



Notice of a Meeting, to be held in the Council Chamber, Civic Centre, Tannery Lane,
Ashford, Kent TN23 1PL on Thursday 29th September 2016 at 7.00 pm.

The Members of this Committee are:-

Cllr. Waters (Chairman)
Cllr. Buchanan (Vice-Chairman)
Cllrs. Farrell, Link, Powell, Shorter, Smith, White

NB: Under the Council's Public Participation Scheme, members of the public can submit a petition to the Cabinet if the issue is within its terms of reference or ask a question or speak concerning any item contained on this Agenda (Procedure Rule 9 refers)

Agenda

Page
Nos.

1. **Apologies/Substitutes** – To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)
2. **Declarations of Interest:-** To declare any interests which fall under the following categories, as explained on the attached document: 1
 - a) Disclosable Pecuniary Interests (DPI)
 - b) Other Significant Interests (OSI)
 - c) Voluntary Announcements of Other Interests

See Agenda Item 2 for further details

3. **Minutes** – To approve the Minutes of the Meeting of this Committee held on the 28th July 2016

Part I – For Decision

4. Data Protection Audit Follow Up
5. Annual Governance Statement – Progress on Remedying Exceptions
6. Governance Report from Internal Audit

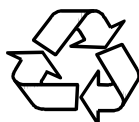
Part II – Monitoring/Information Items

7. Strategic Risk Management

8. External Audit Progress Report
9. Report Tracker and Future Meetings

DS/AEH
21st September 2016

Queries concerning this agenda? Please contact Danny Sheppard:
Telephone: 01233 330349 Email: danny.sheppard@ashford.gov.uk
Agendas, Reports and Minutes are available on: www.ashford.gov.uk/committees



Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct as adopted by the Council on 19 July 2012, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted). However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency reasons alone, such as:

- Membership of outside bodies that have made representations on agenda items, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: an effect on the financial position of a Member, relative, close associate, employer, etc; OR an application made by a Member, relative, close associate, employer, etc, would both probably constitute either an OSI or in some cases a DPI].

Advice to Members on Declarations of Interest:

- (a) Government Guidance on DPI is available in DCLG’s Guide for Councillors, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240134/Openness_and_transparency_on_personal_interests.pdf
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, with revisions adopted on 17.10.13, and a copy can be found in the Constitution at <http://www.ashford.gov.uk/part-5---codes-and-protocols>
- (c) If any Councillor has any doubt about the existence or nature of any DPI or OSI which he/she may have in any item on this agenda, he/she should seek advice from the Corporate Director (Law and Governance) and Monitoring Officer or from other Solicitors in Legal and Democratic Services as early as possible, and in advance of the Meeting.

Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **28th July 2016**.

Present:

Cllr. Waters (Chairman);
Cllrs. Farrell, Link, Shorter, Smith.

Apologies:

Cllr. Buchanan

Also Present:

Head of Finance; Accountancy Manager; Accountant (MH); Accountant (LF); Head of Audit Partnership;

Elizabeth Olive - Grant Thornton UK.

105 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 30th June 2016 be approved and confirmed as a correct record.

106 Statement of Accounts 2015/16 and the External Auditor's Audit Findings Report

The Accountancy Manager introduced this item. The report presented the 2015/16 Statement of Accounts for approval. The largest movement was in paragraph 12, in relation to a misstatement between the bank and creditors, and the team had made adjustments to ensure that this would not happen again next year. The report also included the Letter of Representation to give the auditors comfort that the accounts had been closed off correctly. The team had closed the accounts early this year and submitted them to the auditors by 31st May. The Accountancy Manager thanked the auditors for their timely work. She drew Members' attention to the five Recommendations at the end of her report.

Mrs Olive introduced the audit findings report from Grant Thornton which outlined the key issues arising from their audit. She congratulated the Council for achieving an early closure of accounts substantially ahead of the statutory deadline and said Ashford was amongst the first Councils in Kent to sign off their accounts, which was an impressive achievement. She said the auditors would be issuing an unqualified opinion on the accounts. There had been a small number of disclosure amendments and one adjustment to the balance sheet, which was explained in the covering

report. There was also one unadjusted error of £90,000 but this was a relatively minor amendment and the Council's reasoning for not adjusting the error had been accepted. There was one internal control deficiency around the review of journals but this was not a significant weakness which would affect the outcome of the audit findings, although it should be noted by those in charge of Governance. All risks presented in the Audit Plan earlier in the year had been closed off.

The Chairman opened up the report for discussion and the following points were raised:

- A Member congratulated the Accountancy Team on the outcome of the audit, particularly in view of the speed and accuracy of the closure of accounts. He considered that the Officers could take great pride in the work they had done to achieve this result. He also noted that Grant Thornton had responded in a timely manner and thanked them for their efforts. Next year it would be necessary to undertake a smarter, faster set of audits and this year had been a successful preparation for that.
- A Member pointed out that, although the representation letter was contained within the agenda papers, it was not referenced with any tag, and was not easy to locate.
- A Member drew attention to the third recommendation in the Auditor's Action Plan, regarding commercial development. Following the significant changes at senior level, there had been a loss of skills, experience and knowledge. He was concerned that this point should be noted by the Committee and monitored. Members considered that it would be useful to have an update on progress at the next meeting of the Committee. The Head of Audit Partnership drew Members' attention to the fact that in the Committee work programme a paper would be submitted to the September meeting on strategic risk management. One of the risks that had been previously identified was the skills and capacity of staff, so he suggested this might be a suitable vehicle to explore Members' concerns about managing and monitoring this particular risk. Members agreed with this suggestion.
- A Member asked whether the minor errors noted in the report had been caused by the efforts to meet an earlier deadline. The Accountancy Manager responded that this might be the case, although the auditors had reported back that in their view the quality of the statements was not affected by the early deadline.
- The Chairman drew attention to page 84 of the agenda. He noted the difference between years in the figures for the fund for future expenditure. He considered that for next year's report, it would be helpful to have more details, particularly in instances such as this where there was a marked difference in the figures from one year to the next. The Accountancy Manager said she would send around a breakdown of the Council's reserves. The major change in the future expenditure was caused by an NNDR which was not detailed in the report. She said that next year she would ensure that more information was provided.

- The Chairman drew attention to page 89 of the agenda and questioned the revaluation mechanism, as the two windmills had been valued at a lower figure this year. The Accountancy Manager responded that heritage assets were treated a little differently from other assets such as land and buildings. They were valued using insurance valuations. The most recent valuations totalled £2.4m. However, the previous valuations were based on figures from 2009/10 which assumed a higher value.
- The Chairman drew attention to page 94 of the agenda. He questioned the different profile this year for the overdue debt amount. The Accountancy Manager agreed that more information would be useful. She said it would be possible to do some analysis in future years to explain the cause of the movement.
- The Chairman drew attention to page 95 of the agenda. He noted a large increase on the first table under local taxpayers/ratepayers. The Accountancy Manager said she believed this change was due to timings, but she would need to check this detail. She said that a comment on this could be included within the text in future years.
- There was some discussion about the comment on page 53 of the agenda that the EU Referendum decision may have an 'adverse' effect on asset valuations etc. Members considered that the text reflected the context of the time in which it was drafted, when the signs were that the decision to exit the European Union was likely to have an adverse impact. For this reason Members decided to leave the text unaltered. The Portfolio Holder for Finance, Budget and Resource Management assured Members that the effects on the markets were being tracked and monitored very closely and counter-measures would be taken if appropriate.

Resolved:

That the Audit Committee:

- (i) considered the Appointed Auditor's Audit Findings;**
- (ii) agreed the basis upon which the accounts had been prepared;**
- (iii) approved the audited 2015/16 Statement of Accounts;**
- (iv) approved that the Chairman of this Committee signs and dates the accounts as required by Section 10(3) of the Accounts and Audit Regulations 2015 as approval by the Council;**
- (v) approved the Chief Financial Officer's Letter of Representation to the Appointed Auditor.**

107 Report Tracker and Future Meetings

It was agreed that the Accountancy Manager should report back to the next meeting on areas highlighted at this evening's meeting.

The Head of Audit Partnership advised that the Committee had previously received a paper on the future of external audit procurement which included the notion of a sector-led body approach. At that time this was a theoretical proposition as no such body existed. However, Public Sector Appointments Ltd had now been established, authorised by the Department of Communities and Local Government, and was currently consulting with authorities and setting out the likely terms of its offer with a view to approaching authorities in the autumn. By the time of the meeting of this Committee in September there may be more information available on the offer, and an update report to that meeting might be timely.

The Head of Finance suggested that the Committee might want to reconsider the process for taking the accounts to completion next year. The early June and July agendas were very light, with three Committee meetings within two months, so it might be worth reviewing the agendas for those three Committees with a view to condensing the meetings into two. The Head of Audit Partnership said he had no issues against this suggestion.

Resolved:

That the report be received and noted.

RR

Agenda Item No: 4
Report To: AUDIT COMMITTEE
Date: 29 September 2016
Report Title: DATA PROTECTION UPDATE
Report Author: Rich Clarke



Summary: The report sets out progress made since this Committee received the 'weak' assurance review of Data Protection.

The report notes that the assurance level remains 'weak' as re-considered by audit this month owing to limited practical progress on implementing recommendations, including high priority matters with an agreed target date of June 2016. Although some interim measures are in place, many of the recommendations still require a long term solution.

Key Decision: No

Affected Wards: All

Recommendations: **1. The Audit Committee NOTES the progress made towards implementing recommendations raised in the Data Protection Audit Report brought to this Committee in March 2016.**

Policy Overview: Not Applicable

Financial Implications: Not Applicable

Risk Assessment No

EIA No

Other Implications: Not Applicable

Exemptions :

Background Papers: Data Protection Audit Report (presented March 2016)

Contacts: rich.clarke@midkent.gov.uk – Tel: (01233) 330442

Report Title: Data Protection Update Report

Purpose of the Report

1. Our audit plan, approved by Members in March 2015, included an audit intended to examine the controls designed and operated by the Council to ensure it meets its obligations under legislation and regulations on Data Protection. That report concluded the controls offered only *weak* assurance, meaning the service required support to operate consistently at an effective level.
2. The audit included nine recommendations for improvement, all accepted by management who proposed target dates for implementation across June and July 2016. The majority of recommendations (6/9, including both high priority matters) fell due at the end of June and so we re-examined and tested for implementation as part of our quarter one 2016/17 follow-up work.

Background

3. The audit report, dated 26 February 2016, was reported to Members in March 2016. We undertook the fieldwork it reported between October and December 2015 and the final report including management comments followed a draft presented on 11 January 2016. For context and a summary of the findings, we reproduce below the original executive summary:

The council has documented policies and procedures, also allocated roles and responsibilities, however there are weaknesses as policies are not operated (the monitoring checks) as described and there are no deputy arrangements to provide formal cover in the Data Protection Officer's absence. The Data Protection function is currently subject to staff changes and consideration of future service delivery and resource arrangements.

The Data Protection Policy makes clear commitments on training provision and we found that guidance was available to staff, however training and awareness arrangements are less well established. There is no mandatory post induction refresher requirement, no formal records to evidence training for key staff (such as the Data Protection Officer) and only 58 staff evidenced as having completed the E Learning package.

Compliance with Data Protection requirements is not monitored by the council (the review processes noted in policy and job descriptions) as provided for in key documents. Interviews with various services identified some services with better understanding and application of data protection requirements (such as the Monitoring Centre and Fraud Investigations). We found that the Council's Members Allowance IT Scheme required recipients to register, however only 5/23 were registered. We found that there were no central logs to record

statistics and facilitate reporting (Subject Access Requests and Breach Notifications or near misses).

Staff advised that no breaches had been reported to the Information Commissioner. Arising from the absence of an incident / referral log it was not possible to assess the number or nature of any internal referrals made. In addition, the access capability to records is limited to the Data Protection Officer as material is held in E records (personal email and e filing) rather than generic E records to enable authorised deputy access.

4. Nine of the ten recommendations made had a priority rating and formed part of our follow up exercise. A tenth recommendation, relating to a reporting process improvement, we rated as advisory so it not part of our follow up. Six of the nine recommendations had an implementation date falling before 30 June 2016 so were assessed as part of our follow-up exercise, although to inform our future work programming we also sought information on progress against the three not yet due.
5. At this stage it is important to note that implementation dates are agreed in a discussion between audit and management rather than imposed by audit. Our standard approach includes suggestions for implementation timescales (for instance, a medium priority report within the next six months to a year) but we recognise each action must be assessed on its specifics and so regularly vary from that guideline. This is mostly for practical reasons, although the risk facing the authority by continuing non-implementation is also a factor. Where a recommendation will take a long time to implement – for example if the authority decides to address the issue with a new appointment – we would expect to see interim measures in place to mitigate the risk until a permanent resolution is in place.
6. For instance, we reported similar conclusions on Data Protection at Tunbridge Wells in late 2015 and updated Members there on progress in March ([link](#)). There, key recommendations had not been implemented as planned but we detailed actions – such as an increased profile of the Senior Information Risk Officer and all-staff briefings – in place to keep issues visible and lower the risk of breach.
7. On the Ashford BC follow up, the table below describes our findings against each recommendation (including those not yet due).

| Recommendation | Finding |
|--|--|
| <p>R5: Training</p> <p><i>Implement training regime and awareness programme</i></p> <p>Priority 2: High</p> <p>Implementation: April 2016</p> | <p>Partly implemented.</p> <p>General training available through eLearning and has been publicised to staff. Up to 5 September, this training was complete by 91% of staff.</p> |

| Recommendation | Finding |
|---|---|
| | <p>Specific training: Officers are currently drawing up information on which services require additional training because of the data they handle (e.g. Housing). A brief, funding and content for the training is agreed and arranged for delivery in mid October. We will follow up on delivery of this training later in the year.</p> |
| <p>R6: Breach Handling</p> <p><i>Formalise and enhance protocols for breach handling</i> Priority 2: High Implementation: July 2016</p> | <p>Partly implemented.</p> <p>The new data protection policy sets out what should be done in base of breach. Revised protocols will be established by the DPO when appointed. Currently, legal services are handling instances case-by-case.</p> |
| <p>R1: Policy & Procedure</p> <p><i>Update and apply policies and procedures</i> Priority 3: Medium Implementation: June 2016</p> | <p>Partly implemented</p> <p>The new policy was agreed by Cabinet on 14 July 2016.</p> <p>There is some expanded guidance available on the intranet that will be revised and extended by the DPO.</p> |
| <p>R2: Organisational Monitoring & Review</p> <p><i>Implement monitoring and review regime in line with policy</i> Priority 3: Medium Implementation: June 2016</p> | <p>Not implemented</p> <p>Reporting framework will be developed by the DPO when appointed. In the meantime, legal services will have awareness of compliance with DPA requirements.</p> |
| <p>R9: Record Handling</p> <p><i>Review and revise arrangements for data storage and retention to ensure compliance with data protection record retention requirements.</i> Priority 3: Medium Implementation: June 2016</p> | <p>Not implemented</p> <p>Officers undertook an initial review as part of the email archive solution and established that this is a much more substantial task than originally anticipated. The next major step for reviewing arrangements will be taken in November. A timetable of the steps for ensuring compliance is due before management team in November.</p> |

| Recommendation | Finding |
|---|---|
| <p>R8: Fee Handling</p> <p><i>Formalise fee handling and banking arrangements for SARs</i></p> <p>Priority 4: Low</p> <p>Implementation: June 2016</p> | <p>Implemented.</p> <p>Guidance has been published on the intranet stating that the fee is required and how it should be banked.</p> <p>We also note that, when the forthcoming General Data Protection Regulations are implemented over the next two years, this point will become moot.</p> |

8. Recommendations 3 (on roles and responsibilities), 4 and 7 (on ensuring shared access to information to help functional resilience) were not due for follow up in this period. However, in both instances we noted some progress. On R3 this was principally in the form of agreeing a job description and specification for a Data Protection Officer. On R4 and R7, subject access requests information is now held centrally within legal's case management system pending transfer to the Data Protection Officer. Development of a permanent detailed protocol on breach handling and recording will be prepared by the DPO, including arrangements for shared access. In the meantime a shared interim record system has been created in the legal services case management system.
9. In summary, although we acknowledge some areas of strong progress – most notably on general training and awareness raising – However full implementation of some recommendations is dependent on the DPO appointment. In the meantime resources have therefore been focussed on controlling operational risk, but officers acknowledge that this can only be a short term solution owing to the strain it places on existing resources.
10. We also note that during the period since March, the Council has noted no actual or potential breaches of its DPA requirements. Consequently we were unable to test whether these interim arrangements would be effective in handling a breach.
11. There is, however, insufficient progress to consider revising the assurance level from 'weak'. Officers have suggested initially moving implementation dates to the end of September 2016 but given how much progress is awaiting the Data Protection Officer (who will inevitably take some time to settle into the role) we believe full implementation before the end of 2016/17 is unlikely.
12. Therefore we encourage officers to consider extending its interim measures, potentially with further support, until a longer term solution is identified. To that end, we have put Ashford officers in contact with colleagues at Tunbridge Wells to discuss, among other considerations, whether there is scope for learning from their experience and responses they have developed to similar recommendations.

Risk Assessment

13. This report is presented for information and update. It has no fresh risk management implications.

Equalities Impact Assessment

14. There are no proposals made in the report that require an equalities impact assessment.

Other Options Considered

15. Not applicable

Consultation

16. An earlier version of this report was presented to management team in mid-September. This version is updated for comments received.

Implications Assessment

17. Not Applicable

Handling

18. Not Applicable

Conclusion

19. Progress to date against recommendations raised within the *weak* rated audit of data protection has not been as rapid as suggested by management in response to the audit recommendations. Although interim measures are in place to mitigate key risks, the Council must seek a longer term solution to ensure it can meet DPA requirements.

Portfolio Holder's Views

20. We understand the portfolio holder has been kept informed of progress in implementing recommendations.

Contact: Rich Clarke Tel: (01233) 330442
Email: richard.clarke@ashford.gov.uk or rich.clarke@midkent.gov.uk

Agenda Item No: 5
Report To: Audit Committee
Date: 30 June 2016
Report Title: Annual Internal Audit Report and Opinion 2015/16
Report Author: Rich Clarke – Head of Audit Partnership



| | |
|-----------------|---|
| Summary: | The report gives the 2015/16 Head of Audit Opinion on the Council's internal control, governance and risk management, with supporting work completed during the year. |
|-----------------|---|

Key Decision: NO

Affected Wards: All

Recommendations:

1. The Committee **notes** the Head of Audit Opinion for 2015/16 that it can place reliance on the overall adequacy of the Council's internal control, governance and risk management.
2. The Committee **notes** the work underlying the Opinion and the Head of Audit's view the service has upheld proper independence and conformance with Public Sector Internal Audit Standards.

Policy Overview: N/A

Finance: N/A

Risk Assessment NO

EIA NO

Other Matters: N/A

**Exemption
Clauses:** N/A

**Background
Papers:** Annual Internal Audit Report and Opinion 2015/16

Contacts: rich.clarke@midkent.gov.uk Tel: (01233) 330442

Report Title: Annual Internal Audit Report and Opinion 2015/16

Purpose of the Report

1. This report meets the Head of Internal Audit reporting standards as directed by the Public Sector Internal Audit Standards (PSIAS). The report includes the Head of Audit Partnership's opinion on the overall adequacy of the organisation's governance, risk management and control. The Council can use this opinion within its Annual Governance Statement for 2015/16.
2. PSIAS, in particular Standard 2450: Overall Opinions, direct the annual report must incorporate:
 - The annual audit opinion,
 - A summary of the work completed that supports the opinion, and
 - A statement on conformance with PSIAS.

Issue to be Decided

3. Audit work completed during 2015/16 satisfies the Head of Audit Partnership the Council can place assurance on controls in place during 2015/16. Also audit work provides assurance the Council's corporate governance complies in all material respects with guidance issued by CIPFA/SOLACE. Finally, audit work provides assurance the Council's risk management is effective. We ask the Audit Committee to note these opinions.
4. Please see the appendix for the full Annual Report for 2015/16 which includes a summary of all work conducted to support the opinion and confirms the independence and effectiveness of the internal audit service.

Background

5. Internal audit is a compulsory service under Regulation 5 of the Accounts and Audit Regulations 2015. The principle objective of internal audit is to:

"... undertake [audit work] to evaluation the effectiveness of [...] risk management, control and governance processes, taking into account public sector internal auditing standards and guidance."
6. The Audit Committee's Terms of Reference say it must:

"[review] The Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activity..."
7. The Council's audit service runs as a four-way partnership with Maidstone, Swale and Tunbridge Wells Borough Councils. The Audit Charter and Annual Plan agreed by this Committee in March 2015 detail the service's scope and

aims. This Committee also received an interim update on progress so far in December 2015.

8. We have completed the work set out in the plan subject to adjustments, as described following PSIAS. Work outstanding has made enough progress to satisfy the Head of Audit Partnership its conclusions will not materially affect the Opinion. We will report verbally the final conclusions of any work finished ahead of the meeting and include within the first interim update of 2016/17.

Risk Assessment

9. N/A

Equalities Impact Assessment

10. N/A

Other Options Considered

11. The role of the Audit Committee includes considering the Annual Report of internal audit as a mandated part of its purpose. We recommend no alternative course of action.

Consultation

12. We agree all findings and recommendations identified within reviews with our audit sponsor (usually the Head of Service). We also agree with management action plans to fulfil recommendations. We have discussed the report's key findings with the Head of Finance across the year and to the Council's Policy Team to help with preparing the Annual Governance Statement. We have adapted the attached report for comments received.

Implications Assessment

13. N/A

Handling

14. N/A

Conclusion

15. We completed work as set out in the plan following PSIAS that satisfies the Head of Audit Partnership the Council's internal control, governance and risk management runs effectively.

Portfolio Holder's Views

16. N/A

Contact: Rich Clarke –Head of Audit Partnership
Tel: 01233 330442

Email: rich.clarke@midkent.gov.uk

Agenda Item No: 6

Report To: Audit Committee

Date: 29 September 2016

Report Title: Good Governance Framework Audit

Report Author: Nick Clayton, Senior Policy, Performance and Scrutiny Officer
Alison Blake, Audit Manager



Summary: This report presents the Committee with the results of a recent four-council audit review of the Council's preparedness for the revised CIPFA /SOLACE Good Governance Framework, which was considered and endorsed by the Committee in June as the Council's new "Local Code of Corporate Governance, Delivering Good Governance in Local Government 2016".

Key Decision: NO

Affected Wards: All

Recommendations: **The Audit Committee be asked to:-**

- I. **Note the final audit report as presented in Appendix 1**
- II. **endorse that officers investigate the opportunities presented by the LG Inform platform in more detail, with a view to incorporating more benchmarking information where appropriate.**

Policy Overview: The revised '*Delivering Good Governance in Local Government*'¹ framework produced by CIPFA and SOLACE, and published in April 2016, sets the standard for local authority governance.

Ashford Borough Council's own Local Code was prepared in accordance with the CIPFA/SOLACE framework.

Financial Implications: None

Risk Assessment N/A

Equalities Impact Assessment N/A

¹ <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

**Other Material
Implications:**

**Background
Papers:**

Contacts: Nicholas.Clayton@ashford.gov.uk – Tel: (01233 330485)

Report Title: Good Governance Framework Audit

Purpose of the Report

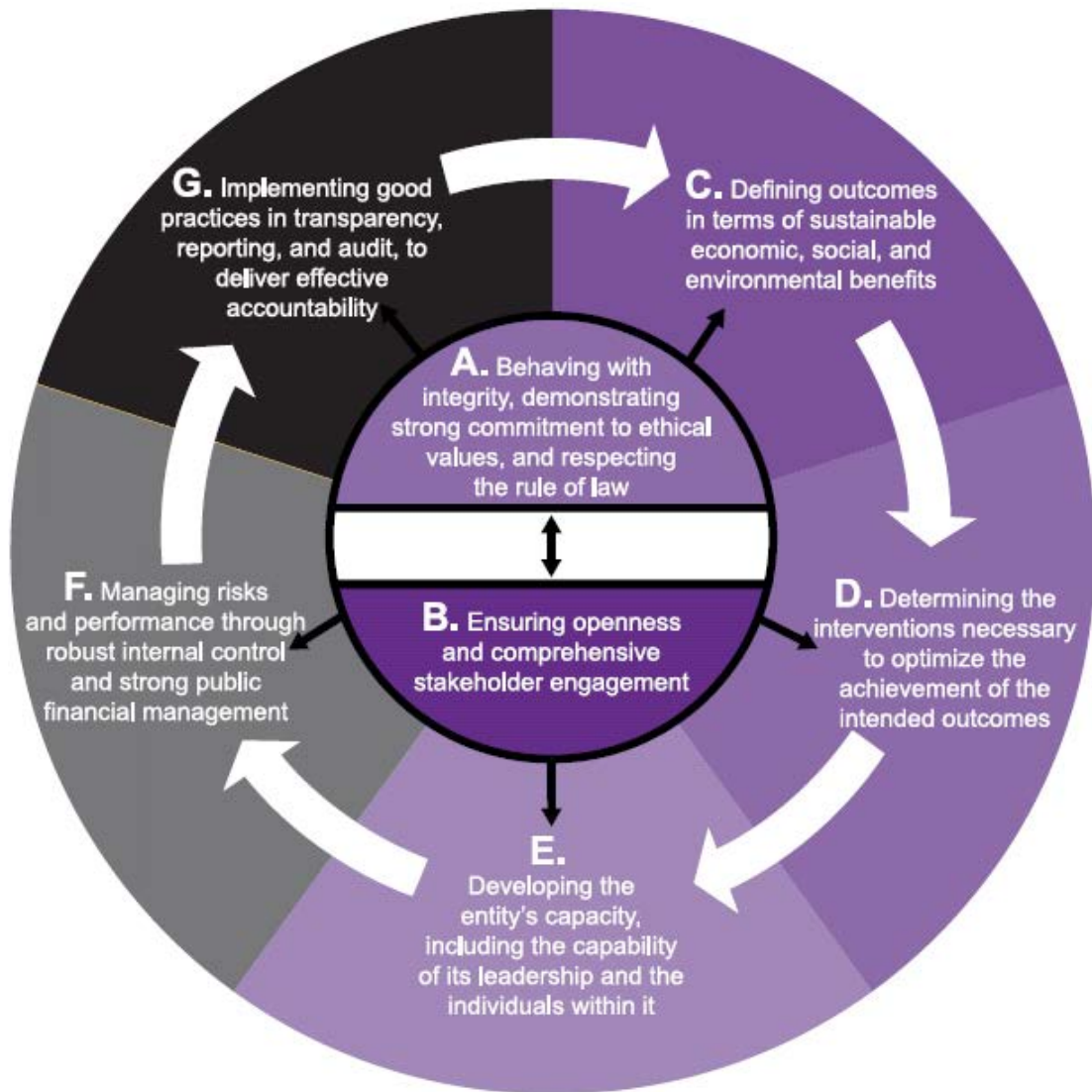
1. To note the findings of a recent four-council audit report on the Council's preparedness for the requirements of the Council's Local Code of Corporate Governance (**Appendix 1**).
2. To endorse the preliminary actions suggested in order to address the points raised in the report, and to make any additional suggestions as required.

Issue to be Decided

3. To note the findings of the internal audit report 'Good Governance Framework Overview'.

Background

4. In April 2016 CIPFA/SOLACE published an updated 'Delivering Good Governance in Local Government' framework 2016 which revises the standard for local authority governance.
5. Accordingly, it is good practice for the Council to adopt its own compliant local Code of Corporate Governance, based upon the national framework. As such, the Audit Committee agreed a "Local Code of Corporate Governance, Delivering Good Governance in Local Government 2016" in June.
6. This local Code will apply to Annual Governance Statements prepared for the financial year 2016/17 onwards.
7. Both the CIPFA / SOLACE framework, and the Council's own Local Code, are based around the same seven core principles of good governance –



8. The new framework provided an excellent opportunity to take stock of what lessons could be learnt within, and between, the four local authorities who make up the Mid Kent Audit Partnership.
9. Accordingly, the internal audit team conducted a review of the current arrangements in each authority, as part of their advice and consultancy work.
10. As such, it is crucial to note that this was not a traditional audit exercise. It was not only the first time a corporate governance review had been completed simultaneously across all four councils, but the objectives of the review were also forward-looking, relating to the ability to demonstrate compliance against the new code rather than a traditional audit of the approach to a currently-applicable system.
11. Since the requirements are not yet in force, the review has not been assurance rated and does not include rated recommendations for follow up.

The Audit Review Findings

12. The review confirmed that all four Mid-Kent Audit Partnership councils, including Ashford, are on course to meet the seven principles of good governance before preparing their 2016/17 Governance Statements.
13. The review also identified several notable examples of good governance at each Council, and some steps which would further help each Council to bring their existing governance approaches up-to-date or raise their profile. All four councils' information is summarised below -

| Notable practice | Areas for improvement |
|---|---|
| <p>ABC</p> <ul style="list-style-type: none"> - Clear and financed approach for addressing fraud and corruption - Review of medium term financial plans - Good succession planning and officer development | <p>ABC</p> <ul style="list-style-type: none"> - Limited benchmarking at corporate level - Broadening scope of risk management across the Council |
| <p>MBC</p> <ul style="list-style-type: none"> - Well managed transition to Committee governance in 2015/16 - Information governance approach | <p>MBC:</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Limited benchmarking at corporate level - Setting in risk management into decision making and defining risk appetite |
| <p>SBC</p> <ul style="list-style-type: none"> - Collaborative working with external groups and youth forum - Risk and performance management - Actively seeks benchmarking, peer review and external accreditation for continuing corporate learning. | <p>SBC</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Increasing Member training attendance |
| <p>TWBC</p> <ul style="list-style-type: none"> - Good external links. - Member skills gap analysis. - Project management approach. | <p>TWBC:</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Service planning and operational risk management |

14. One other area noted by the review was for the four councils to consider the currency of corporate policies and update or recirculate where needed. This general advice has already been implemented in Ashford, with the endorsement in June by the Committee of the council's own revised Local Code. This, being agreed alongside the last Annual Governance Statement under the previous framework, provided an opportunity to reflect on and review the underlying policies, procedures and elements comprising the council's governance arrangements.

Actions to respond to the Audit

15. Overall, the report's findings confirm that the Council is on course to meet the principles set out in the new Good Governance Framework.
16. However, as can be seen from the table above, the review made recommendations for further work in two broad areas – Benchmarking and Risk Management. Whilst this Committee provides an excellent opportunity to discuss the review and agree the Council's overall response, the audit findings have also been shared with the Council's senior management team. The committee is asked to consider the actions proposed below as part of their discussions.

Benchmarking

17. In recent years the council has taken crucial steps to enhance the management information it incorporates into its strategic-level decision-making. Whilst this approach is naturally an evolving one, the aim is for the council's new Performance Dashboard to inform the work of both officers and Members. As part of the Council's wider governance arrangements, such performance information is used to reflect on the organisation's approach – leading to doing things differently where needed in order to offer efficient services and effective outcomes.
18. However, as noted by the review, there are many other sources of comparative information available across the sector. In the past the main difficulty was ensuring that this information, drawn as it was from other organisations, was available regularly, in a standard format and offered direct comparisons.
19. It is obviously important that bespoke Ashford benchmarking reports can be produced covering areas of particular interest, but other information relating to Ashford is also collated by various organisation throughout the country. One such example is Local Government Inform (LG Inform) which a free online benchmarking tool allowing councils to access, compare and analyse data, and present your findings online or offline.
20. Developed by the Local Government Association, LG Inform gives local authorities access to over 1,800 items of relevant contextual and performance data, including a number of thematic research reports, covering areas including –
 - a. A headline report for District Councils
 - b. A Financial Diagnostic Report
 - c. Health and Wellbeing in the local area
 - d. The impacts of Welfare Reform
 - e. Demographics and determinants of health
21. In due course, such online benchmarking information can be embedded within the council's own online Performance Dashboard (available to all Members, the Cabinet and Overview and Scrutiny Committees from September 2016 onwards).

22. **The Committee is asked to endorse that officers investigate the opportunities presented by the LG Inform platform in more detail, with a view to incorporating more benchmarking information where appropriate.**

Risk Management

23. As the Audit Committee will know, risk management and monitoring is a key part of the business planning and management processes for the Council.
24. A new Strategic Risk process was approved in 2015, with the commitment to report back to Audit and update the committee in September 2016. A separate strategic risk report is on September's Audit Committee agenda, for updating purposes.
25. In addition, however, identifying Service Risk is also a key part of the council's service planning process. This year, it was agreed that the most recent Management & Leadership cohort would assist in this process, so officers from this group are scheduled to meet with individual services during September to identify and facilitate the scoring of individual service risks. After this, the results will be collated and included on ABC's online programme management software (Co-valent) for ongoing monitoring purposes. The process is expected to be completed by the end of October, with a report to Management Team. Service risks will also be included in the reports to be considered by the Budget Scrutiny Task Group between December 2016 and January 2017.

Contact: Nick Clayton

Email: Nicholas.clayton@ashford.gov.uk

MID KENT AUDIT

GOOD GOVERNANCE FRAMEWORK OVERVIEW

FINAL AUDIT REPORT

JULY 2016

| | | | |
|----------------------------------|-------------------------------|-------------------------|---|
| Audit Code | CG01(15-16) | Service | Corporate Governance |
| Audit Managers | Alison Blake Frankie Smith | Head of Service | Ben Lockwood Paul Riley Nick Vickers Lee Colyer |
| Head of Audit Partnership | Rich Clarke | Chief Executives | Tracey Kerly Alison Broom Abdool Kara William Benson |



MID KENT AUDIT

Summary Report

Our review against the Framework confirms all 4 Councils are on course to meet each of its 7 principles before preparing their 2016/17 Governance Statements. We also identified several notable examples of good governance at each Council.

However, some steps would further help each Council to bring their existing governance approaches up-to-date or raise their profile. One example is to consider the currency of corporate policies and update or recirculate where needed.

During the review, we identified the following areas of notable practices at each Council:

| Notable practice | Areas for improvement |
|---|---|
| <p>ABC</p> <ul style="list-style-type: none"> - Clear and financed approach for addressing fraud and corruption - Review of medium term financial plans - Good succession planning and officer development | <p>ABC</p> <ul style="list-style-type: none"> - Limited benchmarking at corporate level - Broadening scope of risk management across the Council |
| <p>MBC</p> <ul style="list-style-type: none"> - Well managed transition to Committee governance in 2015/16 - Information governance approach | <p>MBC:</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Limited benchmarking at corporate level - Setting in risk management into decision making and defining risk appetite |
| <p>SBC</p> <ul style="list-style-type: none"> - Collaborative working with external groups and youth forum - Risk and performance management - Actively seeks benchmarking, peer review and external accreditation for continuing corporate learning. | <p>SBC</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Increasing Member training attendance |
| <p>TWBC</p> <ul style="list-style-type: none"> - Good external links. - Member skills gap analysis. - Project management approach. | <p>TWBC:</p> <ul style="list-style-type: none"> - Counter fraud policies and approach - Service planning and operational risk management |

Before preparing the 2016/17 Governance Statement, each council should consider a more detailed self-assessment against the Framework's key principles (see Appendix III).

MID KENT AUDIT

Next Steps

This report is part of our advice and consultancy work. It has neither assurance rating nor recommendations and so does not need a formal response. However, we are happy to hear comments on the draft that we will consider for the final report.

Later in 2016/17 we intend to complete another corporate governance review. This will focus on specific parts of the Framework at each Council which we will discuss with officers when compiling audit briefs.

Findings in Context

This is the first time we have completed a corporate governance review across all four councils to find out readiness for displaying the CIPFA Good Governance Framework's principles.

Independence

Public Sector Internal Audit Standard 1100 demands we act always with independence and objectivity. We must disclose any threats, in fact or appearance, to that independence and our plans for managing them.

The Accounts & Audit Regulations recognise internal audit as a key part of effective governance. This is also true for related services that we also provide, at least to some extent, across the partnership including consultancy advice, risk management and counter fraud support.

This report is an outline so we have not examined audit (or any governance area) in significant depth that would cause us to be reviewing our own work. So we believe the work is independent enough to comply with the Standards.

MID KENT AUDIT

Acknowledgements

We would like to express our thanks to all those officers who helped completion of this work, in particular:

| | |
|--|--|
| <p><u>Ashford</u> Deputy Chief Executive Director of Law & Governance (Monitoring Officer) Head of Finance (s151) Head of HR, Coms & Technology Policy & Performance Officer</p> | <p><u>Maidstone</u> <u>Chief Executive</u> Head of Policy & Communications Head of Finance & Resources (s151) Head of HR Head of Mid Kent Legal Services MKS Support Officer</p> |
| <p><u>Swale</u> <u>Chief Executive</u> Director of Corporate Services & Monitoring officer Head of Finance & S151 Head of Policy & Performance Head of HR MKS Support Officer</p> | <p><u>Tunbridge Wells</u> <u>Chief Executive</u> Director of Finance & Corporate Services Head of Finance & Procurement Head of Policy & Governance HR Officer Head of Mid Kent Legal Services MKS Support Officer</p> |

| Audit team and contact details | Report distribution list |
|--|--|
| <p>Head of Audit Partnership Rich Clarke (Rich.Clarke@MidKent.gov.uk) Audit Manager Alison Blake (Alison.blake@midkent.gov.uk) Frankie Smith (Frankie.smith@midkent.gov.uk)</p> | <p>Draft All officers in the table above save those underlined.</p> <p>Final All officers in the table above plus Chief Executives</p> |

MID KENT AUDIT

Detailed Findings

We completed our fieldwork during April and May 2016 to the objective and tests set out in the final audit brief dated 26 February 2016. We include the audit brief at appendix I

We have amended the brief at appendix I from its original presentation to reflect a delay in the timeline during the fieldwork stage. This delay was due to officer availability and the Audit Manager's year-end workloads.

Objective 1: To review the extent to which the Council's will be able to demonstrate compliance with the 7 core principles of the Good Governance Framework in order to determine the Council's readiness ahead of the 2016/17 Annual Governance Statement requirements

We completed this review drawing on several sources of information. These included interviewing several key officers at each Council (as listed in the acknowledgements table). We also reviewed some corporate policies and documents to find out how prepared each Council is for displaying the 7 principles in the Framework. We provide in Appendix II further details of the key principles and sub-principles considered.

The following tables provide a summary of our findings for each Council against each of the 7 Good Governance principles and highlights notable practice and areas for improvement against each principle:

MID KENT AUDIT

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law



Members and officers behave with integrity and demonstrate the Council's values.

A suite of current policies exist for tackling fraud, corruption and money laundering and a framework for officers to speak up with concerns. The Council also has a dedicated Fraud Investigations Team.



The Council's values are well demonstrated and promoted including behaving with integrity. The values are reinforced by integration with staff awards.

Speaking up policy currently under review, but broader counter fraud and corruption policies do not reflect current legislation and best practice.



Highly visible corporate priorities and values with comprehensive supporting training. Robust declaration of interest processes in place. Values and behaviours are also integrated within "Swale Stars" awards ceremony.

Counter fraud and corruption policies do not reflect current best practice and are not well publicised.



Ethical values permeate through corporate strategies (e.g. procurement) and are highly visible, including integration within "Celebrate" awards. There is also regular reporting on Member conduct through Committee.

Counter fraud policies require updating, not least because there are multiple versions in circulation.

Overall Summary

All four authorities have robust arrangements in place to ensure Members and officers behave with integrity, demonstrate a strong commitment to ethical values and respecting the rule of law. Across each Council these values are highly visible and integrated in day-to-day working and one-off events.

Notable Practice

ABC: Clear and resourced approach for addressing fraud and corruption.

SBC: Members and officers declaration of interests

Areas to Improve

MBC/SBC/TWBC: Update and refresh counter fraud policies and approach.

MID KENT AUDIT

Principle B: Ensuring openness and comprehensive stakeholder engagement




The Council demonstrates a commitment to openness and proactively seeks to be open when making decisions.

The Council engages with a variety of stakeholders and balances their different demands effectively.




The Council is committed to being open and transparent, and engages with a variety of stakeholders.

Good collaborative arrangements exist which allow the Council to use resources efficiently while effectively achieving outcomes.



The Council demonstrates a strong commitment to openness and consultation with external stakeholders including the 'You said, we did' initiative.

Exemplar practices include collaborative working with stakeholder groups e.g. the Public Services Board and Community Safety Partnership and engaging with the next generation through the Youth Forum.



The Council's decision making process is open and transparent, which is reflected in the low number of exempt papers reported to Cabinet in 2015/16.

The Council completes regular consultation exercises with stakeholders and has good collaborative arrangements in place with local community groups.

Overall Summary

Our review confirmed the commitment of all 4 Councils to openness and transparency across their activities.

Notable Practice

SBC: Collaborative working with external stakeholder groups and Youth Forum

TWBC: Low numbers of exempt papers reported to Cabinet

Areas to Improve

None noted

MID KENT AUDIT

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits



Clear and well presented vision, including defined outcomes, providing the basis for priorities and links into the decision making process.

The performance management process is currently being reviewed.



Vision and priorities are defined and clear. The Council ensures and monitors equality of access.

The performance management process is currently being reviewed.



The Council has clearly defined and highly visible corporate priorities and outcomes across a range of areas. The performance management framework is closely linked to corporate priorities and outcomes.

The Council has a robust and programmed approach to decision making (“the rhythm of the Council”) with a clear focus on impact and outcomes.



The Council has clearly defined its vision, corporate priorities and desired outcomes (measures of success) and these are widely communicated across the Council.

The corporate performance indicators are currently being reviewed to ensure they remain closely aligned to the corporate priorities.

Overall Summary

Our review confirmed all 4 councils have clearly defined outcomes defining sustainable economic, social and environmental benefits.

Notable Practice

- SBC:** Quarterly Team Talks to refresh staff awareness of priorities and values
- SBC:** Robust decision making arrangements

Areas to Improve

None noted

MID KENT AUDIT

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes



ASHFORD
BOROUGH COUNCIL

Best value is achieved through regular budget reviews and strong member involvement in decision making.
Stakeholders are appropriately engaged when considering how to deliver services.

Risks are considered but could be more closely monitored.
Year on year performance is monitored quarterly rather than against set targets.



Regular meetings between senior officers and party leaders help progress the decision making process following change to a committee structure.

Performance against targets is monitored quarterly.



The Council has strong annual service planning process across all service areas. Service plans set out intended outcomes for each service area and the actions required to achieve these outcomes.

The Council has a highly regarded and proactive Commissioning service in place and the Council's procurement arrangements promote best value and social value.



The Council has a structured and effective decision making process considering intended outcomes and impact of decisions. The process has been further improved by Cabinet Advisory Boards.

The Council plans to review some areas in 2016/17 – service planning, corporate performance indicators and operational risk management.

Overall Summary

Our review has confirmed that the councils have effective mechanisms to optimise desired outcomes.

Notable Practice

ABC review of MTFP alongside consideration of Corporate Plan and succession planning

SBC: Commitment to commissioning and social value

TWBC: Cabinet advisory boards

Areas to Improve

TWBC: Service planning and Operational risk management

MID KENT AUDIT

Principle E: Developing the entity's capacity, including the capacity of its leadership and individuals within it



ASHFORD
BOROUGH COUNCIL

The changes to the Council's senior management structure during 15/16 were supported by robust succession planning.

There is a constructive relationship between Members and officers with roles independent and clearly defined.

The capability of members and officers is well supported and developed.



Member and officer relationships remain largely constructive through changes in governance structure.

The Leadership Team have reviewed their effectiveness and implemented changes to support them going into 16/17.

Maidstone Youth Forum encourages engagement in the democratic process.



Senior Management is well resourced and able to fulfil its statutory responsibilities.

There are clearly defined and effective relationships between Members and Officers, including on delegations.

Member and officer training and development is strong. The Council is a 'learning organisation' participating in benchmarking exercises and peer reviews.



Senior Management have strong external links with government bodies to keep up-to-date with policy and external risks.

There are clearly defined and effective relationships between Members and Officers plus a skills gap analysis to identify and address training needs.

The Council has exemplar project management arrangements in place

Overall Summary

Our review has confirmed that all 4 councils have robust arrangements in place to develop Members, Senior Managers and officers.

Notable Practice

ABC Good consideration of succession planning and officer development

SBC Peer review and external accreditation, Member

Development Working Party

TWBC External links with government bodies, Member skills gap analysis, Project Management

Areas to Improve

ABC/MBC Limited corporate approach to benchmarking

SBC Increasing Member attendance at non-mandatory training

MID KENT AUDIT

Principle F: Managing risks and performance through robust internal control and strong public financial management



ASHFORD
BOROUGH COUNCIL

During 15/16 the Council revised its risk management identified risks linked to the new corporate plan. Risk at an operational and decision making level is developing.

Performance management is in place and reported with a revised process due in 16/17. Managing data was noted as a concern during 15/16, with the Council's approach being revised in response.



MAIDSTONE
Borough Council

During 15/16 the Council revised its risk management. This included identification and central risk collation. Further work is planned for 16/17 to embed enhance links to decision making.

Performance management is in place and regularly monitored and reported. During 16/17 the processes will be revised.



Tunbridge
Wells
Borough
Council

The Council has a strategic risk register in place which is regularly updated and reported to the Audit & Governance Committee. There is not currently a consistent embedded approach to operational risk management.

The Council has introduced an Information Governance Forum to oversee Data Protection across the Council



Swale
BOROUGH COUNCIL

The Council has recently agreed a new risk management strategy and register. Mid Kent Audit is leading development of the Council's operational risks arrangements.

The Council's performance management framework is well embedded and closely linked to the corporate priorities.

Overall Summary

Our review has confirmed that all 4 Councils have robust internal control and financial management arrangements in place to effectively manage its risks and performance.

Notable Practice

SBC Risk management and Performance Management
SBC/TWBC Information Governance

Areas to Improve

ABC/MBC Embedding RM arrangements – especially into decision making
MBC/SBC/TWBC Anti-fraud and corruption policy needs to be revisited and updated
TWBC Operational risk management

MID KENT AUDIT

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability



Information is transparent and readily available but the Council could review formatting to aid utility.

The Council reports on performance and planned improvements each year.

Governance of jointly managed and subsidiary organisations are monitored by a sub-committee of the Cabinet.



Information is transparent and readily available, although the Council is seeking to improve web searching.


The Council reports on performance and planned improvements each year, including a review of effectiveness. However, the review does not clearly cover MKIP governance arrangements (a comment relevant to all MKIP authorities).



Reports to SMT and Members are well structured and comprehensible.

The Council's Annual Governance Statement is collectively owned by Members and officers and it has effective audit arrangements.

The Council actively seeks peer review, benchmarking and external accreditation to encourage continual corporate learning.



Reports to Senior Management Team and Members are well structured and comprehensible.

The Council's Annual Governance Statement is collectively owned by Members and officers.

The Council has effective arrangements in place for both internal and external audit.

Overall Summary

Our review has confirmed that all 4 councils have a number of effective mechanisms in place in relation to transparency and reporting.

Notable Practice

SBC Actively seeking benchmarking, peer reviews and external accreditation for continual corporate learning.

Areas to Improve

MBC/SBC/TWBC Clarify reporting and transparency for MKIP/MKS.

MID KENT AUDIT

Appendix I: Audit Brief

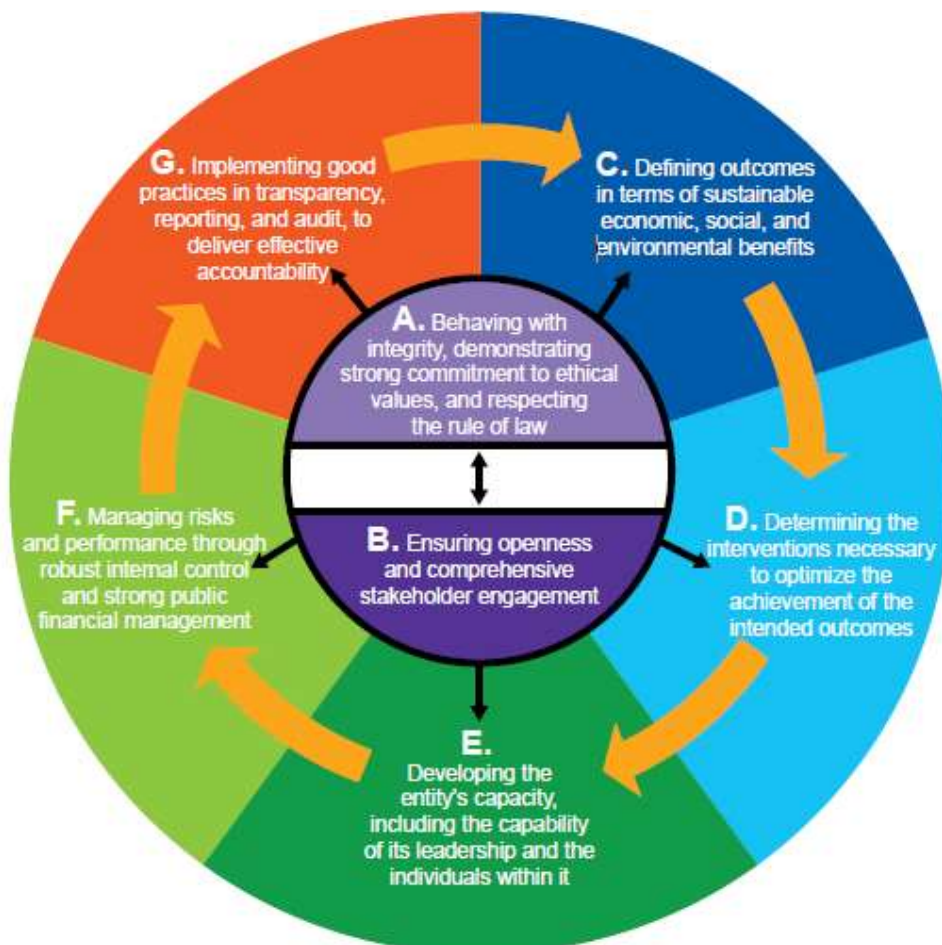
About the Governance Area

Corporate governance is the system of rules, practices and processes by which the Council is directed and controlled. Broader than just financial controls, it is also concerned with how the Council maintains legal compliance and seeks to arrange its operations in order to achieve its objectives.

Good corporate governance is of critical importance in any organisation, particularly a public sector organisation primarily because good governance leads to good management, good performance, good stewardship of public money, good public engagement and good outcomes.

CIPFA introduced a new **Good Governance Framework for Local Government** in 2015. The Framework is based on the International Framework: Good Governance in the Public Sector.

The Good Governance Framework includes the following 7 core principles of good governance which are designed to give a greater emphasis on sustainable outcomes. See diagram below:



MID KENT AUDIT

About the Audit

This audit aims to support the client in developing its corporate governance arrangements in light of the new Good Governance Framework. The audit will be undertaken across all 4 sites with a view to sharing best practice and providing a position statement ahead of the 2016/17 Annual Governance Statement requirements.

The LGA have recommended that each authority arrange for a peer review to be completed. A peer review has already been arranged for Swale and Tunbridge Wells Borough Council.

Our work will focus on current plans for demonstrating compliance with future requirements. Since the requirements are not yet in force, the review will not be assurance rated and will not include rated recommendations for follow up. Instead the work will seek to identify and share good practice to assist authorities in drawing up their 2017/18 Annual Governance Statements, the first under the new framework.

The work will lead to a single report relevant to all four authorities in the partnership.

Audit Objectives

To review the extent to which the Councils will be able to demonstrate compliance with the 7 core principles of the Good Governance Framework in order to determine the Councils' readiness ahead of the 2016/17 Annual Governance Statement requirements.

Audit Scope

The scope of the project will follow the guidelines set out in the International Framework: Good Governance in the Public Sector guidance note.

Audit Testing

- Discussions with S151, Monitoring Officers and other key personnel
- Review of key corporate policies / strategies

Audit Resources

Based on the objectives, scope and testing identified we expect this review will require 20 days of audit resources, broadly divided as follows:

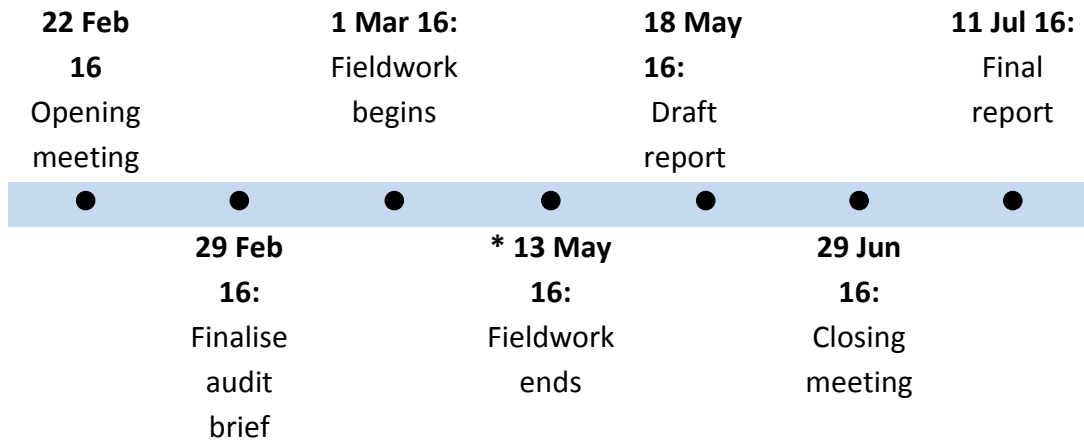
MID KENT AUDIT

| Audit Task | Auditor/s | Number of Days (Projected) |
|----------------------|----------------------------|-----------------------------------|
| Planning | Alison Blake/Frankie Smith | 2.5 |
| Fieldwork | Alison Blake/Frankie Smith | 12.5 |
| Reporting | Alison Blake/Frankie Smith | 3 |
| Supervision & Review | Rich Clarke | 2 |
| Total | | 20 * |

* The audit resource will be split across the 4 authorities.

MID KENT AUDIT

Audit Timeline



* The timeline on the audit was adjusted to reflect delays during the fieldwork stage due to officer availability and the Audit Manager's workloads

MID KENT AUDIT

Appendix II – Good Governance Framework Principles

| Good Governance Framework Principles | |
|--|---|
| (A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | <ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law |
| (B) Ensuring openness and comprehensive stakeholder engagement | <ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging stakeholders effectively, including individual residents and service users |
| (C) Defining outcomes in terms of sustainable economic, social and environmental benefits | <ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social and environmental benefits |
| (D) Determining the interventions necessary to optimise the achievement of the intended outcomes | <ul style="list-style-type: none"> • Determining interventions • Planning interventions • Optimising achievement of intended outcomes |
| (E) Developing the entity's capacity, including the capability of its leadership and the individuals | <ul style="list-style-type: none"> • Developing the entity's capacity • Developing the entity's leadership • Developing the capability of individuals within the entity |
| (F) Managing risks and performance through robust internal control and strong public financial management | <ul style="list-style-type: none"> • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management |
| (G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability | <ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability |

Agenda Item No: 7



ASHFORD
BOROUGH COUNCIL

Report To: Audit Committee

Date: 29th September 2016

Report Title: Strategic Risk Management – Review & Update

Report Author: Kirsty Hogarth, Policy & Performance Manager

Portfolio Holder:

| |
|---|
| <p>Summary: This is the first review and update of Strategic Risk, following Audit Committee's approval in September 2015 of a new approach to identifying and managing risk for Ashford Borough Council. It includes the first update of the Strategic Risk Register since March 2016 when the Audit Committee endorsed the Register.</p> |
|---|

Recommendations: The Audit is asked to:-

- 1. Note the updates and mitigation proposals**
- 2. Agree a further six-month review period**

Contacts: kirsty.hogarth@ashford.gov.uk – Tel: (01233) 330413

Report Title: Strategic Risk Management: Review & Update

Purpose of the Report

1. The purpose of this report is to enable Audit Committee Members to consider the review of the Council's Strategic Risks and to allow scope for the Committee to explore any particular risk areas in more depth.

Background

2. In September 2015, a new approach to identifying and managing strategic risk was approved by the Audit Committee.
3. Subsequent to that approval, a series of workshops was held with Heads of Service across the council, ensuring that risk management became better embedded within the culture of the organisation and producing a new corporate risk register with themes that supported the priorities of the recently approved five year Corporate Plan (2015-2020).
4. From an original 'long list' of 13 possible themes, seven main themes were eventually agreed, which each have risk 'owners' (either Directors or other members of Management Team). The themes and owners are:

| | |
|--------------------------------|------------------|
| ~ Workforce skills & capacity: | Terry Mortimer |
| ~ Housing & infrastructure: | Richard Alderton |
| ~ Key project failure: | Paul Mckenner |
| ~ Resource limitations: | Ben Lockwood |
| ~ Partnerships: | Tracey Kerly |
| ~ Community capacity: | Christina Fuller |
| ~ Reputation | Tracey Kerly |

Handling

5. When the new approach was first put forward in September last year, the Audit Committee also received a report on the wider Risk Management Framework, including both Programme and Service Risks.
6. As was indicated at the time, these two elements are being handled separately (by the Programme Manager and the Services themselves), in tandem with a new programme management system and a revised service planning template; risks within these areas, therefore, will be reported to Audit Committee separately (December 2016).
7. For the Strategic Risk management, however, it was agreed (in March this year) that mitigation plans (or simple updates where there is no increased risk) for each theme would be put forward for the Audit Committee's

consideration in September.

Conclusion

8. This report is the outcome of that review process, and the Audit Committee is asked to:
 - (i) endorse the approach and the updates/mitigation on the register
 - (ii) agree a further six-month review period.

Contact: Kirsty Hogarth, Policy & Performance Manager

Email: kirsty.hogarth@ashford.gov.uk

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q |
|---|-----------------------------|------------------|-----------------------------|--|--|------------|--|-----------------|--------|-------|--------|---|----------------|------------------|--------|-------|---|
| 1 | Appendix A | | | | | | | | | | | | | | | | |
| 2 | ABC Strategic Risk Register | | | | | | | | | | | | | | | | |
| 3 | Ref | Date Last Edited | Risk Title | Overarching Risk | Risk (full description) | Risk Owner | Key Existing Controls | Inherent rating | | | Treat? | Update (for blue, green, amber areas) and/or Controls planned (for red & black areas) | Effective Date | Mitigated rating | | | Further Action |
| 4 | | | | | | | | Impact | L'hood | Grade | | | | Impact | L'hood | Grade | |
| 5 | ABC1603/1 | 15/03/2016 | Workforce skills & capacity | ABC cannot recruit or retain sufficient capacity in its workforce to pursue its corporate objectives | Risk that resources will not meet requirements: staffing, funding, equipment (particularly IT), accommodation, training, elected Members, particularly with future organisational changes | TWM | (i) Succession Planning Strategy (ii) Engagement Strategy (iii) Learning & Development Strategy (iv) Flexible resourcing framework that gives ability to access to short term skilled staff (v) Business continuity plans (vi) MTFP & Budget monitoring processes (vii) Programme management processes (viii) Risk Framework | 3 | 2 | 6 | N | The key risks in terms of workforce skills & capacity are controlled by the Succession Planning Strategy, the MTFP and the Programme Management processes. These need to have an integrated approach; through these three strands in particular, we are making progress and better links are being made. This work will continue to make good progress and Programme Management becomes embedded. Service risks are being dealt with through the service planning process, which now has a new system to support delivery. In detail: (i) Succession Planning remains adequate at this stage, but officers will be looking at Phase II in 2017-18; (iv) Each Head of Service devises business continuity plans for his/her own service, with M Team overseeing and monitoring critical services in priority order. Business continuity is a Kent-wide activity. | Ongoing | 3 | 2 | 6 | Overseen by Directors and Management Team according to perceived need - e.g. programme management reviewed regularly by Directors and Heads of Service. |
| 6 | ABC1603/2 | 15/03/2016 | Housing & Infrastructure | Infrastructure projects being delivered by others but required to support ABC's development goals are delayed, abandoned or mismanaged | (i) Risk of individual affordability & skills gaps leading to inability to obtain housing (ii) Lack of funding for necessary infrastructure needed to maintain prime location status (iii) Risk of not attracting developers to ensure a supply and range of housing to meet diverse needs & emerging markets (iv) Under provision across borough of new or refurbished sports, cultural & leisure facilities | RA | (i) Regular liaison with HCA & Highways England to secure funding for J10A (ii) Economic Regeneration & Investment Committee (iii) New Local Plan allocations based on deliverability criteria (iv) HRA business plan (v) Regular liaison with Homes & Communities Agency to take advantage of new Government programmes (vi) Work with Ashford College on future curriculum (vii) Internal group monitoring S106 spend to seek best community return on a range of facilities | 4 | 2 | 8 | N | (i) HCA now preparing business case for £16m forward funding of developer contributions and working with central government; (ii) Economic Regeneration & Investment Committee has replaced Town Centre Regeneration Board to facilitate swifter decision-making and greater transparency; (iii) New Local Plan going according to timetable; representations now being considered for adoption by Dec 2017. Important to ensure that flexible policies are applied flexibly. (v) Progress meetings taking place re HCA land (e.g. Elwick Place) and funding streams; (vi) Business Advisory Council meets quarterly to update on Ashford College activities and strategic direction; (vii) S106 contributions still being monitored; prioritisation is a focus. CII is also being introduced via the Local Plan (which will replace S106 on larger strategic contributions); consultation has taken place on the charges, which will be applied from Jan 2018 onwards (after Local Plan adoption) | Ongoing | 3 | 2 | 6 | |
| 7 | ABC1603/3 | 15/03/2016 | Key project failure | One of more of the Council's key projects fails to deliver with consequent impacts on ABC's reputation, finances and service outcomes | (i) Risk to momentum by losing key components of crucial projects (e.g. failure to attract sufficient leisure/entertainment to ensure development of a vibrant town centre) (ii) Risk (to choice & to funding/investment) of not attracting sectoral industries | PMck | (i) ASDB (ii) Programme management (iii) Economic Regeneration & Investment Committee | N/A | N/A | N/A | N | This area was not assessed in March; it has now been measured in risk terms. Although Elwick Phase I is nearing completion, risk on the Commercial Quarter is being proactively addressed by the marketing strategy and JV on some of the larger projects shares risk and expertise and contracts. | Ongoing | 5 | 3 | 15 | Regular review needs to keep track of risks on a weekly basis. |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q |
|----|------------|------------|----------------------|--|--|----|---|---|---|----|---|--|---------|---|---|---|--|
| 8 | ABC 1603/4 | 15/03/2016 | Resource limitations | ABC suffers further loss of government income, failure to achieve income or successfully control expenditure | (i) Risk (to self sufficiency) of not generating an additional £2m p.a. by 2020 (split on NNDR, fees & charges, NHB & other income generation measures) (ii) Risk (to income generation & housing supply) of housing growth not delivering predicted NHB levels (under new 4-year regime) | BL | (i) MTFP (ii) NHB Strategy (iii) Budget monitoring (iv) HRA Business Plan (v) Budget Scrutiny (vi) Borrowing Policy (vii) S151 Officer (viii) Pro-active income generation | 3 | 3 | 9 | N | Government has released consultation documents on 100% Business Rates retention and Fair Funding Review; both of these potentially will affect the level of business rates retained by the Council and may pose a risk to our sustainability. We await publication of the new NNDR valuation list & guidance from government as to how the system will be reset for 2017, putting at risk the growth achieved in our tax yield. The Referendum result has introduced a new uncertainty into the economic outlook and Government policy. It is expected that the risks around this will become clearer when the chancellor makes his autumn statement in November and the BREXIT timetable. The due diligence work on Elwick is nearing completion, reducing the risk of the delivery of future income streams that the MTFP will rely upon. The MTFP report is due to Cabinet in October. The HRA business plan will be reported to Cabinet in November. | Ongoing | 3 | 3 | 9 | Overall, the risk balance is broadly similar to the last time this was reported and therefore this risk area will need to be monitored, but no further action is proposed at this time, although further work may be needed when government releases the technical details of 100% rate retention. The wider economy is constantly under review and the impact of the Autumn statement will be reported to the December Cabinet as part of the draft budget. |
| 9 | ABC1603/5 | 15/03/2016 | Partnerships | Loss of effective working relationships in one or more of the partnerships ABC has developed and relies upon to achieve its objectives | (i) Risk that resources will not meet requirements for different organisational and/or partner relationships (ii) The risks/opportunities provided by the devolution agenda and future shared services (iii) Risk of managing ongoing contractor relationships | TK | (i) ASDB (ii) H&WB (iii) Contract management (iv) Attendance of Kent & Medway Ch Execs (v) Economic Regeneration & Investment Committee (vi) East Kent Regeneration Board (vii) JTB | 3 | 2 | 6 | N | At this stage, working relationships between partnerships appear to be reasonably strong and well on the way to delivering their stated goals. It would be unwise, however, to make any assumptions; although the new risk assessment is based on current partnership working (and therefore good) it will be revisited on a regular basis to ensure it remains realistic. | Ongoing | 4 | 1 | 4 | |
| 10 | ABC1603/6 | 15/03/2016 | Community Capacity | Insufficient capacity within Ashford to accommodate ABC's aims for working with the community | (i) Assets (Council owned leisure or cultural facilities) are not improved by community partners (voluntary community sector, VCS) (ii) Demand from the community rises and the Council unable to meet service delivery expectations (iii) New communities not supported by ABC with the best mix of community services & facilities (iv) Parish Councils and other local voluntary sector groups unable to cope with demands of devolution | CF | (i) Support for VCS through advice & funding. Engage commissioning Partners to support service delivery & VCS. (ii) VCS is encouraged to work together through forums (e.g. What Matters, Conningbrook SG, Tourism Association, environment & Nature Conservation Forum) (iii) Regular provider meetings with groups to monitor the running of our assets and identify issues early (iv) Lease agreements & service level agreements in place to agree roles & responsibilities (v) Providers are encouraged to provide improvement plans and funding strategies to maintain & improve community assets. (vi) Consultation & engagement with community providers to understand how they can support delivery (vii) Research commissioned to inform Local Plan that identifies growth needs to plan for local facilities (new & extending existing) & look at management models/partnerships & access (local transport). Ward Members also provide a valuable link to local communities. (viii) Parish Councils & local clubs supported to take on management of new assets & extending facilities (ix) Provide information & guidance to Parish Councils & Community Forums (Parish Forum, KALC, finance working groups, area liaison meetings on special projects, training sessions). | 5 | 2 | 10 | N | Additional controls include: a) working closely with Ashford KALC to empower local councils to deliver devolved services and community facilities and to meet new pressures from housing development. (Links with Risk (ii), (iii) and (iv)); b) looking at opportunities to support the voluntary sector through S106 developer contributions. There is also a proposal to introduce a control which advocates the need to maintain current levels of rate relief (20%) for local voluntary sector/charity groups running facilities and offering a community service but which have a national body affiliation. (Link with Risk (ii)). | Ongoing | 4 | 1 | 4 | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q |
|----|-----------|------------|------------|---|--|----|---|---|---|---|---|--|---------|---|---|---|---|
| 11 | ABC1603/7 | 15/03/2016 | Reputation | The Council is seen as unable to deliver on its priorities, or the wider expectations of the community and partners | (i) Risk that the council is not seen as a reliable delivery partner (ii) Failure to manage the housing landlord role &/or demands for housing (iii) Risk of not delivering quality gateways, borough presentation 7 approaches to town centre (iv) Risk that not all residents & businesses have a fair deal by inconsistent and/or insufficient enforcement of quality & compliance | TK | (i) ASDB (ii) H&WB (iii) Attendance of Kent & Medway Ch Execs (iv) JTB (v) Satisfaction surveys (vi) Communications Strategy | 3 | 2 | 6 | N | Reputational risk to the Council - because of the nature of strategic risk - is often influenced or affected by external factors which, by their nature, remain outside the Council's control. Although it is currently considered to present slight risk, Directors and Management Team are conscious that this area can change swiftly and so advise that the risk should remain as 'amber'. However, the Ashford Strategic Delivery Board, for example, reviews risks on a regular basis. | Ongoing | 3 | 2 | 6 | |

Audit Committee
Ashford Borough Council
Progress Report and Update
Year ended 31 March 2016

September 2016

Elizabeth Jackson

Engagement Lead

T 020 7728 3329

E elizabeth.l.olive@uk.gt.com

Lisa Robertson

Engagement Manager

T 020 7728 3341

E lisa.e.robertson@uk.gt.com

Neil Robertson

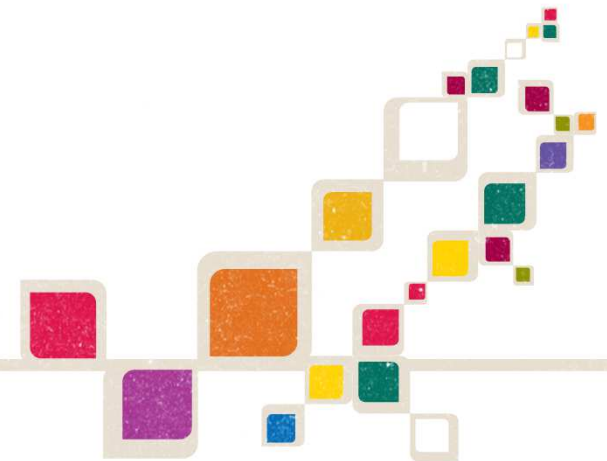
Engagement In-charge

T 020 7383 5100

E neil.a.robertson@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

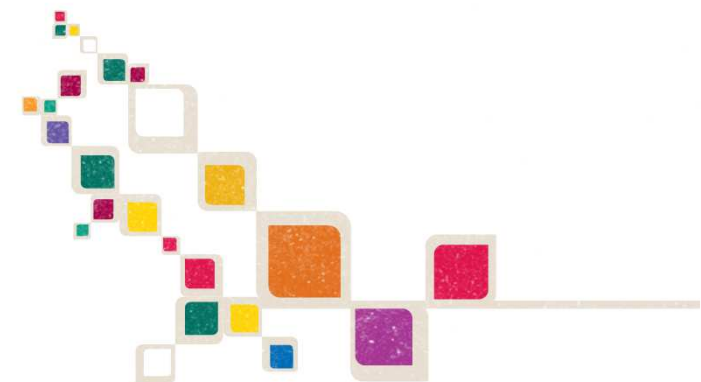
- Innovation in public financial management (December 2015); www.grantthornton.global/en/insights/articles/innovation-in-public-financial-management/
- Knowing the Ropes – Audit Committee; Effectiveness Review (October 2015); www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015) www.grantthornton.co.uk/en/insights/making-devolution-work/
- Reforging local government: Summary findings of financial health checks and governance reviews (December 2015) <http://www.grantthornton.co.uk/en/insights/reforging-local-government/>,

Members and officers may also be interested in our recent webinars:

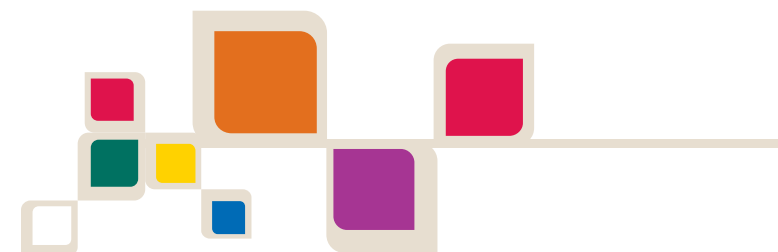
Alternative delivery models: Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government. <http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>

Cyber security in the public sector: Our short video outlines questions for public sector organisations to ask in defending against cyber crime <http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

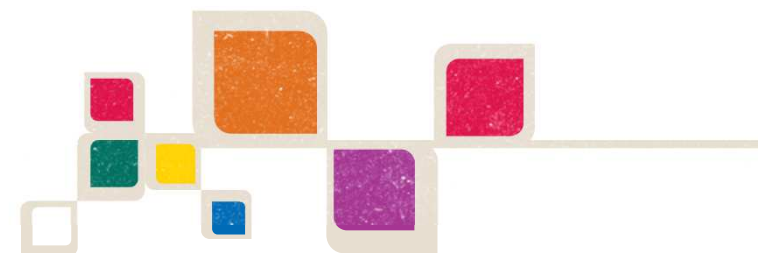


Progress at September 2016



| 2016/17 work | Planned Date | Complete? | Comments |
|---|-------------------------------|-------------|---|
| <p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.</p> | April 2016 | Yes | The 2016/17 fee letter was issued in April 2016 and considered by the June committee. The fee letter confirmed the 2016/17 scale audit fees as £60,311, in line with 2015/16 fee. |
| <p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.</p> | March 2017 | Not yet due | Our Audit Plan will be presented to the March 2017 Audit Committee. |
| <p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will include:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing | November 2016 - March 2017 | Not yet due | The finding from our interim audit will be reported in the Audit Plan to be presented to the March 2017 Audit Committee. |
| <p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2016-17 financial statements • proposed opinion on the Council's accounts • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 | May 2017 - June 2017 | Not yet due | <p>We are planning to complete our audit by 31st July, as in 2015/16, as part of the transition to the earlier closedown and audit cycle that is required from 2018.</p> <p>The findings from this work will be presented within our Audit Findings Report to be presented to the July 2017 Audit Committee.</p> |

Progress at September 2016



| 2016/17 work | Planned Date | Complete? | Comments |
|---|---------------------------------|-------------|--|
| <p>Value for Money (VfM) conclusion</p> <p>The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties | November 2016 – March 2017 | Not yet due | <p>We will set out the results of our risk assessment and the proposed focus of our work in the Audit Plan to be presented to the March 2017 Audit Committee.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report in July 2017.</p> <p>We will include our conclusion as part of our report on your financial statements which we are planning to issue by 31 July 2017.</p> |
| <p>Housing Benefits 2015/16</p> <p>We are required to certify the Housing Benefit Claim in accordance with HBCOUNT approach by 30 November 2016.</p> | September 2016 – November 2016. | Not yet due | <p>Our initial fieldwork is in progress and we will report the findings in our Grant Certification Report presented to the December 2016 Audit Committee.</p> |
| <p>Other areas of work</p> <p>Since our last committee update, we have continued discussions to support the trading company audits and tax compliance and issued our LG financial health and governance review.</p> | - | - | <p>We would always be happy to discuss any other ways in which Grant Thornton can support the Council.</p> <p>Further details of the publications that may be of interest to the Council are set out from page 6.</p> |

Grant Thornton Sector Issues



Brexit: What happens next and what does it mean for you?

The people of the UK have made a decision to leave the EU. What happens next - and the implications for businesses and organisations in the UK - is less clear.

We have produced an analysis of what we know about the mechanics of leaving the EU, our assessment of some of the external factors that may affect organisations over the coming months and years, and a summary of the different models for trading relationships outside the EU. This can be found on our website and we have attached copies to this report.

In thinking about the impact organisations will want to consider not only legal and regulatory changes but also market reactions, consumer and business behaviours, and the wider political and economic environment. The Council will have a role in both shaping its own response and in helping organisations in the City respond to a changing environment. We can expect three broad phases of reaction to Brexit:

- initial volatility
- medium term uncertainty and instability
- longer term transition

The impact of this will be different for every organisation. In looking at the threats and opportunities these phases create, and planning how the Council can create and protect value, you may wish to consider the short, medium and long term implications for issues like people and talent, strategic ambitions, financing, risk, operations and protecting investment.

We believe that in the coming weeks and months, dynamic organisations have a critical role to play in helping to shape the future of Britain. Grant Thornton is leading a campaign which explores how we can build a vibrant economy. You can find out more here: <http://vibranteconomy.co.uk/>

We would welcome views on what the priorities should be for government and the UK to create a new economy outside the EU.

Financial sustainability of local authorities: capital expenditure and resourcing

National Audit Office

According to the NAO, Local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.

Since 2010-11, local authorities have faced less pressure on their resources to support capital expenditure as compared to revenue. Although local authorities' revenue spending power fell by over 25 per cent in real terms from 2010-11 to 2015-16, the NAO estimates that capital grants to authorities marginally increased from 2010-11 to 2014-15, (excluding education).

Capital spending by authorities increased by more than five per cent in real terms overall between 2010-11 and 2014-15, but this is uneven across local authorities and service areas. Almost half of authorities reduced their capital spending. Most service areas saw an increase in capital spend with the exception of culture and leisure: capital spending fell by 22 per cent overall in this area.

The NAO's report, published on 15 June, found that authorities face a growing challenge to continue long-term investment in their existing assets. Total spending has remained stable, but increasingly capital activities are focused on 'invest to save' and growth schemes that cover their costs or have potential to deliver a revenue return. Many areas of authorities' asset management programmes do not meet these criteria and are now seen as a lower priority.

The report also notes that local authorities' debt servicing costs have grown as a proportion of revenue spending as revenue resources have fallen. A quarter of single-tier and county councils now spend the equivalent of 10 per cent or more of their revenue expenditure on debt servicing, with metropolitan district councils being particularly exposed.

According to the NAO, DCLG has rightly focused on revenue issues in the 2015 Spending Review but in future reviews will need to focus more on capital. The Department is confident from its engagement with authorities that revenue pressures are their main concern, however the NAO's analysis demonstrates that capital costs exert significant and growing pressure on revenue resources.

The full report is available at:

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

The changing face of Corporate Reporting

We have established a global network of public sector auditors and advisors to share good practice and to provide informed solutions to the corporate reporting challenges our clients face.

We were fortunate to have the CEO of the IIRC speak at our most recent meeting. Integrated Reporting, <IR>, is a new approach to corporate reporting and it is building a world-wide following in both the public and private sectors.

In the commercial sector, <IR> has led to improvements in business decision making, the understanding of risks and opportunities as well as better collaborative thinking by boards about goals and targets..

<IR> is based on integrated thinking that results in a report by an organisation about sustainable value creation. It requires a more cohesive and efficient approach to organisational reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation to create value over time.

By moving the focus away from only short-term, backward looking, financial reporting, <IR> encourages organisations to report on a broader range of measures that link their strategic objectives to their performance. The result is an overview of an organisation's activities and performance in a much wider, more holistic, context.

- <IR> encourages organisations to consider whether there are any gaps in the information that is currently available to them, so that integrated thinking becomes embedded in mainstream practice.
- <IR> is underpinned by the International <IR> Framework published in December 2013. It is principles- based, allowing organisations to innovate and develop their reporting in the context of their own regulatory framework, strategy, key drivers, goals and objectives.
- <IR> is consistent with the Strategic Reports required from UK companies, the Performance Reports that government departments, agencies and NHS bodies produce and the developing Narrative Reporting in local government.

The IIRC has established a Public Sector Pioneer Network to consider why and how the public sector can adopt <IR>, with the end goal of improving transparency and building trust. There is already a core of UK organisations within this.

<Integrated Reporting>

Further information is available on the IIRC's website

Grant Thornton Technical update





Accounting and audit issues

Flexible use of capital receipts

DCLG has issued a [Direction and Statutory Guidance](#) on the flexible use of capital receipts to fund the revenue costs of reform projects. The direction applies from 1 April 2016 to 31 March 2019.

The Direction sets out that expenditure which 'is incurred by the Authorities that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners' can be treated as capital expenditure.

Capital receipts can only be used from the disposals received in the years in which the flexibility is offered rather than those received in previous years.

Authorities must have regard to the Statutory Guidance when applying the Direction.

Grant Thornton Publications and events



Website Relaunch

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below – <http://www.grantthornton.co.uk/industries/public-sector/>



Better Together: Building a successful joint venture company

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

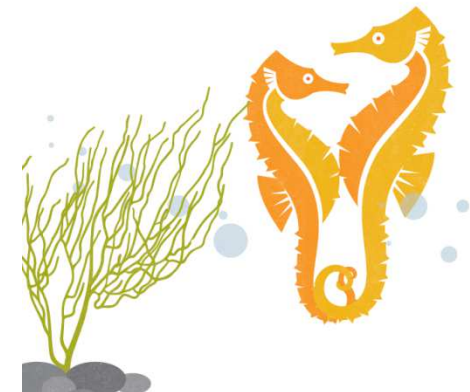
Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

Grant Thornton reports

 Grant Thornton
An instinct for growth™

ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



CFO Insights – driving performance improvement

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours. CFO Insights is an invaluable tool providing focused insight to develop, and the evidence to support, financial decisions.



We are happy to organise a demonstration of the tool if you want to know more.



© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk

GRT102468

Audit Committee - Future Meetings

| | | | |
|---|--|-------------------------|--|
| Date 06/12/2016 | | | |
| Publish by 28/11/16 | | | |
| Reports to Management Team by 24th November | | Council 15/12/16 | |
| 1 | Annual Governance Statement – Progress on Remedying Exceptions | PN/NC | |
| 2 | Annual Audit Letter 2015/16 | Gr Th (cover by PN) | |
| 3 | Internal Audit Interim Report | RC | |
| 4 | External Audit Progress Report | Gr Th | |
| 5 | Appointment of External Auditors | BL | |
| 6 | Report Tracker & Future Meetings | DS | |

| | | | |
|---|--|-------------------------|--|
| Date 21/03/2017 | | | |
| Publish by 13/03/17 | | | |
| Reports to Management Team by 9th March | | Council 20/04/17 | |
| 1 | Certification of Grant Claims – Annual Report | Gr Th (cover by ABC) | |
| 2 | Presentation of Financial Statements | MS | |
| 3 | Strategic Risk Management | KH/RC | |
| 4 | Annual Governance Statement – Progress on Remedying Exceptions | PN/NC | |
| 5 | Internal Audit Charter 2017/18 | RC | |
| 6 | Internal Audit Plan | RC | |
| 7 | External Audit Progress Report | Gr Th | |
| 8 | Report Tracker for Future Meetings | DS | |

| | | | |
|--|--|-------------------------|--|
| Date 15/06/2017 | | | |
| Publish by 07/06/17 | | | |
| Reports to Management Team by 25th May | | Council 20/07/17 | |
| 1 | An Early Look at the Statement of Accounts for 2016/17 | MS | |
| 2 | Report Tracker for Future Meetings | DS | |

| | | | |
|---|--|-------------------------|--|
| Date 29/06/2017 | | | |
| Publish by 21/06/17 | | | |
| Reports to Management Team by 15th June | | Council 20/07/17 | |
| 1 | Corporate Enforcement Support & Investigations Team Annual Report 2016/17 | PN/HD | |
| 2 | Internal Audit Annual Report 2016/17 | RC | |
| 3 | Annual Report of the Audit Committee 2016/17 | RC | |
| 4 | Approval of Annual Governance Statement 2016/17 | PN/NC | |
| 5 | 2016/17 Financial Statements – Letters of Assurance to External Auditors | PN | |
| 6 | External Audit Progress Report | Gr Th | |
| 7 | The External Audit Work Plan for Ashford Borough Council and Scale of Fees 2017/18 | Gr Th (cover by ABC) | |
| 8 | Report Tracker for Future Meetings | DS | |

| | | | |
|---|--|---------------------------|--|
| Date 27/07/2017 | | | |
| Publish by 19/07/17 | | | |
| Reports to Management Team by 13th July | | Council 19/10/17 | |
| | | | |
| 1 | Statement of Accounts 2016/17 and the External Auditor's Audit Findings Report | Gr Th (cover by PN/BL) | |
| 2 | Report Tracker & Future Meetings | DS | |

| | | | |
|--|--|-------------------------|--|
| Date 28/09/2017 | | | |
| Publish by 20/09/17 | | | |
| Reports to Management Team by 14th September | | Council 19/10/17 | |
| | | | |
| 1 | Annual Governance Statement – Progress on Remedying Exceptions | PN/NC | |
| 2 | Strategic Risk Management | KH/RC | |
| 3 | External Audit Progress Report | Gr Th | |
| 4 | Report Tracker & Future Meetings | DS | |

21/9/2016