



## AUDIT COMMITTEE

<b>DATE:</b>	<b>Thursday, 25 April 2024</b>
<b>TIME:</b>	<b>10.30 am</b>
<b>VENUE:</b>	<b>Essex Hall - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE</b>

**MEMBERSHIP:**

**Councillor Sudra (Chairman)**  
**Councillor Steady (Vice-Chairman)**  
**Councillor Fairley**

**Councillor Morrison**  
**Councillor Platt**

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DATE OF PUBLICATION: Wednesday, 17 April 2024

## AGENDA

### **1 Apologies for Absence and Substitutions**

The Committee is asked to note any apologies for absence and substitutions received from Members.

### **2 Minutes of the Last Meeting (Pages 7 - 14)**

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Thursday 25 January 2024.

### **3 Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests of Non-Registerable Interests, and the nature of it, in relation to any item on the agenda.

### **4 Questions on Notice pursuant to Council Procedure Rule 38**

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District **and** which falls within the terms of reference of the Committee.

### **5 Report of the Internal Audit Manager - A.1 - Report on Internal Audit - January 2024 to March 2024 and the Internal Audit Plan 2024/24. (Pages 15 - 40)**

To provide a progress report on the Internal Audit function for the period January 2024 – March 2024 and to seek approval of the Audit Committee for the 2024/25 Internal Audit Plan.

### **6 Report of the Assistant Director (Finance & IT) - A.2 - External Auditors Draft Audit Plan and Strategy for the Year Ending 31 March 2024 (Pages 41 - 74)**

To present for consideration the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024.

### **7 Report of the Assistant Director (Finance & IT) - A.3 - Audit Committee Work Programme 2024/25 (Pages 75 - 80)**

To present for approval the Audit Committee's proposed work programme covering the period April 2024 to March 2025.

### **8 Report of the Assistant Director (Finance & IT) - A.4 - Table of Outstanding Issues (Pages 81 - 104)**

To present to the Committee the progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

**9 Report of the Assurance and Resilience Manager - A.5 - Corporate Risk Update**  
**(Pages 105 - 148)**

To present to the Audit Committee the updated Corporate Risk Register.

**10 Exclusion of Press and Public**

The Committee is asked to consider passing the following resolution:

“That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of Agenda Item 11 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.”

**11 Report of the Assistant Director (Finance & IT) - B.1 - Risk Based Verification Policy**  
**(Pages 149 - 158)**

To seek the necessary annual approval of the Council's Risk Based Verification Policy.

### **Date of the Next Scheduled Meeting**

*The next scheduled meeting of the Audit Committee is to be held in the Committee Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Thursday, 27 June 2024.*

## **Information for Visitors**

### **FIRE EVACUATION PROCEDURE**

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the hall and follow the exit signs out of the building.

Please heed the instructions given by any member of staff and they will assist you in leaving the building and direct you to the assembly point.

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Your calmness and assistance is greatly appreciated.

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,  
HELD ON THURSDAY, 25TH JANUARY, 2024 AT 10.30 AM  
IN THE COMMITTEE ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,  
CO15 1SE**

<b>Present:</b>	Councillors Sudra (Chairman), Fairley, Morrison and Platt
<b>In Attendance:</b>	Damian Williams (Director (Operations and Delivery)), Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Clare Lewis (Careline and Community Manager), Karen Hayes (Executive Projects Manager (Governance)) and Keith Durran (Committee Services Officer)
<b>Also in Attendance:</b>	Steve Bladen (External Auditor)

**16. ELECTION OF THE VICE-CHAIRMAN OF THE COMMITTEE**

Following the resignation from the Council of Ian Lennard, the Committee was required to elect, from amongst its appointed membership, a new Vice-Chairman of the Committee to serve in that office for the remainder of the 2023/2024 Municipal Year.

It was moved by Councillor Platt and seconded by Councillor Fairley that Councillor Fairley be appointed as Vice-Chairman of the Committee.

On being put to the vote, Councillor Platt's motion was declared LOST on the Chairman's casting vote.

It was then moved by Councillor Morrison and seconded by Councillor Sudra that Councillor Steady be appointed as Vice-Chairman of the Committee.

On being put to the vote, it was **RESOLVED**, on the Chairman's casting vote, that Councillor Graham Steady be appointed as Vice-Chairman of the Audit Committee for the remainder of the 2023/2024 Municipal Year.

**17. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

An apology for absence was received from Councillor Steady (with no substitution).

**18. MINUTES OF THE LAST MEETING**

It was **RESOLVED** that the Minutes of the last meeting of the Committee held on Thursday 5 October 2023 be approved as a correct record and be signed by the Chairman, subject to the following alteration and amendment to Minute 10 that:

*"Minutes of the last meeting of the Committee held on Thursday 30 March 2023" has the date corrected to "Thursday 13 July 2023".*

**19. DECLARATIONS OF INTEREST**

There were no declarations of interest made on this occasion.

**20. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38**

No Questions on Notice pursuant to the provisions of Council Procedure Rule 38 had been submitted on this occasion.

**21. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - TABLE OF OUTSTANDING ISSUES**

The Committee heard an oral update from Steve Bladen of this Council's external auditors. He explained that they were awaiting formal consultations to be launched by the Department for Levelling Up, Homes and Communities. Additionally, the National Audit Office was due to shortly launch a consultation on a revised code of audit practice. The consultations aimed to establish a backstop date of September 30, 2024, for completing audits up to and including the 2022-2023 fiscal year. Notably, there were numerous audits pending for the 2021-2022 and 2022-2023 periods across all suppliers, irrespective of the appointed audit firm.

Members heard how the backstop date might have resulted in qualified audit opinions due to incomplete audit work or disclaimed opinions for audits not initiated. The Minister for Local Government had recently sent a letter to the Chair of the Parliamentary Select Committee for Homes and Communities outlining those details. Whilst the Government's formal consultation hadn't yet commenced, it was anticipated imminently. Steve Bladen stated that, realistically, BDO wouldn't have been able to complete the audits for 2021-2022 and 2022-2023 by the end of September. Consequently, they expected those audits to be qualified in some manner. There might have been variations in the value-for-money conclusion, with auditors likely required to assess arrangements over the tendering period.

This summarized the Auditor's understanding at the time. While no formal consultation had begun, they anticipated its launch within the next week. The proposed backstop date for open audits was September 30, 2024.

<b>QUESTIONS</b>	<b>ANSWERS</b>
Are you confident you will meet this date (new back stop date).	Yes, we are confident we will if that is the date set by Central Government.
To clarify, some of the work will be completed by this date, but it will not be a complete report?	Yes, we don't think we could supply a complete report by that date.
This is a reduced service, so are you going to charge reduced costs?	Fees are set by the PSSA, they are looking to see if there is potentially a way to set reduced fees, due to the reduced work.
Could we hear from the Head of Finance and IT on this fees matter.	Government has made it clear that Councils can only spend money for work that has been received.
What level of assurance can you give us that this work will be completed?	High level of assurance.
Can you assure the Committee that you have everything that you need to complete your work?	There may be unknowns still to arise, and questions we may need answers to, but outside of this, yes, we have everything.



## TABLE OF OUTSTANDING ISSUES

The Committee heard from the Executive Projects Manager (Governance) as she explained that the Table of Outstanding Issues had been reviewed and updated since it was last considered by the Committee in October 2023.

There were usually two main elements to this report as follows:

- 1) Updates against general items raised by the Committee
- 2) Updates against the 2023 Annual Governance Statement Action Plan

In terms of Item 1 above, there were no significant issues raised, with actions remaining in progress or with further details set out below. In terms of Item 2, it was proposed to defer an update to the March 2024 meeting of the Committee; to enable the most up to date position to be collated and finalised.

### **Continuing External Audit delays and an update on the External Auditor's work on the Council's Statement of Accounts 2020/21**

In response to previous discussions on this issue at both Full Council and directly at the Audit Committee, the Chief Executive had written to senior management at BDO setting out the Council's disappointment and frustration with the external audit delays, and requested their assurance on the following matters:

- *"They will prioritise the Local Government sector as soon as possible this year;*
- *They will prioritise the completion of the 2020/21 accounts for Tendring District Council, especially as it is understood there are only two issues outstanding that should be reasonably straightforward to resolve by taking a pragmatic / proportionate approach;*
- *Their value for money opinion / commentary on our 2020/21 accounts will reflect the Council's most up to date position, which in turn will support us in continuing to demonstrate sound financial management / stewardship to all of our stakeholders; and*
- *They will prioritise / balance the associated audit work on the Council's 2021/22 and 2022/23 accounts to avoid qualified opinions being issued because you have not been able to undertake the necessary assurance work by the proposed statutory deadlines".*

To date no written response had been received. The Council's External Auditors had provided an update earlier on at the Committee's meeting.

### **RIPA – Regulatory Investigatory Powers Act 2000**

This Authority had not conducted any RIPA activity in the last quarter, and it was rare that it would be required to do so.

### **Whistleblowing**

This Authority had not received any Whistleblowing information since the adoption of the Whistleblowing Policy in July 2023. As part of the monitoring arrangements associated

with the effectiveness of this policy, relevant updates would be provided to this Committee during the year.

### **Other matters to highlight**

Following the Committee's consideration of the Corporate Risk Register at its meeting in July 2023, the next six monthly update had been scheduled for this meeting. However, work remained ongoing to collate and finalise timely updates against the various items within the Corporate Risk Register, which would be reported to the March 2024 meeting of the Committee. In effect this put the six monthly reporting cycle back to the original dates of March and September.

After a short discussion the Committee **RESOLVED** to note the contents of the report.

## **22. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT**

The Committee heard how seven audits had been completed between September and December 2023, with all receiving satisfactory assurance with no significant issues reported. At that time of this meeting, one audit (Financial Resilience) was at the Draft Report stage awaiting finalization. Seven audits from the 2023/24 Internal Audit Plan were in the fieldwork phase, while the final nine audits were being risk-assessed and allocated based on available resources. Although there were nine audits due for scoping and progress in that quarter, the Internal Audit Team was not too far behind compared to the same time last year. Hence, there was no concern at that stage regarding the completion of enough audit work by the end of the financial year to provide the Head of Internal Audit with enough evidence for his Annual Opinion. Any necessary changes to the audit plan would be communicated to the Audit Committee. The majority of the key system audits were either complete or nearing completion, which carried significant weight in contributing to the annual opinion. In terms of Quality Assurance, satisfaction surveys had been issued for each completed audit. Three surveys were received out of the seven reviews undertaken, all providing satisfactory responses.

Members were updated on resourcing: Internal Audit had an establishment of 4 FTE posts with access to a third-party provider of Internal Audit Services for specialist audit days when required. There was a vacant Audit Technician post. One team member had been off sick since the beginning of November 2023, leading to approved overtime for another staff member to ensure minimal delay in delivering the audit plan. At the last committee meeting, it had been reported that an apprentice had started to provide administrative support. The apprentice had since gained full-time employment within the Council, resulting in the loss of administrative support for the audit team, necessitating the recruitment of another apprentice..

Regarding outcomes of Internal Audit Work, the standards required the Head of Internal Audit to report to the Audit Committee on significant risk exposures and control issues. Since the last report, nine audits had been completed, and the final report issued, aligning with Public Sector Internal Audit Standards.

<b>Assurance</b>	<b>Colour</b>	<b>Number this Period</b>	<b>Total for 2022/23 Plan</b>	
Substantial		3	7	

Adequate		3	12	
Improvement Required		0	0	
Significant Improvement Required		0	0	
No Opinion Required		1	2	Two consultative engagement in 2023/24 to date

In the color-coding approach, both the substantial and adequate opinions were shown in green as both were within acceptable tolerances.

Issues that arose from audits completed in the period under review that had received an 'Improvement Required' opinion required reporting to the Committee. There were no such significant issues identified within this period of completed audits.

Regarding the Management Response to Internal Audit Findings, processes were in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. Where appropriate, follow-up audits were arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	3	
Overdue less than 3 months	2	
Not yet due	0	

### Update on previous significant issues reported

All previous significant issues were now provided within Appendix B of this report.

### External quality assessment

The Committee heard that an external quality assessment was recommended for Internal Audit functions every five years as per the Public Sector Internal Audit Standards (PSIAS). The five-year External Quality Assessment remained outstanding. However, as the new Global Internal Audit Standards would be effective from January 2025, it was recommended that the external assessment be delayed until the new standards were in place. Any assessment undertaken at this time would have required more work later when the new standards were introduced to ensure that the team met the requirements of the supplementary standards. The Institute of Internal Auditors had released guidance to be able to undertake a self-assessment as a stopgap until the new standards were released. A Quality Assurance Improvement Programme (QAIP) was carried out against this new guidance to ensure that a review was undertaken between March 2024 and the release of the new standards in January 2025.

A procurement process would need to be completed to choose an external provider to carry out the external assessment.

The Committee heard an update from the Corporate Director of Operations & Delivery in relation to Waste and Recycling, three issues concerning Northbourne Depot remained on the list regarding ongoing data integration. The Council had addressed them individually as preferred by the contractor. Progress had been made, with the first issue, related to site information, now undergoing live testing. Subsequently, the Council had focused on transferring contacts and repair information from the old system to the new one. Though frustrating, the Council had adhered to the contractor's step-by-step approach.

The frequency and effectiveness of the working group diminished as the Council moved closer to a contract. The Council were awaiting smartphones for operatives to access job data, facilitating seamless workflow across teams. Additionally, there were initiated efforts to expand operational systems to the engineering team. The transition process was slower than desired, but improvements were evident compared to previous periods.

The final issue involved managing stores and waste. Progress was positive, albeit slower than anticipated. A phased approach had been adopted to recover outstanding debt from customers, yielding £6,000 from the initial phase. Officers had prioritized enhanced data management, anticipating smoother transitions into new waste management contracts, emphasizing gradual yet impactful changes through data-driven strategies.

After an in-depth discussion it was moved by Councillor Sudra, seconded by Councillor Morrison and unanimously **RESOLVED** that:

- a. the report be noted;
- b. the Five Yearly External Quality Assessment be deferred until after the new Global Internal Audit Standards become effective in January 2025; and
- c. the Audit Committee members be provided with training in relation to "Out Standing Issues".

**23. REPORT OF THE ASSURANCE AND RESILIENCE MANAGER - A.3 - ANTI FRAUD AND CORRUPTION STRATEGY**

The Committee heard how the Council was required to have an Anti-Fraud and Corruption Strategy, and that it had last been updated in January 2023. The strategy was subject to an annual review process.

The amended strategy was set out in the appendix. Amendments made since the last review were highlighted in red/ italic font. For completeness, any sections being removed had been retained for the purpose of reporting the final version back to the Committee, with the font being struck through and in a red/ italic font.

Members heard how the Strategy continued to be based on CIPFA's code of practice on managing the risk of fraud and corruption. As its foundation, the Strategy set out the Council's commitments along with the following key areas:

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation.
- Resources Invested in Counter Fraud and Corruption

The strategy would continue to be subject to an annual review process including progress against identified actions and had therefore been included on the ongoing work programme of the Committee. It was acknowledged that through its application, the Strategy would evolve to reflect the various strands of work being developed within the Council, which would be included in future updates presented to the Committee.

Updates against the Council's Anti-Fraud and Corruption Strategy Action Plan were also included within the appendices.

After a short debate the Committee **RESOLVED** to:

- a) approve the amended Anti-Fraud and Corruption Strategy, as set out in Appendix A to report A.3;
- b) request that going forward the annual review of the Anti-Fraud and Corruption Strategy report additionally on the effectiveness of it, for its previous 12 months; and
- c) that information be brought to that annual review of the most common cases/types of fraud over the previous 12 months.

The meeting was declared closed at 11.50 am

**Chairman**

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## AUDIT COMMITTEE

25 APRIL 2024

### REPORT OF INTERNAL AUDIT MANAGER

#### A.1 REPORT ON INTERNAL AUDIT – JANUARY 2024 TO MARCH 2024 AND THE INTERNAL AUDIT PLAN 2024/25

(Report prepared by Craig Clawson)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To provide a progress report on the Internal Audit function for the period January 2024 – March 2024 and to seek approval of the Audit Committee for the 2024/25 Internal Audit Plan.

##### EXECUTIVE SUMMARY

- A total of four audits have been completed since the previous update in January 2024. Six audits are still in fieldwork. A request is made to the Audit Committee to defer four audits from the 2023/24 audit plan. The audits are, Social Housing Bill Implementation Plan, External Funding, Emerging Risks from Legislative Changes and Careline Service – Follow Up. All audits equate to a total of 40 audit days.
- In order to provide the Head of Internal Audit Annual Opinion in June 2024, it is important that the following audits are complete as they form part of the Councils key systems. The audits are; Procurement, Contract Management, Project Management and IT Governance. All are currently in fieldwork and close to completion.
- The 2024/25 Audit Plan has been developed using a risk based approach, taking account of the Councils Corporate Objectives, Corporate Risks, horizon scanning from other government agencies and best value standards from the Department of Levelling Up, Housing and Communities (DLUHC). The plan has been collated based on the information gained from liaising with Directors, Heads of Service and entire departments to target areas that may benefit from an independent review of processes and procedures to determine potential efficiency gains, improved technology / software requirements or if the function has not been audited for a substantial period of time due to it being considered of lower risk historically.
- As the Internal Audit Manager continues to cover Fraud and Compliance while the Assurance and Resilience Manager is on secondment, a request is made to the committee to agree a reduction in audit days from 450 to 400. This should provide sufficient time to supervise all teams while still providing adequate audit coverage to be able to provide an annual assurance opinion on Council activities.

##### RECOMMENDATION(S)

It is requested that the Audit Committee agree the following;

- (a) The periodic update and the action tracking report be considered; and
- (b) consider and approve the proposed Internal Audit Plan for the 2024/25 financial year.

**REASON(S) FOR THE RECOMMENDATION(S)**

*The above recommendations are required to ensure that the Audit Committee agree and accept the contents of the report.*

**ALTERNATIVE OPTIONS CONSIDERED**

*The External Quality Assessment could be undertaken sooner, however additional resources would be required to do so when the impact is considered low risk.*

**PART 2 – IMPLICATIONS OF THE DECISION**

**DELIVERING PRIORITIES**

Provision of adequate and effective internal audit helps demonstrate the Council’s commitment to corporate governance matters. It also links in with the Council’s key priorities of ‘Delivering high quality services’ and having ‘Strong finances and governance’.

**LEGAL REQUIREMENTS (including legislation & constitutional powers)**

The Council has a statutory responsibility to maintain adequate and effective internal audit.

The Accounts and Audit Regulations 2015 make it a statutory requirement that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards and guidance.

**FINANCE AND OTHER RESOURCE IMPLICATIONS**

**Finance and other resources**

The Internal Audit function is operating within the budget set. Recruitment and retention remains to be the biggest risk of not being able to deliver the Internal Audit Plan. This is continuously monitored and the Audit Committee are updated with any issues accordingly.

**USE OF RESOURCES AND VALUE FOR MONEY**



*External Audit expect the following matters to be demonstrated in the Council's decision making:*

- A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;*
- B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and*
- C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.*

*As such, set out in this section the relevant facts for the proposal set out in this report.*

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p><b>Budgets are reported to the Audit Committee annually to review. The Internal Audit Manager regularly monitors those budgets throughout the year to ensure that they remain adequate and do not overspend.</b></p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p><b>The Internal Audit Charter sets out the roles and responsibilities of both the Audit Committee and the Internal Audit function. The powers of the Audit Committee and the role of Internal Audit is also set out within the Councils Constitution.</b></p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p><b>Internal Audit continues to monitor new working practices in order to streamline processes and improve performance and potentially reduce costs. Internal Audits undertaken may support services in doing the same and potential reduce overall costs to the Council.</b></p>

**MILESTONES AND DELIVERY**

Review of recommendations and decision to be made on 25<sup>th</sup> April 2024 by the Audit Committee

**ASSOCIATED RISKS AND MITIGATION**

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

As this report is a periodic update report, there is no exposure to strategic risks within the Councils Risk Management Framework. There is however an operational risk of being unable to complete and deliver the internal audit plan and be unable to provide the Head of Internal Audit Annual Opinion.

**OUTCOME OF CONSULTATION AND ENGAGEMENT**

Internal Audit activity assists the Council in maintaining a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

#### **EQUALITIES**

There are no equality impacts directly associated with this progress report. However they will need to be considered as part of any improvement / remedial actions undertaken by the relevant Service where necessary.

#### **SOCIAL VALUE CONSIDERATIONS**

The following report does not have a direct social value impact as set out within the template guidance.

#### **IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030**

The following report does not have a direct environmental impact as set out within the template guidance.

#### **OTHER RELEVANT IMPLICATIONS**

*Set out what consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are then set out below.*

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

<b>Crime and Disorder</b>	<b>N/A</b>
<b>Health Inequalities</b>	<b>N/A</b>
<b>Area or Ward affected</b>	<b>N/A</b>

#### **ANY OTHER RELEVANT INFORMATION**

N/A

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

In respect of the Internal Audit Plan the Public Sector Internal Audit Standards require the Internal Audit Manager to: -

- Establish a risk based Internal Audit Plan, at least annually, to determine the priorities of the Internal Audit function, consistent with the Council’s goals.
- Has in place a mechanism to review and adjust the plan, as necessary, in response to changes to the Council’s business, risks, operations, programmes, systems and controls.
- Produces a plan that takes into account the need to produce an annual Internal Audit opinion.
- Considers the input of senior management and the Audit Committee in producing the plan.
- Assesses the Internal Audit resource requirements.

**PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.**

N/A

## INTERNAL AUDIT PROGRESS 2023/24

A total of four audits have been completed since the previous update in January 2024. Six audits are still in fieldwork. A request is made to the Audit Committee to defer four audits from the 2023/24 audit plan. The audits are, Social Housing Bill Implementation Plan, External Funding, Emerging Risks from Legislative Changes and Careline Service – Follow Up. All audits equate to a total of 40 audit days.

The Internal Audit Manager continually risk assesses the progress of the plan against the level of resource available throughout the year to determine whether a measured annual assurance opinion can be provided based on the level of work complete. A determination is then made as to whether audit days need to be procured to support the delivery of the plan. Although there are some audits to be deferred, they are not auditable areas that would have a significant impact on the Council's overall assurance framework.

Throughout the year the audit team had a number of long term absences which was covered through the use of overtime as it was the most practical and cost effective method to ensure adequate coverage at the time. If there is a need for additional coverage in future then the Audit Committee will be updated accordingly through the periodic update arrangements in place.

In order to provide the Head of Internal Audit Annual Opinion at the June 2024 Audit Committee, it is important that the following audits are complete as they form part of the Councils key systems. The audits are; Procurement, Contract Management, Project Management and IT Governance. All are currently in fieldwork and close to completion.

**Quality Assurance** – The Internal Audit function issues satisfaction surveys for each audit completed. All satisfaction surveys are yet to be returned from the four audits complete in this period.

### Resourcing

Internal Audit is currently has an establishment of 4 fte posts with access to a third party provider of Internal Audit Services for specialist audit days as and when required. We currently have an Audit Technician post vacant.

The team will advertise for another apprentice in the next few months to support both the Internal Audit Team and the Fraud and Compliance Team.

### Outcomes of Internal Audit Work

The standards require the Internal Audit manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report four audits have been completed and the final report issued. The Public Sector Internal Audit Standards require the reporting of significant risk exposures and control issues.

Assurance	Colour	Number this Period	Total for 2023/24 Plan	
Substantial		3	10	
Adequate		1	13	

Improvement Required		0	0	
Significant Improvement Required		0	0	
No Opinion Required		0	2	Two consultative engagement in 2023/24 to date

For the purpose of the colour coding approach, both the substantial and adequate opinions are shown in green as both are within acceptable tolerances.

Issues arising from audits completed in the period under review receiving an 'Improvement Required' opinion and requiring reporting to Committee are: -

There were no significant issues arising from the four audits completed in the period from January to March 2024. However, it is important to inform the Audit Committee that the Council fell victim to payroll fraud during this period whereby one months pay for a TDC employee was paid into a fraudulent bank account.

A fraudulent email was sent into the Council requesting a change of bank details. In this instance the normal control of contacting the employee via a verified method of communication was not carried out prior to making the changes to the account on file. The process followed at the time was weak which led to confusion as to who had undertaken each task in the process.

In the short term a more prescriptive form has been designed to prevent future confusion with the objective of using an electronic authorisation process in future with the new HR / Payroll system currently being implemented. Internal Audit will advise throughout the process.

The Council's bank has been informed of the fraud and a record has been recorded on the Essex Police Action Fraud website. It is unlikely the monies will be recovered.

**Management Response to Internal Audit Findings** – There are processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action has been taken. Where appropriate follow up audits have been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	4	Long term actions reported to the Audit Committee periodically (Appendix B)
Overdue less than 3 months	0	
Not yet due	0	

#### **Update on previous significant issues reported**

All previous significant issues are now provided within Appendix B of this report.

## **DEVELOPMENT OF THE AUDIT PLAN**

The 2024/25 Audit Plan has been developed using a risk based approach, taking account of the Councils Corporate Objectives, Corporate Risks, horizon scanning from other government agencies and best value standards from the Department of Levelling Up, Housing and Communities (DLUHC). A key requirement of Internal Audit is to support the organisation in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Part of this process is to translate the Councils key themes within its Corporate Plan into key operational activities that can be audited and measured to be able to challenge and test processes and controls and provide a satisfactory level of assurance over a diverse service area.

The Internal Audit Plan is produced taking into account the requirements as set out in the Public Sector Internal Audit Standards and the current Internal Audit Charter. The Internal Audit Team continue to aspire to add value by targeting particular areas of the Council that may benefit from an independent review of processes and procedures to determine potential efficiency gains, improved technology / software requirements or change through new innovative ways of working.

Risk Management is also an aspect that requires consideration when developing an audit plan. Although risk registers are considered as part of this process, leadership, managers and officers consider risk every day in the work they do, therefore interviews with Officers at all levels are key when reviewing whether risks are considered in decision making.

Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Therefore risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk). All audits will look at adverse impact and potential opportunities and all significant areas are reported to the Audit Committee periodically.

Discussions have been held with Management Team members individually and collectively. The feedback from Management Team has been taken into account and incorporated within the plan presented to the Committee. The Committee now has the opportunity to input into the draft plan provided.

Other factors also considered when developing the plan are;

- The risk maturity of the organisation;
- The need to use specialists e.g. IT Auditors
- Contingency time to undertake ad-hoc reviews and fraud investigations
- Having the right balance of different reviews e.g Systems and risk based vs added value and consultative assessments

## **INTERNAL AUDIT RESOURCE REQUIREMENTS**

The establishment for the Internal Audit function is currently four full time equivalents (fte). The team currently holds a vacancy for a full time Audit Technician post.

The proposed plan has been developed based on the current resource available as well as giving consideration to the continued oversight of the Fraud and Compliance team. The number of audit days proposed is 400 which is a reduction of 50 audit days from the 2023/24 audit plan. The plan has been created with the following in mind;

- A leaner more practical audit plan has been developed using a risk based approach, knowledge of all operational processes within service areas, historical assurance opinions and an understanding of where procedural changes have occurred around the Council.
- A hybrid structure of both internal and external resource will provide additional resilience within the team as well as provide different experience, skills transfer for more junior staff and access to a hub of audit resource. The combination of staff between Internal Audit and Fraud and Compliance has added an extra level of resilience and allowed both teams to share knowledge and skills in different areas.
- Emphasis on adding value in delivering objectives by providing more consultative work and advice on upcoming initiatives, projects, programmes and emerging risks.

#### **INTERNAL AUDIT PLAN DETAIL**

The plan provides an outline of the work currently proposed to be undertaken during the 2024/25 financial year. In order to continue to provide a proactive and flexible approach, the plan should be considered indicative of the work currently intended. The Internal Audit Plan needs to be flexible to ensure that Internal Audit resources are directed where they are most needed, and add as much value as possible to the organisation.

The plan will be kept under review during the year, in consultation with the Council's senior management, and taking account of changes to the Council's priorities, operations and risk. Changes to the plan will be brought to the attention of the Committee for approval.

The plan is considered to be in effect a rolling programme of work, rather than being specific to one year, and audits scheduled, but incomplete at the end of any financial year roll forwards and are completed in the new financial year.

A detailed breakdown of the Audit Plan is included in Appendix C.

The Committee's attention is drawn to the following: -

- The comments section of the plan provides additional detail on the audit techniques to be used to deliver the reviews, a brief summary of what is included within the audit and in some instances why it is included in the plan
- Consultative audits – The Council faces a difficult period with budget constraints, increased demand on services and involvement with major projects which could expose the Council to further risk financially and reputationally. Therefore, it is felt that Internal Audit can add more value by advising at the start and throughout the projects / initiatives
- Key Financial Audits – Audits within this section form the foundation of the Head of Internal Audits annual opinion as they cover all aspects of the Councils financial

procedures. This is important because if there are major failings in our financial procedures as well as our service delivery audits then there is an increased risk of error, poor governance and fraud.

As referred to above, mechanisms exist to allow amendment to the plan and if any issues arise regarding the risks in the current Corporate Risk Register, or new risks emerge including any identified by the Council's external auditors, then plan adjustments will be considered.

The level and range of coverage is considered sufficient for the Internal Audit Manager to be able to provide an annual opinion on the Council's assurance framework.

## APPENDICES

*Appendix A – Internal Audit Progress Report 2023/24*

*Appendix B – Action Tracking Report*

*Appendix C – Internal Audit Plan 2024/25*

## REPORT CONTACT OFFICER(S)

*Include here the Name, Job Title and Email/Telephone details of the person(s) who wrote the report and who can answer questions on the content.*

**Name**

**Craig Clawson**

**Job Title**

**Internal Audit Manager**

**Email/Telephone**

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**01255 686531**



<b>Tendring District Council Internal Audit</b>			
<b>2023/24 Internal Audit Plan Progress Report</b>			
<b>Audit Title</b>	<b>Status December 2023</b>	<b>Audit Scope Summary</b>	<b>Audit Opinion</b>
<b>Key Systems / Key Financial Risk Areas</b>			
<b>Procurement</b>	<b>Fieldwork</b>	<b>To review the Councils compliance with procurement rules for works or services of value which require a tender exercise</b>	<b>To be confirmed</b>
<b>Housing Benefits</b>	<b>Complete</b>	<b>To ensure that the control framework in place when processing housing benefit claims is strong and all legislative and regulatory requirements are met by the service</b>	<b>Substantial Assurance</b>
<b>National Non Domestic Rates</b>	<b>Complete</b>	<b>To ensure that the control framework in place when processing business rate applications is strong and all legislative and regulatory requirements are met by the service</b>	<b>Substantial Assurance</b>
<b>Main Accounting System Budgetary Control</b>	<b>Complete</b>	<b>To review processes and procedures relating to the management of the Councils financial accounting system and ensure that all legislative and regulatory requirements are met. This includes budgetary control across all departments within the Council</b>	<b>Substantial Assurance</b>
<b>Corporate Governance</b>	<b>Complete</b>	<b>To ensure that the Council have a strong Corporate Governance framework in place. The CIPFA Code of Corporate Governance is used as a guide and comparison</b>	<b>Substantial Assurance</b>
<b>Council Tax</b>	<b>Complete</b>	<b>To ensure that the control framework in place when processing Council Tax applications is strong and all legislative and regulatory requirements are met by the service</b>	<b>Substantial Assurance</b>

Payroll	Complete	To review all procedures and internal controls relating to payroll and the processing of employees and members pay.	Substantial Assurance
Treasury Management	Complete	A full review of the internal controls and procedures relating to investing Council monies as well as short and long term borrowing	Substantial Assurance
Project Management	Fieldwork	<b>To review the agreed strategic process for project management and ensure that it is followed within a sample of key projects</b>	To be confirmed
Contract Management	Fieldwork	<b>To ensure that contract management processes are followed within each department of the Council in order to determine the efficiency and quality in service delivery. This will be undertaken at the same time as Project Management as there synergies between the two audits</b>	To be confirmed
Financial Resilience – Use of Resources	Complete	<b>To assess the resilience of the Councils agreed budget and ensure resources are being used as efficiently as possible in order to mitigate and plan for the agreed budget pressures</b>	Adequate Assurance
Partnerships – Health External Funding	Complete	To review the governance processes around the receipt of funding from partners specifically relating to health.	Substantial Assurance

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Other Services / Systems			
Housing Peer Review	To be merged with Social Housing Bill and deferred to 2024/25	To identify the outcomes from the Housing Peer Review and support the service in implementing any recommendations / agreed actions from it.	N/A
Social Housing Regulation Bill – Implementation Plan	Deferred	To support the service in implementing any new requirements from the bill and to help reinforce any processes that should already be in place.	N/A
Housing Repairs and Maintenance	Fieldwork	<b>To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works</b>	To be confirmed
	Complete	<b>To identify and assess inefficiencies and costs within the leisure service and determine what options are available to improve, resolve or do things</b>	Consultative

<b>Leisure Estate – Efficiencies and Cost Pressures</b>		<b>differently</b>	
Levelling Up Fund	Allocated	To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	Consultative
<b>Building Control</b>	<b>Complete</b>	<b>To review the effectiveness of the Building Control service and the management of operational services, strategic priorities and income management</b>	<b>Adequate Assurance</b>
Careline Service – Follow Up	Deferred	Follow Up on recommendations made from the previous audit and reassess key areas of the business.	N/A
Contact Centre - Digitalisation	Complete	To support the service in implementing digital solutions within the business area	Adequate Assurance
<b>Planning Development – Decision Making</b>	<b>Draft Report</b>	<b>To evaluate specific processes relating to decision making within the service area and determine whether any procedural improvements can be made</b>	<b>To be confirmed</b>
Housing Allocations – Follow Up	Allocated	Follow Up on recommendations made from the previous audit and reassess key areas of the business.	To be confirmed
<b>Asset Management</b>	<b>Complete</b>	<b>To review the internal controls and procedures related to asset management within the organisation</b>	<b>Adequate Assurance</b>
<b>Freeport East</b>	<b>Allocated</b>	<b>Days allocated to support the Council in meeting the objectives related to Freeport East. The Heads of Internal Audit for all areas across the country where a Freeport has been agreed are due to meet later in the year</b>	<b>Consultative</b>

<b>Emerging Risks from Legislative Changes</b>	<b>Deferred</b>	<b>To assess the potential risks the Council may face in the event of legislation changes made by central government</b>	<b>N/A</b>
Jaywick Sands - Sunspot	Complete	To review the development of Sunspot and determine if there are any lessons learnt from the project which could support any future projects of a similar nature	Consultative
<b>Risk Management</b>	<b>Delayed</b>	<b>Required annually under PSIAS and Cipfa guidance. To review the Councils risk management framework.</b>	<b>N/A</b>
<b>External Funding</b>	<b>Deferred due to internal review</b>	<b>To assess procedures relating to receiving external funding and the distribution of funds aligned to constitutional requirements</b>	<b>N/A</b>
IT Audit			
<b>Cyber Security</b>	<b>Complete</b>	<b>IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope</b>  <b>Consultative review as the programme progresses.</b>	<b>Adequate Assurance</b>
<b>IT Governance</b>	<b>Fieldwork</b>	<b>PSIAS expectation that this will be covered each year</b>	<b>To be confirmed</b>

### Status Key

<b>Unallocated</b>	Audit in Audit Plan, but no work undertaken yet
<b>Allocated</b>	Audit is being scoped / has been scoped and awaiting commencement
<b>Fieldwork</b>	Audit in progress
<b>Draft Report</b>	Audit fieldwork complete, but Final Report not yet issued
<b>Complete</b>	Final Report issued and audit results reported to Audit Committee

<b>Deferred</b>	Audit was in Audit Plan, but will now be undertaken in a later year. Deferred audits agreed by Audit Committee
<b>Delayed</b>	Valid request from function being audited for audit to be undertaken later than proposed

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Audit Title	Finding	Finding Issue / Risk Identified	Agreed Action Description	Finding	Due Date	Service Response	Internal Audit Status
Housing Repairs and Maintenance	05 - Tenancy Information	<p>Every housing unit should have an identified tenant, or clearly marked as void if between tenants.</p> <p>Updated records are necessary to ensure the customer service team know they are dealing with the tenant at the address and enable any security checks needed as well as complying with any data requirements.</p> <p>There is currently no regular updating of tenant details if they move in or out. Similarly, it is understood that initially that tenant details needed to be completed manually during initial rollout of software. As a consequence, there is limited confidence that all addresses have a tenant listed and there may be a few rogue overlooked blank entries in the database, where no visits have been needed.</p>	<p>Liaise with IT to identify a data linkage method where existing records held on tenancy system can be exported to Housing Repairs software to ensure the records are current.</p>	Major	31/10/2022	<p>Data integration work is still ongoing with Oneserve. All requirements for data has been set up and provided from TDC and delays continue with Oneserve to impement the integrations. This is being chased frequently and should be resolved with full implementation in a few weeks.</p>	Still ongoing. Continue to monitor.
Housing Repairs and Maintenance	08 - Lack of Clear Record Keeping	<p>All works should show a clear audit trail from initial contact to final payment, and all stages between.</p> <p>In a case brought to the Housing Ombudsman against the council, one major criticism was absence of clear and comprehensive record keeping. This is also crucial in any legal defence against growing Housing Disrepair Claims.</p> <p>Although some measures have been brought in, it is considered there is still room for some improvement.</p> <p>Examples include:                      - Lack of notes for any calls received                      - Quotes and relevant correspondence not attached to OneServe record                      - Evidence of chasing overdue works                      - Communications to third parties not always available to other officers                      - Plethora of locations where documentation is stored - e-mails, drives, iAuditor, photos on drive and OneServe, calendar appointments, invoices, etc.                      - No central access to invoices if key officer absent                      Some elements on software not completed</p>	<p>New procedure and process to be implemented so that information is captured centrally.</p> <p>This will be examined as part of Housing Repairs software review to identify what options are available and any subsequent officer training carried out.</p>	Major	31/10/2022	<p>A working group which is being led by Corporate and Assistant Corporate Director has been set up in response to a definitive list of our requirements being compiled ensuring the information gathered is fit for purpose and in reaction to developing needs following the introduction of a new regulatory regime and charter placing a much greater emphasis on accurate data availability through robust record keeping.</p> <p>Additionally, IT have confirmed that the new responsive work flow has various stages which captures all relevant information from a job's creation to invoicing. It also records failed access and can be tracked on times and dates when access was gained and failed. This data will be able to feed into the central asset management system (Lifespan) being set up through a separate project.</p>	<p>Continue to monitor whether the working group remains in place until the oneserve system is fully operational. To become a regular review as part of the annual audit process.</p> <p>No further action at this stage</p>
Recycling and Waste	Garden Waste Income	<p>The Garden Waste service has significantly grown since the introduction of the function.</p> <p>In order to effectively manage and monitor the service, several operational controls should be place.</p> <p>Currently, there is no master list to confirm total number of garden waste customers. This has lead to a lack of reconciliations, which essentially, prevents the team from checking income against customer figures.</p> <p>In line with the above, invoices are unclear which has made it challenging to establish charges for individual bin collections. Therefore, the team are uncertain whether the Council are being correctly charged, per bin.</p>	<p>Garden waste data to be transferred to Firmsteps, in order to verify total number of customers.</p> <p>Transparency of garden waste invoices also to be sought, to enable confirmation of charges.</p> <p>Once complete, full monthly reconciliations to be carried out and checks by management to be evidenced.</p>	Major	30/09/2023	<p>Analysis has been undertaken to determine the level of income that needs to be recovered due to garden waste being collected from properties that have not renewed or paid their subscriptions.</p> <p>Veolia has been tasked to stop collecting from 85 properties.</p> <p>First batch of letters gone out. Has had a 31% response. Second batch expected to be sent in April.</p> <p>The Assistant Director for the service will be attending the Audit Committee to provide a more detailed update.</p>	<p>Update provided April 2024</p> <p>Continue to monitor.</p>

Careline	Strategic Direction of Careline	<p>In 2021, Careline won the contract to provide local Careline out of hours coverage for Essex County Council (managed by Provide), using it's established team and building on work already undertaken for them.</p> <p>During the timescale of the audit, it became apparent that the service struggled to provide the expanded contractual service required and consistently underperformed call response times, with one of the major contributing factors being the availability of trained officers.</p> <p>Awareness of the situation extended to senior managers and led to discussions at a higher level, including contributions from Legal, Partnerships and Management Team.</p>	<p>For the short term, the service will concentrate on exiting the Provide contract in a professional manner, including continuing liaison meetings and ensuring all data and GDPR obligations are carried out as required.</p> <p>Subsequently, the service will be reviewed and future strategic direction decided. Current options include a pivot to organic growth from private users, smaller contracts and continuing to work with Provide in other capacities. There are also options to explore, including integration of some healthcare services.</p> <p>Whatever options are chosen, one of the first targets will be renewed accreditation with the industry standards, TSA.</p>	Major	30/09/2023	<p>Provide contract was removed in July 2022. TSA accreditation currently in place, due to be externally audited in April 24. Ongoing Careline review being carried out due to be finalised in May /June 2024.</p>	Service review ongoing. Continue to monitor.
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Tendring District Council Internal Audit				
2024/25 Internal Audit Plan				
Audit Title	Days Allocated	Total Days	Comments	Associated Inherent Risk Categories
<b>Key Systems / Key Financial Risk Areas</b>				
Procurement	10		To review the Councils compliance with procurement rules specifically relating to the ordering process.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>- General Governance and Fraud</li> </ul>
Housing Benefits	15		Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>- General Governance and Fraud</li> </ul>
National Non Domestic Rates	15		Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises. Analysis of Legislation changes and pooling arrangements may also be required	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>- General Governance and Fraud</li> </ul>
Main Accounting System Budgetary Control	10		To review the Councils Main Accounting System which includes management accounting processes and budget monitoring and reporting	<ul style="list-style-type: none"> <li>• Financial</li> </ul>
Corporate Governance	10		To review the Councils governance processes with the CIPFA Solace Good Governance Framework. This review will include a comparison with the governments Best Value Standards and any requirements from the Office of Local Government (Oflog)	<ul style="list-style-type: none"> <li>• Reputation</li> <li>- General Governance</li> </ul>
Council Tax	10		Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>- General Governance and Fraud</li> </ul>

Key Systems / Key Financial Risk Areas				
Payroll	10		To undertake a full review of the Councils new HR / Payroll system and ensure that all expected processes and controls have been fully implemented.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> <p>- General Governance and Fraud</p>
Treasury Management	5		<p>To review how the Council strategises for the best use of funds through maintaining debt and optimising investment returns while taking on an acceptable level of risk.</p> <p>Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used.</p>	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> <p>- General Governance and Fraud</p>
Accounts Receivable	10		To review the processes and controls in place for raising invoices relating to monies owed to the Council and collecting the money owed in an expected timeframe.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> <p>- General Governance and Fraud</p>
Accounts Payable	10		To review the processes and controls in place for paying suppliers for goods and services in a timely manner. This will be undertaken in line with relevant ordering processes.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> <ul style="list-style-type: none"> <li>• General Governance and Fraud</li> </ul>
Financial Resilience – Use of Resources	15		To assess the resilience of the Councils agreed budget and ensure resources are being used as efficiently as possible in order to mitigate and plan for the agreed budget pressures	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> <p>- General Governance and Fraud</p>
Health and Safety	5		Spot checks on service area's to ascertain compliance with H & S recommendations	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Reputation</li> </ul>
Risk Management	10		Required annually under PSIAS and Cipfa guidance	<ul style="list-style-type: none"> <li>• General Governance</li> </ul>



Other Systems / Service Area				
Disabled Facilities Grants	5		To review the processes and controls in place relating to the application / requirements for a disabled facilities grant and the payment processes in place with contractors.	<ul style="list-style-type: none"> <li>● Financial</li> <li>● Reputation</li> <li>- General Governance</li> </ul>
Social Housing Regulation Bill – Implementation Plan	10		To support the service in implementing any new requirements from the bill and to help reinforce any processes that should already be in place. <i>Carried forward from 2023/24.</i>	<ul style="list-style-type: none"> <li>● Reputation</li> <li>● Financial</li> <li>- General Governance</li> </ul>
Housing Repairs and Maintenance	10		To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	<ul style="list-style-type: none"> <li>● Financial</li> <li>- General Governance</li> </ul>
Public Conveniences	10		To review the processes in place for maintaining the public conveniences across the district. This will include maintenance and monitoring schedules, forward planning and contractor payments.	<ul style="list-style-type: none"> <li>● Financial</li> <li>● Reputation</li> <li>- General Governance</li> </ul>
Levelling Up Fund	20		To provide support and advice during all projects / initiatives related to the Levelling Up Fund.	<ul style="list-style-type: none"> <li>● Safety</li> <li>● Reputation</li> <li>● Financial</li> <li>- General Governance</li> </ul>
Crematorium / Burials	15		To undertake a review of all processes and controls in place relating to the Crematorium and Burials services and ensure compliance with all statutory requirements.	<ul style="list-style-type: none"> <li>● Financial</li> <li>● Reputation</li> <li>- General Governance</li> </ul>

Other Systems / Service Area				
Careline Service – Follow Up	5		Follow Up on recommendations made from the previous audit and reassess key areas of the business.	<ul style="list-style-type: none"> <li>• Reputational</li> <li>- General Governance</li> </ul>
Resource Management	10		To liaise with all departments across the Council and assess the ability to deliver core services with the current resources available. This will include a review of required skills, capacity and tools to provide an effective service.	<ul style="list-style-type: none"> <li>• Reputation</li> <li>- General Governance</li> </ul>
Parking Services	10		To review all strategies, processes and controls relating to parking services.	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Financial</li> <li>- General Governance</li> </ul>
Private Sector Housing	10		To review the internal controls and procedures related to private sector housing and ensure compliance with all statutory responsibilities.	<ul style="list-style-type: none"> <li>• Reputation</li> <li>- General Governance</li> </ul>
Freeport East	10		Days allocated to support the Council in meeting the objectives related to Freeport East. The Heads of Internal Audit for all areas across the country where a Freeport has been agreed are due to meet later in the year.	<ul style="list-style-type: none"> <li>• Reputation</li> <li>- General Governance</li> </ul>
Environmental Health	10		To review processes and controls within specific areas of Environmental Health. This is a diverse area of expertise and therefore the scope will cover elements of environmental health within the time available.	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Financial</li> <li>- General Governance</li> </ul>

## APPENDIX C

IT Audit				
Identity and Access Management	10		To ensure that appropriate access controls are in place for the Councils network and key systems.	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> </ul> - General Governance
IT Governance	5		PSIAS expectation that this will be covered each year.	- General Governance
		<b>15</b>		
Action Tracking / Follow Up				
	30		Time allocated to chase, monitor and review the implementation of outstanding audit actions	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
		<b>30</b>		
Carry Forward of Work in Progress				
	50		Audits in progress at 31st March 2024. May be necessary to revise figure at late stage in plan process	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
		<b>50</b>		
Other				
Consultancy & Advisory	50		Consultancy and advice, requested and unplanned audits, investigations.	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
		<b>50</b>		
<b>Total</b>		<b>400</b>		

\*Associated Inherent Risk Categories are the overarching risk headings in which Corporate Risks and Business Risks are developed. In order to reach a high enough level to be considered a significant risk to the authority and require management action and audit resource there must be an element of Governance, Financial, Reputational, Fraud and Safety risk identified.

### Glossary

## APPENDIX C

<b>Self-Assessment</b>	Services to assess own processes and controls. Internal Audit to undertake testing only.
<b>Data Analytics</b>	To compare large volumes of data and analyse specific trends, errors or anomalies.
<b>Assurance Mapping</b>	To review other assurance reports on the service area and take assurance from those reviews already complete where possible.
<b>Root Cause Analysis</b>	Where continuous issues arise, Internal Audit will identify the root cause and support the service in resolving the systemic issue rather than the singular one-off issue arising from audit testing.

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## AUDIT COMMITTEE

25 APRIL 2024

### REPORT OF ASSISTANT DIRECTOR FINANCE & IT

#### A.2 EXTERNAL AUDITOR'S DRAFT AUDIT PLAN AND STRATEGY FOR THE YEAR ENDING 31 MARCH 2024

##### PART 1 – KEY INFORMATION

###### **PURPOSE OF THE REPORT**

To present for consideration the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024.

###### **EXECUTIVE SUMMARY**

- The External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024 is attached, which sets out their planned audit work in respect of informing their opinion on the 2023/24 Financial Statements and the Council's use of resources.
- As highlighted within their report, the plan forms an important element of their audit cycle / timetable along with its associated communication with the Council. Their approach recognises the importance of fostering effective communication throughout the audit process with those charged with governance.
- The plan is set against a number of key elements, which include materiality and risk along with considering areas of focus such as the items highlighted by the Financial Reporting Council set out in the attached report.

###### **RECOMMENDATION(S)**

**That the Audit Committee considers and notes the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024.**

###### **REASON(S) FOR THE RECOMMENDATION(S)**

To enable the Committee to consider and confirm their acknowledgment of the External Auditor's Draft Report.

###### **ALTERNATIVE OPTIONS CONSIDERED**

Not applicable as the report forms part of the External Auditor's formal reporting responsibilities.

##### PART 2 – IMPLICATIONS OF THE DECISION

###### **DELIVERING PRIORITIES**

Delivery against priorities, service improvement, best value responsibilities and governance

arrangements are improved through external challenge such as from external audit inspections and reviews.

#### **LEGAL REQUIREMENTS (including legislation & constitutional powers)**

The Council is required to ensure there are adequate internal audit / internal control arrangements in place.

The Accounts and Audit Regulations 2015 set out a number of requirements relating to the preparation and publication of the Statement of Accounts along with associated public inspection periods.

The above is complemented by guidance issued by organisations such as the National Audit Office and the Financial Reporting Council which are considered as necessary during the preparation of financial reports.

The PSAA is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2023/24, the PSAA appointed KPMG as the Council's auditor under the 'opt-in' process that this Council has previously agreed. The current appointing period covers a five year period commencing 2023/24.

#### **FINANCE AND OTHER RESOURCE IMPLICATIONS**

**Page 21** of the attached sets out a table of the proposed fees payable, with the statutory audit element totalling **£162k**, which can be met from within existing budgets. However, as also set out within **Page 21** of the attached, additional fees could become payable which will be reviewed as necessary as part of the fee variation process in place with the PSAA.

#### **USE OF RESOURCES AND VALUE FOR MONEY**

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	There associated work of the External Auditor is set out within the attached, with outcomes planned to be presented at a future meeting of the Committee.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

#### **MILESTONES AND DELIVERY**

This report forms an important element of the annual work programme and reporting requirements of the External Auditor.

#### **ASSOCIATED RISKS AND MITIGATION**

Not supporting and responding practically and timely to External Audit activity may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

<b>OUTCOME OF CONSULTATION AND ENGAGEMENT</b>	
Not Applicable	
<b>EQUALITIES</b>	
Not directly applicable.	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
Not directly applicable.	
<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
Not directly applicable.	
<b>OTHER RELEVANT IMPLICATIONS</b>	
<b>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</b>	
<b>Crime and Disorder</b>	Not directly applicable.
<b>Health Inequalities</b>	
<b>Area or Ward affected</b>	

### **PART 3 – SUPPORTING INFORMATION**

<b>BACKGROUND AND THE EXTERNAL AUDITOR'S AUDIT PLAN AND STRATEGY FOR THE YEAR ENDING 31 MARCH 2024.</b>
<p>Shortly after the end of each financial year the Council prepares in accordance with proper practices a Statement of Accounts as statutorily required, which is then subject to external audit before final publication. The publication deadline for the unaudited accounts is the end of May each year.</p> <p>As previously discussed, in response to the on-going external delays, the Government have undertaken a number of consultation exercises. Although subject to the outcome of the most recent consultation exercises, the Government are expected to continue with their aim of introducing statutory 'backstop' dates by which time audited accounts must be published. Based on the Government's latest consultation (with the outcomes yet to be published), their plan is based on a three stage approach (1. 'Reset', 2. 'Recovery', and 3. 'Reform') which would see 'backstop' dates phased in over the period from 2023/24 through to the accounts for 2027/28. In terms of the statutory 'backstop' date for the 2023/24 accounts, this is currently proposed as 31 May 2025.</p> <p>The Audit Plan and Strategy issued by the External Auditor highlights at a summary level, aspects of the work they plan on undertaking and why, areas of focus including where risks are likely to be greater and the background to their required value for money activities.</p> <p>The outcome of the External Auditor's work will be set out in a separate report that will be presented to the Audit Committee at a future meeting, within the proposed timescales associated with the 'backstop' dates highlighted earlier.</p>
<b>PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.</b>
Reference Report from the Audit Committee – Appointment of External Auditor for a Five Year Period Commencing 2023/24 – Item A.3 Full Council 15 February 2022

**BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

None

**APPENDICES**

Attached – Draft External Audit Plan and Strategy for the Year Ending 31 March 2024

**REPORT CONTACT OFFICER(S)**

<b>Name</b>	Richard Barrett
<b>Job Title</b>	Assistant Director Finance & IT
<b>Email/Telephone</b>	<a href="mailto:rbarrett@tendingdc.gov.uk">rbarrett@tendingdc.gov.uk</a> 01255 686521

# Tendring District Council

## DRAFT - Report to the Audit Committee

External Audit Plan & Strategy for the year ending  
31 March 2024

April 2024

# Introduction

To the Audit Committee  
of Tendring District Council

We are pleased to have the opportunity to meet with you to discuss our audit of the financial statements of Tendring District Council for the year ending 31<sup>st</sup> March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice.

The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach. We note that an audit opinion has not been expressed on the prior period, if the prior period audit opinion is expressed we will communicate any significant changes to the planned approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Audit Risks and our audit approach	6
Mandatory communications	12
Appendix	18

## The engagement team

Emma Larcombe is the engagement director on the audit. She has over 15 years of industry experience.

Other key members of the engagement team include Harry Foscoe (Lead Manager).

Yours sincerely,

Emma Larcombe

**Director - KPMG LLP**

25<sup>th</sup> April 2024

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing

# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

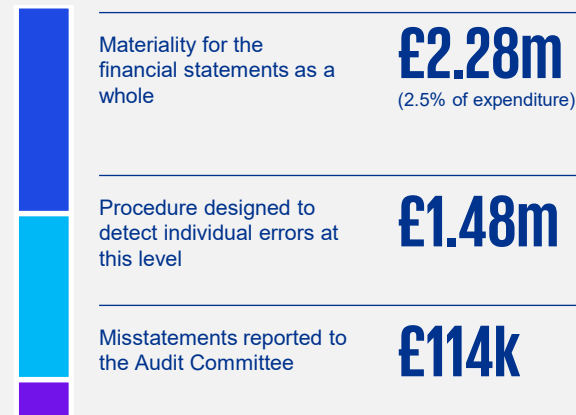
We considered qualitative factors such as stability of legislation, lack of shareholders and debt arrangements when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £1.48m / 65% of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period resulting from uncertainties in the prior year unaudited figures.

## We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £114K.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Materiality



**Materiality**  
**£2.28m**  
**2.5% of expenditure £91.2m**

# Overview of planned scope including materiality (cont.)

## Timing of our audit and communications

- We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management in November 2023 where we discuss our approach to the Planning and Interim phases of our audit;
- Due to the work of previous auditors still on-going, we will be communicating dates for audit completion at a future Committee.
- Audit Committee meeting In April 2024 where we present our final draft plan;
- Regular status meetings with management on where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in December 2024 where we discuss the auditor’s report and any outstanding deliverables;
- Final Audit Committee meeting here we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
<b>Internal Audit</b>	We will perform inquiries with the internal audit team and review the minutes of internal audit meetings to understand if there are any specific risks identified as part of the routine internal audit process. However, we do not intend to use the work of internal auditors, therefore we will not perform any detailed risk assessment procedures.
<b>KPMG Pensions Centre of Excellence</b>	KPMG’s internal actuarial specialists will perform an assessment of the year end Pensions valuation



# Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Tendring District Council operates.

We also use our regular meetings with senior management to update our understanding and take input from sector and internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of changes to this risks throughout the audit cycle. Where such changes are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

## Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our risk assessment work in this area is still ongoing.

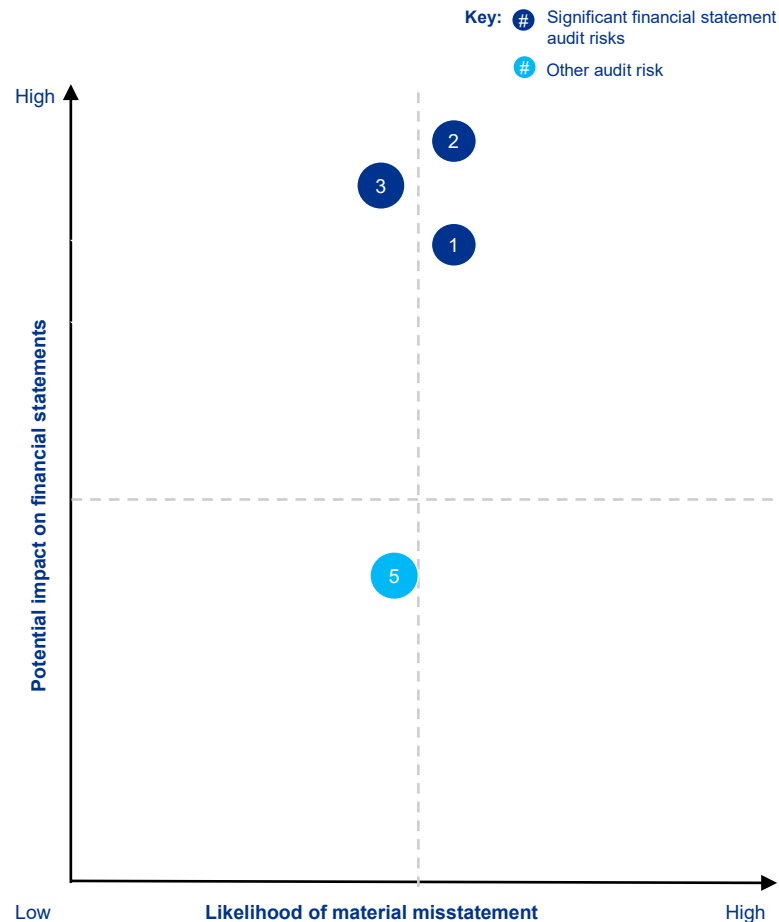
## Significant risks

1. Inappropriate capitalisation of expenditure into fixed assets
2. Valuation of fixed assets
3. Valuation of post retirement benefit obligations
4. Management override of controls\*

\* pervasive

## Other audit risks

5. Recognition of surplus on the net pension asset



# Audit risks and our audit approach

## 1 Fraud risk from expenditure recognition

Additions to property, plant and equipment, infrastructure assets and heritage assets are recorded inappropriately when the expenditure is not eligible for capitalisation



### Significant audit risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget. This is not a desirable outcome for management.

Given the context of significant pressures on funding and demand faced by councils in the sector the size of the Council's capital programme through the levelling up grant funding provides an opportunity for inappropriate capitalisation of revenue expenditure.



### Planned response

We will perform the following procedures in order to respond to the significant risk identified:

- We will evaluate the design and implementation of controls for classifying expenditure as capital;
- We will review the capital programme for schemes which indicate they are of a revenue nature; and
- We will test capital expenditure incurred by the Council to ensure it is correctly capitalised.

# Audit risks and our audit approach (cont.)

2

## Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



### Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.

Land and buildings are valued either at existing use value (EUV) or for specialised assets at Depreciated Replacement cost (DRC) which includes assumptions made by the Valuer for relevant build costs, obsolescence and professional fees costs.

There is therefore the risk for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the valuers used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will utilise our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

3

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.

We have identified this in relation to the following pension scheme memberships: Essex Local Government Pension Scheme



### Planned response

We will perform the following procedures:

- Understand the processes the Council have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Test, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- Assess the impact of a new triennial valuation model and/or any special events, where applicable.

# Audit risks and our audit approach (cont.)

4

## Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

*Note: (a) Significant risk that professional standards require us to assess in all cases.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

# Audit risks and our audit approach (cont.)

5

## Recognition of the surplus on the net pension asset

Management's assessment of the level of recognisable surplus may not be in line with requirements



### Other audit risk

Recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (As at the 31 March 2023 Tendring District council found their LGPS in a surplus of £34.8m up from a deficit of £27m at 31 March 2022).

The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

The Council will need to assess the level of economic benefit it can derive from this surplus, as per the requirements of IFRIC14.

This assessment will be required each year, and the outcome may change as it will depend upon market conditions at the year end and any changes in the contributions committed to under the rates and adjustments certificate.



### Planned response

We will perform the following procedures:

- Test the data and valuations provided by the actuary in their IAS 19 report for completeness and consistency with the other information provided by the Council.
- Consider, and if necessary challenge, the Council's estimate of the recognisable surplus.
- Consider the adequacy of the Council's disclosures in respect of the assumptions or judgements made in determining the level of recognisable surplus.

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Council tax</b>	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
<b>Business rates</b>	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
<b>Fees and charges</b>	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
<b>HRA Income</b>	The vast majority of this income relates to dwelling rents where revenue is recognised on a month by month basis in line with the rental agreement.	The income is highly predictable and is broadly known at the beginning of the year based on the number of properties rented out for a known amount. As a result: it is highly unlikely for there to be a material error in the population.
<b>Grant income</b>	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

# Mandatory communications - additional reporting

## Going concern




Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

However, financial sustainability is a core area of focus for our Value for Money opinion.






## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

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Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.



# Mandatory communications

Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor’s responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor’s responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor’s responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation at page 25 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

# Tendring District Council

## DRAFT - Value for money risk assessment

### Our approach

Year ended 31 March 2024

April 2024

# Value for money

**For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.**

Our responsibility to conclude on significant weaknesses in value for money arrangements is unchanged.

The main output remains a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

## Risk assessment processes

Our responsibility remains to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

## Reporting

As with the prior year our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

### Financial sustainability

*How the body manages its resources to ensure it can continue to deliver its services.*

### Governance

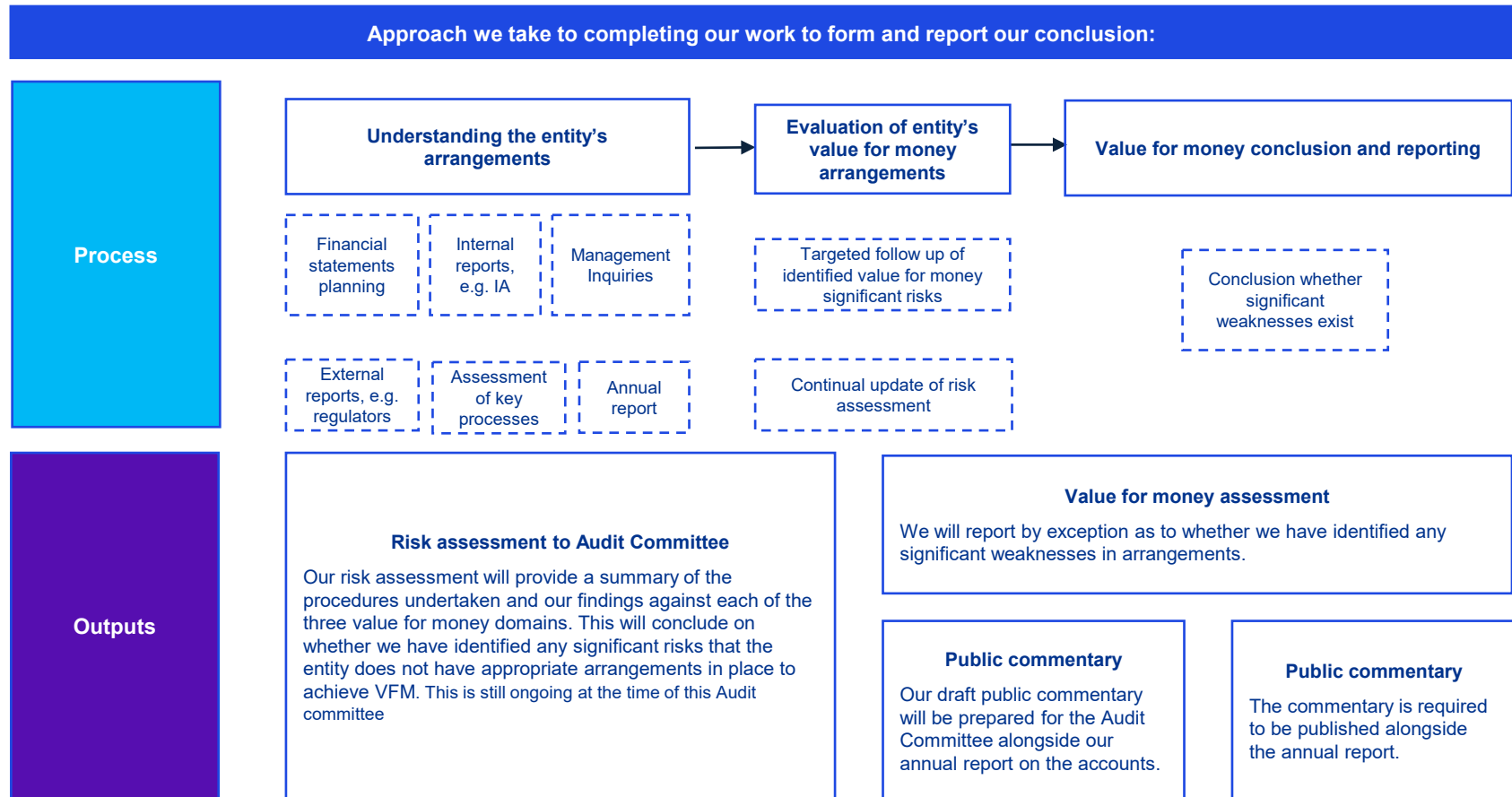
*How the body ensures that it makes informed decisions and properly manages its risks.*

### Improving economy, efficiency and effectiveness

*How the body uses information about its costs and performance to improve the way it manages and delivers its services.*

# Value for money

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# Value for money

## Summary of work to date

We have not identified any risks of significant weaknesses from our initial work, however our risk assessment is continuing and we will provide our full risk assessment at the next Audit Committee.

# Appendix

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G ISA (UK) 240 Revised: Summary of key changes	26
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# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	<p>Emma is the director responsible for our audit. They will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.</p>		<p>Harry is the manager responsible for our audit. They will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts and VFM work.</p>
---	---	---	--

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be director's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

# Audit cycle & timetable

## Our schedule 01 2024 – 12 2024

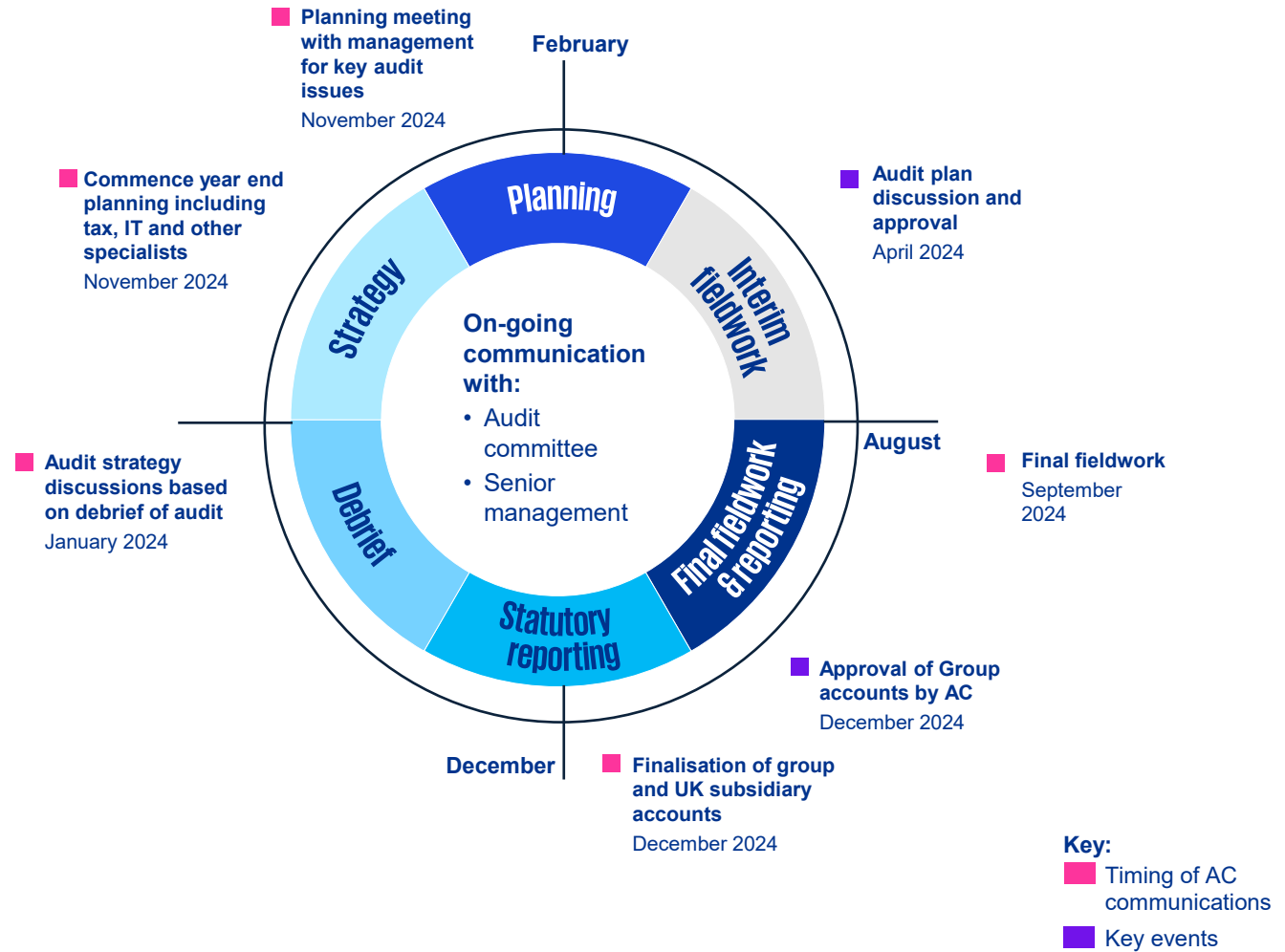
We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by December 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change**.

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# Fees

## Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)
Statutory audit	162
ISA315r	TBC
ISA240	TBC
<b>TOTAL</b>	<b>162</b>

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

## Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Risk Committee members

## Assessment of our objectivity and independence as auditor of Tendring District Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

## Independence and objectivity considerations relating to the provision of non-audit services

### Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table on the next page

Description of scope of services	Principal Threats to independence	Safeguards applied	Basis of fee	Value of services delivered in the year ended 31/3/23
Council's Pooling of Housing Capital Receipts Return for 20/21, 21/22, 22/23.	Assumption of management responsibilities  Self interest	Standard language on non-assumption of management responsibilities is included in our engagement letter.  The level of fees is not considered to cause a significant self interest threat	Fixed	20/21: 5k 21/22: 5k 22/23: 5k

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

### Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.08:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	162
Other Assurance Services	15
<b>Total Fees</b>	<b>177</b>

## Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

Emma Larcombe

**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

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## ■ Commitment to continuous improvement

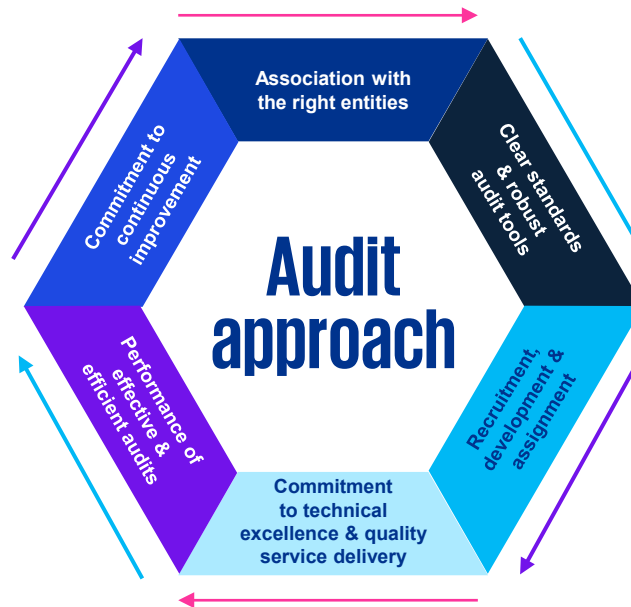
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# ISA (UK) 315 Revised: Overview



## Summary

**In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.**

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

### What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

### Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

### What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

# ISA (UK) 240 Revised: changes embedded in our practices

## Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
<b>Risk assessment procedures and related activities</b>	<ol style="list-style-type: none"> <li>1) Increased focus on applying professional scepticism – the key areas affected are:                             <ul style="list-style-type: none"> <li>• the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence;</li> <li>• remaining alert for indications of inauthenticity in documents and records, and</li> <li>• investigating inconsistent or implausible responses to inquiries performed.</li> </ul> </li> <li>2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud.</li> <li>3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.</li> </ol>
<b>Internal discussions and challenge</b>	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

# FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in October 2022, along with a [summary of key matters](#) for the coming year, primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the entity.



## Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

**Strategic report:** the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

**Discount rates:** inputs need to follow a consistent approach in incorporating the effects of inflation.

**Material assumptions:** where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

**Pension schemes:** explain the effect of uncertainty on investment strategy and associated risks.



## Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

**Granularity and specificity:** disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

**Balance:** discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

**Interlinkage with other narrative disclosures:** companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

**Materiality:** companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

**Connectivity between TCFD and financial statements disclosures:** the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

# FRC's areas of focus (cont.)

## Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

## Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

## Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

## Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

## Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

## Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.



# FRC's areas of focus (cont.)

## Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

## Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

## Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

## Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

## Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

## 2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities



[kpmg.com/uk](https://kpmg.com/uk)

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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## AUDIT COMMITTEE

25 April 2024

### REPORT OF ASSISTANT DIRECTOR FINANCE & IT

#### A.3 AUDIT COMMITTEE WORK PROGRAMME 2024/25

(Report prepared by Karen Hayes)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

- To present for approval the Audit Committee's proposed work programme covering the period April 2024 to March 2025.

##### EXECUTIVE SUMMARY

- A work programme covering the period April 2024 to March 2025 has been prepared which continues to reflect the significant element of regulatory / statutory activity required, along with other associated work, which fall within the responsibilities of the Audit Committee.

##### RECOMMENDATION(S)

It is recommended that:

**The Audit Committee approves its Work Programme for 2024/25.**

##### REASON(S) FOR THE RECOMMENDATION(S)

**To provide a work programme which reflects the significant regulatory / statutory activity required by the Audit Committee along with other associated work falling within their responsibilities.**

##### ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options associated with this report.

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedure are essential to the delivery of the Corporate Priorities supported by effective management and forward planning within this overall framework.

<b>LEGAL REQUIREMENTS (including legislation &amp; constitutional powers)</b>	
Statutory and regulatory requirements have been recognised within the work programme.	
<b>FINANCE AND OTHER RESOURCE IMPLICATIONS</b>	
<b>Finance and other resources</b> Although there are no significant financial implications associated with the work programme of the Committee, additional officer time or resources may be required to support the activities of the Committee and existing budgets will be reviewed as appropriate if the potential for additional costs arises.	
<b>USE OF RESOURCES AND VALUE FOR MONEY</b>	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	The work programme of the Committee covers a mix of governance arrangements along with statutory and regulatory functions. The work programme aims to address these areas of responsibility within related timescales and deadlines to support, protect and enhance the Council's reputation and governance framework.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	
<b>MILESTONES AND DELIVERY</b>	
With the implementation of the Work Programme the Committee will be able to satisfactorily carry out its required activity.	
<b>ASSOCIATED RISKS AND MITIGATION</b>	
The Work Programme has no direct impact on these issues although they could feature within areas of work falling within the remit of the Audit Committee in future, which would be addressed specifically as and when they arise.	
<b>OUTCOME OF CONSULTATION AND ENGAGEMENT</b>	
There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.	
<b>EQUALITIES</b>	
There are no direct implications associated with this report.	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
The Table of Outstanding Issues is in itself a response to potential risk exposure, including considerations towards social value, with further activity highlighted to address matters raised by the Audit Committee.	

<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
Following the Committee's request, the Council's aim to be net zero by 2030 will be considered by the Audit Committee and an update of the Council's progress towards this aim shall be presented by the relevant Corporate Director, to the Committee at one of its future meetings.	
<b>OTHER RELEVANT IMPLICATIONS</b>	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.	
<b>Crime and Disorder</b>	Not applicable
<b>Health Inequalities</b>	Not applicable
<b>Area or Ward affected</b>	All Wards could be affected
<b>ANY OTHER RELEVANT INFORMATION</b>	
None	

### **PART 3 – SUPPORTING INFORMATION**

<b>BACKGROUND</b>
<p>The Audit Committee has a wide-ranging area of responsibility with statutory and regulatory functions making up a significant element of their work. The meetings of the Committee are scheduled around a quarterly basis subject to the work required of the Committee to support the statutory and regulatory timescales and deadlines. The Audit Committee's work programme therefore needs to take account of various demands whilst balancing a number of activities within the planned number of meetings scheduled for the year.</p> <p>In addition to the regulatory and statutory activities undertaken by the Committee such as the Statement of Accounts, Corporate Governance and Risk Management, the Committee are also required to review and scrutinise:</p> <ul style="list-style-type: none"> <li>• The work and performance of the Internal Audit function</li> <li>• The outcomes from the work of the Council's External Auditor</li> <li>• Progress against audit recommendations and other items identified by the Committee</li> </ul> <p>In addition to the items set out in Appendix A, a number of additional items will be presented to the Audit Committee during the year in consultation with the Chairman. Given the ongoing external audit delay, it is difficult at the present time to formally programme these in as they are largely reliant on the timing of the associated information being made available to the Council, but a summary is set out below:</p> <ul style="list-style-type: none"> <li>• External Audit Certification of Claims and Returns</li> <li>• External Audit Results Report (associated with the Council's Statement of Accounts and Annual Governance Statement)</li> <li>• External Audit plans</li> </ul> <p>During the year other matters apart from those set out above may be presented to the Committee for consideration, for example the outcome from regulatory reviews or other</p>

external inspections. Given the on-going regulatory and statutory workload and the various additional activities undertaken by the Committee, any additional items that may arise will need to be considered against the proposed work programme and included for reporting at the appropriate meeting, or considered for inclusion in subsequent work programmes.

Taking into account the responsibilities of the Audit Committee as highlighted above, the proposed work programme covering the period from April 2024 up to and including March 2025 is set out in the Appendix.

**PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.**

The Work programme is presented to the Audit Committee annually for its consideration and approval.

**BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

None

**APPENDICES**

**Appendix A – Audit Committee Work Programme 2024/25**

**REPORT CONTACT OFFICER(S)**

<b>Name</b>	<b>Karen Hayes</b>
<b>Job Title</b>	<b>Executive Projects Manager – Governance</b>
<b>Email/Telephone</b>	<b>khayes@tendringdc.gov.uk</b>

**APPENDIX A**

**Audit Committee Work Programme 2024/25**

<b>Audit Committee Meeting</b>	<b>Item</b>	<b>From</b>
<b>June 2024</b>	Annual Report of the Head of Internal Audit 2023/24	Internal Audit
	Internal Audit Regular Monitoring Report <i>(including annual review of the Internal Audit Charter)</i>	Internal Audit
	Introduction to the Audit / Governance Framework and Terms of Reference of the Audit Committee	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(including update against the Annual Governance Statement Actions)</i>	Assistant Director Finance & IT
<b>September 2024</b>	Internal Audit Regular Monitoring Report	Internal Audit
	Corporate Risk Update <i>(including outcomes from cyber security activities and assessment)</i>	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(including update against Annual Governance Statement Actions )</i>	Assistant Director Finance & IT
<b>January 2025</b>	Internal Audit Regular Monitoring Report	Internal Audit
	Anti-Fraud and Corruption Strategy – Annual Review <i>(including review of effectiveness)</i>	Assistant Director Finance & IT
	Table of Outstanding Issues <i>(Including update against</i>	Assistant Director Finance & IT

	External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance update and outcome of the review of the effectiveness of the Audit Committee as highlighted in the Annual Governance Statement)	
<b>March 2025</b>	Internal Audit Regular Monitoring Report  Internal Audit Plan 2024-25	Internal Audit
	Corporate Risk Update  <i>(including outcomes from annual cyber security self-assessment)</i>	Assistant Director Finance & IT
	Risk Based Verification Policy – Annual Review	Assistant Director Finance & IT
	Audit Committee’s Work Programme 2024/25	Assistant Director Finance & IT
	Table of Outstanding Issues  <i>(including update against External Audit Recommendations, Annual Governance Statement Actions and RIPA quarterly performance report)</i>	Assistant Director Finance & IT



## AUDIT COMMITTEE

25 APRIL 2024

### REPORT OF ASSISTANT DIRECTOR FINANCE & IT

#### A.4 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Hayes)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To present to the Committee:

- The progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

##### EXECUTIVE SUMMARY

- A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities.
- Updates are set out against general items within **Appendix A and B**.
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

##### RECOMMENDATION(S)

It is recommended that the Committee notes and considers the progress against the actions set out in **Appendix A and B**.

##### REASON(S) FOR THE RECOMMENDATION(S)

To provide a timely update to the Committee along with reassurances that actions previously identified are being addressed accordingly.

##### ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options associated with this report.

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

<b>LEGAL REQUIREMENTS (including legislation &amp; constitutional powers)</b>	
There are no direct legal implications associated with this report.	
<b>FINANCE AND OTHER RESOURCE IMPLICATIONS</b>	
<b>Finance and other resources</b>	
There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.	
<b>USE OF RESOURCES AND VALUE FOR MONEY</b>	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Not directly applicable
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Not directly applicable
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	Not directly applicable
<b>MILESTONES AND DELIVERY</b>	
The Table of Outstanding Issues is presented to the Audit Committee at each of its standard meetings.	
<b>ASSOCIATED RISKS AND MITIGATION</b>	
The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.	
The report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.	
<b>OUTCOME OF CONSULTATION AND ENGAGEMENT</b>	
There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.	
<b>EQUALITIES</b>	
The Table of Outstanding Issues aims to deliver fairness, transparency and consistency to all customers and stakeholders.	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
The Table of Outstanding Issues is in itself a response to potential risk exposure, including considerations towards social value, with further activity highlighted to address matters raised by the Audit Committee.	

<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
The governance arrangements associated with the Council's aim to be net zero by 2030 fall within the Audit Committee's terms of reference and an update was provided to the Committee at its last meeting.	
<b>OTHER RELEVANT IMPLICATIONS</b>	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.	
<b>Crime and Disorder</b>	Not applicable
<b>Health Inequalities</b>	Not applicable
<b>Area or Ward affected</b>	All Wards could be affected
<b>ANY OTHER RELEVANT INFORMATION</b>	
None	

### **PART 3 – SUPPORTING INFORMATION**

<b>BACKGROUND</b>
<p><b>TABLE OF OUTSTANDING ISSUES</b></p> <p>The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in January 2024.</p> <p>There are two main elements to this report as follows:</p> <ol style="list-style-type: none"> <li>1) Updates against general items raised by the Committee – <b>APPENDIX A</b></li> <li>2) Updates against the 2023 Annual Governance Statement Action Plan – <b>APPENDIX B</b></li> </ol> <p>In terms of Item 1 above, there are no significant issues to raise, with actions remaining in progress or further details set out below. In terms of Item 2, this sets out the latest Annual Governance Statement published as part of the Council's Statement of Accounts for 2022/23 on 01 August 2023. Activity will remain in progress against the various items, which will be reported to Members as part of this report going forward.</p> <p><b><u>Outstanding actions – further details along with other issues identified</u></b></p> <p><b><u>Continuing External Audit delays and an update on the External Auditor's work on the Council's Statement of Accounts 2020/21</u></b></p> <p>To date, no further update has been received from the Council's Auditors (BDO). The Council's External Auditors have been invited to provide an update which is assumed will be provided directly at the Committee's meeting.</p> <p>In terms of the Government's proposed response to the ongoing audit delays, they have undertaken a further consultation exercise across a number of issues including the proposed statutory backstop dates. At the current time the Government are analysing the feedback from the consultation and it is hoped that they will publish their response shortly.</p>

## **The East of England Local Government Association (EELGA) Housing Review**

As Members will be aware there are changes happening within the Local Government Social Housing arena. The Regulator for Social Housing had had its power enhanced, under the Social Housing (Regulation) Act 2023, and this has resulted in Local Authorities, from 01 Apr 24, becoming part of the regulated social housing regime.

As part of this process the regulator has introduced new consumer standards and 12 Tenant Satisfaction Measures (TSMs).

The four consumer standards that social housing landlords will be assessed against are:

- The Safety and Quality Standard which requires landlords to provide safe and good-quality homes for their tenants, along with good-quality landlord services.
- The Transparency, Influence and Accountability Standard which requires landlords to be open with tenants and treat them with fairness and respect so they can access services, raise concerns when necessary, influence decision making and hold their landlord to account.
- The Neighbourhood and Community Standard which requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods, and feel safe in their homes.
- The Tenancy Standard which sets requirements for the fair allocation and letting of homes, as well as requirements for how tenancies are managed by landlords.

Tendring will need to report on the new consumer standards from Apr 24, and to put in place processes to evidence that the standards are met from Apr 23.

In order to be able to meet the new standards, TDC requested support from The East Of England LGA (EELGA) and other partners, to evaluate current policy and practice within the Housing Service, and to identify areas for improvement and recommendations for future action to meet the new regulatory requirements. Complaints handling, which the Housing Ombudsman oversees, will be linked to meeting regulatory standards.

Also relevant is the Homelessness Reduction Act 2017 and the good practise that has developed following this legislation. The lack of affordable housing combined with the current cost of living crisis has led to an increase in homelessness. As a result, the number of households placed in temporary accommodation and the associated costs have soared. The impact this is having on resources is also considered.

The following areas were included as part of the evaluation:

Housing strategy and policy, tenancy management, tenant involvement, surveyors and management of the repairs and maintenance service and homelessness. For each of these areas, the following was considered:

- People – organisational structure, culture and skills, interdepartmental working
- Systems and processes – handling of complaints, repairs (including fire safety, damp and mould), managing contractors, IT and other system support.
- Budgets – the impact of the 7% rent cap, the balance between capital and revenue spend on repair and maintenance.
- Governance – clarity of decision making and accountability, the quality of tenant

involvement and empowerment.

To carry out the evaluation of the above, a number of different approaches were taken including desk top reviews of documentation, interviews with staff, managers and the Housing Portfolio Holder, tenants and external partners. The level of compliance with regulations and legislation was also explored.

A more detailed explanation of the findings from the evaluation work carried out is set out below.

### **Strategy**

The main strategies that you would expect to find were in place. However, key documents were not actively monitored against recommendations. Where documents are still current, in particular the Housing Strategy and the Homeless Reduction and Rough Sleeping Strategy, they should be reviewed and progress against commitments evaluated to identify gaps and priorities for the remainder of the strategy timeframe. The Resident Involvement Strategy which has now expired provides a good base from which to draw up renewed commitments to strengthening engagement with tenants across the whole of housing services.

*This has led to a significant amount of work being undertaken to review existing policies as well bring forward new policies that are needed in order to deliver sustainable social housing.*

*To date the following housing policies have been reviewed and approved.*

*Damp and Mould, Repairs and Maintenance, Fire Safety, Homelessness Prevention, Temporary Accommodation, Tenancy Deposit Guarantee, Rechargeable works policy.*

*Additional Housing policies are in the pipeline to be reviewed and delivered within the following twelve months.*

### **Staff Culture**

By and large staff were found to be dedicated and keen to move from what they described as a reactive service to a more proactive way of working. Many staff in Tendring have been employed by the Council for a long time and have got used to working in established ways. The combined impact of changing regulatory frameworks and changes to both working practices and the demand on some services as a result of the Covid pandemic mean that new ways of working need to be embraced. Leadership plays an important role in setting and supporting the culture of the housing service. Managers must be visible and engaged with those they manage and with tenants. They need to reinforce the importance of being outcome focused and also respectful to tenants.

*Regular meetings are held with the Corporate Director responsible with housing managers to discuss the progress being made to meet the regulatory requirements. These discussions are then fed back to the various teams via their respective team meetings.*

### **Data Management**

This was an area of serious concern. Poor record keeping was frequently raised as problematic. Restrictions on the sharing of information held by other departments with the

Housing Services was highlighted as a hindrance and more work should be undertaken to understand the application of the GDPR to these scenarios. Shared main databases were not being populated. Performance data for decent homes and building safety was found to be incomplete with the result that Tendring would not be able to demonstrate that they met safety and quality standards in several areas.

*In order to address the issues an exercise was carried out to identify the gaps in the population of the databases and to then address those issues. Databases have been centralised and monitored to ensure that they are being populated appropriately.*

*New software, Lifespans, has been purchased and installed. Currently the team are undergoing training and the information held on other databases is being uploaded to further centralise the data for ease of use/integration with existing work streams.*

*A contractor, Property Techtonics, has been commissioned to carry a 25% stock condition survey of the Council's housing stock. To date 10% of the surveys have been completed. This information will also be fed back into the Lifespan software as a continuation of the improvements to our data collection.*

*A new Data Compliance Officer post has been created and filled. This post will ensure that data is collected, collated and appropriately analysed.*

### **Strategic Partnership Working**

Tendring District Council has several effective partnerships addressing housing related issues. Managers are actively engaged in these partnerships and are well regarded by other agencies. Partnership working is delivering tangible benefits to Tendring in terms of joint working, funding, and engaging with the wider community. It is suggested that some thought is given to developing strategic work with other housing providers in the next iteration of the Housing Strategy and also the impact of a concentration of voluntary services located in Clacton. This is an area we will continue to explore.

### **Housing Budgets**

Budgets were well managed corporately. The Portfolio Holder for Corporate Finance and Governance received quarterly reports for the General Fund and the Housing Revenue Account. The impact of the 7% rent rise in 2023, which was below inflation, had been factored in and absorbed into the budget forecast for the HRA using balances. However, this is not a sustainable position. There are pressures on all budgets which will need to be factored in and managed for the future through the identification of savings, redirection of resources and securing external funding. For the HRA revenue budget the most significant pressures come from the increasing costs of day to day repairs. In the HRA capital budget pressures will come from the requirements to meet the Decent Homes Standard, safety standards and better insulation of homes. For the General Fund the cost of temporary accommodation and the use of the Homeless Prevention Grant both would benefit from closer planning and scrutiny and targeting to address need.

### **Complaints**

Both the Ombudsman and the Regulator of Social Housing strongly emphasise complaints as an indicator of how well social landlords listen to and respond to the concerns of their

residents. Tending have introduced a new complaints policy that scores well against the Ombudsman's Complaints Handling Code meeting all the obligatory requirements and all of the applicable recommended requirements. Increasing disrepair claims are a concern and further analysis is needed to establish whether they indicate this is simply because tenants are being targeted by external companies to make claims, or whether they also reflect an underlying problem. There is active engagement with the Ombudsman and tenants over complaints that reach this stage.

### **Tenant Engagement**

Historically tenant engagement had been good and the Tenant Involvement Strategy which ran until 2019 encapsulated good practice. The restrictions of the Covid pandemic have severely disrupted tenant engagement and this needs reinvigorating as a priority. Thought should be given to how to engage with a representative group of tenants, the value of a regular newsletter and other channels of communication and having more of a presence on estates through walkabouts and events. The Tenant Engagement Strategy is being updated and should be widened to a Resident Involvement Strategy to include leaseholders. Tenant or resident engagement should be the responsibility of all staff.

*We continue to work with our tenants, via the Tenant's Panel to ensure that there is good dialogue and challenge from the tenants as to how we support them.*

*We have also reinstated our Tenants newsletter and are actively looking at other ways to engage with our tenants.*

### **Housing Management**

Housing management, in part because of long term vacancies, directs most resource towards managing risk and enforcement work – getting the rent in, dealing with anti-social behaviour, and tackling fraud. A new tenancy sustainment post works with tenants on wider tenancy issues, including hoarding and overgrown gardens, and links with the County Council and other agencies who provide additional support. When fully staffed housing management should have greater capacity to expand proactive tenancy sustainment work with tenants in both general needs and sheltered housing who would benefit from advice and support to address growing pressures from cost of living increases, fuel poverty and mental health issues.

*Currently we are fully staffed and have also created an additional 4 posts to support tenancy management. These additional posts will give us an opportunity to increase our engagement with our tenants as well as to support those who are in financial difficulty and to gain a better understanding of our tenants in general.*

### **Repairs and Maintenance**

This is an area where the building blocks are being put in place to build the capacity to meet the required standards, but there is still some way to go to achieve required outcomes. A team of motivated surveyors oversee the work of contractors, several of whom are being supported to gain professional surveying qualifications. A small in-house repairs team carry out some of the more straightforward day to day repairs for housing (and other coastal related responsibilities). Complex and specialist repairs and maintenance are carried out by external

contractors. As mentioned earlier in this report, a stock condition survey has been commissioned and is underway. This should provide the basis for a dedicated housing asset management plan that can inform the HRA 30 year business plan. A revised repairs policy has been adopted and introduced a reduced number categories, clear response times, and looked to strike a balance between landlord and tenant responsibilities, whilst having clear targets for performance. The work identified that there is a need to address gaps in data performance and management across a range of measures that will be included as Tenant Satisfaction Measures.

*Many of the issues raised here have been addressed within the Data Management section of this report, and a draft Housing Asset Management Plan has been produced and is currently under review.*

### **Housing Options and Homelessness**

This service is well thought of within the council and was described as caring and supportive. However, an increasing volume of referrals (caseloads of 50-70 and 7 new cases a week), linked to the cost-of -living crisis and a lack of affordable housing for those in need is impacting on the morale and stress levels of staff working in this area. There is an immediate need for greater management support to address the pressures staff are under.

*We recognise the pressure that staff are under and we are, Currently, looking to create an additional post to provide extra support to staff in this area.*

### **Temporary Accommodation and Prevention**

There appear to be relatively high numbers in temporary accommodation but few of those have an 'accepted' decision. The balance between homelessness prevention work and use of temporary accommodation needs to be reviewed. Linked to this is greater clarity on how the budget for the Homeless Prevention Grant can be and is spent and use of this and other funding to resource increased capacity for support and prevention work. An appraisal of the value for money and standards of temporary accommodation is also recommended.

We are in the process of carrying out a review to explore how we ensure that we achieve the best value/efficient way to use the Homeless Prevention Grant.

### **Supported Housing**

There are a number of supported housing schemes in Tendring meeting the needs of a variety of client groups. Partners cite a lack of supported accommodation for single people with more complex needs and challenging behaviours who may not be suitable for existing shared accommodation. A Housing First Scheme was included in the homelessness action plan but has not yet been considered. The council could also consider developing small sites for temporary modular homes for single people, which are becoming recognised as very successful in other areas. Access to floating support did not appear to have a clear and consistent pathway.

*The Council is a member of the Essex wide, Supported Housing Partnership Board and will be developing a Supported Housing Strategy in conjunction with other Essex Authorities and this will support us in meeting our statutory requirement.*



## Conclusion

The review of the housing service has been a positive step in understanding the current policy and practice within the service. It provided an overview to help identify what is working well and where further work was needed. Following on from this exercise, an accurate 'position' was identified, and an action plan developed to build upon the positive areas identified as well as to be able to address those areas that fell short of the requirements of the new regulatory standards. Regular meetings are conducted to monitor the progress and the impact of the action plan.

*The action plan has enabled the Housing Service to take a significant step forward to meet the requirements of the new Regulatory regime.*

## PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

The Table of Outstanding Issues is presented to the Committee at each of its meetings.

## BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

## APPENDICES

**Appendix A** – Table of Outstanding Issues (April 2024) – General

**Appendix B** – Table of Outstanding Issues (April 2024) – Update against 2022/23 Annual Governance Statement Actions

## REPORT CONTACT OFFICER(S)

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**AUDIT COMMITTEE - Table of Outstanding Issues (April 2024) - GENERAL**

Governance Principle and Issue	Recommendation / Issue	Lead / Service	Progress / Comments	Status – Target Date
<p><b>Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.</b></p>	<p>Following the consideration of the Anti-Fraud and Corruption Strategy last year, it was resolved that:</p> <p>The Head of Democratic Services &amp; Elections be requested to consider including training for Members on anti-fraud and corruption measures as part of the Councillor Development Scheme.</p>	<p>Assistant Director Governance</p>	<p>The development of a Formal Training Programme remains ongoing which will include as necessary:</p> <ol style="list-style-type: none"> <li>1. Joint general training with other Essex Authorities.</li> <li>2. Statement of Accounts training, timing of which remains subject to the reporting of the accounts to the Committee.</li> <li>3. The role of Internal Audit Anti-Fraud and Corruption Strategy</li> <li>4. Corporate Governance and Assurance in a Local Authority setting</li> </ol>	<p><b>Training sessions delivered to date: ‘Your Role on The Audit Committee’ – Jun 2023</b></p> <p><b>Further modules will be delivered during 2024/25. A schedule of training will be drawn up as part of the associated training programme as soon as possible.</b></p>

			<p>5. Role and appointment of External Audit</p> <p>6. Risk Management</p> <p>The above are subject to external training providers' availability and associated procurement processes.</p>	
<p><b>Ensuring Openness and Comprehensive Stakeholder Engagement - Planning Enforcement</b></p>	<p>At its meeting on 26 January 2023, the Committee resolved:</p> <p>That it will re-examine, in due course, the Planning Enforcement function as regards to its effectiveness and efficiency, once the new Policy is fully implemented and all enforcement staff are in place.</p>	<p>Director of Planning</p>	<p>The Planning Enforcement Policy and associated Harm Risk Assessment was agreed for adoption by the Planning Committee on 28 Sep 23.</p> <p>The Planning Enforcement Team is fully staffed with permanent Officers. It was previously noted that the number of recorded live/outstanding enforcement complaints has halved in size between June 2022 and September 2023 following a fundamental review of cases.</p>	<p><b>COMPLETED - Cabinet resolved at its January 2024 meeting that the recommendations made by the Resources and Services Overview &amp; Scrutiny Committee be welcomed and noted that the response of the Portfolio Holder for Housing and</b></p>

			<p>A further Task &amp; Finish Group were looking into Enforcement across the Council, including certain aspects of Planning Enforcement and had made recommendations for further improvements that were agreed by the Resource and Services Overview and Scrutiny Committee that were considered by Cabinet in January 2024. The recommendations focussed mainly around sharing information on cases with Ward Members, ensuring joined up working across the services and public interest is considered when determining appropriate courses of action. Some of the suggested improvements had already been put in place.</p> <p>Further to the above, the Director of Planning is now working with the Enforcement Team and the Monitoring Officer to strengthen processes around decision making in the run-up to carrying formal enforcement action. This is both to improve transparency in decision making, minimise the risk of legal challenge and strengthen the Council's position if there is an</p>	<p><b>Planning thereto be endorsed.</b></p> <p><b>It should be noted that further work is being carried out to strengthen the decision making processes in the run-up to formal enforcement action.</b></p>
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			appeal against an Enforcement Notice.	
<p><b>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes - The Redmond Review</b></p>	<p>The Audit Committee have received on a regular basis updates in respect of the outcomes of the Redmond Review. The Government and other associated bodies continue to undertake the various activities to implement the Redmond Review recommendations.</p>	<p>Assistant Director Finance and IT</p>	<p>The last update provided to the Audit Committee was included in the main body of the Table of Outstanding Issues report, presented at the 05 Oct 23 meeting.</p>	<p><b>As further progress is announced by the government, updates will be provided to future meetings of this Committee, which will hopefully set out the necessary practical steps to implement the recommendations made as part of this review.</b></p> <p><b>One item that has developed since the last update was provided, relates to the appointment of an Independent Person on the Audit Committee. CIPFA have published a position statement on Audit</b></p>

**Committees in Local Authorities that sets out practises and principles that Local Government bodies should adopt, which includes the requirement to co-opt Independent members in accordance with the appropriate legislation.**

**CIPFA go on to highlight that where there is no legislative direction to include co-opted Independent Members they recommend that each Authority should include at least two co-opted Independent Members to provide appropriate**

				<b>technical expertise. In light of the above this issue will be reviewed reviewed as part of the Council's wider governance arrangements.</b>
<b>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Office for Local Government (OFLOG)</b>	On the 05 Oct 23, the Audit Committee received an update on changes to upcoming regulatory requirements and establishment of OFLOG. The Committee requested additional information on this future regulatory reform.	Assistant Director Governance	Future opportunities to provide additional information to Members will be explored e.g. an All Member Briefing.	<b>This item has been put forward as a proposed agenda item within the most appropriate forum.</b>
<b>Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits – Climate Change</b>	At its meeting on the 05 Oct 23, the Committee resolved that:  The Portfolio Holder for the Environment be requested to oversee the development of a Climate Action Plan from 2024, with its ambitions and actions	Corporate Director Place and Economy	The Council has contracted with APSE Energy to review our carbon emissions for 2022/23 as a baseline for the Action Plan 2024-27. Officers have completed a first draft of the action plan, which is currently being refined to be sent to APSE Energy for comment in Feb 24. The Consultants will review the carbon impact of the	<b>The report is due to go to Cabinet in May 24 and will be available to the Committee at that point.</b>



	set in the context of current national policy.		proposed actions and advise and a trajectory for the Council to become net zero. The Council will need to review the cost implications of the off-setting required to reach net zero and the costs of investments to reduce our underlying carbon emissions.	
<b>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes – Anti-Fraud and Corruption Strategy</b>	At its meeting on 25 Jan 24 the Committee requested that an annual review of the effectiveness of the Anti-Fraud and Corruption Strategy is undertaken with the outcome to be reported back as part of the usual annual review process.	Assistant Director Finance & IT	The first review will be undertaken in early 2025 for reporting to the Committee in Mar 25.	<b>March 2025</b>
<b>RIPA – Regulatory Investigatory Powers Act 2000</b>	To inform the Committee of any activity conducted under RIPA conducted by the Authority.	Assistant Director Governance	This Authority has not conducted any RIPA activity in the last quarter and it is rare that it will be required to do so.	<b>Ongoing</b>
<b>Whistleblowing</b>	To inform the Committee of any activity under the Whistleblowing Policy as part of the monitoring arrangements.	Assistant Director Partnerships	This Authority has not received any Whistleblowing information since the adoption of its policy in July 2023.	<b>Ongoing</b>



**AUDIT COMMITTEE - Table of Outstanding Issues (April 2024) – ANNUAL GOVERNANCE STATEMENT ACTIONS 2022/23**

Governance Principle & Issue	Required Action(s)	Update / Additional Comments
<p><b>Implementing good practices in transparency, reporting and audit to deliver effective accountability.</b></p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews.</p> <p>Utilising the Council's systems to implement best practice for drafting, reporting and decision making.</p>	<ul style="list-style-type: none"> <li>Review of project outcome being undertaken by the Project Board to support future decision making and delivery.</li> <li>Continuation of the roll out of the functionality of Modern.gov over a phased approach in 2022/23 – completed areas – training record for Councillors, TDC representatives on outside bodies, E petitions function, automated e mails, submission of final reports for Planning Committee, Cabinet, Council, Committee and Management Team dates published, Environmental Health licensing decisions published, report writing functionality.</li> </ul>	<p><b>On-going</b> – The outcome from key projects will be reported to Members following completion of the associated project. Upcoming reports will include Jaywick Flexible Workspaces, Starlings and the Office Transformation Project.</p> <p><b>On-going</b> – Modern.Gov – While use of several additional functions of the Modern.Gov system have progressed and have assisted the Council to demonstrate good decision making, report management was not implemented as intended. A revised programme into early 2025 has been prepared. To some extent this roll out has been frustrated by a server upgrade requirement from the Modern.Gov supplier (Civica) and from the report management functionality using a file type (*.bat) that would conflict with the Council's IT security requirements. The server upgrade has been commissioned and is being programmed following approval for the additional budget to meet the related cost. Liaison between Democratic Services, IT and Civica is ongoing at the time of this update to find a solution to the file type issue that does not compromise IT security for the Council corporately. The programme for implementation of report</p>

		<p>management functionality will be kept under review given these constraints on implementation.</p> <p>The new, automated process to Town and Parish Councils for Planning notifications has been rolled- out.</p>
<p><b>Developing the Council’s entity, including the capacity of its leadership and the individuals within it.</b></p> <p>Effectively manage the transition to a new Administration following the local elections in May 2023.</p> <p>Page 100</p>	<ul style="list-style-type: none"> <li>• Continuation of delivery of the Member Development Programme.</li> <li>• Cabinet focus on new Corporate Plan, project prioritisation, financial sustainability and robust decision-making.</li> </ul>	<p><b>On-going</b> - An extensive Development Programme was implemented as part of the Induction arrangements for the newly elected/returning Councillors. This made use of written material, in-person and online events and the opportunity to interact directly with officers from a wide range of services across the Council. The Development Programme has continued and has included arrangements with mock hearings and similar delivered in-house for both Planning and Licensing Committee Members and hearings based training for Members of the Standards Committee delivered by specialist external trainers. Use has been made of LGA in-person and online training and events to further enhance the development offer and this has included specific training for several Cabinet Members through a residential course provided by the LGA. A refresh of the skills audit undertaken at the start of the Municipal Year in 2023 is now planned to inform Member Development for the coming year and beyond.</p>

		<p><b>On-going</b> – A revised Corporate Plan and Vision was approved by Full Council at its meeting on 28 Nov 23, which included six themes, one of which was Financial Sustainability and Openness. Work is now underway to develop a number of highlight priorities as part of delivering against the themes.</p> <p>Departmental Plans within services will continue to be reviewed against the themes and highlight priorities during the year.</p>
<p><b>Determining the interventions necessary to optimise the achievement of the intended outcomes.</b></p> <p>Managing risks and performance through robust internal control and strong public financial management.</p>	<ul style="list-style-type: none"> <li>• Review of existing Risk Management / Business Continuity arrangements.</li> <li>• Conduct an audit review in relation to the effectiveness of the Council’s response to COVID-19, including a review of the lessons learnt from the Council’s response and longer-term consequences.</li> <li>• Review of the effectiveness of the Audit Committee.</li> <li>• Develop and implement a Corporate policy and strategy ‘register’ to ensure that these are reviewed and updated in a timely manner and to support decision making.</li> </ul>	<p><b>On-going</b> – It is now planned to undertake a review in 2024/25 which is later than originally planned, but it remains a key issue for consideration alongside the wider annual review of the Council’s governance arrangements.</p> <p>This continues to form part of the ongoing work of Internal Audit, which will also reflect any learning points that may emerge from the national public inquiry currently underway.</p> <p>It is planned to undertake a review in consultation with the Audit Committee and other key partners as soon as possible. Although this is later than originally planned this remains a key activity along with developing an associated action plan as necessary.</p> <p>The recommendations emerging from the Redmond review will be kept under review along with the identification of an action plan as necessary.</p>

		<p>The development of the register has commenced and is held on the Council's website as part of its commitment to transparency. It will be added to as strategies and policies are adopted and reviewed. Services have also been requested to reference the relevant strategy or policy within reports supporting decision making.</p>
<p><b>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</b></p> <p>Maintaining an up to date Local Code of Corporate Governance along with key policies and procedures.</p>	<ul style="list-style-type: none"> <li>Review and update the Local Code of Corporate Governance and key policies and procedure.</li> </ul>	<p><b>On-going</b> - The commitment remains in place to undertake this review and will be considered as part of the wider governance statement activities that will be reported to the Audit Committee later in the year.</p>
<p><b>Implementing good practices in transparency, reporting and audit to deliver effective accountability.</b></p> <p>Delegated decision making.</p>	<ul style="list-style-type: none"> <li>Awareness and further strengthening of good decision making incorporating the Council's policies and framework.</li> </ul>	<p><b>On-going</b> – Work remains in progress to increase the understanding of key principles including consultation, business planning, budget, and procurement, legal. Concept papers and PIDS to be completed comprehensively to ensure successful delivery within the governance framework.</p> <p>It is planned to undertake/continue a number of activities to increase the understanding of key principles including consultation, business planning, budget, and procurement, legal requirements. Concept paper and PIDs to</p>

		<p>completed comprehensively to ensure successful delivery within the governance framework.</p> <p>This will also focus on robust project management, to provide oversight on financial and non-financial issues especially in key areas such as: Levelling Up Fund / Regeneration Project, waste contract renewal, and housing review recommendations.</p> <p>External funding guidance to be produced, incorporating existing requirements, due to the level of external funding being applied for and managed by the Council.</p>
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> <p>2023 2024 2025</p> <p>In terms of business continuity this is especially important given the current global/economic climate</p>	<ul style="list-style-type: none"> <li>• Departmental Plans to be subject to review to reflect any updated Council objectives and priorities including the associated management of risk.</li> <li>• Develop the financial planning process with the aim of strengthening the Council's long term financial sustainability.</li> </ul>	<p><b>On-going</b> – As highlighted above reviews of the Departmental Plans will be conducted alongside the new Corporate Plan and emerging highlight priorities.</p> <p>During 2023/24 reviews of the Departmental Plans will be undertaken to align with the new Corporate Vision and Risk Management approach, along with any Peer Reviews as relevant.</p> <p>Review to incorporate resources / capacity to deliver priorities, projects and service provision.</p> <p>A balanced budget was presented to Full Council in Feb 24 with work ongoing as part of the financial sustainability and openness priority highlighted above which will aim to identify the</p>

		<p>necessary saving to support the Council's long term financial position.</p> <p>The dedicated / regular Officer Management Team meetings will remain ongoing with a focus on financial and non-financial issues along with performance and delivery.</p>
<p><b>Defining outcomes in terms of sustainable economic, social and environmental benefits.</b></p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>To set out the Council's vision following the Council's Climate Emergency Declaration of the Council's activities being 'carbon neutral' by 2030.</p>	<ul style="list-style-type: none"> <li>• Preparation / reporting updates against the Climate Change for approval by both the Cabinet and Council to form part of the Council's Policy Framework.</li> </ul>	<p><b>On-going</b> –The Corporate Director, Place and Economy, attended the Oct 23 meeting of this Committee and provided a comprehensive update.</p> <p>As set out in Appendix A, a further update is due to be presented to Cabinet in May 24.</p>



## AUDIT COMMITTEE

25 APRIL 2024

### REPORT OF ASSURANCE AND RESILIENCE MANAGER

#### A.5 CORPORATE RISK UPDATE

(Report prepared by Clare Lewis)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To present to the Audit Committee the updated Corporate Risk Register.

##### EXECUTIVE SUMMARY

- The Corporate Risk Register is normally updated and presented to the Audit Committee every 6 months. Due to conflicting work commitments the report was delayed. The report was last presented in July 2023.
- The following table summarises the position at the end of the period under review with updated information provided within the register where necessary:

Item	Number
New Risks Identified	0
Risks Removed	0
Risk Score Amended	0
Risks Under Review	17
Risks Amended	0

##### RECOMMENDATION(S)

**That the Audit Committee notes the updates provided to the current Corporate Risk Register.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

Risk assessment, monitoring and control forms the central tool for managing the strategic risks that may prevent the Council from achieving the corporate priorities as identified in the Corporate Plan and associated corporate goals.

##### FINANCE, OTHER RESOURCES AND RISK

###### Finance and other resources.

The risk management approach can be delivered within existing budgets.

###### Risk

The subject of risk and its management by the Council is set out in the main body of this report.

##### LEGAL

There are no specific legal implications.

## OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no other direct implications.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

The Corporate Risk Register was last presented to the Committee in July 2023. Update delayed due to conflicting work commitments.

The Terms of Reference for the Audit Committee include a responsibility to provide independent assurance of the adequacy of the risk management framework and the associated control environment. The Corporate Risk Register is, where possible, brought to the Committee at six monthly intervals to enable the Committee to fulfil its role.

### CURRENT POSITION

#### Corporate Risk Management Framework

Although no changes have been identified as being required at this time, the framework is included at **Appendix A** following a recent review and is for information only.

#### Corporate Risk Register

The register has been subject to the review process with some highlights as follows.

The Council continues to deal with issues relating to Corporate IT are committed to ensuring users are not put at risk of cyber-attack. Staff continue to conduct on-line training and this forms part of the Council's induction training protocols.

Tendring Council have commenced a review of the Local Plan, in line with the agreement of the Planning Policy and Local Plan Committee. This review will be focused on updating the current plan, and not re-writing it. There are guiding principles that have to be followed during this process. This document will be passed to the Secretary of State by the current deadline - June 2025. Tendring Council intends to produce the document before expected changes take effect.

Relating to the Garden Communities project a development plan is being created through our partnerships between Tendring, Colchester and Essex which sets out a more detailed framework for the layout and delivery of the proposed garden community. This has already been subject to public consultation and has been submitted to the Secretary of State to begin the process of independent examination. A Planning Inspector has been appointed to conduct the examination, which is anticipated to take place in May 2024, subject to formal confirmation.

The changes to the Corporate Risk Register set out in this report reflect minor changes undertaken since the Committee last considered the register in July 2023. It provides updates, where needed and revises changing deadlines.

Consider the removal of item 2d - Ineffective delivery of Transforming Tendring project. As this project has now been completed.

The below table sets out **all** amendments to the Risk Register since it was last considered by the Committee in July 2023.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	None
Risk number changed.	None
Risks Amended	<p><b>1a - Failure to effectively manage assets</b> – small update to the main wording.</p> <p><b>1b – Catastrophic IT network failure</b> – Physical Infrastructure control updated. Risk of aging network hardware failure.</p> <p><b>1c – Ineffective communication/management of information</b> – slight update on main wording.</p> <p><b>2a – Coastal Defence</b> - Responsible Cabinet member details updated to show Councillor M Bush.</p> <p><b>1d – Ineffective Cyber Security Physical and Application (software) Based Protection Management</b> – main wording changed – note added in relation to the Election potentially bringing a hostile cyber-attack on public sector services.</p> <p><b>2e – Essex Family/Family Solutions</b> – main text updated relating to Clacton based post being transferred to the Council establishment reducing the risk to families. Additional family solutions post funded for 21 months.</p> <p><b>2f – Garden Communities</b> - current action updated to reflect the two rounds of public independent consultation being conducted and results submitted to the Secretary of State to begin an independent examination. A planning inspector has been appointed to conduct the examination in May 2024.</p> <p><b>3c – Health and Safety</b> – current action updated to reflect that there is an additional NEBOSH trained officer.</p> <p><b>3a – Member Conduct</b> – update provided relating to increase in complaints at District level. Training carried out by Town and Parish Councillors further training required.</p> <p><b>3b – Failure to comply with legislative requirements</b> – main wording updated relating to the need to raise issues with the legal team that might cause concern at the earliest opportunity.</p> <p><b>3d – Fraud and Corruption</b> – update provided on compliance team being fully staffed and project work remains ongoing.</p> <p><b>5a – Financial Strategy</b> – changes to main wording relating to cost pressures report provided to full Council on Feb 24.</p>

	<p><b>6a – Loss of sensitive and/or personal data through malicious actions loss or theft and /or hacking</b> - update provided on councillors adopting identical working as Officers, adoption of managed devices minimising the number of pathways an attacker can gain access. Additional training to be provided.</p> <p><b>6b - Disconnection from PSN Network –</b> main wording amended to reflect the PSN certificate being updated.</p> <p><b>7a – Local Plan</b> - current action update provided relating to local plan to be reviewed as agreed by the Local plan Committee in December 2023. Submission of an updated Local Plan before June 2025.</p> <p><b>9a – Ineffective Emergency Planning –</b> updated main wording relating to difficulties recruiting EP staff due to home working. Additional training and communication project to be conducted.</p> <p><b>9b - Ineffective Business Continuity Planning –</b> update on BIA training for key officers.</p>
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The Fraud and Risk Team continue to oversee the Councils Risk Management supported by the Councils Internal Audit Team. The table sets out the work currently being undertaken.

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Assurance and Resilience Manager	COMPLETED - Management team continue to be updated with urgent matters on a quarterly basis and the training identified below will further support this action.
Actions to be undertaken to identify and record key operational risks within service areas relating to risk management and business continuity. Support to be provided by Internal Audit manager if required	This remains ongoing with actions planned for 2024/25.

**Follow up item.**

Arrange Risk Management training for all departments across the council	Suitable Risk Management training has been identified; currently being reviewed with the aim of rolling this out during 24/25. (members and officers)
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**BACKGROUND PAPERS FOR THE DECISION**

None

**APPENDICES**

**Appendix A – Risk Management Framework**  
**Appendix B – Corporate Risk Register**



# **RISK MANAGEMENT FRAMEWORK**

**July 2018**

**CORPORATE SERVICES**



## 1. INTRODUCTION

Risk management is an essential element of good governance. CIPFA / Solace in their “Delivering Good Governance in Local Government” guidance note (2012) identify as a core principle of good governance that authorities “**take informed and transparent decisions which are subject to effective scrutiny and managing risk**”.

Risk management is not about being risk averse, it is about being risk aware. For the Council to make the most of its opportunities and to achieve its objectives, the Council will be exposed to risk. By being risk aware and understanding its risk appetite, the Council will be better able to take advantage of opportunities and mitigate threats.

To secure maximum benefit for Tendring District Council, the risk management framework must be integrated with departmental planning. Risk registers must be regularly reviewed and must be meaningful, consistent and current.

This framework is to ensure that the Council has a robust yet proportionate approach to risk management.

## 2. THE NEED FOR RISK MANAGEMENT

Risks are uncertainties that matter and may impact on the delivery of the Council's objectives and services. Risk exposure to the Council arises from the functions and activities it undertakes. Risk exposure will also arise as the Council increases its partnership and multiagency work – whilst control of risks in such instances may be outside of the Council's direct control, the risk exposure needs to be taken into account within the risk management process.

Risk management is the systematic method of identifying, assessing, prioritising, controlling, monitoring, reviewing and communicating risks associated with any activity, function or process in a way that enables the Council to minimise the threats it is exposed to and to maximise the opportunities for achievement of its objectives.

The Council acknowledges that risk management plays a key role in better informed decision making and in assisting in the support and delivery of key objectives, projects and services. It aids in creating an environment that: -

- Maximises opportunities
- Minimises threats
- Adds value

## 3. THE MANAGEMENT OF RISK

Risk exposure occurs at all levels within the Council. Therefore the Council's approach to risk is that it must be addressed on an integrated basis with everyone having roles and responsibilities for its management.

Risks are managed by evaluating the inherent and residual risks applicable, scored to provide a risk rating, which are then assessed taking account of the Council's risk tolerance / appetite.

Risks are captured, and managed at two levels: -

### **Corporate Risks**

Corporate risks are those risks that potentially impact on the delivery of the Council's goals and objectives. They may include issues that have the potential to fundamentally affect service delivery or provision.

Corporate risks will be controlled in the Corporate Risk Register, owned by Management Team.

### Operational Risks

Operational risks are those that potentially impact on the routine service delivery of the Council.

Operational risks are recorded in registers maintained by each department of the Council, and embedded in the departmental planning process. Each register is owned by the relevant Corporate Director / Head of Department.

## 4. RISK MANAGEMENT ROLES AND RESPONSIBILITIES

<b>Audit Committee</b>	Provides independent assurance of the adequacy of the risk management framework and the associated control environment	Receives reports on risk management at least twice each year
<b>Management Team</b>	The maintenance and review of the Corporate Risk Register	Receives updated Corporate Risk Register on a regular basis
<b>Corporate Directors / Heads of Department / Senior Managers</b>	Provide updates on any Corporate Risk where identified as Action Owner	Provide update monthly to Corporate Services
	The maintenance and review of Departmental Risk Registers	Provide update monthly to Corporate Services
<b>Audit and Governance Manager (Governance Role)</b>	Maintenance of the Corporate Risk Register taking into account updates from Management Team, Corporate Directors / Head of Department / Senior Managers	Submit Corporate Risk Register to Management Team on a regular basis
	Support Departments in the continued development and maintenance of Departmental Risk Registers ensuring content is consistent with this framework	As required
	Review and update of Risk Management Framework	As required
<b>Audit and Governance Manager (Internal Audit Role)</b>	Maintenance of Internal Audit Universe and Audit Plans, and the undertaking of audits taking account of risks within Corporate and Departmental Risk Registers	Ongoing
	Audits of Risk Management process at Corporate and Departmental level	Annually
	Reporting on any significant risk exposures for consideration of inclusion in the appropriate Risk Register, identified from the work of Internal Audit.	As required
<b>All Employees</b>	Taking of reasonable steps to manage risk effectively in their roles	Ongoing

## 5. RISK REGISTERS

Risk registers are working documents that support senior management in the running of the Council.

Risk Registers will use a standard format, and record:

- A reference number for the risk
- Risk details
- Inherent risk scores and rating
- Identified controls in place to mitigate each risk
- Warning indicators
- Action owner
- Target / Review Date
- Residual risk scores and rating
- An indicator of direction of travel of each risk

The Corporate Risk Register will be structured to highlight high level corporate risk themes, with each containing detail of the identified corporate risks within that theme.

Whilst using the standard format, Departments can order risks to suit their own needs. Departments must though consider in preparing Departmental Risk Registers the exposure to risk across all of their functions, and the requirements of this framework. Registers must include all risks that would materially affect the operation of each department's activities.

The Council's Risk Registers take account of two forms of risk: -

**Inherent Risk** This is the level of risk that is **present before the application of any controls**. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual Risk** This is the level of risk **remaining after application of controls**. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

Risks must be scored taking into account the scoring elements detailed in this framework, to provide a consistent approach across the Council.

Having identified each risk, and taking account of the extent of exposure to the Council, consideration should be given as appropriate to the level of exposure whether that risk should be:

**Treated** Procedures and controls in place or added that enable that risk to be mitigated to an acceptable level.

**Tolerated** It is not cost effective, or feasible, to address the risk, therefore the risk is accepted. This may not be acceptable where the risk is scored as High.

**Transferred** The risk is transferred to another body, eg by obtaining insurance cover. It will not be possible to transfer all types of risk.

**Terminated** Cease doing the activity that creates the risk exposure. Often this will not be possible.

Within the Council's Risk Registers it is expected that most risks identified will either be Treated or Tolerated.



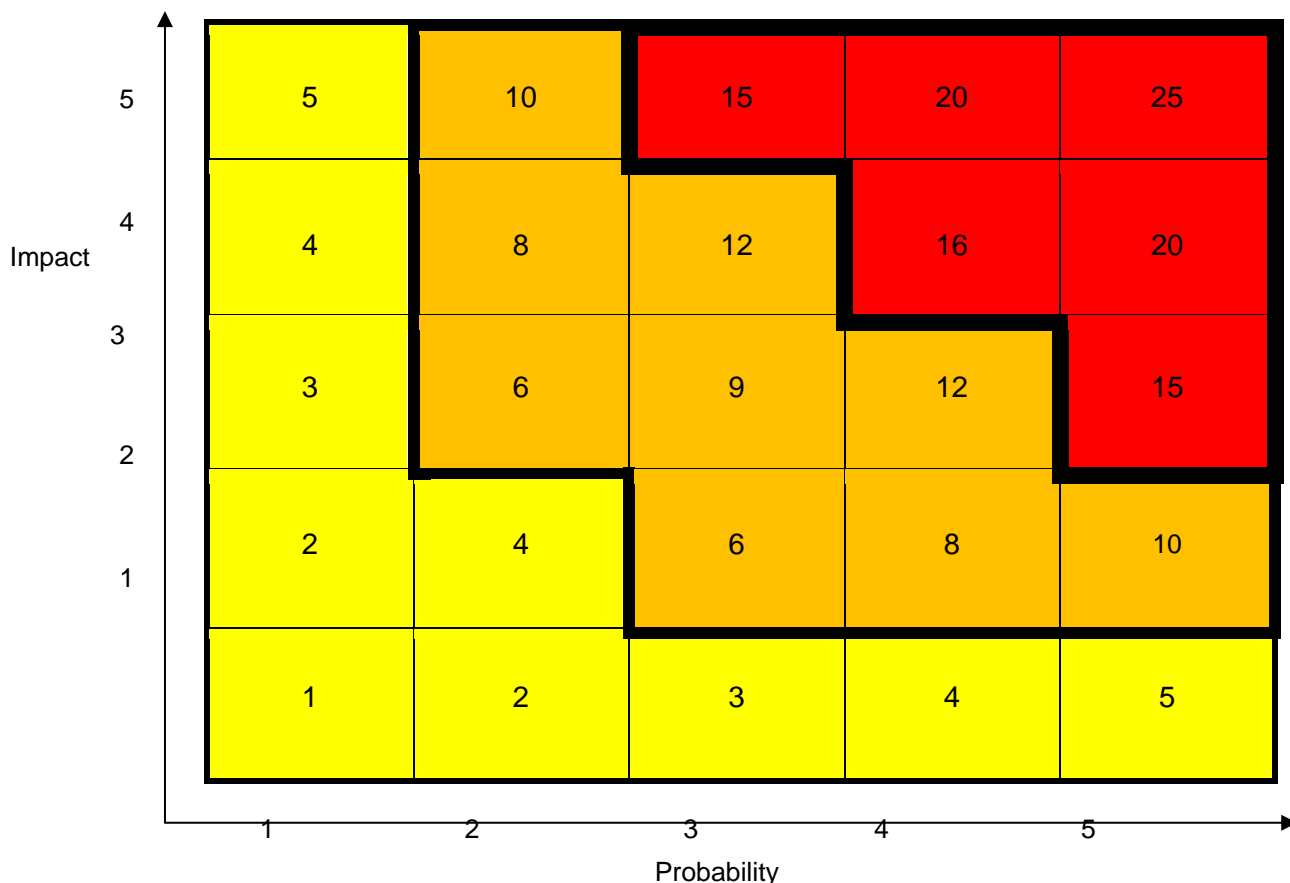
## 6. RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	<b>Major</b>	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	<b>Sizeable</b>	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or relatively minor for the Council as a whole
2	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	Loss of up to £5K	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

## 7. RISK RATING ELEMENTS - PROBABILITY

Timescale → ↓ Probability	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Less than 30%	1	1	1	1	1

## 8. RISK MATRIX



**Impact x Probability = Overall Risk Rating**

20

### **High Risk (Rating of 15 -25)**

Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan should be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.

Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.

Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered within the Corporate Risk Register.

12

### **Medium Risk (Rating of 6 – 12)**

Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.

4

### **Low Risk (Rating of 1 – 5)**

No action required to mitigate these risks.

## 9. RISK REGISTER FORMAT

### Corporate Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
1	Failure to deliver key services												
1a	Failure to effectively manage assets	5	3	15	Bringing the management of assets together within a dedicated team rather than devolved across the organisation. Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy	Loss of developments or transactions	Andy White	Summer 15	3	2	6		2 & 3

### Departmental Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
FP1	Accountancy - Accounts not approved by statutory deadline	5	2	10	Detailed timetable drawn up, regular/weekly meetings of Accountancy staff to monitor progress. liaison with External Auditor Controls adequate with normal staffing levels.	Significant adverse issues emerging from work of external audit	Richard Bull	No outstanding actions	2	2	4		

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# Corporate Risk Register April 2024

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# Tendring District Council

## INTRODUCTION

The management of Risk is a key element to any organisation to protect its resources (human & physical), finances and reputation. By undertaking regular, stringent, and structured analysis of the risks faced by the organisation senior managers are able to take strategic decisions to mitigate against such risks whilst still being able to take the necessary decisions for a progressive council.

This document explains the methodology used to analyse and identify the risks which are considered to be of a sufficient level to be monitored corporately. The process of identifying risks is a linear examination at service, departmental and subsequently corporate level. It is only by undertaking a thorough and detailed risk assessment that this can be achieved.

Each risk is assessed for the likelihood of the risk occurring, as well as the potential impact of such an occurrence. The combination of these two factors gives an initial risk rating. Each risk is then 'managed' by the implementation of control measures. It is then re-assessed to give a residual risk rating.

Only risks which would have a significant corporate-level impact upon the ability of the Council to undertake its normal service delivery, finances, safety, or reputation are reported at this level.

## DEFINITIONS

**Risk:** A risk is an event or action which may adversely affect the Council. It can arise from the possibility of not realising opportunities as well as from a threat materialising. Risk management is embedded across the organisation and forms part of each directorate's everyday function. They follow the format '[x...] leading to [y...] resulting in [z].' Please note that as we increase our partnership and multi-agency work, risks become increasingly complex as controls may become out of our direct control.

**Inherent risk:** This is the level of risk that is present before controls have been applied. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual risk:** This is the level of risk remaining after application of controls. The Residual Risk Rating is calculated on the same basis as for inherent risk but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

**Control:** Controls are a key mechanism for managing risk and are put in place to provide reasonable assurance. Examples of controls can include policies and procedures adopted, progression of ongoing actions, or implementation of recommendations resulting from internal audits.

**Warning indicators:** These are the mechanisms or issues that will highlight that the risk is not being mitigated by the controls identified, or to the extent expected. These can be internal or external to the organisation.

## RISK RATING CATEGORIES

### 20 **High Risks (Rating of 15-25)**

- Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan needs to be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.
- Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.



- Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered in the Corporate Risk Register.


12  **Medium Risks (Rating of 6-12)**


- Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level or is increasing over time. However, where the options for mitigation would not provide value for money, the risk may be tolerated.

4  **Low Risks (Rating of 1-5)**

- No action required to mitigate these risks.

Risk colour	Risk Headings	
	Failure to deliver key services	Pages 7-10
	Failure to deliver key projects	Pages 11-16
	Reputational Damage	Pages 17-20
	Ineffective workforce management and planning	Pages 21-22
	Failure to deliver a balanced and sustainable budget	Page 23
	Ineffective management of information	Pages 24-25
	Failure to adopt a sound Local Plan	Page 26
	Failure of income streams to meet Councils Financial requirements and obligations to other bodies	Page 27 -28
	Failure in emergency and business continuity planning	Pages 29 - 30

<b>Failure to deliver key services.</b>	<b>RISK 1a - Failure to effectively manage assets - failure to achieve value or benefit from property transactions.</b>						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	9	3	3	Unchanged 	4 <b>LOW</b>	September 2024
	March 2022	9	Sizable	Sizable			
	September 22	9					
	July 23	9					
	April 24	9					
	<b>Current Action Status/ Control Strategy</b>	<p>Asset Management Plan, Strategy and associated delivery plan <del>and ensuring together</del> with an effective and flexible property dealing policy adopted by full council in May 2017. New office practice documents completed concurrently.</p> <p>Review of the <del>Asset Management Plan</del> procedures and policies is due. Any <del>and</del> review of the action plan needs to be considered in relation to the priorities of the administration.</p>					
	Responsible Officer - Andy White						
Responsible Cabinet member(s) – Councillor Peter Kotz. Assets Portfolio Holder							
Scrutiny Committee(s) – Resources and Services							

RISK 1b – Catastrophic IT network failure						
Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	10	2	5	Unchanged 	5  LOW	September 2024
March 2022	10	Moderate	Critical			
September 2022	10					
July 2023	10					
April 2024	10					
<b>Current Action Status/ Control Strategy</b>		<p><b>Physical Infrastructure Controls</b> - we have invested significantly over the past 7 years through our council digital transformation programmes and associated office transformation works to re-design and replace key physical network components to create an affordable level of resilience and redundancy within our office locations. <u>However</u>, infrastructure hardware is now 6-8 years old and reaching end-of-life in turn increasing the likelihood of localised failure(s).</p> <p><b>Cloud Infrastructure Controls</b> – provides significant resilience and speedier ‘disaster recovery’ capability is provided by our ‘Public Cloud’ Microsoft Azure platform providing resilient service through two ‘mirrored’ data centres delivering 95% of our applications. Key business continuity is provided our remote working capabilities. Ongoing work to replace ‘legacy’ systems. Our goal is to become a ‘Cloud Only’ technology user for business continuity/ resilience reasons.</p> <p><b>Monitoring &amp; Response Controls</b> - real-time enhanced 24/7 Network visibility, monitoring, reporting and alarms together with a 24/7 Security Operations Centre (SOC) provided by a 3<sup>rd</sup> party give us ‘real time’ network performance visibility and is allowing us to react swiftly and pro-actively to issues.</p> <p><b>Residual Risk</b> - Catastrophic IT network failure risk is now likely to result from:</p> <ol style="list-style-type: none"> <li>1) National UK or regional network data infrastructure failure(s) UK or regional power issue(s).</li> <li>2) A successful cyber-attack targeting our physical or Cloud network infrastructure.</li> <li>3) Localised issues caused by aging network hardware failure</li> </ol>				
Responsible Officer - John Higgins						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						

Failure to deliver key services

**CORPORATE RISK REGISTER – April 2024**

**RISK 1c - Ineffective communication / management of information** - Failure to adopt implement and foster effective communication and information systems with an adverse impact on the ability to deliver services or relationship with key stakeholders.

Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	15	<b>3</b>	<b>5</b>		<b>10</b>	September 2024
March 2022	15	Sizable	Critical		<b>Medium</b>	
September 2022	15					
July 2023	15					
April 2024	15					

**Current Action Status/ Control Strategy**

Tendring District Council has robust Information Governance policies and practices based upon shared Essex-wide 'best practice' Information Governance policies. We undertake quarterly information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Our processes are annually audited to ensure they remain fit for purpose.

The Data Controller, the council has a legislative duty to evidence and ensure that official council information is managed in full compliance with legislation, namely that data is stored: lawfully, fairly and transparently, adequate and relevant and limited to what is necessary, accurate and where necessary kept up to date, kept for no longer than is necessary in a form which permits identification of data subjects, ensuring 'integrity and confidentiality' protecting against unauthorised or unlawful processing and against accidental loss/ destruction/ damage through using appropriate security.

- Following Full Council decisions 2<sup>nd</sup> March and then following the local elections and roll-out of new laptops to new Councillors all Council access to services is via managed-devices only (security posture-control) which has significantly strengthened information governance. Similarly, nearly all Councillors (see note) have managed-mobile phones.
- The Council still periodically experiences information breaches requiring investigation/ resolution. These are due to human error which is remediated through training and process review/ tightening.


~~\* Updated information governance/ cyber security mandatory training for Councillors will be rolled-out this quarter.~~


Responsible Officer - John Higgins - Senior Information Risk Officer (SIRO) Judy Barker – Data Protection Officer (DPO)


Responsible Cabinet member(s) - Corporate Finance and Governance PFH

Scrutiny Committee(s) - Resources and Services Committee


**Failure to deliver key services.**

Page 9 Zeds Failure to deliver key services	<b>RISK 1d - Ineffective Cyber Security Physical and Application (software) Based Protection Management</b> - Failure to adopt, implement and deliver effective Cyber Security protective arrangements leading to a catastrophic or significant IT cyber security breach or loss of personal, sensitive, or vulnerable persons' data or inability to provide IT services and applications supporting Council services (or significant operational difficulties arising from).						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	Sept 2021	20	<b>4</b>	<b>5</b>	Unchanged  	<b>15</b>  <b>HIGH</b>	September 2024
	March 2022	20	Major	Critical			
	September 23	20					
	July 2023	20					
April 2024	20						
<b>Current Action Status/ Control Strategy</b>	<p>Tending District Council has robust cyber-security including physical devices (Firewalls), network segregation, protective software applications to protect the Council from the daily occurrences of external Cyber-attack. Cyber-security is an essential part of our induction training. In addition, phishing awareness campaigns are also ongoing.</p> <p>With council cyber-attacks growing exponentially in both volume and complexity the council must consider that it is not <u>IF</u> but <u>WHEN</u> a successful cyber-attack is made and we continue to plan, train and exercise accordingly.</p> <p>Having implemented an 'immutable backup' regime we have data restoration capabilities from locked-down safe sources. That said, in a restoration scenario we will lose any recent made data changes so an element of recovery will still be necessary.</p> <p><i>Following Full Council decision of 2<sup>nd</sup> March 2023 and Councillors adopting identical working practices to Officers of managed-devices by all Councillors we have implemented adoption of managed-devices by all and cyber-security posture control council-wide -has achieved <u>This is a significant</u> step-change in minimising the number of attack vectors' (pathways) that a hacker can use to attack and attempt to exploit vulnerabilities to gain access to networks/ computers/ digital devices/ information/ data. We will continue to move towards a Zero trust Network Architecture (ZTNA) as a direction of travel over the next twelve months. ZTNA means that in addition to monitoring infrastructure hardware for security vulnerabilities, every user device connecting to services is routinely checked for access rights and vulnerabilities (in the background).</i></p> <p><i><b>NOTE: With a general election taking place during 2024 the National Cyber security Centre has highlighted the likelihood of increased hostile cyber-attacks both on public sector services and directly on political and senior individuals calling for additional cyber vigilance and attentiveness across both local authority and personal IT use</b></i></p>						
Responsible Officer - John Higgins							
Responsible Cabinet member(s) - Corporate Finance and Governance PFH							
Scrutiny Committee(s) - Resources and Services Committee							


Failure to deliver key projects	<b>RISK 2a - Coastal Defence</b> - The Council has a coastline of 60km and maintains the sea defence structures along 18.5km of this frontage. These defences protect the towns of Harwich, Dovercourt, and Walton on the Naze, Frinton on Sea, Holland on Sea, Clacton and Brightlingsea. The cliffs are prone to stability issues because of steep slopes in many areas, historical structures, and past shortage of funds for maintenance. Unforeseen expenditure may be required on sea defences, which if left to deteriorate could cause catastrophic cliff failure and impact safety of residents/visitors nearby. The East Coast of the UK is vulnerable to a phenomenon called a North Sea Tidal Surge.						
	<b>Assessment date</b>	<b>Inherent risk score</b>	<b>Present inherent risk score breakdown</b>		<b>Direction of risk</b>	<b>Residual Risk rating</b>	<b>Review date</b>
			<b>Probability</b>	<b>Impact</b>			
	September 2021	15	<b>3</b>	<b>5</b>	Unchanged  	15  High	September 2024
	March 2022	15	Sizable	Critical			
	September 2023	15					
	July 2023	15					
	April 2024	15					
	<b>Current Action Status/ Control Strategy</b>	Conducting annual inspections of coast protection structures and responding swiftly to public reporting of minor faults. An annual maintenance programme for the coastal frontage is set each year with an appropriate budget to cover the works. Each year sections of the sea defences are improved as part of a rolling programme of special maintenance schemes funded from the Council's Revenue Budgets. Works undertaken range from day-to-day maintenance of promenades and seawalls to schemes costing millions of pounds. Larger capital schemes attracting grant in aid are produced to comply with Defra guidelines and their High-Level Targets for coast protection. At present there are identified areas of current cliff instability where funding to conduct necessary major projects would need to be identified.					
	Responsible Officer: Andy White						
Responsible Cabinet member(s) - <i>Councillor M Bush. Portfolio Holder for Environment.</i>							
Scrutiny Committee(s) - Resources and Services							


Failure to deliver key projects	<b>RISK 2b - Community Leadership Projects</b> - Potential for impact to the reputation of the Council and impact on Communities, through failure to deliver key projects with partners.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	12	<b>3</b>	<b>4</b>	Unchanged  	<b>8</b> <b>MEDIUM</b>	September 2024
	March 2022	12	Sizable	Major			
	September 2022	12					
	July 2023	12					
	April 2024	12					
	<b>Current Action Status/ Control Strategy</b>	<p>Clearly defined Terms of Reference agreed between partners &amp; TDC. Action plans agreed as appropriate for each project and reviewed on a regular basis.</p> <p>Action plan delivery (regular monitoring and feedback to Community Leadership Committee, Portfolio Holder, and external partners)</p> <p>Community Asset Mapping has taken place with the Northeast Essex Alliance, this provides a useful tool to identify where to focus resources to strengthen and build more resilient communities. The reputational, financial risk of engaging in partnership relationships (e.g. NEEB, Joint Use Agreements) is addressed through robust agreements, to ensure risk to the Council is minimised.</p> <p>The Council is now working within the new health structure and has representatives that attend the Integrated Care Partnership Board and the Alliance Board, following the termination of CCGs in July 2022.</p>					
	Responsible Officer - Anastasia Simpson / John Fox/ Rebecca Morton						
Responsible Cabinet member(s) - Partnerships PFH							
Scrutiny Committee(s) - Community Leadership							




Failure to deliver key projects	<b>RISK 2c - Building Council Homes</b> - Continuing uncertainty over Business plan capacity due to lack of clarity from the government.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	8	<b>2</b>	<b>4</b>	Unchanged  	<b>4</b>  <b>LOW</b>	September 2024
	March 2022	8	Moderate	Major			
	September 2022	8					
	July 2023	8					
	April 2024	8					
	<b>Current Action Status/ Control Strategy</b>	<p>Government has removed the HRA borrowing cap, but prudential borrowing rules still apply. Modelling has been undertaken within the business plan and we are comfortable that 200 new homes could be built over the next 8 – 10 years dependent upon build costs and land availability.</p> <p><del>The Government has signalled a potential continuation and extension of the PRP RTB pilot but has given no firm commitment as to how it will be funded. This is a concern as it could signal a revival of the forced sale of high value assets policy, which had been suspended. This would have a significant and detrimental impact on our business plan and capacity to build.</del></p> <p><i>Notwithstanding the overall funding position the new regulatory regime, prevalence of claims, revised Decent Homes Standards Customer Service Standards and energy efficiency needs means that we need to refocus resources onto the upgrading of existing stock. Opportunities for smaller scale construction and acquisition will be considered on merit within the business plan but the principal focus will turn to the existing stock.</i></p>					
	Responsible Officer – D Williams						
Responsible Cabinet member(s) - Housing PFH							
Scrutiny Committee(s) – Resources and Services							


Failure to deliver key projects


<b>RISK 2d - Ineffective delivery of Transforming Tending project</b> - Failure to provide effective change management and the coordination of corporate resources with an adverse impact on organisational focus and delivery.						
Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	15	1	2	Unchanged 	2  LOW	September 2024
March 2022	15	Minor	Moderate			
September 2022	15					
July 2023	2					
April 2024	2					
<b>Current Action Status/ Control Strategy</b>	<p>Completion of physical works relating to this project are now completed, therefore the inherent risk and residual risk have been reduced to reflect this.</p> <p>Resources used for this project are now concentrating on council property repairs and maintenance activities.</p> <p><b>Discuss removal of this item</b></p>					
Responsible Officer – Andy White						
Responsible Cabinet member(s) – Cllr Peter Kotz - Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services						


Failure to deliver key projects.	<b>RISK 2e - Essex Family / Family Solutions</b> - A TDC appointed Family Support Worker working within Tendring Family Solutions Team. Risks of the project include potential breaches of data protection, Council reputation and professional liability (working with vulnerable families)						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	8	<b>2</b>	<b>4</b>	Unchanged  	<b>8</b>	September 2024
	March 2022	8	Moderate	Major			
	September 2022	8					
	July 2023	8					
	April 2024	8					
	<b>Current Action Status/ Control Strategy</b>	<p>Matrix management arrangements in place between TDC and ECC with clear workload management. The TDC FSW will be subject to the same control environment as other team members within Family Solutions. TDC has increased management capacity to oversee the FSW position.</p> <p><i>The Clacton based post is now on the Council establishment which reduces the risk to families. An Additional Family Solutions post based in Harwich and working peripatetically more widely across the district is being funded for 21 months using partnership funding to help address health inequalities.</i></p>					
	Responsible Officer - Anastasia Simpson						
Responsible Cabinet member(s) - Partnership PFH							
Scrutiny Committee(s) - Community Leadership							


Failure to deliver key projects Page 132

RISK 2f - Garden Communities - The project fails to come to fruition due to land control, planning or political issues.						
Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	12	4	3	Unchanged  	<b>1</b>  <b>LOW</b>	September 2024
March 2022	12	Major	Sizeable			
September 2022	12					
July 2023	12					
April 2024	12					
<b>Current Action Status/ Control Strategy</b>	<p>Garden Community formally allocated for development in the jointly adopted Local Plan for North Essex following independent examination by a government-appointed Planning Inspector. Planning permission granted by Essex County Council for A120/A133 link road – a key piece of infrastructure that will unlock land for development. Housing Infrastructure Funding (HIF) in place to deliver the link road and a Rapid Transit System (RTS); however, a review of costs mean that developer funding will be required to complete the link road.</p> <p>The lead developer has control over most of the land and is keen to collaborate positively with the Council to deliver the development following a ‘planning-led’ process rather than through a Development Corporation approach. Memorandum of Understanding in place with the lead developers Latimer to fund completion of the link road. Joint Committee has been formed between Tendring, Colchester and Essex to ensure a coordinated approach to decision making with an initial focus on agreeing a planning framework and looking forward to the determination of planning applications. Membership of the Joint Committee <del>is not proposed to change</del> following the May 2023 local elections, <i>but the direction of travel has not changed.</i></p> <p>A development plan document is being created through partnership between Tendring, Colchester and Essex to set out more detailed framework for the layout and delivery of the proposed garden community. This has already been the subject of <del>an initial round of public consultation, and, at the time of writing, the ‘submission version’ of the plan was out to</del> two rounds of public consultation and has been <del>with the intention to</del> submitted to the Secretary of State <del>following consultation to</del> begin the process of independent examination. Planning Inspector has been appointed to conduct the examination, which is anticipated to take place in May 2024, subject to formal confirmation.</p> <p>A dedicated planning team is being formed between Tendring, Colchester and Essex to resource the planning process going forward. A dedicated planning team is being formed between Tendring, Colchester and Essex to resource the planning process going forward with the Planning Manager already in place and a contribution towards additional resources <del>being discussed</del> have been agreed with the lead developers through a Planning Performance Agreement (PPA).</p>					
Responsible Officer: Gary Guiver						
Responsible Cabinet member(s) – <i>Planning and Housing Portfolio Holder</i> Environment Portfolio Holder						

Reputational damage	<b>RISK 3a - Member Conduct</b> - The Localism Act 2011 places a statutory duty upon Councils to promote and maintain high standards of conduct amongst its own Elected Members and any co-opted Members. Upheld Code of Conduct complaints risk damaging the Council's reputation adverse implications on its ethical governance arrangements, together with an increase in Council resources to assess and investigate complaints.						
	<b>Assessment date</b>	<b>Inherent risk score</b>	<b>Present inherent risk score breakdown</b>		<b>Direction of Risk</b>	<b>Residual Risk rating</b>	<b>Review date</b>
			<b>Probability</b>	<b>Impact</b>			
	September 2021	12	<b>3</b>	<b>4</b>	Unchanged  	<b>4</b>  <b>LOW</b>	September 2024
	March 2022	12	Sizable	Major			
	September 2022	12					
	July 2023	12					
	April 2024	12					
	<b>Current Action Status/ Control Strategy</b>	<p><i>Regular reports to Standards Committee and discussions with Group Leaders and providing regular refresher training for Members on the Code of Conduct requirements.</i></p> <p><i>Regular reports to Standards Committee and discussions with Group Leaders and providing advice on request either to Councillors on an individual basis, or to groups on the Code of Conduct requirements. Damage to the District Council's reputation can be minimised both by the seeking of advice at an early stage, and then following that advice. Due to the new Code of Conduct being implemented with effect from May 2023 all District Councillors provided were provided with training on the Code of Conduct as part of their induction programme.</i></p> <p><i>There has been an increase in complaints requiring investigation at district level and dealing with declarations of interests, one matter is due to go to a hearing in late Spring, which could have an impact on the Council's reputation, due to the source of the complaint from a national body.</i></p> <p><i>Town Council matters which have at their heart a need for relationship building and despite differences agreeing to work together for the good of the Town area remain a concern. Training was organised by the District Council for Town and Parish Councillors too following the elections, but further sessions are required, to prevent complaints being received and consequently reducing the level of District Council resources being diverted to responding to the same, which are time consuming and costly.</i></p>					
	Responsible Officer: Management Team (Lisa Hastings, Monitoring Officer)						
Responsible Cabinet member(s) - Code of Conduct matters are reported to the Standards Committee, as a non-executive function.							

Page 134  Reputational damage	<b>RISK 3b - Failure to comply with legislative requirements</b> - Risk of judicial reviews court claims for damages or injunctions being sought against the Council, causing delay in service delivery and financial loss to defend actions.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	Sept 2021	16	4	4	Unchanged  	2  <b>LOW</b>	September 2024
	March 2022	16	Major	Major			
	Sept022	16					
	July 2023	16					
	April 2024	16					
	<b>Current Action Status/ Control Strategy</b>	Ensuring that communication between the Directors and Service Managers with the Legal Team is kept up to date with regards to resourcing priorities and project planning. <i>In addition, Directors and /or Service Managers are encouraged to raise with the Legal Team any matters or areas of work that may be causing any concern or might become an issue. Assistant Director Governance and Head of Legal Services to be kept informed of new developments through regular discussions to be held between Services, Management Team, and Cabinet agendas.</i>  <i>Services are also encouraged to keep under review their practices and procedures in accordance with the legislation, specifically that relevant to their areas, including their policies and record keeping, to prevent an increase in Section 5 Reports.</i>  <i>The reason for the change in the direction of risk is due to the probability increasing from low to high as a result of cases including for example housing disrepair, planning challenges and costs appeals.</i>  <i>In addition, it is noted that the Council does not currently fully comply with the accessibility requirements on our website or the intranet. Works are currently underway to update the website, but it is not known whether these changes will meet legislative requirements.</i>  Briefing Notes to Management Team to be prepared by Legal Services, where cases are on the increase or themes emerge.					
	Responsible Officer - Lisa Hastings						
Responsible Cabinet member(s) - Leader and Finance and Governance Portfolio Holder							
Scrutiny Committee(s) - Resources and Services							


<b>Reputational damage</b>	<b>RISK 3c - Health and Safety</b> - Failure to have effective Health and Safety processes in place exposing public. <i>members</i> and staff to increased risk of injury or illness.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	20	4	5	Unchanged 	10 <b>MEDIUM</b>	September 2024
	March 2022	20	Major	Critical			
	September 2022	20					
	July 2023	20					
	April 2024	20					
	<b>Current Action Status/ Control Strategy</b>	Identifying an officer with overall responsibility for ensuring that effective Health and Safety processes in place. <i>Administrative officer now passed NEBOSH certificate in Health and Safety which provides additional support to the team covering sickness and annual leave period.</i>  Providing regular Health and Safety updates to Management Team					
	Responsible Officer: Richard Barrett/Clare Lewis						
Responsible Cabinet member(s) Corporate Finance and Governance PFH / HR and Council Tax Committee							
Scrutiny Committee(s) n/a							

Reputational damage	<b>RISK 3d - Fraud and Corruption</b> - Failure to deliver effective counter fraud activities.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	15	<b>5</b>	<b>3</b>	Unchanged 	<b>10</b> <b>MEDIUM</b>	September 2024
	March 2022	15	Critical	Sizeable			
	September 2022	15					
	July 2023	15					
	April 2024	15					
	<b>Current Action Status/ Control Strategy</b>	<p>Established Fraud and Compliance Team undertaking counter fraud role, <del>new compliance officer appointed in March 2023</del>. Team now complete and both compliance officers passed their probation and are working on various projects.</p> <p>Internal Audit Team providing advice / recommendations to improve control environment and mitigate exposure to fraud risks.</p> <p>Rules and procedures as laid down in the Constitution.</p> <p>Anti-Fraud and Corruption Strategy reviewed and reported to the Audit Committee annually.</p> <p>Ongoing fraud awareness training being conducted for all TDC employees, associates, and Members. Now part of the council's induction process.</p>					
	Responsible Officer: - Richard Barrett/Clare Lewis						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH							
Scrutiny Committee(s) - Resources and Services / Audit							




**RISK 4a - Loss of Key Staff** - Loss of key staff either through service changes or natural turnover impacting on delivery and /or reputational risk e.g, managing elections.


Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	12	4 Major	4 Major	Unchanged  ↔	12  <b>MEDIUM</b>	September 2024
March 2022	12					
September 2022	16					
July 2023	16					
April 2024	16					
<b>Current Action Status/ Control Strategy</b>	<p>Effective HR processes in place to identify early signs of workforce issues. Skills focus and flexible approach across the Council. “Grow our Own” strategy and Apprentice Sponsorship (s) are in place. Ongoing development and investment into ‘Career Track’ help to upskill existing staff and attract talent.</p> <p>Utilisation of ECC recruitment arm to advertise specialist roles, ensuring a much wider reach of candidates. Encouragement of secondment opportunities both internally and externally (with other authorities) to support service delivery in specialist areas. Council involvement in cross-Essex professional development programmes (such as Essex Leaders) to strengthen the authority’s leadership.</p> <p>The Assistant Director change management programme seeks to ensure the Council provides a robust career progression programme for its staff from entry level to senior management. Where there is an urgent need, agency staff can be engaged, however, this will come at additional cost and may be less effective in some specialist areas.</p>					
Responsible Officer - Management Team (Anastasia Simpson/Katie Wilkins)						
Responsible Cabinet member(s) - HR and Council Tax Committee						
Scrutiny Committee(s) N/A						

<b>RISK 4b - Lack of capacity to deliver core services - not retaining / having access to staff capacity to deliver services and priorities.</b>						
<b>Assessment date</b>	<b>Inherent risk score</b>	<b>Present inherent risk score breakdown</b>		<b>Direction of Risk</b>	<b>Residual Risk rating</b>	<b>Review date</b>
		<b>Probability</b>	<b>Impact</b>			
September 2021	12	<b>4</b>	<b>4</b>	Unchanged 	12  <b>MEDIUM</b>	September 2024
March 2022	12	Major	Major			
September 2022	16					
July 2023	16					
April 2024	16					
<b>Current Action Status/ Control Strategy</b>		<p>Identification of areas of key person dependency, skills and competency matching and corporate approach to the delivery of key services and projects through secondments / cross service working. Effective succession planning information sharing through Management Team.</p> <p>Bi-yearly workforce reporting to MT/Human Resources &amp; Council Tax Committee, includes current vacancy information, Age Profile, Gender Pay Gap, and Sickness Absence data.</p> <p><del>The Council worked with the East of England Local Government Association last year to carry out an independent review of its pay structure. This led to some options to support best use of the NJC pay spine in alignment with the employment market. These included, salary and benefits benchmarking, improved marketing of vacancies and employment offer and expanding our well-established “grow our own” ethos. These options are currently being considered as part of the Assistant Director change programme.</del></p> <p>Alternative approaches for selection process are being introduced to respond to rapid changes in job market and streamline the process. Increased flexible working arrangements, including increased options for remote working have widened candidate pool and geographic area from which candidates are now drawn.</p> <p><b><u>Considerations (applicable to 4a &amp; 4b):</u></b></p> <p>Staff costs are a significant proportion of the Council's general budget and therefore, any financial pressures may result in decreased ability to maintain capacity. In that situation, priority for staffing resources will be given in accordance with the corporate plan and associated priorities.</p> <p>Staff costs are subject to National Pay Award. Current financial pressures e.g., inflation/minimum wage are seeing increasing pressure on the National Employers to raise the annual Pay Award, resulting in increased costs to the Council.</p> <p>While being part of National Employers brings many benefits, it does reduce the Council's ability to influence the Pay Award. Furthermore, national bargaining also carries the risk of localised industrial action. Finally, National Terms of Employment, also mean that the Council has limited flexibility to improve remuneration to attract and retain candidates in a competitive employment market.</p>				
Responsible Officer - Management Team (Anastasia Simpson/Katie Wilkins)						
Responsible Cabinet member(s) - Human Resources Committee and Council Tax Committee						

**Ineffective workforce management and planning**


**CORPORATE RISK REGISTER – April 2024**

Failure to deliver a balanced and sustainable budget.	<b>RISK 5A - Financial Strategy</b> - The impact of achieving a balanced budget in an ever-tightening financial environment on service delivery objectives.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	20	<b>4</b>	<b>5</b>	Unchanged  	<b>15</b>	September 2024
	March 2022	20	Major	Critical			
	September 2022	20					
	July 2023	20					
	April 2024	20					
	<b>Current Action Status/ Control Strategy</b>	<p>Long Term Financial Plan updated on an ongoing basis.</p> <ul style="list-style-type: none"> <li>• Financial Strategy / Forecast Preparation including identifying and capturing significant risks such as changes to government funding, and the identification of savings which will require some challenging decisions.</li> <li>• Robust and timely Budget Monitoring Processes.</li> <li>• Engagement with key stakeholders, members, and senior management as early as possible. Key financial items discussed at dedicated / regular meetings of Management Team</li> <li>• Responding to and implementing recommendations and advice issued by the Council's External Auditor.</li> </ul> <p>A framework in which to deliver required savings is currently being developed with the aim of capturing key financial information to support the associated decision-making process alongside the corporate plan / priorities process. This will also sit alongside a review of cost pressures across three key strands as set out in the report to full Council of the 13 Feb 2024 investment plan approach and the use of key zero based budgeting principles in developing the forecast looking ahead to 2024/25 and beyond.</p> <p>A review of the length of the financial planning cycle is subject to review during 2024/25. However, in the event that the long-term approach is unable to support the delivery of the intended outcomes, then the Council can revert to the more traditional / short term approach to setting the budget.</p>					
	Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) - Finance and Governance PFH							
Scrutiny Committee(s) – Resources and Services							

Ineffective management of information	<b>RISK 6a - Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking.</b>						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	20	<b>5</b>	<b>4</b>	Unchanged 	<b>16</b>  <b>HIGH</b>	September 2024
	March 2022	20	Critical	Major			
	September 2022	20					
	July 2023	20					
	April 2024	20					
	<b>Current Action Status/ Control Strategy</b>	<p>Multi-firewall network segregation implemented with role-based access to systems necessary for work. Governance procedures/ policies/ responsibilities quarterly reviewed by the Information Governance Policy Unit. All remote working is protectively 'tunnelled' utilising Microsoft VPN technology.</p> <p><del>All officer mobile devices (laptops, tablet, and phones) are encrypted with complex passwords and are managed using Microsoft Mobile device Management (MDM) to further protect data. Enhanced monitoring of the Council's internal network data flows focusses on early detection/ isolation of cyber attack. The Council maintains an ongoing campaign to educate staff and members as to a range of cyber attacks/ techniques. To-date all information breaches have been down to human-error. We have robust security breach reporting arrangements, and each such breach is investigated and lessons-learned in terms of reducing the operating risk or providing additional staff training etc.</del></p> <p>Procedures are in place to manage agreements where appropriate, where partner organisations are managing data on behalf of the Council. Consultation with the Council's Data Protection Officer should be undertaken prior to agreements being formed. This will ensure risk to the organisation is managed effectively.</p> <p><i>Councillors adopting identical working practices to Officers - adoption of managed-devices by all and cyber-security posture control council-wide – has achieved <u>step-change in minimising the number of attack vectors</u>' (pathways) that a hacker can use to attack and attempt to exploit vulnerabilities to gain access to networks/ computers/ digital devices/ information/ data. These actions would have significantly reduced the likelihood of data loss however the election year increases our risk (see note below).</i></p> <p><b>NOTE: With a general election taking place during 2024 the National Cyber Security Centre has highlighted the likelihood of increased hostile cyber-attacks both on public sector services and directly on political and senior individuals calling for additional cyber vigilance and attentiveness <u>across both local authority and personal IT use</u>. Additional awareness training to be provided during 24/25. Additional education staff and members in relation to these matters.</b></p>					
	Responsible Officer - John Higgins – Senior Information Risk Owner (SIRO)/Judy Barker – Council's named Data Protection Officer						
Responsible Cabinet member(s) - Finance and Governance PFH							
Scrutiny Committee(s) - Resources and Services Committee							

**CORPORATE RISK REGISTER – April 2024**

**RISK 6b - Disconnection from PSN Network** - Failure to achieve PSN recertification resulting in disconnection from PSN services, e.g., DWP, IER etc. and urgent alternative arrangements to continue providing statutory service.

Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	20	<b>3</b>	<b>4</b>	Unchanged  	<b>5</b>  <b>LOW</b>	September 2024
March 2022	12	Sizable	Major			
September 2022	12					
July 2023	12					
April 2024	12					

**Current Action Status/ Control Strategy**

~~This risk constitutes an annual cycle of IT security Health Check using a registered consultant, remediation/ resolution of any security issues identified then completion and submission of compliance documentation to central government national Cyber Security Centre (NCSC) for PSN recertification. PSN re-certification was last achieved 23 November 2019. Both the Public Services network (PSN) itself and the PSN IT Security Health Check regime is nearing the end of its lifecycle.~~

~~In February 2023 Cabinet Office have contacted all local authorities requesting they renew their certification with PSN for 2023/24 so the threat of disconnection from central government (which facilitates Housing Benefits) remains current. We are in the process of organising a 2023 PSN IT Health Check by 3<sup>rd</sup> specialist third party as part of our re-certification submission.~~

The Public Services Network (PSN) is a vital connection to central government and the Department of Works and Pensions (DWP) to administer housing benefit etc. This risk constitutes an annual cycle of IT security Health Check using a registered consultant, remediation/ resolution of any security issues identified then completion and submission of compliance documentation to central government national Cyber Security Centre (NCSC) for PSN recertification.

Our PSN certification was previously achieved 23 November 2019. The PSN re-certification regime was suspended during COVID and unexpectedly recommenced in early 2023. We been regained our PSN Certification status 2 April 2024 for the next twelve months.


Both the Public Services network (PSN) itself and the PSN IT Security Health Check regime is nearing the end of its lifecycle BUT is entirely reliant upon DWP timescales. Members should however be aware that the Cyber Assessment Framework (CAF) regime – previously only a requirement applied to critical national infrastructure – has been rolled-out across central government departments and the Department for Levelling Up Housing and Communities (DLUHC) is pressing for a mandatory annual local government CAF regime. The Council's cyber-security position is robust, and a new CAF process is not something to be feared as it formalises annual cyber-security review and self-analysis around areas of improvement which is simply good practice. During 2022/23 the Council voluntarily undertook a CAF self-assessment and has plans to do so again during 2024.

Responsible Officer: John Higgins


Responsible Cabinet member(s) - Finance and Governance PFH


Scrutiny Committee(s) - Resources and Services Committee

**Ineffective management of information**


Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
September 2021	12	3	4	Unchanged 	5 <b>LOW</b>	September 2024
March 2022	12	Sizable	Major			
September 2022	12					
July 2023	12					
April 2024	12					
<b>Current Action Status/ Control Strategy</b>	<p><i>Local plan adopted in January 2022 current residual risk is therefore reduced to a minimal. The risk to the council of not meeting this will increase when the Local plan is reviewed in 2025.</i></p> <p><i>Local Plan review commenced with agreement of the Planning Policy and Local Plan Committee in December 2023. The review will be focussed on updating the existing Local Plan rather than re-writing it from scratch in line with a series of guiding principles that have been agreed by the Committee.</i></p> <p><i>The Council is targeting the submission of an updated Local Plan to the Secretary of State before June 2025, before major changes to the government procedure for Local Plans take effect. This will follow three rounds of public consultation – Issues and Options (Spring 2024), Preferred Options (Autumn 2024) and Submission Draft (Spring 2025).</i></p> <p><i>The greatest risk to the Local Plan process, as it stands, would be failure to submit to the Secretary of State before June 2025. The factors most likely to impact upon the timetable will be the public response to consultation and delays in the completion of any new evidence required to support the review of the Local Plan.</i></p>					
Responsible Officer: Gary Guiver						
Responsible Cabinet member(s) – Leader – Planning and Housing Portfolio Holder						
Scrutiny Committee(s) – Planning Resource and Services O/S						


Failure to adopt a sound Local Plan

Failure of income streams to meet Councils financial requirements and obligations to other bodies.	<b>RISK 8a – Failure to collect levels of income required from Council Tax to fund the Council's financial requirements.</b>						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	20	4 Major	5 Critical	Unchanged 	10 <b>MEDIUM</b>	September 2024
	March 2022	20					
	September 2022	20					
	July 2023	20					
	April 2024	20					
	<b>Current Action Status/ Control Strategy</b>	Regular budget monitoring including reports to Cabinet, which will also set out options to respond to any adverse issues, as necessary.					
	Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH							
Scrutiny Committee(s) - Resources and Services							

Failure of income streams to meet Councils financial requirements and obligations to other bodies.	<b>RISK – 8b - Failure to collect levels of income required from Non-Domestic Rates in order to meet the shares between the Government, Essex County Council, Essex Fire Authority and Tendring District Council.</b>						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	20	4	5	Unchanged  	<b>10</b>  <b>MEDIUM</b>	September 2024
	March 2022	20	Major	Critical			
	September 2022	20					
	July 2023	20					
	April 2024	20					
<b>Current Action Status/ Control Strategy</b>	Regular budget monitoring including reports to Cabinet, which will also set out options to respond to any adverse issues, as necessary.						
Responsible Officer: Richard Barrett							
Responsible Cabinet member(s) - Corporate Finance and Governance PFH							
Scrutiny Committee(s) - Resources and Services							



Failure in emergency and Business Continuity Planning	<b>RISK 9a - Ineffective Emergency Planning</b> - The Council fails to effectively respond to an emergency and the community is adversely affected						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	12	<b>3</b>	4	Unchanged 	<b>4</b>	September 2024
	March 2022	12	Sizable	Major			
	September 2022	12					
	July 2023	12					
	April 2024	12					
	<b>Current Action Status/ Control Strategy</b>	<p>To continue to develop and regularly test of various aspects of the Council's Emergency Plan including working with multi-agency partner organisations and parish and town councils. This includes significant planning for and delivery of exercises, <i>complimented by a range of training</i> to help maintain the Council's preparedness.</p> <p>The Council continues to experience a number of events. Systems, structures, and processes are in place to respond to any Emergency Planning event; however, this does require considerable capacity across the Council. <i>Post COVID, with increased staff working from home, this has made internal staff liaison and recruiting of volunteers for rest centres and District Emergency Response Centre (DERC) difficult, particularly with new employees. This is being resolved by additional training being carried out and doing a campaign with the Councils communications team.</i></p> <p>In a major event Vulnerable Intelligent Persons Emergency Response can be used to identify vulnerable people who may need support. <i>However, this does not have ECC social care data or NHS health data and so will have limitations on the accuracy of information provided.</i></p>					
	Responsible Officer – John Fox/Catherine Boyer-Besant						
Responsible Cabinet member(s) - Partnerships PFH							
Scrutiny Committee(s) - Community Leadership							

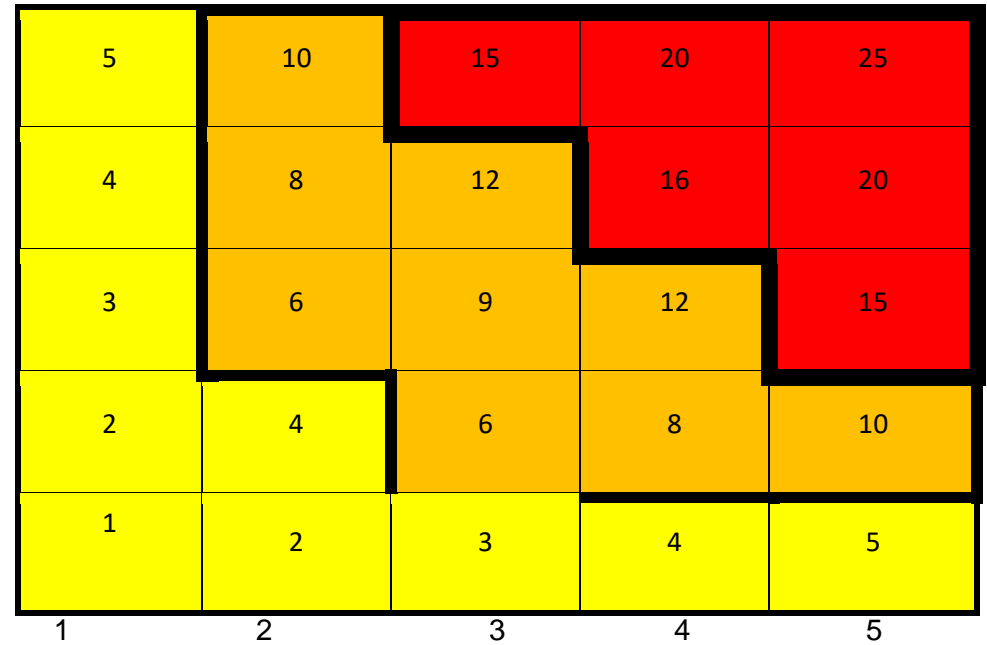
Failure in emergency and Business Continuity Planning	<b>RISK 9b - Ineffective Business Continuity Planning</b> - The Council fails to effectively respond to an emergency / adverse event with an adverse impact on the delivery of services.						
	Assessment date	Inherent risk score	Present inherent risk score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	September 2021	10	<b>2</b>	<b>4</b>	Unchanged  	<b>8</b>  <b>Medium</b>	September 2024
	March 2022	8	Moderate	Major			
	September 2022	8					
	July 2023	8					
	April 2024	8					
	<b>Current Action Status/ Control Strategy</b>	Responsibility for Business Continuity now resides within the Digital Services and Assurance team with the Assurance and Resilience manager continuing to provide support to services to ensure that their plans remain current. A current review of all Business Continuity Plans is underway.  Our new public cloud-based infrastructure provides significantly improved resilience in information storage, applications, and reduced reliance upon office premises through flexible / remote working.  Use of IT to record and support the development of service risk assessments and business continuity impact assessments – was expected to be implemented during 2022 but has been delayed. Specialist certificated training has been conducted for key staff and will be finalised in 24/25. The Council has plans in place to adopt a new corporate Business Continuity Plan (BCP) which will cascade down the service Business Impact Assessments (BIAs).					
	Responsible Officer - John Higgins/Clare Lewis						
Responsible Cabinet member(s) - Partnerships PFH							
Scrutiny Committee(s) - Community Leadership							

## APPENDIX – METHODOLOGY FOR CALCULATING RISK

## RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	<b>Major</b>	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	<b>Sizeable</b>	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or minor for as a whole
2	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	Loss of up to £5K	Minor disruption to effective service delivery i.e., Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

Timescale ----- Probability	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Under 30%	1	1	1	1	1



Probability

Impact x Probability = Overall Risk Rating

RISK CALCULATION MATRIX

RISK RATING ELEMENTS – PROBABILITY

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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