, service delivery, project management and partnership working.
- Providing opportunities for training and shared learning on insurance and risk management across the Council.
- Maintaining documented procedures for the control of risk and the provision of suitable information, training, and supervision.
- Maintaining an appropriate incident reporting and recording system, (with investigation procedures to establish cause and prevent recurrence) to provide opportunities for improved risk management across the Council.
- Ensuring robust Business Continuity arrangements are in place.
- Robust claims handling arrangements and insurance fraud detection.

- Maintaining claims handling protocols that are in line with statutory requirements.

4. Insurance Framework

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

All policies were awarded to Zurich Municipal on a package basis, which resulted in a saving of approximately £200k.

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

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

The Annual Review Process

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

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

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

5. Risk Management Framework

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

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

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

- Identify Risks – this involves the identification of risks, describing and recording them.
- Evaluate Risks – the identified risks are each assessed in terms of their likelihood and potential impact and determined against a profiling matrix. At this stage, an assessment of a target risk score can be made, to inform whether or not it is worthwhile to treat/tolerate a risk, and if so, to assess the subsequent mitigations for effectiveness in reducing the risk score against the target.
- Manage Risks – this involves the identification and implementation of control measures to mitigate the impact risk, the cost effectiveness of implementing these measures and the estimation and evaluation of residual risk. There are four basic ways of treating risk, which are: -

Terminate	Stop undertaking the activity which gives rise to that risk unacceptable to the Council therefore eliminate activity.
Treat	Control the risk and take action to reduce either likelihood of a risk occurring and/or the consequences if it does occur.
Tolerate	Accept the risk by an informed decision (based on risk appetite) because the cost of managing may outweigh impact or risk is below the Council's tolerance level
Transfer	Involves another party bearing or sharing the risk i.e. via insurance, shift to another party, e.g. insurance or strategic alliances with third parties

- Report – progress in managing risks should be monitored and reported to ensure actions are carried out.
- Review – review the effectiveness of the control and to inform decision making.

6. Roles and Responsibilities

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

Members of the Audit & Scrutiny Committee (or Equivalent) fulfilling the audit function

- Approve the Council's Insurance and Risk Management Strategy.
- Provide independent assurance on the effectiveness of risk management and internal control.

Corporate Leadership Team (CLT)

- Be responsible for and monitor the Strategic Risk Register.
- Ensure risk management is considered on a regular basis.
- Assign a responsible officer to each significant strategic risk.

Extended Leadership Team (ELT)

- Ensure the Council implements and manages risk effectively through the delivery of the Insurance and Risk Management Strategy and consider risks affecting delivery of service.
- Be responsible for and monitor the Operational Risk Register.
- Assign a responsible officer to each significant operational risk.
- Receive and approve updates on the management action plan and on any new significant emerging risks.
- Support the embedding of risk management within the culture of the Council.
- Escalate to CLT any risks that cannot be managed at ELT level without the decision-making powers of CLT.

Key Roles

- The S151 Officer will ensure that risk forms part of the overall performance management framework. They will develop and maintain the overall Insurance and Risk Management Strategy and provide updates to CLT and Members on significant risks identified and emerging from the risk register and other sources.
- The Monitoring Officer has a role to ensure lawfulness and fairness of Council decision-making and provide assurances regarding overall legal risk management of the Council for the Annual Governance Statement.
- The Data Protection Officer (DPO) is responsible for advising on the Council's obligations to comply with General Data Protection Regulations and other data protection laws. They monitor compliance via data protection activities.
- The Senior Information Risk Owner (SIRO) is responsible for information security and assurance.

Directors and Service Managers

- Take responsibility for the promotion of the Insurance & Risk Management Strategy within their area.
- Ensure awareness of risk culture is embedded across their respective departments and services.
- Ensure that operational risk registers are managed, monitored, responded to and communicated effectively in their areas and reported to CLT as appropriate.
- Identify resources to address the highest priority risks and make requests to CLT for funds to avoid, transfer or reduce risk.

Risk & Insurance Officer

Manages the implementation of the Risk Management Framework and process on behalf of the Council and its management team

Employees

- All staff, at whatever level, should maintain an awareness of risks, feeding information into the formal processes for risk management. This will include alerting management to risks which are inappropriately managed and reporting any incidents or near misses.

Internal Audit

- Maintain an independent role in line with guidance from the Institute of Internal Auditors and others and ensure compliance with the Public Sector Internal Audit Standards.
- Ensure that internal controls are robust and operating correctly.

7. Risk Analysis

Once risks have been identified they need to be assessed systematically. The process requires risk owners to assess the level of risk by considering the probability of an event occurring – ‘likelihood’ - and the potential outcome of the consequences should such an event occur – ‘impact’. Risk owners will assess each element of the judgement and determine the score against the Risk Ranking Table in appendix 1.

The risk ratings for each part of the assessment are then combined to give an overall score for each risk.

Risk Ranking Table

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

Likelihood	(5) Definite/very high	Low	Medium	High	Very High	Very High
	(4) Very likely	Low	Medium	High	Very High	Very High
	(3) Likely	Low	Medium	Medium	High	Very High
	(2) Unlikely	Low	Low	Medium	Medium	High
	(1) Highly unlikely	Low	Low	Low	Medium	Medium
		Negligible (1)	Minor (2)	Moderate (3)	Significant (4)	Major (5)
		Impact				

Likelihood x Impact = Risk Score

Risk tolerance			
Level of Risk	Level of Concern	Recommended review pattern	Action required
Very High 15-25	Very concerned	1-2 months	These are critical risks requiring immediate attention. This will mean that strategies need to be developed to reduce or eliminate the risk.
High Risk 10-15	Concerned	2-3 months	These risks are significant. Consideration should be given to the development of strategies to reduce or eliminate the risks.
Medium Risk 4-10	Quite Concerned Risk can be tolerated at this time	3-4 months	These risks are less significant but may cause upset and inconvenience in the short term. These risks should be monitored to ensure they are being appropriately managed and they do not escalate to a higher category of risk.
Low Risk 1-5	Not concerned Risk accepted at this time	4-6 months	These risks are both unlikely to occur and not significant in their impact. They require minimal monitoring and control unless subsequent risk assessments show subsequent change, prompting a move to another risk category.

8. Risk Appetite

Risk appetite is the level of risk the Council are prepared to tolerate or accept in the pursuit of its strategic objectives. The Council's aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery, while also providing an acceptable level of value for money. The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established before decisions are made.

Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources when it is to achieve substantial benefit. In addition, the Council may accept some high risks because the cost of controlling them outweighs the benefits. The Council will not accept and will therefore seek to control all risks which have the potential to:

- Jeopardise significantly the Council's ability to carry out its normal operational activities.

- Have severe financial consequences which could jeopardise the Council's viability.
- Have a damaging impact on our reputation.
- Lead to breaches of law and regulations.
- Cause significant harm to staff, visitors, contractors and other stakeholders.

9. Risk Tolerance

The Council has determined that some risks are acceptable / tolerable. This is in line with the stated risk appetite and is reflected in the green area of the risk heat map. All risks within a rating of 5 or less are deemed to be acceptable or tolerable. Some risks with a rating higher than 5 may also be accepted/tolerated. This would most probably be because of the potential benefit of taking the risk or the cost of controlling the risk. Acceptance or tolerance of any risk with a rating higher than 5 must be approved by the Corporate Leadership Team.

10. Monitoring arrangements for Key Risks

The reason for monitoring key risks is to create an early warning system for any movement in risk. It will also ensure our treatment of risk remains effective and the benefits of implementing risk control measures outweigh the costs of doing so.

The Insurance and Risk Management Strategy requires risks recorded on the Strategic Risk Register and Operational Risk Registers to be monitored in line with the recommendations set out on page 9 above.

The management of any very high and high risks will be monitored and reported to the Corporate Leadership Team.

Monitoring reports are presented for approval to the Corporate Leadership Team prior to final ratification by the Audit & Scrutiny Committee.

The questions asked during monitoring are:-

- Is the risk still relevant?
- Is there any movement in the risk score?
- Are there controls still in place and operating effectively?
- Has anything occurred which might change its impact and/or likelihood?
- Have any significant control failures or weaknesses occurred since the last monitoring exercise?
- If so, does this indicate whether the risk is increasing or decreasing?
- If the risk is increasing, do I need to devise more controls or think of other ways of mitigating the risk?
- If the risk is decreasing, can I relax some existing controls?
- Are controls/actions built into appropriate documented action plans?

- How effective are the mitigations in reducing the risk to the target level of tolerable risk?
- Are there any new or emerging risks?
- Have any of the existing risks ceased to be an issue (and can therefore be archived)?
- Have any of the risks reduced to the extent that a strategic risk can be downgraded to the operational/project/contract level?

11. Addition or removal of risks from the Corporate Risk Register

As risks identified at the corporate level change or develop, it is sometimes appropriate for a risk to be added or removed from the Corporate Risk Register. Addition and removal of such risks will be undertaken as part of the regular risk review processes and these will be notified to the Audit & Scrutiny Committee within reports seeking their approval of the revisions.

Likelihood	Almost Certain	99% likely to happen or has happened on a regular basis over the last 12 months	5					
	Likely	75% likely to happen or has happened at least once or twice in the last 12 months	4					
	Moderate	50% likely to happen or has happened once or twice in the last 24 months	3					
	Unlikely	20% likely to happen or has happened once or twice in the last 5 years	2					
	Rare	5% likely to happen or hasn't happened within the last 5 years	1					

Page 233	APPENDIX 1 Risk Ranking Table							1	2	3	4	5
								Minor slippage	Minor	Moderate	Major	Catastrophic
							Impact					
	Financial	Loss/overspend under £10K	Loss/overspend £10K - £100K	Loss/overspend £100K - £300K	Loss £300K - £1M	Loss over £1M						
	Service	Marginal disruption to service capacity	Short term disruption to service	Short term disruption to one service area. Objectives of one department not met	Short term loss of service or significant reduction to service. Service objective not met	Medium/longer term loss of service. Failure to deliver at least one corporate objective.						
		Unlikely to cause complaint	Low potential for complaint	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain						
	Reputation	No adverse publicity	Minor adverse publicity	Significant adverse local publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity						
	Legal / Regulatory	No legal implication	Breach of regulations / standards	Breach of regulations / standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment						
	Health & Safety	'First Aid' level injury	Medical treatment required – short term injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality						

Risk No.	Risk Owner	Corporate Objective	Risk	Risk Category	Controls and Mitigations	Out of 5 Previous Score June 2023				Further Planned Actions	Out of 5 Current Score September 2023				Further Planned Actions		
						L	I	S			L	I	S				
Risk 1	Director (Place)	Growing our Economy: A thriving borough that welcomes a wealth of business and culture	Failure to adopt a Local Plan in line with national policy, meaning a lack of local planning policies to plan and manage development that risks planning applications being judged solely against national policy "in favour of sustainable development" and/or unplanned development	Reputation Legal/Compliance Effect on Project objectives	Meeting targets set out in the Local Plan timetable (Local Development Scheme, approved September 2019). Ongoing discussion with neighbouring Local Planning Authorities and key stakeholders (Duty to Cooperate). Partnership in Association of South Essex Local Authorities (ASELA). Preparation of Community Infrastructure Levy (CIL). Delivery of Dunton Hills Garden Village (DHGV). Retention of permanent staff and recruitment of temporary staff to meet short-term needs when required. Adopted Local Plan	1	5	MEDIUM	0	7.50	Gathering evidence to inform local plan review, to inform stages of plan preparation within timeframes agreed in the council's Local Development Scheme (timetable).	1	5	MEDIUM	0	7.50	Gathering evidence to inform local plan review within timeframes agreed in the council's Local Development Scheme (timetable). FAIR Committee approved next steps on 13/09/2023.
Risk 2	Director (Environment)	Protecting our Environment: Developing a clean and green environment for everyone to enjoy	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	Effects on Service Reputation	Strategy and action plan are in place. Introduction of new recycling scheme Environment Strategy & Action Plan agreed by Council Co Wheel Scheme implemented. Electric charging pilots implemented. New Climate & Sustainability officer employed. Brentwood Environmental Business Alliance (BEBA) launched.	1	3	LOW	0	3.90	To implement the recommendations of the internal audit report -April 2023	1	3	LOW	0	3.90	Costed carbon reduction plan to be presented to working group for consideration
Risk 3	Director, Communities & Health	Developing our Communities: Safe and strong communities where residents live happy, healthy and independent lives	Failure to deliver 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.	Effects on Service Reputation People	Leisure Strategy reviewed and updated Feasibility/business plan in progress for King George's Playing Fields. Budget agreed for KGPF and 5-year Play Area Improvement programme Workstream established for transition of Brentwood Centre to Council.	2	4	MEDIUM	0	11.20		2	4	MEDIUM	0	11.20	
Risk 4	Strategic Director	Improving Housing: Access to a range of decent homes that meet local needs	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	Effects on Service Reputation Legal/Compliance	Strategic Housing Delivery Plan 21-26 now developed to meet objectives within the Housing Strategy. 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.	1	4	MEDIUM	0	5.60		1	4	MEDIUM	0	5.60	

Risk 5	Strategic Director	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	Lack of Strategic Direction due to no strategic direction provided by senior officers resulting in projects and programmes not delivered TO BE REMOVED	Effects on Service Reputation Effect on Project objectives	Corporate Strategy Training and Development for Officers and Members. Code of Conduct. Consultation / surveys. Project and performance Management Framework. Business recovery plans in place and monitored with senior management & members.	2	2	LOW	0	4.80				0	0.00		
Risk 6	Strategic Director	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	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 TO BE REMOVED	Effect on Project objectives Effects on Service Reputation	PRED Committee appointed as Programme Board. Continued communication on Corporate Strategy within organisation. Ownership of delivery of projects identified at all levels within the Council. Business Plan is monitored by the Senior Leadership Team and the Leader regularly through project management techniques i.e RAG ratings	2	2	LOW	0	4.80				0	0.00		
Risk 7	Director (Resources)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	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	Financial & Resources Reputation	Medium Term Financial Strategic (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. A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels. Risk Assessment of Minimum level of reserves is carried out yearly and monitored throughout the year. Draft 2022/23 accounts show a small underspend and protection of working balances.	2	5	HIGH	0	15.00	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.	2	5	HIGH	0	15.00	Continuing monitoring of budgets and reserves. The Medium Term Financial Strategy for 2024-29 will be formulated in the autumn for approval in February 2024.
Risk 8	Director, Communities & Health	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	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	People Effects on Service Reputation	All services areas have Business Continuity Plans in place. Support and ongoing embedding of Emergency Planning & Business Continuity Plans within service departments Training to Extended leadership teams undertaken	2	3	MEDIUM	0	7.80		2	3	MEDIUM	0	7.80	A One Team set of Emergency Plans is being prepared to support CLT in an Emergency. Once agreed it will replace two plans and training will take place. A One Team Business Continuity Plan has been agreed and work is underway to support this with Service BC Plans. Once finalised the plan will be tested. Proposals are under discussion to recruit and train Emergency Officers. RDC will use the BBC CCTV Room for out of hours calls and a One Team approach developed for dealing with calls. The Essex Resilience Forum has received additional resource.
Risk 9	Joint Acting Director of People & Governance	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	Effects on Service Reputation Effect on Project objectives	Monitor vacancy factor within Medium Term Financial Strategy (MTFS) Communications Protocol & Strategy Workforce Strategy Regular meetings between senior members & officers. Review options for alternative service delivery model Recruitment service brought in house Establishment Review Group between Finance & HR	1	4	MEDIUM	0	5.60	A review of job descriptions, ensuring that there are clear expectations for roles. Regular 1:1s to ensure employees have clear goals and objectives. Aspiring Managers Programme to ensure managers and aspiring managers have the right skills. Use of apprenticeship levy to support development and grow/nurture early careers	1	4	MEDIUM	0	5.60	Supporting the reviews across both Councils to ensure job roles and career pathways are in place. New Values roled out need to embed behaviours. Review of reward and recognition packages, new website for careers. Introduction of OneYou conversations, digital exit questionnaire to be introduced.

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	Financial & Resources Reputation Financial & Resources	Consultants have been engaged to advise and assist in delivery of projects Appropriate governance arrangements have been set up for the Council's Wholly owned company - Seven Arches Investment Ltd Progress reports to Committee. Robust business modeling and financial projections. Monthly SLT & Leader meetings to monitor finances Financial Initiatives working group established	2	5	HIGH	0	15.00	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.	2	5	HIGH	0	15.00	Options have been presented to officers regarding it's joint venture. Officers are seeking legal advice in the first instance on these options and understanding any financial impact. Financial review is being undertaken on the Council's wholly owned company to review the company in the current economic climate. Regular reporting is established and members are updated quarterly under the committee system.
Risk 11	Joint Acting Director of 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	Legal/Compliance Reputation Financial & Resources	Information Governance Group set up to ensure that the Council has the correct controls in place to ensure good governance in all decision making Data Protection Policies Training Data Protection Officer in post	2	3	MEDIUM	0	7.80		2	3	MEDIUM	0	7.80	
Risk 12	Director (Resources)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	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.	Legal/Compliance	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.	2	4	MEDIUM	0	11.20		4	4	VERY HIGH	0	22.40	Provision exists within reserves to accommodate potential losses from partnership failure. An internal audit of partnerships has been added to the 2023/24 audit plan to help ensure value for money from future partnerships.
Risk 13	Director (Customer & Data Insight)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	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.	Effects on Service Financial & Resources Reputation	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. A suite of cyber security policies and procedures have been finalised, technical staff briefed and are available centrally on the service desk. Cyber security roadshows for staff and Members are still in preparation stage. Most recent extensive cyber audit provided moderate assurance.	3	5	VERY HIGH	0	22.50	Continuing to work with partners to drive down the impact of any likely attack and improve recovery processes. Action plan in response to cyber audit recommendations is in place.	3	5	VERY HIGH	0	22.50	Actively involved in Essex-wide LA cyber partnership, with response framework, sharing intelligence and good practice. Member of regional WARP (Warning, Advice and Reporting Point) to share and receive up-to-date advice on information security threats, incidents and solutions. Improving policies to direct operational resources. Working with commercial partners to continually improve cyber defences
Risk 14	Director (Resources)	Delivering an effective & efficient Council: An ambitious and innovative Council that delivers quality services	Inflationary pressures due to the current economic climate, resulting in increased costs (putting additional pressure on the MTFS) and services could be disrupted	Financial & Resources Effects on Service	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. Whilst inflation continues to have an impact on	3	4	HIGH	0	16.80	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 projections over the next five years.	3	4	HIGH	0	16.80	Continued monitoring of the outcome of the 2023 pay award. Any additional burden on 2023/24 budgets may be mitigated by savings in vacancies and non-staffing budgets. The next MTFS will incorporate these impacts, and inflation projections, over the next five years.

Appendix C

Risk Ranking Table

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

Likelihood	(5) Definite/very high	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	(4) Very likely	Low (4)	Medium (8)	High (12)	Very High (16)	Very High (20)
	(3) Likely	Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	(2) Unlikely	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	(1) Highly unlikely	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5)
		Negligible (1)	Minor (2)	Moderate (3)	Significant (4)	Major (5)
		Impact				

Likelihood x Impact = Risk Score

Level of Risk	Level of Concern	Recommended review pattern
Very High 15-25	Very concerned	1-2 months
High Risk 10-15	Concerned	2-3 months
Medium Risk 4-10	Quite Concerned Risk can be tolerated at this time	3-4 months
Low Risk 1-5	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"> • Small impact on customer service which may result in complaints • Nuisance 	<ul style="list-style-type: none"> • Small financial loss; less than £10K • Negligible property damage 	No adverse effect on perception	No legal implication	No injury	<ul style="list-style-type: none"> • Minimal impact to project • Minor slippage
2	Minor	<ul style="list-style-type: none"> • Small setback • Disruptive impact on service • Localised disgruntlement 	<ul style="list-style-type: none"> • Noticeable financial loss; £10-£100K • Slight damage to one property 	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"> • Adverse effect to project. • Slippage requires review finances / short term programme
3	Moderate	<ul style="list-style-type: none"> • Widespread disgruntlement • Disrupted service delivery from one service area for up to 3 days • Can handle but with difficulty 	<ul style="list-style-type: none"> • Moderate financial loss £100-300K • Inability to deliver popular policies due to budgetary constrictions • Substantial damage to one part of a building 	Negative effect on perception, e.g. <ul style="list-style-type: none"> • Criticism of the council • Local bad press 	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"> • Important impact on project or most of expected benefits. • Considerable slippage • Possible impact on overall finances / programme
4	Significant	<ul style="list-style-type: none"> • Intervention in a key service • Disruption to service delivery for one or more service areas for 3-5 days • Failure of an operational partnership 	<ul style="list-style-type: none"> • Sizeable financial loss up to 50% of budget or between £300K-1M • Extensive damage to a critical building or considerable damage to several properties from one source 	<ul style="list-style-type: none"> • Criticism of key process • Large scandal • High level of complaints at corporate level across several service areas • Adverse national media coverage 	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"> • Extreme delay

Score	Impact	Effect of Service	Financial & Resources	Reputation	Legal	People	Effect on project objectives
5	Major	<ul style="list-style-type: none"> • Complete breakdown in service delivery with severe, prolonged impact on customer service affecting the whole organisation • Failure of a strategic partnership 	<ul style="list-style-type: none"> • A substantial failure in accountability or integrity • A large financial loss over 50% of budget or greater than £1M • Total loss of a critical building 	<ul style="list-style-type: none"> • A vote of no confidence in one service area • Officer(s) &/or Members forced to resign &/or Audit Commission enquiry • Substantial adverse & persistent national media coverage 	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"> • Complete failure of project

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AUDIT & SCRUTINY COMMITTEE

14TH November 2023

REPORT TITLE:	S106 Financial Obligations
REPORT OF:	Steve Summers – Strategic Director
REPORT IS FOR:	Decision

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

At the Audit & Scrutiny Committee on the 24th January 2023 the Chair agreed that a report on the current Financial Contributions from s106 Agreements will be made to the 7th March 2023 committee. (Min 324 refers.)

A subsequent detailed report was made to the 7th March 2023 A&S Committee where members noted the report and agreed a regular report would be made to future committees. (Min 374 refers.). The first report was made to the committee on the 11th July 2023. (Min 70 refers.).

Section 106 Obligations

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.

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.

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.

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. It was agreed that this review will take place in September 2023. However due to other priorities this review has not been able to be undertaken.

Senior Officers have discussed this matter and due to the recent independent Planning Service Review, this will be dealt with through the Planning Improvement Plan. This will also be assisted by the recent approval by the Council of the Community Infrastructure Levy (CIL) which will include software to monitor both CIL and S106 obligations and therefore there is a necessity for any review to be aligned aligned to this implementation. When this review is complete a report will be made to a future Audit and Scrutiny Committee with its findings and recommendations.

Until the review is completed the current interim arrangements will continue.

Detail of S106 contributions

To assist members attached as appendices A and B are the details of the current s106 financial contributions.

Affordable Housing

The Housing s106 contributions, as of 2023 are set out within Appendix A. The current contributions will be committed to the Council's Strategic Housing Development Programme (SHDP) and update reports are made to the Housing Committee.

Public Open Spaces

The Public Open Space s106 contributions 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

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 of Place

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

There are no economic implications arising from this report.

11.0 EQUALITY AND DIVERSITY IMPLICATIONS

Name & Title: Kim Anderson, Corporate Manager – Communities, Leisure & 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.

REPORT AUTHOR: **Name:** Steve Summers
 Title: Strategic Director
 Phone: 01277312500
 Email: 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)

Council Meeting	Date
Audit & Scrutiny Committee	7 th March 2023
Audit & Scrutiny Committee	11 th July 2023

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Appendix A - 106 Contributions received - Housing

14.11.23

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
Total		1,799,921.93				

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Appendix A

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Appendix B - S106 Contributions - Open Space

14.11.23

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	No change.
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 - No change.
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 - No change.
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 - Further budget committed to completion of practice greens. Small budget left in contribution to be allocated to installation of new benches with KGPF.
5	16/01462/FUL 114-122 Kings Rd	40,852.00	19.03.18	19.03.23	Open space contribution towards maintenace 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 - No change.
6	13/01169/FUL Mascalls Park, Mascalls Lane, Warley, Essex	12,000.00	01.05.18	Not applicable	Woodland management woodland park	Clements Wood - No Change, agreed within current managemet plan. Plan to spend on management next financial year.
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 - No change.
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 - No change.
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 - No change.
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 - No change
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 - No change.
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 - No change.
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	No change.
Total		615,400.00				

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AUDIT AND SCRUNITY COMMITTEE

14 November 2023

REPORT TITLE:	Formal Complaints & Performance Indicator Working Group
REPORT OF:	Greg Campbell, Director of Policy and Transformation
REPORT IS FOR:	Information

REPORT SUMMARY

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

SUPPORTING INFORMATION

1.0 BACKGROUND INFORMATION

The Committee's Terms of Reference include responsibility for the monitoring of Council service performance including Performance Indicators and Formal Complaints.

2.0 FINANCIAL IMPLICATIONS

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

There are no direct financial implications from this report.

3.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew, Joint Acting Director – People & Governance and Monitoring Officer
Tel & Email: 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk

The Council is required to have a complaints procedure, to ensure transparency and accountability it is good governance for the Council to report on the complaints and performance indicators

4.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

None.

5.0 RELEVANT RISKS

None.

6.0 ENGAGEMENT/CONSULTATION

None.

7.0 EQUALITY IMPLICATIONS

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

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

None.

8.0 ECONOMIC IMPLICATIONS

Name & Title: Phil Drane, Director - Place

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

There are no direct economic implications from this report.

REPORT AUTHOR:	Name:	Greg Campbell
	Title:	Director of Policy & Transformation
	Phone:	01277 312500
	Email:	greg.campbell@brentwood.rochford.gov.uk

APPENDICES

Appendix A - Performance Indicators and Formal Complaints Working Group Report

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Scrutiny Committee	23/09/23
Audit and Scrutiny Committee	07/03/23
Audit and Scrutiny Committee	24/01/23
Audit and Scrutiny Committee	08/03/22
Audit and Scrutiny Committee	07/12/21
Audit and Scrutiny Committee	28/09/21
Audit and Scrutiny Committee	11/03/21
Audit and Scrutiny Committee	26/01/21
Audit and Scrutiny Committee	24/11/20
Audit and Scrutiny Committee	03/03/20

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Appendix A

Date: 14 November 2023

Audit & Scrutiny Committee

Performance Indicators and Formal Complaints Working Group Report

Working Group Members

Cllr Rigby
Cllr Pound
Cllr Mayo
Cllr Munden
Cllr Murphy

Scope

The scope of the Performance Indicators and Formal Complaints Working Group is set out below:

1. To monitor and consider the Council's service Performance Indicators.
2. To consider in detail Formal Complaints received by the Council.
3. To consider how Performance Indicators and Formal Complaints are reported to the Audit & Scrutiny Committee
4. To make recommendations to the appropriate Audit & Scrutiny Committee.

Notes of the meeting on the 24 October 2023

Attached as Addendum 1 are the notes of the meeting on the 24 October 2023.

Terms of Reference

The Working Groups Terms of Reference are attached at Addendum 2

1. Report Recommendations

1.1. The report recommendations are set out in full below.

R.1 That the working group continue to monitor the outcomes of the Formal Complaints for the 3rd Quarter of 2023/24.

R.2 That the working group continue to monitor the outcomes of the Performance Indicators for the 3rd Quarter of 2023/24.

2. Introduction

- 2.1 The council operates a two stage complaints process for customers to take issue with any perceived failure to provide a service, failure to respond to requests or failure to adhere to standards on the part of the council and its officers.
- 2.2 The council uses a variety of performance indicators to monitor how well services are performing in meeting the needs of service users. The council has set of key indicators of performance, the "toplines". The topline include a variety of indicators that relate to the delivery of the council's priorities.
- 2.3 The topline measure performance across a range of council activity including: planning, housing, street scene and revenue and benefits.

3. Explanation of Recommendations

Recommendation 1
That the working group continue to monitor the outcomes of the Formal Complaints for the 3 rd quarter of 2023/24.
Explanation

To continue to monitor formal complaints quarterly to identify common themes, trends or concerns.

Recommendation 2

That the working group continue to monitor the outcomes of the Performance Indicators for the 3rd quarter of 2023/24.

Explanation

To monitor associated annual or quarterly trends and identify areas of performance concern.

Addendum 1

**Performance Indicators and Formal Complaints Working Group
Minutes of Meeting 24 October 2023 18:00
Virtual via Microsoft Teams**

Present: Cllr Rigby
Cllr Pound
Cllr Mayo
Cllr Munden

Also present: Greg Campbell (GC) – Director of Policy & Delivery
Sarah Bennett (SB) – Director of Customer & Data Insight
Marcus Hotten (MH) – Director of Environment
Lauren Stretch (LS) – Director of Housing
Nichola Mann (NM) – Joint Acting Director of People & Governance
Shelley King (SK) – Performance & Digital Transformation Manager

Apologies: Cllr Murphy
Jonathan Stephenson (JS) – Chief Executive Officer
Steve Summers (SS) – Strategic Director
Emily Yule (EY) – Strategic Director
Phoebe Barnes (PB) – Director of Assets & Investments
Tim Wills (TW) – Interim Director of Resources
Phil Drane (PD) – Director of Place & Economy
Claire Mayhew (CM) – Joint Acting Director of People & Governance
Tracey Lilley (TL) – Director of Communities

1. Welcome & Introduction

2. Terms of Reference

These are attached to these minutes.

3. Performance Indicators – Q2 2023-24

Summary

- A summary report provided performance by department for Q2 2023-24. This showed 4% increase in targets met or exceeded compared with the previous quarter.

Planning

- Monitoring for 2022-23 P01 has now been completed. This concluded that there are 440 (net) new dwellings within the Borough for the monitoring period 2022-23.
- There was 0% of appeals allowed against the authority's decision to refuse planning applications.
- Consistently high performance has enabled all Planning performance indicators to meet or exceeded target, providing a result of 100% of all planning application types being processed on time.

Street Scene and Environment

- Performance for Street Scene and Environment in Q2 was below target across all indicators with the exception of garden waste recycling.
- The measures and targets for these indicators needed to be reviewed as part of a waste strategy. A review of other authorities' measures and targets would provide a benchmark.
- An update was provided on the communications plan for encouraging recycling with residents. BBC was to be included in the next tranche of an ECC advertising campaign, which would focus on one waste stream at a time.

•

Environmental Health

- The percentage of broadly compliant food premises dipped below target, due to continued numbers of new food businesses and reduced resource affecting the unrated figures in the short term.
- Service requests investigated within target time dipped slightly on the previous quarter. A performance issue has been identified and staff training is being undertaken to address this.

Housing

- Void turnaround times had worsened in Q2 due to a higher number being empty pending temporary accommodation lets. The target of 22 days was not being met nationally, and this target was being reviewed.
- The number of households in temporary accommodation remained the same this quarter, with an increase in complex cases. Issues with discharges through Housing Association nominations had been experienced, including long void periods and poor conditions, which had delayed several temporary accommodation move ons.
- Gas servicing was just below target. There had been delays in obtaining court dates despite numerous contact attempts. Process has been reviewed and changes made to enable applications to court to be submitted before LGSR expires.
- The number of households on the council's housing and transfer registers had remained relatively stable. There had been an increase in property lets compared to the previous quarter.
- There had been an increase in rent arrears in Q2. Officers believed that they were seeing an increase in those directly affected by the cost-of-living crisis. Officers would work with tenants to provide support that were in need of assistance.

Finance

- Performance indicators for Finance were below target but a slight improvement on the previous quarter for local suppliers and a large drop for all suppliers. Finance was working with officers to improve these figures; particularly where known resource issues have affected performance.
- The value of corporate debt was at its lowest level. This would need to be reviewed with each department to ensure that invoices were being raised.
- An update on the proposals to improve performance was requested.

Human Resources

- Performance for the number of days lost to sickness was shown to be worsening in Q2. This is due to a number of factors including long term sickness absences cases that are being managed through the council's sickness absence process.

Revenues and Benefits

- All Revenues and Benefits indicators met or exceeded target due to the proactive measures established.

Contact Centre

- Telephone calls to the Contact Centre had decreased compared to the same time last year.
- Website sessions continued to demonstrate a decline from the same time last year, this was due to a change in website platform affecting the way sessions were recorded rather than a decrease in visitors.
- The time taken to answer calls had fallen below target due to absence within the service. A more robust resource plan would be introduced as part of the OneTeam service review.

WORKING GROUP ACTION

For the working group to continue to review progress of the quarterly Performance Indicators.

4. Formal Complaints

- The Working Group was presented with a number of charts which set out the complaints received in Q3 2023/24, and the number of complaints responded to within the agreed timeframe.
- The Working Group was advised that there were two stages to formal complaints, stage 1 is dealt with by the service manager and stage 2 by a senior manager or director. Most formal complaints were resolved at stage 1.
- Action plans to improve performance were established where complaints were upheld.

ASB/Community Safety

- An ASB issue in neighbouring properties had been reported with not resolution. This was upheld at stage 2.

Customer Services

- A Subject Access Request had not been responded to within the expected timeframe. This was upheld due to evidence that it had been sent but not responded to.

Environmental Health

- No contact or resolution to reports submitted and multiple attempts of contact for a noise complaint.

Housing

- Q2 carried a general theme of complaints associated with Housing repairs, communications and rent payments. A complain about an unreliable lift at St George's Court had also been upheld.

Parking

- A complaint was upheld regarding overcharging by the Phone & Pay system.

Revenues & Benefits

- Complaints regarding the Revenues and Benefits service has centred on communications issues and poor service.

Environment

- Repeated missed bins were the overriding cause of upheld complaints within the Environment service.
- It was noted that the number of complaints against the service was increasing year on year. The number of agency staff and high staff turnover were identified as possible issues affecting the number of missed bins. A change in Terms and Conditions for staff was expected to have a positive impact on recruiting and retaining staff, who would then be able to learn the routes and make fewer mistakes.

Ombudsman Decisions

- Four complaints had received ombudsman decisions in Q2. These related to Environmental Health and issues relating to a bin site at a restaurant, ASB and the landlord's handling of an ASB report, Streetscene and repeated missed collections, and Housing and the landlord's response to repairs operative entering a property without prior knowledge or consent.
- A table indicating the number of Ombudsman decisions for the last five years was requested and would be circulated.

WORKING GROUP ACTION: For the working group to monitor these complaints against future quarters to identify concerns or themes.

5. Any Other Business

- All members of the Audit and Scrutiny Committee would be invited to the next Working Group meeting to review proposed Performance Indicator measures and targets for 2024/25.
- Work was on going which was reviewing the performance measures presently in place with a view to providing a draft set of revised performance measures. This work would include benchmarking against other authorities.
- The Working Group were informed that future reports for Performance Indicators and Formal Complaints would be combined into a single report for a better reporting process and to enable better scrutiny. future meetings.

6. Date of next meeting

6pm, 11 January 2024

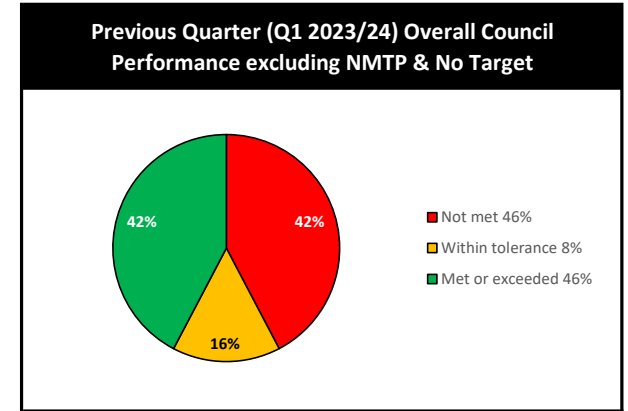
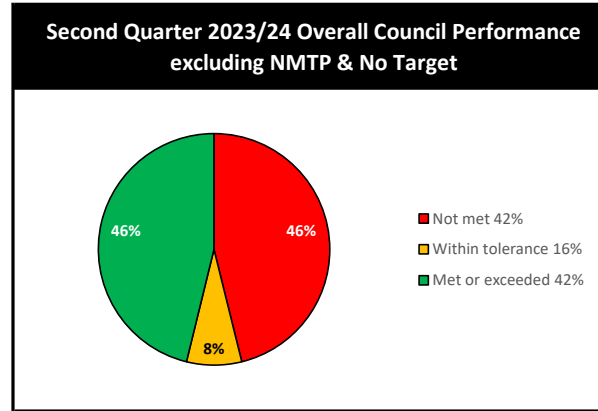
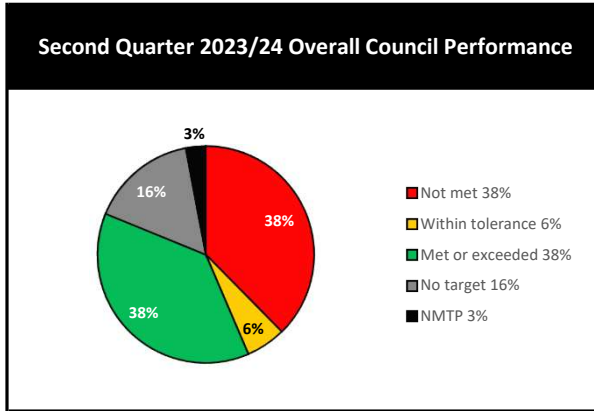
Addendum 2

Audit & Scrutiny Committee Performance Indicators & Formal Complaints Working Group

Members of Working Group:
Cllrs. Rigby, Pound, Murphy, Mayo Munden

Terms of Reference:

1. To monitor and consider the Council's service Performance Indicators.
2. To consider in detail Formal Complaints received by the Council.
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4. To make recommendations to the appropriate Audit & Scrutiny Committee.

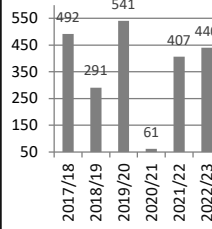
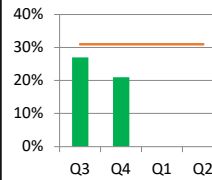
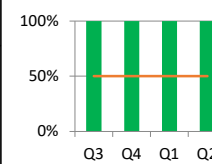
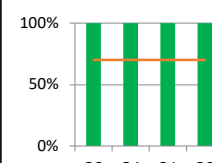
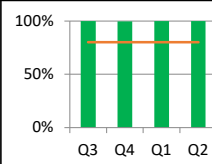



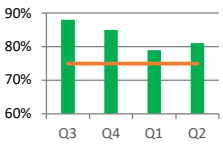

Second Quarter 2023/24 Performance by Department

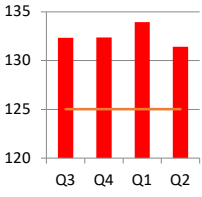
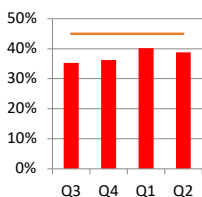
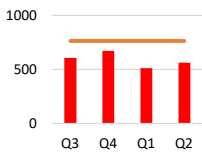
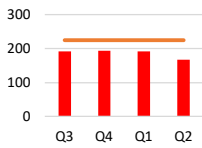
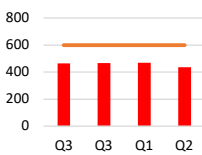
	Red		Amber		Green		No Target		NMTP		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.
Economy											
Planning	0	0%	0	0%	5	83%	0	0%	1	17%	6
Environment											
Street Scene	6	86%	0	0%	1	14%	0	0%	0	0%	7
Environmental Health	1	50%	1	50%	0	0%	0	0%	0	0%	2
Housing											
Housing	2	40%	1	20%	1	20%	1	20%	0	0%	5
Effective											
Finance	2	67%	0	0%	0	0%	1	33%	0	0%	3
Human Resources	0	0%	0	0%	0	0%	1	100%	0	0%	1
Revenues and Benefits	0	0%	0	0%	5	100%	0	0%	0	0%	5
Contact Centre	1	33%	0	0%	0	0%	2	67%	0	0%	3
Total	12	38%	2	6%	12	38%	5	16%	1	3%	32
Previous Quarter Total	11	34%	4	13%	11	34%	5	16%	1	3%	32


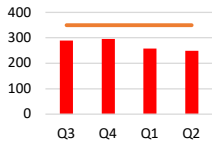


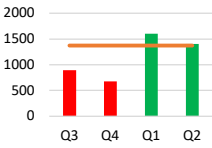


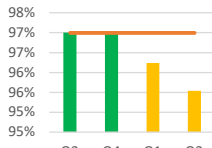


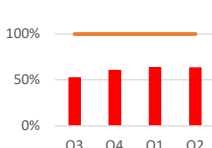

Key


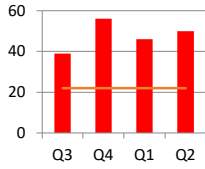


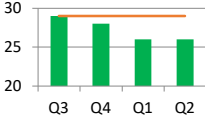


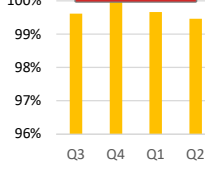


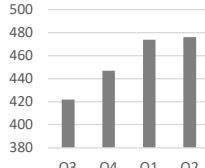


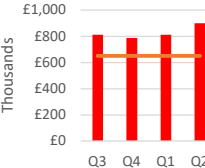

	Current performance is below target by more than the specified target deviation.
	Current performance is below target but is within tolerance.
	Current target has been met or exceeded.
	No target.
	NMTP Not measured this period.
	Performance for the quarter or year to date is improving (up) or deteriorating (down) compared to previous quarter or across the year.

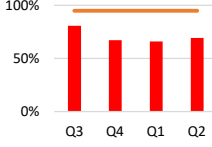
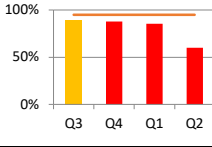
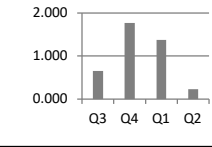
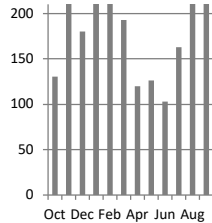
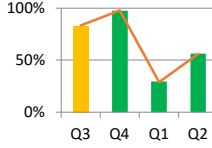
Growing our economy														
Department and PI Code	Performance Indicator	Measure	Previous Quarterly Results			Latest Quarterly Results			Q Status & Trend	Q Graphic	2023/24 Year to Date			Commentary
			Q3 Result	Q4 Result	Q1 Result	Q2 Result	Q Target	Year to Date Result			Year to Date Target	Year to Date Status & Trend		
Planning P01	Number of new homes approved to be built in the Borough	Annual	NMTP	440	NMTP	NMTP	No target	NMTP		NMTP	No target	NMTP	The gross number of new homes approved to be built in the Borough. Approvals for new homes help towards the Borough's supply of homes, specifically the required five-year housing supply (published annually). Monitoring data has concluded that there are 440 NET new dwellings within the borough for the monitoring period 2022-23. This is an increase from last year likely due to the adoption of the Brentwood Local Plan. The adopted Local Plan states in policy MG01 that we will deliver 300 new homes during this period, so we have over delivered by 140 new dwellings which helps with closing the gap for our previous years' short falls.	
Planning P02	% of appeals allowed against the authority's decision to refuse planning applications (percentage)	Quarterly	26.90%	21%	0%	0%	31%	Green		0%	31%	Green	Monitoring is done to understand why appeals happen and what can be done to reduce them and reduce number of overturns. Also working with agents to understand what we can do to help. An 'Appeals Update' is presented to Planning Committee to provide more detail on appeals. The number of appeals has dropped off so far year to date.	
Planning P03	Processing of planning applications as measured against targets for 'Major' application types	Quarterly	100%	100%	100%	100%	50%	Green		100%	50%	Green	Consistently high performance. Processes and performance are constantly being reviewed to ensure standards remain high. The number of all application types has dropped off.	
Planning P04	Processing of planning applications as measured against targets for 'Minor' application types	Quarterly	100%	100%	100%	100%	70%	Green		100%	70%	Green	Consistently high performance. Processes and performance are constantly being reviewed to ensure standards remain high. The number of all application types has dropped off.	
Planning P05	Processing of planning applications as measured against targets for 'Other' application types	Quarterly	99.80%	99.60%	100%	100%	80%	Green		100%	80%	Green	Consistently high performance. Processes and performance are constantly being reviewed to ensure standards remain high. The number of all application types has dropped off.	

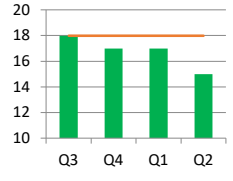
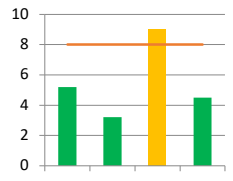
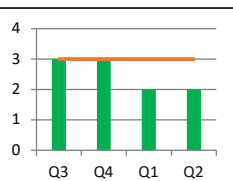
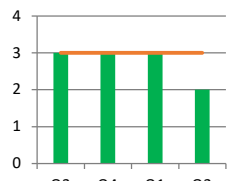
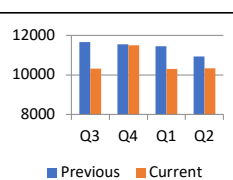
Planning P06	Percentage of planning applications approved	Quarterly	88%	85%	79.20%	81.00%	75%	Green 	 <table border="1"> <caption>Quarterly Approval Percentages</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Q3</td> <td>88%</td> </tr> <tr> <td>Q4</td> <td>85%</td> </tr> <tr> <td>Q1</td> <td>79.20%</td> </tr> <tr> <td>Q2</td> <td>81.00%</td> </tr> </tbody> </table>	Quarter	Percentage	Q3	88%	Q4	85%	Q1	79.20%	Q2	81.00%	79.60%	75%	Green 	This reports approvals of all PS1 and PS2 applications (i.e. excluding pre-applications)
Quarter	Percentage																						
Q3	88%																						
Q4	85%																						
Q1	79.20%																						
Q2	81.00%																						

Protecting our environment														
Department and PI Code	Performance Indicator	Measure	Previous Quarterly Results			Latest Quarterly Results			Q Status & Trend	Q Graphic	2023/24 Year to Date			Commentary
			Q3 Result	Q4 Result	Q1 Result	Q2 Result	Q Target	Year to Date Result			Year to Date Target	Year to Date Status & Trend		
Street Scene and Environment E01	Residual household waste per household (kg)	Quarterly	132.34	132.26	133.94	131.39	125	Red ↑		265.33	250	Red ↑	Residual waste kg per household figures appear to be dropping, although it is too early to draw any conclusions.	
Street Scene and Environment E02	Percentage of household waste arisings which have been sent by the authority for reuse, recycling, composting or anaerobic digestion	Quarterly	35.28%	36.20%	40.18%	38.74%	45%	Red ↓		39.46%	45%	Red ↓	Slight drop in recycling rate due to lower tonnage of garden waste being collected.	
Street Scene and Environment E03	Paper and card recycled by tonne	Quarterly	608.3	672.14	513.02	562.703	763	Red ↑		1075.72	1526	Red ↑	Recycling of paper/card is now recovering but will require further monitoring.	
Street Scene and Environment E04	Cans and plastic recycled by tonne	Quarterly	191.9	193.42	191.3	166.86	225	Red ↓		358.16	450	Red ↓	Collections in last quarter have show downturn, with fairly consistent tonnage across the period up until then. This will need monitoring.	
Street Scene and Environment E05	Mixed glass recycled by tonne	Quarterly	464.1	467.1	468.91	435.656	600	Red ↓		904.6	1200	Red ↓	Glass tonnage is consistent with previous quarters of last year, possibly review of target is required.	

Street Scene and Environment E06	Food waste recycled by tonne	Quarterly	288.8	295.54	258.18	247.82	350	Red 		506.0	700	Red 	Food tonnage remains relatively low in Q1 & Q2 and previous quarters and will need further monitoring.
Street Scene and Environment E07	Garden waste recycled and diverted from landfill per tonne	Quarterly	895.6	673.12	1603.42	1403.22	1375	Green 		3006.6	2750	Green 	Still high levels of garden waste tonnage, lower than Q1 reflecting drier conditions and a slow down in vegetation growth.
Environmental Health EH01	Food safety/ hygiene standards in food premises - % of broadly compliant food premises	Quarterly	97%	97%	96.24%	95.54%	97%	Amber 		95.89%	97%	Amber 	This quarter has again seen continued numbers of new food businesses that are unrated in the short term which impacts the broadly compliant figure total. 39 new businesses have contributed to the non-compliant list being higher than forecasted. Reduced resource in Q2 saw 4 weeks operating at 50% capacity due to staff sickness, therefore the 39 new businesses could not be inspected. All non-compliant businesses will aimed to be visited by the close of Q3.
Environmental Health EH02	Service requests responded to within target time (5 days)	Quarterly	53.10%	61.25%	64.25%	63.70%	100%	Red 		63.98%	100%	Red 	The Q2 KPI figure is a slight reduction from Q1. Work has been undertaken in conjunction with the director to improve the overall performance of the team. This has resulted in the identification of a performance issue impacting on one of the four districts covering Brentwood. This is bringing the overall performance figure down. A programme of staff training is being considered to address this underperformance.

Improving our housing														
Department and PI Code	Performance Indicator	Measure	Previous Quarterly Results			Latest Quarterly Results			Q Status & Trend	Q Graphic	2023/24 Year to Date			Commentary
			Q3 Result	Q4 Result	Q1 Result	Q2 Result	Q Target	Year to Date Result			Year to Date Target	Year to Date Status & Trend		
Housing H01	Average re-let times for Local Authority Housing	Quarterly	39 Days (35 GN, 48 SH, 34 TA)	56 Days (42 GN, 55 SH, 81 TA)	45 Days (29 GN, 67 SH, 51 TA)	Days 50 (49 GN, 49 SH, 54 TA)	22 Days	Red 		41 Days	22 Days	Red 	We are currently running at a higher rate of void property than would ordinarily be the case due to a number being empty pending temporary accommodation lets. These are properties that have not been filled with longer term tenancies due to the option for redevelopment. We also have a handful of properties being held for decants from the development sites which increases turnaround times when one is let. Finally, there is a minor delay due to repairs.	
Housing H04	Households living in temporary accommodation	Quarterly	29	28	26	26	29	Green 		26	29	Green 	Temporary accommodation has fluctuated with an increase in complex approaches however with an increase in discharge numbers are still relatively low. We have experienced issues with discharge through Housing Association nominations ranging from long void periods to poor conditions which has delayed several TA move ons.	
Housing H05	Gas servicing in Council homes	Quarterly	99.62%	100%	99.51%	99.47%	100%	Amber 		99.47%	100%	Amber 	Landlord gas safety servicing schedule is completed in the summer months. 11 properties currently overdue as of 30 September 2023; 6 require court applications, 4 need Housing Officer visits and 1 requires new boiler which will be completed in October. There have been delays in obtaining court dates despite numerous contact attempts. Process has been reviewed and changes made to enable applications to court to be submitted before LGSR expires. This was implemented on 1 September 2023.	
Housing H07	No. of applicants on the waiting list for Local Authority housing	Quarterly	422	447	483	476	No Target	No Status 		476	No Target	No Status 	Housing Register: 248 Transfer Register: 228 The council's housing and transfer registers have remained relatively stable this quarter. We have seen an increase in property lets compared to the previous quarter.	
Housing H08	Average Rent Arrears Total (Current Tenants, Garages)	Quarterly	£812,721	£787,893	£812,065	£900,683	£650,000	Red 		£900,683	£650,000	Red 	The arrears figure fluctuates throughout the year and we have unfortunately seen an increase in arrears. Officers continue to contact residents at the time their payment is late and are building relations with those in the highest arrears to then be able to assist more with income and expenditure. We believe we are now seeing an increase in those directly affected by the CoL crisis and expect this will get worse. Officers are looking at engagement and support events to identify the can't pay and won't pay residents.	

Delivering an effective and efficient council														
Department and PI Code	Performance Indicator	Measure	Previous Quarterly Results			Latest Quarterly Results			Q Status & Trend	Q Graphic	2023/24 Year to Date			Commentary
			Q3 Result	Q4 Result	Q1 Result	Q2 Result	Q Target	Year to Date Result			Year to Date Target	Year to Date Status & Trend		
Finance F01	% of invoices from local suppliers paid within 20 days	Quarterly	80.89%	67.30%	65.98%	69.35%	95%	Red ↑		67.67%	95%	Red ↑	Local invoices are currently below par. Lower performance in August caused this variance. Accounts Payable officers have been instructed to work with officers to help assist this figure to increase. The Depot, which gets a high proportion of these invoices, struggled during this quarter as they have had ongoing resource issues. However, whilst we are still having these resource issues, we are hoping to see an improvement next quarter.	
Finance F02	% of invoices from all suppliers paid within 30 days	Quarterly	89.35%	87.73%	85.40%	59.86%	95%	Red ↓		72.63%	95%	Red ↓	KPIs for July and August also saw a lower performance for Environmental Services. We've also seen an increase in invoices compared to last quarter for July however this improved in September and more invoices are being paid within 30 days. Again, Accounts Payable officers have been instructed to work with officers to help assist this figure to increase.	
Finance F03	Value of corporate debt (£m)	Quarterly	£0.654m	£1.764m	£1.374m	£0.233m	Reduction from previous quarter	No Status ↑		£0.233m	Reduction from previous quarter	No Status ↑	The Accounts Receivable Team aim to keep the debt level below £1m. However, due to resources within the Accounts Receivable team, we have reduced capacity to chase these debts and raise invoices. This is the lowest the Debt level has been and will need to be reviewed with each department to ensure invoices are being raised.	
Human Resources HR03	Number of days sickness lost per month	Monthly	Oct 130.5 Nov 218 Dec 180	Jan 286.5 Feb 261 Mar 193	Apr 120 May 126 Jun 103	Jul 163 Aug 230 Sep 241	No Target	No Status ↓		983	No Target	No Status ↓	This PI reflects the number of working days lost to sickness each month. Absence figures for Q2 show an increase in number of days lost. This is due to a number of factors including long term sickness absences cases that are being managed through the council's sickness absence process. As an organisation we continue to offer support to all employees around their wellbeing by way of wellbeing check ins, employee assistance programme, regular 1:1s and Team meetings, Mental Health First Aiders, wellbeing Teams channel, lunch and learn sessions and encouraging a form of physical activity. During the last quarter we launched a new process call One You Conversations which has a wellbeing focus amongst other things, the feedback from this has been very positive and we will continue to encourage this approach going forward.	
Revs & Bens CT01	Council Tax collection	Quarterly	82.80%	97.60%	29.40%	56.30%	56.10%	Green ↑		56.30%	56.10%	Green ↑	This figure is above target for collection for quarter 2. A Magistrates Court was cancelled for September. The Court is re-scheduled for October. This has had an impact on collection as summons and liability orders were not issued in September. We are seeing an increase in requests for payment plans from customers who would normally pay on time. This change in customer behaviour means that payment plans are being extended over a longer period of time. Of the outstanding current year debt 97% are currently on an agreed payment plan, 1% are with our enforcement agents for collection. The remaining 2% are in the recovery process.	

Revs & Bens CT03	Housing Benefit and Pensioner Council Tax Support - time taken to process new claims (days)	Quarterly	18	17	17	15	18	Green ↑		15.833	18	Green ↑	The average days to process New Claims at the end of quarter two is under the target of 18 days. Most New Claims are supported or temporary housing and the most complicated to process. We will always strive to achieve this target by ensuring we do not delay asking customers for information that is required to process their claim. We will always try to telephone and text customers rather than write, as this builds unnecessary delays in processing. Our dedicated new claims team are always on hand to provide support and assistance to our customers so that all claims are paid as quickly as possible
Revs & Bens CT05	Housing Benefit and Pensioner Council Tax Support - time taken to process Change of Circumstances (days)	Quarterly	5.2	3.2	9	4.5	8	Green ↑		6.75	8	Green ↑	A great quarter, averaging our processed change of circumstances to 4.5 days, and achieving our quarter two target. We continue to encourage residents to use emails, the website and telephone to let us know of their change in circumstances so that we can ensure they get the correct help they need and within a timely manner. This also helps keeping customer contact to a minimum and supports our residents at this difficult time with the cost of living rising
Revs & Bens CT07	Council Tax Reduction scheme for working age persons - time taken to process new applications (days)	Quarterly	3	3	2	2	3	Green ↔		2	3	Green ↔	We are below target for time to process new applications for Council Tax Reduction which is great for our customers receiving their entitlement in a timely manner.
Revs & Bens CT08	Council Tax Reduction scheme for working age persons - time taken to process change of circumstances (days)	Quarterly	3	3	3	2	3	Green ↑		2.5	3	Green ↑	We are below target for time to process changes in entitlement for Council Tax Reduction. This is great news for our customers receiving their entitlement promptly.
Contact Centre CC02	Telephone calls taken by the Contact Centre for those services undertaken by the Contact Centre	Quarterly	10,351	11,504	10,313	10,331	No Target	No Status ↓		20,644	No Target	No Status ↓	This figure depicts the number of calls received via the main Council telephone no. 01277 312500 and that have selected the applicable service from the options provided. It does not include calls that have selected option '0'. The services undertaken by the Contact Centre are Environmental Health, Licensing, Planning, Building Control, Parking, Operational Services and Housing Services.

Contact Centre CC04	Website sessions	Quarterly	63,603	68,559	53,390	42,983	No Target	No Status ↓		96,393	No Target	No Status ↓	<p>Website sessions are defined as: A session is the period time a user is actively engaged with your website. By default, if a user is inactive for 30 minutes or more, any future activity is attributed to a new session. Users that leave your site and return within 30 minutes are counted as part of the original session.</p> <p>On 5 Oct 22, the Council changed its website platform, which has dramatically affected the number of sessions recorded. We do not believe that this is an indication of a drop in users, rather a reduction in the number of computer generated hits, leading to false records. This rebaselines the results.</p>
Contact Centre CC05	Time taken to answer calls (seconds)	Quarterly	48	57	66	81	60	Red ↓		71	60	Red ↓	<p>Benchmarking across Essex reports varying targets for time to answer. We have set our target relatively low in recognition of the importance of maintaining a good level of customer service.</p> <p>Current trend - Throughout quarter 2 we have operated with one vacant post affecting call queue time. We have amended rotas to have a positive affect going forward into quarter 3.</p>



Members Working Group Formal Complaints Q2 2023/24

July - Sept 2023

Formal Complaints received annually

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Department	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
ASB/Community Safety	0	1	1	7	1	3
Assets	1	2	3	0	1	1
Building Control	0	0	1	0	0	0
Community Services	1	0	2	0	1	0
Corporate	0	0	0	0	0	1
Customer Service	1	4	5	7	1	1
Democratic Services	0	0	2	1	0	0
Electoral Services	0	0	0	0	1	0
Env Health	1	3	4	10	6	1
Finance	0	2	0	0	0	0
Housing	38	47	75	66	58	62
Human Resources	0	0	0	0	1	0
Legal	0	0	0	0	0	0
Licensing	0	0	0	2	1	0

Formal Complaints received annually

Department	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Parking	1	1	3	1	0	1
Planning	10	10	16	15	18	21
Revs & Bens	31	33	28	8	11	20
Streetscene	5	15	44	63	29	55
Total	89	118	184	180	132	166

2023/24 Formal Complaints received

July - Sept 2023

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Q2			
Department	Total	Upheld	%
ASB/Community Safety	1	1	100%
Assets	1	0	0%
Community Services	0	0	0%
Customer Services	1	1	100%
Environmental Health	2	1	50%
Housing	15	7	47%
Parking	1	1	100%
Planning	2	0	0%
Revenues & Benefits	7	3	43%
Streetscene	16	12	75%
Total	46	26	57%

YTD			
Department	Total	Upheld	%
ASB/Community Safety	2	2	100%
Assets	1	0	0%
Community Services	1	0	0%
Customer Services	2	2	100%
Environmental Health	3	2	67%
Housing	34	12	35%
Parking	2	2	100%
Planning	5	1	20%
Revenues & Benefits	15	5	33%
Streetscene	35	25	71%
Total	100	51	51%

2023/24 Formal Complaints responded to within agreed timeframe Jul - Sept 2023

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Q2	
Department	%
ASB/Community Safety	100%
Assets	100%
Community Services	N/A
Customer Services	100%
Environmental Health	100%
Housing	100%
Parking	100%
Planning	100%
Revenues & Benefits	100%
Streetscene	81%
Total	93%

YTD	
Department	%
ASB/Community Safety	100%
Assets	100%
Community Services	100%
Customer Services	100%
Environmental Health	100%
Housing	93%
Parking	100%
Planning	100%
Revenues & Benefits	94%
Streetscene	80%
Total	87%

Upheld Formal Complaints July - Sept 2023

ASB/Community Safety



No	Complaint	Stage
1	ASB issues in neighbouring properties were reported with no resolution	2

Upheld Formal Complaints July - Sept 2023

Customer Services



No	Complaint	Stage
1	Failure to provide a receipt of Subject Access Request, an expected date for a response and a response within the required timeframe after an email was sent to General Enquiries	1

Upheld Formal Complaints July - Sept 2023

Environmental Health



No	Complaint	Stage
1	No contact or resolution to reports submitted and multiple attempts of contact made regarding a noise complaint	1

Upheld Formal Complaints July - Sept 2023

Housing



BRENTWOOD
BOROUGH COUNCIL

No	Complaint	Stage
1	No information offered from Housing team that monies would be owed when explaining circumstances surrounding a late key return	1
2	Council stated rent payment was not received despite proof sent. This affected rent arrears and subsequently ability to bid on properties	1
3	No action taken regarding reported issues at neighbour's property	1
4	No action taken regarding reports of noise and works at neighbour's property	2
5	Plumber fixed issue that was previously not resolved by Axis	1
6	No proper explanation given regarding rent shortfall and housing benefit when agreeing to private rented accommodation	2
7	Unreliable lift at St George's Court	1

Upheld Formal Complaints July - Sept 2023

Parking



No	Complaint	Stage
1	Payment machine was not in use; overcharged by Phone and Pay system	1

Upheld Formal Complaints July - Sept 2023

Revenues and Benefits



No	Complaint	Stage
1	Council Tax account not managed properly and numerous attempts of contact have not resolved issues	1
2	Poor service and incorrect information given by staff member	1
3	Charged incorrect Housing Benefit overpayment; long process to resolve	2

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Upheld Formal Complaints July - Sept 2023

Streetscene



No	Complaint	Stage
1	Frequent missed collections and no still collection after multiple calls	1
2	Bags are not replaced in correct location after assisted collection Reports made but no contact from Waste team	2
3	Frequent missed garden waste collections and failure to return to collect	2
4	Frequent missed garden waste collections and failure to return to collect	1
5	No removal of dead tree despite numerous attempts of contact	1
6	Frequent missed blue sack collections	1

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Upheld Formal Complaints July - Sept 2023

Streetscene



No	Complaint	Stage
7	No action taken regarding ice cream vans parking across pedestrian entrance to KGPF	1
8	Frequent missed collections	1
9	Frequent missed garden waste collections	1
10	Aggressive behaviour from refuse collector	1
11	Frequent missed collections, particularly blue and white sacks	1
12	No response to enquiries about a tree despite many attempts of contact	1

Ombudsman Decisions July – Sept 2023



	Service	LGO/HO	Complaint	Council's decision	Ombudsman outcome
1	Env Health	LGO	Issues relating to bin site at restaurant	Not upheld	Fault found causing injustice. Recommendations made and compensation paid.
2	ASB	HO	Landlord's handling of ASB reports	Not upheld	Maladministration found in the handling of the reports of harassment & service failure by LL in the way it handled the associated complaint. Compensation paid.
3	Streetscene	LGO	Repeated missed collections	Upheld	Fault found. Compensation paid and actions set out.
4	Housing		The landlord's response to repairs operatives entering the property without prior knowledge or consent.	Upheld	Service failure. Compensation paid.



AUDIT AND SCRUTINY COMMITTEE

14 November 2023

REPORT TITLE:	Local Development Plan Member Working Group Update
REPORT OF:	Jonathan Quilter, Corporate Manager Strategic Planning
REPORT IS FOR:	Information

REPORT SUMMARY

The Local Development Plan (LDP) Member Working Group is an established engagement between Officers and Councillors focussed on delivery of the Council's Local Plan and related work. Its purpose was approved by Policy, Projects and Resources Committee in September 2017.

The work of the working group is monitored by the Audit and Scrutiny Committee as part of the committee's work programme. This report provides an update on the most recent meetings of the working group.

SUPPORTING INFORMATION

The Local Development Plan (LDP) Member Working Group is an established engagement between Officers and Councillors that has taken place over several years alongside preparation of the Council's local plan. The purpose of the working group is to consider the local plan and associated documents before they are considered by the Council at a relevant meeting or committee. This purpose was approved by the Council in September 2017 (Item 114, Policy, Projects and Resources Committee, 19 September 2017) and reconfirmed in September 2023 (Item 153, Finance, Assets, Investment and Recovery Committee, 13 September 2023).

Audit and Scrutiny Committee monitors the work of the LDP Member Working Group as part of its work programme. An update is provided in this report on the activities of the working group.

2.0 BACKGROUND INFORMATION

Audit and Scrutiny Committee was last provided with a LDP Member Working Group update on 8 March 2022 (Item 327). Since then, the working group has met on 30 October 2023 (See Appendix A for draft meeting notes that have not yet been approved by this group). Discussion focussed on proposed amendments to the Terms of Reference (Appendix B), and forthcoming Call for Sites Consultation exercise that will be undertaken by the Council. A presentation was provided by officers to provide background information on the process and a summary of what the Council intends to do to achieve this (Appendix C).

3.0 OTHER OPTIONS CONSIDERED

None

4.0 RELEVANT RISKS

None

5.0 ENGAGEMENT/CONSULTATION

The local plan and associated documents are subject to public consultation.

6.0 FINANCIAL IMPLICATIONS

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

There are no direct financial implications arising from this report. There are appropriate budgets included within the medium-term financial strategy to resource the local plan and associated documents.

7.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew, Acting Joint Director – People & Governance & Monitoring Officer
Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk

The procedures that the Council is required to follow when producing a local plan derive from the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and Country Planning (Local Development) (England) Regulations 2012.

The legislation states that a local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:

- a) Positively Prepared: based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
- b) Justified: the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- c) Effective: deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- d) Consistent with national policy: enable the delivery of sustainable development in accordance with the policies in the Framework.

For the draft local plan to pass the tests of soundness, in particular the ‘justified’ and ‘effective’ tests, it is necessary for it to be based on an adequate, up to date and relevant evidence base. The Council also has a legal duty to comply with the Statement of Community Involvement in preparing the plan. (S19(3) 2004 Act).

In addition, the Council also has a legal “duty to cooperate” in preparing the plan. (S33A 2004 Act).

8.0 EQUALITY & HEALTH IMPLICATIONS

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

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

The local plan considers equality and diversity issues.

9.0 ECONOMIC IMPLICATIONS

Name & Title: Phil Drane, Director - Place

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

The local plan is a key vehicle for the delivery of economic growth, in line with the Council’s objectives to grow the economy. It is important that the delivery of the plan is scrutinised through elected representation.

REPORT AUTHOR: **Name:** Jonathan Quilter
 Title: Corporate Manager, Strategic Planning
 Phone: 01277 312500
 Email: jonathan.quilter@brentwood.gov.uk

APPENDICES

Appendix A: Local Development Plan Member Working Group Draft Notes, 30 October 2023

Appendix B: Draft Local Development Plan Member Working Group Terms of Reference 2023/24 (includes track changes)

Appendix C: Call for Sites consultation presentation

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Local Plan Update, Item 153, Finance, Assets, Investment and Recovery Committee	13 September 2023
Local Development Plan, Member Working Group Update, Item 327, Audit and Scrutiny Committee	8 March 2022
Local Development Plan, Member Working Group Update, Item 259, Audit and Scrutiny Committee	12 January 2022
Local Development Plan, Member Working Group Update, Item 131, Audit and Scrutiny Committee	28 September 2021
Local Development Plan, Member Working Group Update, Item 76, Audit and Scrutiny Committee	6 July 2021

Notes

Meeting: Local Development Plan Members Working Group
Venue: Online via Microsoft Teams
Date: 30 October 2023
Time: 18:00-19:30

Members Present: Cllr Keith Barber, Cllr Dr Tim Barrett, Cllr Martin Cuthbert, Cllr Roger McCheyne, Cllr Philip Mynott

Officers Present: Jonathan Quilter (JQ), Corporate Manager – Strategic Planning
Andrea Pearson (AP), Senior Policy Planner
Camilla Carruthers (CC), Senior Policy Planner

Apologies: Cllr Thomas Bridge

1. Updated Terms of Reference (2023/24)

- a) JQ provided an overview of the draft updated terms of reference.
- b) In relation to point two of the Terms of Reference Cllr Barber asked if a Legal view had been sought by the Council on what the implications and costs could be in defending any potential challenges made by developers if allocated sites were substituted or taken out of the adopted Local Plan through the review process.
- c) JQ stated that no legal advice has been obtained currently, however this is something that would have to be dealt with through the Local Plan process and justified by evidence. This ultimately would be tested through a further Examination process overseen by an appointed Planning Inspector.
- d) Cllr Mynott stated he did not view this to be the appropriate stage in the process to seek a legal view as no decisions have been made by the Council on whether this is even a proposed approach.
- e) Cllr Barber and Cllr McCheyne requested that it is recorded in the minutes that they asked for a legal opinion to establish an understanding of the costs and risks involved in exploring the removal of allocated sites through the Local Plan Review.
- f) The proposed updates to the Terms of Reference were agreed by all those present.

2. Call for Sites

- a) JQ explained that at the FAIR Committee held on the 13 September members agreed to progress with the Local Plan Review and undertake a call for sites consultation. A presentation was given on what the call for sites process is, what is set out within



Notes

national planning policy and guidance, why Brentwood needs to undertake a call for sites, how we consult, what types of sites can be submitted, what information is being collected, and what happens after the call for sites consultation.

- b) Cllr Barber asked if there still was a shortfall in identified housing supply and therefore if a call for sites is even needed.
- c) Cllr McCheyne asked if the shortfall of housing can be addressed through windfall sites.
- d) JQ confirmed that a call for sites is required as addressed within the recent FAIR committee report and the identified shortfall in housing supply was confirmed through the Examination of the Local Plan and set out in Local Plan policy MG06: Local Plan Review. Windfall sites were already considered in the calculations for housing supply. Delivery is monitored and reported on an annual basis. The identified shortfall represents a starting point and there are still further questions to consider such as what the plan period for the Local Plan review should be and also factoring in emerging proposed changes to national policy and guidance. This could increase the level of housing need that needs to be addressed.
- e) Cllr Mynott asked whether the Objectively Assessed Need (OAN) needs to be re-evaluated for the Local Plan Review?
- f) JQ explained that current policy and guidance still requires the standard method to be the starting point for establishing need.
- g) Discussion on the pros and cons of housing projection methods and how other authorities have begun to question the standard method. Approach taken will need to be justified by evidence.
- h) **ACTION** Cllr Mynott requested that there be a future discussion on housing need in terms of understanding how the calculations are made and the options available to the Council.
- i) Cllr Mynott asked if the council consultation database includes everyone who has previously made comments on Local Plan consultations.
- j) JQ confirmed that this is correct, and they will be notified of the consultation. Also confirmed that the database is maintained in line with GDPR requirements.
- k) Cllr McCheyne asked questions regarding CIL and how the neighbourhood portion would be distributed to Parish Council areas and non-parished areas.
- l) JQ confirmed that all areas, Parish and ward areas, would be due 15% of CIL receipts collected in their area. This is subject to some capping as per the regulations. Those areas with Neighbourhood Plans, such as Ingatestone and Fryerning, would have that portion increased to 25%.
- m) Cllr Barrett clarified the position on percentage of Parish Council funding/spending through CIL.
- n) Cllr McCheyne asked for clarification on what is the definition of biodiversity net-gain and what potential there is for renewable energy proposals given the Green Belt constraints.



Notes

- o) JQ provided a summary explanation of what comprises biodiversity net-gain. With regards to renewable energy this is currently defined in national policy as not being compatible with the purposes of the Green Belt, however, these proposals if being pursued could be submitted through the call for sites.
- p) JQ explained that once the call for sites consultation has been completed and officers have had the opportunity to assess the sites, the list of sites submitted for consideration will be presented to the working group in advance of a preferred option being determined through the Local Plan process.
- q) Cllr Mynott asked if there could be some communication sent to all members to inform them of the call for sites consultation.
- r) **ACTION** JQ confirmed that a summary form of the information contained within the presentation along with details of the consultation itself can be sent out to all members in advance via email.
- s) JQ confirmed that the intention is for the call for sites consultation to start before Christmas.

3. AOB

- a) Cllr Cuthbert asked whether there were any estimates on how many sites are likely to be submitted as part of the call for sites?
 - b) JQ outlined that for the adopted Local Plan by the time the plan was submitted there were approximately 300 sites submitted for consideration. However, this level of sites was accumulated over a number of years. It is important that this process is refreshed to update the evidence of what is now available.
 - c) JQ gave a brief update on preparations taking place for the implementation of CIL on the 15 January 2024 and advised to view the website for regular updates.
-

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Local Development Plan Member Working Group Terms of Reference ~~2021/22~~2023/24

Agreed: ~~14 July 2021~~

Purpose

1. The purpose of the Local Development Plan Member Working Group (LDP MWG), as originally agreed by the Policy, Projects and Resources Committee on the 19 September 2017 and reconfirmed at the Finance, Assets, Investment and Recovery Committee on the 13 September 2023, is to consider the draft Local Development Plan and associated documents before they are considered by Ordinary Council, and/or Finance, Assets, Investment and Recovery Committee and/or Planning ~~and Licensing~~ Committee, as appropriate.
- ~~2. In May 2019, work on the Town Centre Design Guide was amalgamated into this group. In addition, there is a separate Dunton Hills Garden Village Governance Framework that may cross-over with the working group.~~
- ~~3.2.~~ The working group may request further work or information to be provided to them to clarify any implications or issues that may affect the Council.

Responsibilities

- ~~4.3.~~ The key responsibilities of the working group will be to scrutinise the validity of the plan-making process and evidence base in relation to the following:
 - a) Soundness tests (positively prepared; justified; effective; and consistent with national policy);
 - b) Duty to cooperate; and
 - c) Themes (such as housing needs & delivery (including specialist needs such as Gypsies & Travellers); employment needs & delivery; Green Belt; transport infrastructure; other infrastructure; health & wellbeing; natural & built environments; and viability & deliverability).

Accountability

5.4. The working group is an informal group. Those on the working group should provide feedback to all councillors (where information is not confidential), providing wider ownership on key stages of the plan-making process (i.e. drafting, consultation, response, adoption).

Membership

6.5. The working group is cross-party, consisting of three Members of the joint administration including the Chair (~~3x Conservative~~2x Liberal Democrat, 1x Labour), and three Members from the opposition ~~groups~~ (~~2x Liberal Democrat, 1x Labour~~.3x Conservative)

7.6. For 20231/242 membership is made up of: Cllr Barber, Cllr T. Barrett, Cllr Bridge, Cllr M. Cuthbert, Cllr McCheyne and Cllr J. Cloke (Chair), Cllr Mynott (Chair), ~~Cllr Naylor, and Cllr Sanders.~~

Frequency

8.7. Meetings will be programmed to take place bi-monthly, with the option to call additional meetings to address specific issues as required.

Documentation and Confidentiality

9.8. Agenda and supporting documentation will typically be issued at least one week before the meeting, unless this is not possible or items are to be tabled at the meeting due to confidentiality, in which case the Chair will advise Members of the Working Group beforehand.

10.9. Regular feedback and briefing to the Working Groups constituent members' political groups is the responsibility of member representatives and should be used as a way of ensuring wider ownership and support for the Plan documents as they are developed.

11.10. However, papers and discussions on the draft Local Development Plan and associated planning documents are considered confidential and whilst they should be discussed with other Members of the Council, the papers and discussion are not to be raised with anyone outside this remit.

Support

[42.11.](#) The working group will be supported by the ~~Corporate~~ Director of ~~Planning and Economy~~ Place, Corporate Manager - Strategic Planning ~~Manager~~ and other officers as required.

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LDP Member Working Group

Call for Sites Consultation

30 October 2023

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Appendix C



Brentwood 2025

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BRENTWOOD
BOROUGH COUNCIL

Introduction

- The Call for Sites is an important early step in the Review of the Brentwood Local Plan.
- The purpose of the Call for Sites is to establish what land is potentially available in the Borough.
- Land submitted will form an important part of the evidence base that underpins the spatial pattern of development included in the Local Plan.

National Planning Practice Guidance

- Paragraph: 012 Reference ID: 3-012-20190722 states in relation to call for sites:
 - If the process to identify land is to be transparent and identify as many potential opportunities as possible, it is important to issue a call for sites and broad locations for development. This needs to be aimed at as wide an audience as is practicable so that those not normally involved in property development have the opportunity to contribute. This can include notifying parish councils and neighbourhood forums, landowners, developers, businesses and relevant local interest groups, as well as local publicity. A call for sites will need to set out the information sought from respondents, which could include:
 - site location
 - suggested potential type of development
 - the scale of development
 - constraints to development

Why does Brentwood need a Call for Sites?

- Policy MG06 of the adopted Brentwood Local Plan 2016-2033 sets out the need to review the Local Plan to address identified shortfalls in identified housing supply.
- Evidence needs to be kept up to date, the most recent call for sites was undertaken in 2017 which informed the Housing and Economic Availability Assessment published in 2018.
- Over time, land ownerships change, different options are obtained by potential developers and new land assemblies form which need to be captured through a call for sites. This in turn will more accurately inform the options for development in the Borough that can be reflected in the Local Plan Review process.

How will we consult?

- Will consult key bodies in line with National Planning Practice Guidance and using contacts from our Local Plan database.
- Web based approach using an online consultation system and new mapping software which will make it quicker and easier to submit relevant information.

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The online forms will include a comprehensive range of sites assessment questions, this will assist with ensuring as accurate information as possible is gathered.



Brentwood 2025

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What sites can be submitted?

- Housing
- Industrial uses (incl. distribution/logistics uses)
- Commercial uses (incl. office, retail, leisure, hotel, mixed commercial)
- Community uses
 - Gypsy and Traveller
 - Biodiversity net gain
- Renewable energy
- Other

What information is being collected?

- Sites can be greenfield or previously developed (brownfield land).
- Minimum size of sites will be those capable of accommodating 5 or more homes. All other sites should be a minimum of 0.25 ha and capable of supporting 500 sqm or more of floorspace.

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At this early stage detailed information on sites is not needed but as a minimum require:

- Landowner/Agent contact details.
- Proposed development type for consideration.
- Ordnance Survey location map with the site boundary outlined and clearly marked with landowner/agent contact details in case of separation.



Brentwood 2025

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BRENTWOOD
BOROUGH COUNCIL

What happens after the consultation?

- Sites will need to be processed to check and confirm any missing information.
- We will then define an assessment methodology to apply to sites and inform new Housing and Economic Land Availability Study (HELAA).

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The HELAA is a technical rather than a policy document. It does not make decisions or recommendations on which sites will go forward and be allocated for development. Neither does a site's inclusion provide any indication of its acceptability for future development e.g. it does not imply that planning permission will be granted for housing.

- The HELAA will be used to inform work on the Local Plan Review. The decisions on whether a site will be allocated for future residential development will be taken in the Local Plan which will be subject to several stages of production and public consultation.



Brentwood 2025

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BRENTWOOD
BOROUGH COUNCIL

Questions



Brentwood 2025

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AUDIT & SCRUTINY COMMITTEE

14th November 2023

REPORT TITLE:	Scrutiny Work Programme 2023/24
REPORT OF:	Emily Yule, Strategic Director
REPORT IS FOR:	Decision

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.

RECOMMENDATION

- 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 REASON FOR RECOMMENDATION

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.

The Audit & Scrutiny Committee also has responsibility to review decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions. In addition, it has responsibility for the monitoring

of Council service performance, including Performance Indicators and Formal Complaints.

The Scrutiny work programme should not include management or staffing, issues which are the responsibility of the Head of Paid Service.

3.0 OTHER OPTIONS CONSIDERED

None.

4.0 RELEVANT RISKS

None.

5.0 ENGAGEMENT/CONSULTATION

None.

6.0 FINANCIAL IMPLICATIONS

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

There are no direct financial implications arising from this report.

7.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew, Acting Joint Director of People & Governance & Monitoring Officer
Tel & Email 01277 312500 / claire.mayhew@brentwood.rochford.gov.uk

There are no direct legal implications from this report.

8.0 EQUALITY & HEALTH IMPLICATIONS

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

None.

9.0 ECONOMIC IMPLICATIONS

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

There are no direct economic implications from this report.

REPORT AUTHOR:**Name:** Emily Yule**Title:** Strategic Director**Phone:** 01277 312500**Email:** emily.yule@brentwood.rochford.gov.uk**APPENDICES**

Appendix A: Draft Scrutiny Work Programme – November – 2023/24

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Scrutiny Committee	26.9.2023
	11.7.2023
	7.3.2023
	24.1.2023
	15.11.2022
	26.9.2022
	25.7.2022
	5.7.2022

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Nov-23

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 Dr Barrett, M Cuthbert, Mynott, Barber, Bridge and McCheyne								
Detailed timeline									
1. Working Group Meeting - Mon 30 Oct									
2. Report to Audit & Scrutiny Committee - 14 Nov									
3. Working Group Meeting - 11 Dec; 29 Jan;									
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 Rigby, Pound and Murphy, Munden and Mayo								
Detailed timeline									
1. Working Group meeting - tbc									
2. Report to Audit & Scrutiny Committee 26.9.23									
3. Working Group meeting -									
4. Report to Audit & Scrutiny Committee 14.11.23									
5. Working Group meeting -									
6. Report to Audit & Scrutiny Committee - 23.1.24									

Subject Matter	July	August	September	October	November	December	January	February	March
Community Safety Partnership									
Detailed timeline									
1. Report to Audit & Scrutiny Committee - Annual in March only									
7. Report to Audit & Scrutiny Committee -									
Subject Matter	July	August	September	October	November	December	January	February	March
Council Motions									Report to Committee
Subject Matter	July	August	September	October	November	December	January	February	March
Review of s106 contributions					Report to Committee				
Subject Matter	July	August	September	October	November	December	January	February	March
Implications of appointment system for recycling centres (Motion to Council - June) - dates tbc									
Subject Matter	July	August	September	October	November	December	January	February	March
Review of Legislation Governing Council activity and which Committee has responsibility (Motion to Council - June)					Report to Committee				



AUDIT & SCRUTINY COMMITTEE

14th November 2023

REPORT TITLE:	Local Government and Social Care Ombudsman report.
REPORT OF:	Steve Summers – Strategic Director
REPORT IS FOR:	Decision

REPORT SUMMARY

This report sets the outcomes and recommendations of a report by the Local Government and Social Care Ombudsman (LGSCO) into a Formal Complaint made by a resident about the Council.

One of the recommendations from the report requires the appropriate committee, in this case the Council's Audit & Scrutiny Committee, to consider the report and confirm within three months the action it has taken or proposes to take, and the lessons learnt.

RECOMMENDATIONS

Members are asked:

- R1. To note the report by the Local Government and Social Care Ombudsman as set out in Appendix A attached to this report.**
- R2. To note the update on the recommendations as set out in Appendix B attached to this report.**
- R3. To agree the action, it has taken or proposes to take as set out in Appendix B attached and as set out in this report and advise the Local Government and Social Care Ombudsman accordingly.**
- R4. To note and agree the lessons learnt as set out in this report.**

SUPPORTING INFORMATION

1.0 BACKGROUND INFORMATION

The Council's Formal Complaints Policy was reviewed and adopted in April 2021, it sets out the process for how we deal with complaints when customers feel let down by the service they have received.

The policy advises that the council recognises the value of customer complaints and welcomes them as an important form of feedback on our services. We will learn from and use the information from complaints to drive forward improvements and respond positively to our customer's needs and expectations. We will put a strong emphasis on making personal contact with complainants and finding out from them what we need to do to put things right. We want to resolve all complaints quickly and effectively, resolving them straight away where possible.

The policy also advises that if the complainant is still dissatisfied once they have been through our complaints process, they will be informed of their rights to refer the complaint to the Local Government and Social Care Ombudsman or Housing Ombudsman.

Members will be aware that Formal Complaints are considered and reviewed by the Performance Indicators and Formal Complaints Members Working Group and reported quarterly to the Audit & Scrutiny Committee.

LGSCO Report and Outcomes

The LGSCO report advised that Ms X complained the Council did not properly investigate or act to resolve matters when she reported various nuisances from a restaurant next to her home. She says this caused her distress and adversely affected her health and enjoyment of her home.

Attached as Appendix A is the report by the LGSCO which sets out in detail the nature of their investigation into the complaint against the council and the finding of fault causing injustice to the complainant.

The report also makes a number of recommendations to remedy the injustice caused which are also set out in detail in Appendix A to this report.

One of the recommendations is that the Council must consider the report and confirm within three months the action it has taken or proposes to take. This committee has the delegated authority to consider this matter and advise of the action it has or intends to take to the LGSCO.

The conclusions as set out in the report are as follows:

They found the Council was at fault because it failed to properly:

- consider the powers available to it to enforce the boundary screening it set as a planning condition in 2017, in good time;
- consider in good time the retrospective planning applications made in 2021;
- consider the various nuisances Ms X reported via its environmental health enforcement and statutory nuisance procedures;
- communicate with Ms X or respond properly to her complaint; and

- have due regard to Ms X's human rights under The First Protocol, Article 1, which entitles her to peaceful enjoyment of her home and land.

The view of the LGSCO is the Council's fault caused Ms X avoidable distress, and time and trouble. They also consider there remains uncertainty for Ms X about how things may have been different for her had the Council acted without fault, and this uncertainty caused her distress.

The LGSCO advises that they produced the report after examining relevant documents and discussing the complaint with Ms X. They gave the complainant and the Council a confidential draft of the report and invited their comments. The comments received were taken into account before the report was finalised.

Following a number of exchanges and provision of information to the LGSCO the Council advised by letter that after careful consideration it would now accept the findings and recommendations as contained in the revised draft report. We also advised and assured that whilst they their findings have found fault in this case, the Council takes all matters and concerns raised by the community extremely seriously and try to take the appropriate professional action. In addition, we always strive to improve the way we deal with matters and will use the recommendations set to improve the way we deliver our services.

Actions taken or proposed to take.

As set out above Appendix B attached to this report sets out the recommendations from the LGSCO report and provides an update on progress against each one.

Of the ten recommendations, six have been completed, one partially completed and one ongoing, these will both be completed once this committee meeting has taken place. One recommendation is ongoing and will be completed by the 30th November 2023 and the final recommendation is the Action Plan which is partially completed.

Recommendation No.3 requires the Council to create an action plan to investigate all outstanding planning, environmental health, and licensing issues without delay, and decide if the Council should take any enforcement action. It should share a copy of the plan with the LGSCO.

The action plan has been developed and Appendix B provides an overview of the actions taken to date for this recommendation.

In addition to the recommendations set out in Appendix B we have introduced the following.

- Closer working together between services with one service taking the lead and identifying a single point of contact where there is a multi service issue at both informal and formal complaint stages.
- Strategic Directors review and triage when complaints are made formal to monitor progress and have a corporate overview.

Lessons learnt

This complaint is a multi service complaint which the Council only receive a small amount of. However, as set out in the Council's Corporate Plan and Formal Complaints Policy we strive to deliver good services to the community. In doing that we seek to undertake the following:

- Getting it right.
- Being customer focused.
- Being open and accountable.
- Acting fairly and proportionate.
- Putting things right.
- Seeking continuous improvement.

Senior Officers have considered very carefully the outcomes from this particular matter and dealt with the recommendations as set out in the LGSCO report and in addition identified the lessons learnt which are set out below:

- Need to deal with multi service complaints both at informal and formal stage in a co-ordinated way.
- Provision of a Single Point of Contact on multi service complaints.
- Need to ensure corporate oversight on multi service complaints.
- Need to ensure effective and regular communication with complainants.
- Need to review and ensure policies are complied with by services.
- Need for effective record keeping by services.

References to the Corporate Plan

To ensure the Council provides quality customer services.

5.0 FINANCIAL IMPLICATIONS

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

Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk

The financial implications are set out in Appendix A attached to the report.

6.0 LEGAL/GOVERNANCE IMPLICATIONS

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

Tel & Email 01277 312741 / claire.mayhew@brentwood.gov.uk

The Council is required to have a Formal Complaints procedure, to ensure transparency and accountability it is good governance for the Council to report on the complaints.

7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

None.

8.0 RELEVANT RISKS

Not providing good quality services.

9.0 ENGAGEMENT/CONSULTATION

None.

10.0 ECONOMIC IMPLICATIONS

Name & Title: Phil Drane, Corporate Director – Place

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

There are no economic implications arising from this report.

11.0 EQUALITY AND DIVERSITY 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).

Nothing in this report will 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

APPENDICES

- Appendix A: Report by the Local Government and Social Care Ombudsman dated 13th September 2023
- Appendix B: Recommendations list update – November 2023

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint about
Brentwood Borough Council
(reference number: 22 008 221)**

13 September 2023

The Ombudsman's role

For almost 50 years we have independently and impartially investigated complaints about councils and other organisations in our jurisdiction. If we decide to investigate, we look at whether organisations have made decisions the right way. Where we find fault has caused injustice, we can recommend actions to put things right, which are proportionate, appropriate and reasonable based on all the facts of the complaint. We can also identify service improvements so similar problems don't happen again. Our service is free.

We cannot force organisations to follow our recommendations, but they almost always do. Some of the things we might ask an organisation to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

We publish public interest reports to raise awareness of significant issues, encourage scrutiny of local services and hold organisations to account.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Ms X The complainant

Report summary

Environmental Services & Public Protection & Regulation – pollution and noise

Ms X complained the Council did not properly investigate or act to resolve matters when she reported various nuisances from a restaurant next to her home. She says this caused her distress and adversely affected her health and enjoyment of her home.

Finding

Fault found causing injustice and recommendations made.

Recommendations

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

To remedy the injustice caused, we recommend the Council:

- apologises to Ms X for the faults identified and the impact those faults had on her;
- creates an action plan to investigate all outstanding planning, environmental health, and licensing issues without delay, and decide if the Council should take any enforcement action. It should share a copy of this plan with us;
- assigns a single point of contact for Ms X. They should meet with Ms X to discuss her concerns and:
 - explain the procedures the Council will follow to investigate the issues;
 - agree how often it will keep Ms X updated of progress; and
 - ask Ms X when the reported issues are at their worst. It should then properly consider what days and times it should visit Ms X (without notice to the restaurant) to monitor the issues, and how often.
- pays Ms X a total of £3,450, comprising of:
 - £2,000 to recognise the distress caused by the uncertainty that remains about how things may have been different had the Council acted without fault in response to the various issues she reported;
 - £750 to recognise the distress caused by the uncertainty that remains about how things may have been different had the Council properly considered the powers available to it to enforce planning conditions, in good time;
 - £600 to recognise the avoidable distress, frustration, and confusion caused by its failure to communicate with her properly and respond to all the concerns she raised in her complaint; and
 - £100 to recognise the avoidable time and trouble caused to her by the Council's failure to consider her concerns via its complaints process sooner.
- writes to any other residents who made similar complaints or alleged nuisance reports about the restaurant from 2021 onwards, explaining we identified fault with how it investigated complaints about the restaurant. It should invite them to complain via the Council's complaints procedure within three months if they want to do so. For any complaints received, the Council should properly investigate and remedy any injustice in line with our findings in this case,

adjusting as appropriate based on the injustice compared to that experienced by Ms X. It should direct any other complainants to us if they are not satisfied with its complaint response.

We also recommend the Council:

- reviews its arrangements for collaborative working between its environmental health, licensing, and planning teams and ensures a clear process is in place for environmental health consultation on planning applications;
- reviews its environmental health enforcement and statutory nuisance policies, in consultation with the planning team where needed, to address the faults we have identified. In carrying out this review it should ensure the new policy sets out:
 - a clear process, with timescales, for investigation of all statutory nuisances (not just noise), and licensing breaches;
 - how the Council will consider how often and at what days/times it should visit to monitor reported issues;
 - expectations for regular communication with complainants including clearly communicating investigation outcomes in writing;
 - the threshold at which the Council will refer repeated nuisance complainants to its complaints procedure;
 - the threshold at which the Council will make complainants aware of their right to take private action against an alleged nuisance via the Magistrates' Court under section 82 of the Environmental Protection Act 1990; and
 - how the Council will keep records of its considerations and decision making.
- issues reminders to relevant staff involved in the Council's corporate complaints procedure about the importance of properly responding to all issues raised by a complainant; and
- shares a copy of our final report with:
 - all relevant staff across environmental health, licensing, and planning teams; and
 - a committee with responsibility for the relevant issues, to reflect on the lessons learned.

The Council has accepted our recommendations.

The complaint

1. Ms X complained the Council did not properly investigate or act to resolve matters when she reported various nuisances from a restaurant next to her home from 2017 to 2022. She says the Council did not properly:
 - consider planning applications by the restaurant because it did not consult environmental health teams;
 - investigate or enforce breaches of planning control by the restaurant;
 - investigate or act about her reports of nuisances from the restaurant including noise, smells, fumes, foul water and chemicals, vermin, and fire hazards; and
 - respond to her many reports, or her formal complaint about these issues.
2. Ms X says this caused her distress and adversely affected her health and enjoyment of her home. She wants the Council to take enforcement action against the restaurant, so she is no longer impacted by these issues.

Legal and administrative background

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)
4. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
5. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (Local Government Act 1974, sections 26B and 34D, as amended)
6. We cannot investigate a complaint where the body complained about is not responsible for the issue being raised. (Local Government Act 1974, section 24A(1), as amended)
7. The law says we cannot normally investigate a complaint unless we are satisfied the body knows about the complaint and has had an opportunity to investigate and reply. However, we may decide to investigate if we consider it would be unreasonable to notify the body of the complaint and give it an opportunity to investigate and reply. (Local Government Act 1974, section 26(5))
8. When considering complaints, if there is a conflict of evidence, we make findings based on the balance of probabilities. This means that we will weigh up the available relevant evidence and base our findings on what we think was more likely to have happened.
9. We consider whether there was fault in the way an organisation made its decision. If there was no fault in the decision making, we cannot question the outcome. (Local Government Act 1974, section 34(3), as amended)
10. We may investigate matters coming to our attention during an investigation, if we consider that a member of the public who has not complained may have suffered an injustice as a result. (Local Government Act 1974, section 26D and 34E, as amended)

Planning permission and enforcement

11. Councils may grant planning permission for the development of land (including its material change of use), subject to conditions.
12. Councils can take enforcement action if they find planning rules have been breached. However, councils should not take enforcement action just because there has been a breach of planning control. Government guidance says planning enforcement is discretionary and formal action should happen only when it would be a proportionate response to the breach. (National Planning Policy Framework July 2021, paragraph 59)

Statutory nuisances

13. Under the Environmental Protection Act 1990 (EPA), councils have a duty to take reasonable steps to investigate potential 'statutory nuisances'. Typical things which may be a statutory nuisance include:
 - noise from premises or vehicles, equipment or machinery in the street;
 - smoke from premises;
 - smells from industry, trade or business premises;
 - insect infestations from industrial, trade or business premises; and
 - accumulation of deposits on premises.
14. For the issue to count as a statutory nuisance, it must:
 - unreasonably and substantially interfere with the use or enjoyment of a home or other premises; and/or
 - injure health or be likely to injure health.
15. There is no fixed point at which something becomes a statutory nuisance. Councils will rely on suitably qualified officers (generally an environmental health officer, or EHO) to gather evidence. They may, for example, ask the complainant to complete diary sheets, fit noise-monitoring equipment, or undertake site visits. Councils will sometimes offer an 'out-of-hours' service for people to contact, if a nuisance occurs outside normal working time.
16. Once the evidence-gathering process is complete, the environmental health officer(s) will assess the evidence. They will consider factors such as the timing, duration, and intensity of the alleged nuisance. The officer(s) will use their professional judgement to decide whether a statutory nuisance exists.
17. Councils can also decide to take informal action if the issue complained about is causing a nuisance, but is not a statutory nuisance. They may write to the person causing the nuisance or suggest mediation.
18. A member of the public can also take private action against an alleged nuisance in the Magistrates' Court. If the court is persuaded they are suffering a statutory nuisance, it can order the person or people responsible to take action to stop or limit it. This process does not involve the council, but it is good practice for councils to draw a complainant's attention to their right to private action under section 82 of the EPA.

Business waste

19. The Council's website says all businesses within its area should manage their waste properly, in line with the responsibilities set out in the Government's Waste

Duty of Care Code of Practice. This says businesses that do not meet their duty of care may face prosecution by the local authority and a fine or criminal record.

Prevention of damage by pests

20. The Council has powers under the Prevention of Damage by Pests Act 1949 to take enforcement action where it considers it necessary to address vermin issues. The Act requires councils to “take such steps as may be necessary to secure so far as practicable that their district is kept free from rats and mice”.

The Human Rights Act

21. The Human Rights Act 1998 sets out the fundamental rights and freedoms that everyone in the UK is entitled to. The Act requires all councils, and other bodies carrying out public functions, to respect and protect individuals’ rights.
22. The First Protocol, Article 1 of the Human Rights Act says every person is entitled to the peaceful enjoyment of their possessions, including their home and land.
23. Our remit does not extend to making decisions on whether or not a council has breached the Human Rights Act – this can only be done by the courts. But we can decide whether a council has had due regard to an individual’s human rights in its treatment of them, as part of our consideration of a complaint. In practical terms, councils will often be able to show they have complied with the Human Rights Act if:
- they can show they have considered the impact their decisions will have on the individuals affected; and
 - there is a process for decisions to be challenged by a review or appeal.

How we considered this complaint

24. We produced this report after examining relevant documents and discussing the complaint with Ms X.
25. We gave the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before the report was finalised.

What we found

What happened

26. Ms X lives next to a restaurant that opened in 2017. The Council granted planning permission for various works to the restaurant and set a planning condition which required screening along the shared boundary with Ms X to protect her amenity from overlooking. The restaurant did not comply with this condition.
27. In 2018, Ms X and other residents started complaining to the Council about noise and smells from the restaurant. The Council reviewed the restaurant’s business licence in late 2018 and issued the reviewed licence in early 2020. This included conditions such as:
- all external doors and windows must be kept closed after 8pm, other than for access or egress;
 - the external doors for the kitchen and food preparation rooms on Ms X’s side of the building must have suitable door closers to avoid loud impact noise;

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- an “adequate number” of external, lidded bins must be in place to store any waste. These must be emptied regularly, and cleaned professionally at least weekly;
 - the floor of the bin area on Ms X’s side of the building must be maintained to be smooth, hard-wearing, and free from holed/pitted areas or cracks;
 - waste bottles and refuse must not be disposed of into the outside bins after 8.30pm or before 8am; and
 - waste must not be collected by waste-collection contractors after 9pm or before 8am.
28. Ms X continued to report issues with noise and smells, apart from for periods when the restaurant was closed due to COVID-19 restrictions.
29. Ms X told the Council in early 2021 the restaurant had never complied with the 2017 planning condition to erect boundary screening. The Council chased up the restaurant and it made a new application to change the screening proposal it had previously agreed. The Council considered this and refused the application.
30. In March 2021, the restaurant started to build separately enclosed outdoor dining tables at its rear. The Council told the restaurant it must stop the works and seek planning permission first, along with permission for other already completed works including a side extension, veranda, and the kitchen extraction system. The restaurant completed the work on the separately enclosed outdoor tables regardless and began using them while waiting for the retrospective planning decisions. The Council refused both applications in August 2021. The restaurant later appealed against these decisions to the Planning Inspectorate in April 2022. The Planning Inspectorate is the body responsible for considering appeals from planning applicants about council decisions.
31. The Council also told the restaurant it would need to apply for a new premises licence because of its changes to the outdoor areas. The restaurant failed to do this despite multiple requests and written warnings from the Council over the following year.
32. Also in March 2021, Ms X began to complain to the Council again about nuisances from the restaurant. Over the following year, Ms X frequently complained to the Council about the restaurant. She said enjoyment of her home and garden was affected due to:
- noise from the kitchen, including the kitchen door repeatedly slamming shut. She said the door did not have a suitable door closer as required by the licence. She also said it was often left propped open in contravention of the licence conditions;
 - noise from use of the bin area, and from deliveries and collections, including outside the hours allowed by the licence;
 - noise from customers, particularly when leaving the restaurant, sometimes drunk;
 - smells from the bin area, and smells and fumes from the kitchen extraction system, which did not have planning permission. She said the smells and fumes were making her unwell, causing nausea and headaches;
 - foul water and chemicals draining into her garden from the kitchen and bin area over the shared boundary, particularly when bins were cleaned. She said this damaged foliage in her garden;

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- excess waste stored in the bin area, not within lidded bins. She said this attracted vermin which then went into her garden; and
 - fire hazards caused by the restaurant storing cooking embers in the bin area in an unsuitable container.
33. In July 2021, the Council installed noise monitoring equipment in Ms X's home for three weeks. Ms X provided the Council with completed logs of noise incidents for this period. Four weeks later the Council told her it had decided there was no statutory noise nuisance. Ms X disagreed and asked the Council to visit her when the issues were at their worst, on Friday and weekend afternoons in good weather. It did not respond to this request.
34. Ms X continued to report issues. The Council visited the restaurant in October 2021 and spoke to the restaurant owner about delivery noise and fumes from the kitchen extraction system. It also issued a warning to the restaurant in September 2021 that it was in breach of its licence conditions for various reasons, including because the kitchen door on Ms X's side of the building did not have a suitable door closer to avoid loud impact noise. There was no evidence it followed up on this issue further.
35. In April 2022, Ms X made a formal complaint about the various issues with planning and nuisances she had reported since 2017. The Council responded at Stage 1 of its complaints procedure a month later. It said there had been no failings in its planning processes, and there was no evidence of statutory noise or smell nuisance so it could not take any action.
36. Ms X continued to report issues with the restaurant and escalated her complaint to Stage 2. The Council responded at Stage 2 in July 2022, at which point it had visited Ms X's property once to observe noise and smells. It had visited the restaurant twice to discuss licensing and review CCTV footage. It said its decision on the complaint remained the same.
37. After the complaint response, the Council carried out a further three visits to Ms X's property and three visits to the restaurant to speak to staff. Ms X came to us in September 2022, and continued making regular reports to the Council.
38. In early 2023, the Planning Inspectorate dismissed the restaurant's appeals about planning permission for the kitchen extraction system, veranda, side extension, and separately enclosed outdoor dining tables. The Planning Inspectorate said:
- the Council had told it the kitchen extraction system was causing odour problems, which the restaurant had not resolved. It agreed the veranda and kitchen extraction system caused odour issues; and
 - the development was not appropriate for its location because of the likely effects of pollution on health and living conditions. It would be harmful to the living conditions of neighbouring occupiers, particularly in terms of odour.

What we have and have not investigated

39. Ms X began reporting issues to the Council in 2017. She does not agree with the Council's 2016 and 2017 planning decisions. She is also of the view the restaurant's kitchen door and bin area should not be next to her boundary. When the bin area was sited next to her boundary in 2017, this change of site layout was not approved via the planning process, but she believes it should have been subject to planning and building regulations approval. The law says we cannot investigate events which happened more than 12 months before somebody complains to us, unless we decide there are good reasons to do so. Ms X

complained to us in September 2022. After March 2021, around the time the restaurant re-opened following COVID-19 restrictions, Ms X was continuously reporting concerns. We consider there were delays by the Council in responding to Ms X's concerns, and it should have considered this via its complaints process sooner. Therefore, we have decided there are good reasons to look back further than 12 months and investigate events from January 2021 onwards. However, we are satisfied Ms X could have complained about events before January 2021 earlier and there are no good reasons to investigate those earlier events now.

40. One issue Ms X reported to the Council was fire hazards caused by the restaurant. The local fire authority is the body responsible for investigating this issue, not the Council, and therefore we cannot consider this as part of this complaint. Ms X would need to complain separately about this issue to the fire authority first before we could consider it.

Analysis

Planning permission and enforcement

41. The Council refused the restaurant's 2021 application to amend the proposal for boundary screening it had agreed in 2017. After this, the Council did not properly consider, in good time, whether it should take further action to enforce this planning condition. In May 2021 the Council told Ms X it "could not force" the restaurant to comply with the condition. This was wrong, and in our view evidences the Council did not properly consider enforcement action. A year later, Ms X asked the Council about this again and it said it was still pursuing the issue, but there was no evidence it had done anything further. In mid-2023, the Council said it was still pursuing this with the restaurant and had accepted a further planning application to amend the screening proposal, two years after it refused the previous amendment. We consider the Council took too long to resolve this issue and did not properly consider the enforcement powers available to it. This was fault.
42. Ms X told the Council in March 2021 the restaurant was continuing to build the separately enclosed outdoor dining tables, despite the Council having told it to stop while it sought planning permission. The Council told Ms X it would visit the site again, but there was no evidence it did so, which was fault.
43. In August 2021, the Council considered retrospective planning applications for the separately enclosed outdoor dining tables, kitchen extraction system, side extension, and veranda. At the time of this planning consideration there had been several complaints from residents about the restaurant and environmental health issues. The Council's records showed it decided it should consult its environmental health service in making these planning decisions. Although planning officer reports do not need to include every possible consideration, they should include the principal controversial issues. It is clear the Council considered input from environmental health to be a principal controversial issue. However, the Council's reports of its planning decisions showed it did not consider comments from environmental health in making its decisions. This was fault.
44. The Council took around 16 weeks to consider these retrospective planning applications. Its website says it will issue planning decisions within 8 weeks for minor and 13 weeks for major applications. This delay was fault.
45. Following the Council's refusal of the applications in August 2021, the restaurant had six months to appeal to the Planning Inspectorate. The restaurant appealed eight months later in April 2022. The evidence showed the Council knew the

restaurant planned to appeal from at least four months after its decision. Therefore, we do not consider the Council was at fault because it paused planning enforcement considerations while the Planning Inspectorate appeal was ongoing.

Noise, smells from the bin area, and smells and fumes from the kitchen extraction system

46. We are not satisfied the Council took reasonable steps, as required by statutory nuisance legislation, to investigate the issues Ms X reported, or followed its own procedure for investigating statutory nuisances. Our view is it was at fault in how it considered Ms X's reports about noise, smells, and fumes.
47. The Council did not properly record all Ms X's reports as service requests, so it does not hold proper records of the frequency of the issues. It also failed to keep records at the time of its decision making, in line with its policies and procedures for environmental health enforcement.
48. When it carried out three weeks of noise monitoring in mid-2021, it did not keep proper records of how it considered this. It told Ms X it had decided there was no statutory noise nuisance without having first considered all the recordings she provided. When it responded to the Stage 1 complaint a year later, it again said it had not found any evidence of noise nuisance but had carried out no further noise monitoring. It had not visited Ms X's home to observe noise in 2021 or 2022. In its Stage 2 complaint review it restated its position, having only carried out one visit to Ms X to observe noise, at midday on a weekday. The Council's procedure for statutory noise nuisances says it will carry out at least three visits, at suitable times, to witness noise before making its decision. It did not do this before its Stage 2 response, which was fault.
49. The Council also had powers to address the noise issues Ms X reported by enforcing the licence conditions it had placed on the restaurant. There is not enough evidence it properly followed its process for licensing enforcement. The evidence showed that between March 2021 and August 2022, the Council repeatedly identified issues around the licence, had various communications with the restaurant about non-compliance, and sent multiple warnings. However, there were no clear records from the time to show the Council properly considered whether further action was warranted because of this repeated failure to comply. Therefore, we cannot be satisfied the Council properly considered this, which was fault.
50. The Council said in its Stage 1 complaint response it had not found any evidence of smell nuisance. However, it had not followed its own process for making such decisions. It had visited the restaurant once seven months earlier to inspect the kitchen extraction system. It had not carried out any visits to Ms X's home to observe how smells and fumes may have affected her. There was no evidence the Council properly considered or responded to a request from Ms X for it to consider air quality monitoring. It also never explained what decision it had made about fumes, which it should have considered separately to smells.
51. When the Council carried out visits to observe noise and smells after the complaint response, there was still no evidence it properly considered what times it should visit. It did not provide a clear explanation of why most of its visits were not at times when Ms X had said the issues were at their worst.
52. The Council's decision about smells and fumes contradicts comments it recorded from its environmental health service in mid-2021 about the kitchen extraction

system. It said, “it would appear that it is not particularly effective at preventing odour from the cooking affecting other residential properties. This is believed to be as a result of the smoke component of the extracted air as smoke particles are generally of a larger size and are less able to be removed by the filtration and odour control system”. While this does not necessarily mean the smells and fumes were a statutory nuisance, it shows there were contradictory views within the Council. There were no records to explain this difference of opinion, or what action officers took to reconcile this.

Foul water and chemicals draining into Ms X’s garden

53. Ms X began reporting foul water and chemicals draining into her garden from the kitchen and bin area in August 2021. The Council did not take any action until March 2022, after Ms X chased this several times. This delay of seven months was fault. At this point it asked Ms X to provide video evidence, which she had already done when she first reported it. She provided more information about the issue, but it then did not respond. This was fault.
54. When the Council eventually discussed the drainage issues with the restaurant, there was no evidence it specified what remedial action was required by what deadline, as set out in its environmental health enforcement policy. It repeatedly accepted assurances from the owner the issue would be addressed and did not consider any other action or escalation, even though nothing changed. There was also no evidence it updated Ms X about any of these visits or proposed actions, even though she continued to report drainage issues throughout 2022. This was fault.

Mismanagement of waste and issues with vermin

55. The Council told Ms X it was addressing the issue of excess waste via its licensing powers. We are not satisfied it properly followed its process for licensing enforcement. There was also no evidence it considered whether it should address the reported excess waste under its statutory nuisance powers or business waste policy. This was fault.
56. There was also no evidence the Council considered whether it should take any action about the vermin issues Ms X reported, such as using its powers under the Prevention of Damage by Pests Act 1949. This was fault.

Communication and complaint handling

57. The way the Council communicated with Ms X, and the information it provided in response to our enquiries, suggested it considered the actions of its planning, licensing, and environmental health teams to be separable. We do not consider this approach to be appropriate. The Council had various powers available to it to address the issues reported by Ms X and had discretion to choose which of its powers it used. However, the onus should not be on the complainant to navigate Council processes, and Council teams should properly communicate with each other to provide a coordinated response from the Council as a whole. We consider the Council’s failure to deal with Ms X’s concerns and queries in a coordinated way was fault.
58. The Council often did not respond to Ms X or keep her updated when it said it would. There were several times she did not receive updates for one to two months, despite frequently contacting the Council. Ms X continued to report issues after she came to us until the end of 2022, but the Council did not properly acknowledge or look into new reports after this point. The Council’s failure to communicate with Ms X properly was fault.

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59. The Council also should have considered Ms X's concerns via its complaints process earlier, given the frequent issues she raised over a prolonged period. It was clear she was dissatisfied with the service the Council was providing. It also did not respond to the complaint properly, which was fault. In its response it:
- only referred to three of the many reports made by Ms X across 2021 and 2022;
 - did not respond at all to the parts of her complaint about smells from the bins, fumes, foul water and chemicals, excess waste, or vermin;
 - did not properly explain what process it had used to address the issues. It was investigating some issues as licence breaches, but it did not explain this;
 - failed to address Ms X's complaint that she was repeatedly passed between planning and environmental health teams and no one at the Council took overall responsibility. In fact, it continued to separate the issues out; and
 - decided at Stage 2 that the Stage 1 response was satisfactory even though many parts of the complaint had not received a response.
60. Members of the public can take private action against alleged nuisances via the Magistrates' Court under section 82 of the Environmental Protection Act. We consider it good practice for a council to make people aware of this, especially where it has decided it cannot act. The Council's environmental health enforcement policy also says it will ensure it directs complainants to suitable information where other legal routes exist by which they could pursue an issue. There was no evidence the Council made Ms X aware of this option, even when she complained about its investigation of the issues. This was fault.

The Human Rights Act

61. We are not satisfied the Council had due regard to Ms X's human rights under The First Protocol, Article 1, which entitles her to peaceful enjoyment of her home and land. It did not properly follow enforcement processes when she reported issues which suggested this right may have been compromised. It did not properly consider the impact its decisions would have on her. This was fault.

Injustice caused to Ms X

62. Our role is to consider whether the Council has followed the right processes and procedures in responding to Ms X's complaints. This means we recommend remedies for avoidable injustice caused by the actions of the Council, or prolonged by the Council's failure to act. We have no power to make findings about the actions of the restaurant.
63. The Council took too long to follow up on the boundary screening it set as a planning condition in 2017. It did not properly consider the powers available to it to pursue this issue. We cannot say, even on the balance of probabilities, whether it would have decided to take any action had it considered this properly, in good time. Therefore, we cannot say this caused Ms X a loss of amenity. However, there remains uncertainty for Ms X about whether she would have been protected from overlooking had the Council acted without fault. This remaining uncertainty caused Ms X distress, for which the Council should provide a remedy. In Ms X's case we have considered events after January 2021. We consider the Council should remedy the distress caused from January 2021 to June 2023, when the Council told us it was still making its enforcement decision. We usually recommend a payment of up to £500 to recognise the distress caused by uncertainty. In this case Ms X had a reasonable expectation the Council would

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- ensure screening was put in place because it continued to tell her it was pursuing this; this is in addition to the uncertainty about whether the Council would take enforcement action. Therefore, we consider a higher payment than normal is due.
64. We found fault with how the Council consulted with its environmental health service on two retrospective planning applications in August 2021. However, it decided to refuse the applications anyway, so we are satisfied this did not change anything for Ms X so did not cause her an injustice.
 65. The Council also delayed its consideration of these two planning applications. These were retrospective applications for works completed without permission which Ms X had told the Council impacted on her amenity. Therefore, the Council's failure to consider these in good time could have prolonged the injustice caused to Ms X. However, in this case we do not consider this short delay significantly changed things for Ms X because the restaurant then appealed to the Planning Inspectorate and this process did not conclude until February 2023.
 66. Based on what the Council told the Planning Inspectorate, it is clear it accepted there was an issue with smells from the kitchen extraction system and veranda. The comments from the Planning Inspectorate about the issues with odour this caused were unambiguous. The Council may have decided these smells constituted a statutory nuisance had it investigated this properly. There remains uncertainty about this. The Council also failed to properly consider and investigate the issues Ms X reported with noise, smells from the bin area, foul water and chemicals, excess waste, and vermin. We cannot say, even on the balance of probabilities, whether it would have decided to take any action had it investigated these issues properly. However, there remains uncertainty for Ms X about whether things may have been different for her had the Council acted without fault. This remaining uncertainty caused Ms X distress, for which the Council should provide a remedy. In Ms X's case we have considered events after January 2021. We consider the Council should remedy the distress caused from March 2021 when she started reporting issues. We usually recommend a payment of up to £500 to recognise the distress caused by uncertainty. In this case we consider a higher payment than normal is due because of the multiple compounding failures by the Council to properly consider and investigate Ms X's reports over a prolonged period.
 67. Had the Council made Ms X aware of her right to take private action against alleged statutory nuisances via the Magistrates' Court, we consider it likely she would have pursued this. We cannot say what outcome the court would have reached had it considered the case. However, there remains uncertainty for Ms X about whether things may have been different for her had the Council directed her to this alternative route. This remaining uncertainty caused Ms X distress, for which the Council should provide a remedy.
 68. The Council's failure to properly communicate with Ms X or respond in full to her complaint, caused her avoidable confusion, distress, and frustration. It should act to remedy this injustice.
 69. The Council's failure to consider Ms X's case via its complaints procedure sooner caused her avoidable time and trouble. The Council should provide a remedy for this.
 70. In considering the injustice caused to Ms X by the Council's faults, and deciding a suitable remedy, we took into account that it did not have due regard for her human rights.

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71. The issues reported by Ms X are still ongoing. We have recommended the Council remedies the injustice caused to Ms X up to the point we issue our decision. Once the Council has issued its outstanding enforcement decisions, Ms X can make a new complaint to ask us to consider any outstanding unremedied injustice for the period she was waiting for these decisions.

Conclusions

72. We found the Council was at fault because it failed to properly:
- consider the powers available to it to enforce the boundary screening it set as a planning condition in 2017, in good time;
 - consider in good time the retrospective planning applications made in 2021;
 - consider the various nuisances Ms X reported via its environmental health enforcement and statutory nuisance procedures;
 - communicate with Ms X or respond properly to her complaint; and
 - have due regard to Ms X's human rights under The First Protocol, Article 1, which entitles her to peaceful enjoyment of her home and land.
73. Our view is the Council's fault caused Ms X avoidable distress, and time and trouble. We also consider there remains uncertainty for Ms X about how things may have been different for her had the Council acted without fault, and this uncertainty caused her distress.

Recommendations

74. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)
75. In addition to the requirements set out above the Council has agreed to take the following actions to remedy the injustice identified in this report.
76. Within one month of the date of this report, the Council will:
- apologise to Ms X for the faults identified and the impact those faults had on her;
 - create an action plan to investigate all outstanding planning, environmental health, and licensing issues without delay, and decide if the Council should take any enforcement action. It should share a copy of this action plan with us;
 - assign a single point of contact for Ms X. They should meet with Ms X to discuss her concerns and:
 - explain the procedures the Council will follow to investigate the issues;
 - agree how often it will keep Ms X updated of progress; and
 - ask Ms X when the reported issues are at their worst. It should then properly consider what days and times it should visit Ms X (without notice to the restaurant) to monitor the issues, and how often.
 - pay Ms X a total of £3,450, comprising of:

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- £2,000 to recognise the distress caused to her by the uncertainty that remains about how things may have been different had the Council acted without fault in response to the various issues she reported;
 - £750 to recognise the distress caused by the uncertainty that remains about how things may have been different had the Council properly considered the powers available to it to enforce planning conditions, in good time;
 - £600 to recognise the avoidable distress, frustration, and confusion caused by its failure to communicate with her properly and respond to all the concerns she raised; and
 - £100 to recognise the avoidable time and trouble caused to her by the Council's failure to properly consider her concerns via its complaints process sooner.
- write to any other residents who made similar complaints or alleged nuisance reports about the restaurant from 2021 onwards, explaining we identified fault with how it investigated complaints about the restaurant. It should invite them to complain via the Council's complaints procedure within three months if they wish to do so. For any complaints received, the Council should properly investigate and remedy any injustice in line with our findings in this case, adjusting as appropriate based on the injustice compared to that experienced by Ms X. It should direct any other complainants to the Ombudsman if they are not satisfied with its complaint response.
77. Within three months of the date of this report, the Council will:
- review its arrangements for collaborative working between its environmental health, licensing, and planning teams and ensure a clear process is in place for environmental health consultation on planning applications;
 - review its environmental health enforcement and statutory nuisance policies, in consultation with the planning team where needed, to address the faults we have identified. In carrying out this review it should ensure the new policy sets out:
 - a clear process, with timescales, for investigation of all statutory nuisances (not just noise), and licensing breaches;
 - how the Council will consider how often and at what days/ times it should visit to monitor reported issues;
 - expectations for regular communication with complainants including clearly communicating investigation outcomes in writing;
 - the threshold at which the Council will refer repeated nuisance complainants to its complaints procedure;
 - the threshold at which the Council will make complainants aware of their right to take private action against an alleged nuisance via the Magistrates' Court under section 82 of the Environmental Protection Act 1990; and
 - how the Council will keep records of its considerations and decision making.
 - issue reminders to relevant staff involved in the Council's corporate complaints procedure about the importance of properly responding to all issues raised by a complainant; and
 - share a copy of our final report with:

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- all relevant staff across environmental health, licensing, and planning teams; and
 - a committee with responsibility for the relevant issues, to reflect on the lessons learned.

Decision

78. We have completed our investigation into this complaint. There was fault by the Council which caused Ms X avoidable distress, and time and trouble. The Council agreed to remedy this injustice and properly consider without delay whether it should take planning or environmental health enforcement action about any of Ms X's concerns. It will also write to others who may have been affected, review relevant policies and procedures, and issue reminders and share our report to relevant staff.

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Recommendations list and updates

No	Recommendation	Update
1	<p>The Council must consider the report and confirm within three months the action it has taken or proposes to take.</p> <p>The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this.</p>	<p>Report to Audit & Scrutiny Committee on the 14th November 2023.</p>
2	<p>Apologise to Ms X for the faults identified and the impact those faults had on her.</p>	<p>Completed.</p>
3	<p>Create an action plan to investigate all outstanding planning, environmental health, and licensing issues without delay, and decide if the Council should take any enforcement action. It should share a copy of this plan with us.</p>	<p>Action Plan developed.</p> <ol style="list-style-type: none"> 1. Environmental Health – Following a series of site visits the Council has been unable to obtain any evidence to substantiate the allegations of nuisance. The Council have advised Ms X and of her right to take her own action under Section 82 of the Environmental Protection Act 1990. 2. Licensing – Reviewing allegations made relating to licensable activities and or licence conditions. 3. Planning – New applications submitted or being submitted all other matters resolved.

No	Recommendation	Update
4	<p>Assign a single point of contact for Ms X.</p> <p>They should meet with Ms X to discuss her concerns and:</p> <ul style="list-style-type: none">- explain the procedures the Council will follow to investigate the issues;- agree how often it will keep Ms X updated of progress; and- ask Ms X when the reported issues are at their worst.- It should then properly consider what days and times it should visit Ms X to monitor the issues, and how often.	Completed.
5	Pay Ms X a total of £3,450.	Completed.

No	Recommendation	Update
6	<p>Write to any other residents who made similar complaints or alleged nuisance reports about the restaurant from 2021 onwards, explaining we identified fault with how it investigated complaints about the restaurant. It should invite them to complain via the Council's complaints procedure within three months if they want to do so. For any complaints received, the Council should properly investigate and remedy any injustice in line with our findings in this case, Final report 4 adjusting as appropriate based on the injustice compared to that experienced by Ms X. It should direct any other complainants to us if they are not satisfied with it's complaint response.</p>	Completed.
7	<p>Review its arrangements for collaborative working between its environmental health, licensing, and planning teams and ensures a clear process is in place for environmental health consultation on planning applications.</p>	Review ongoing due to be completed by 30 th November 2023.

No	Recommendation	Update
8	<p>Review its environmental health enforcement and statutory nuisance policies, in consultation with the planning team where needed, to address the faults we have identified. In carrying out this review it should ensure the new policy sets out:</p> <ul style="list-style-type: none"> - a clear process, with timescales, for investigation of all statutory nuisances (not just noise), and licensing breaches; - how the Council will consider how often and at what days/times it should visit to monitor reported issues; - - expectations for regular communication with complainants including clearly communicating investigation outcomes in writing; - the threshold at which the Council will refer repeated nuisance complainants to its complaints procedure; - the threshold at which the Council will make complainants aware of their right to take private action against an alleged nuisance via the Magistrates' Court under section 82 of the Environmental Protection Act 1990; - how the Council will keep records of its considerations and decision making. 	Completed.

No	Recommendation	Update
9	Issue reminders to relevant staff involved in the Council's corporate complaints procedure about the importance of properly responding to all issues raised by a complainant;	Completed.
10	Share a copy of our final report with: <ul style="list-style-type: none"> - all relevant staff across environmental health, licensing, and planning teams; - A committee with responsibility for the relevant issues, to reflect on the lessons learnt. 	Completed. To be reported to A&S Committee on the 14 th November 2023.

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Members Interests

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

- **What are pecuniary interests?**

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

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

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

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

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

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

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

- **Other Pecuniary Interests**

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

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

- **Non-Pecuniary Interests**

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

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

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

Audit 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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