

Thurrock: A place of opportunity, enterprise and excellence, where  
individuals, communities and businesses flourish

## Standards and Audit Committee

The meeting will be held at **7.00 pm** on **23 November 2017**

**Committee Room 1, Civic Offices, New Road, Grays, Essex, RM17 6SL**

### Membership:

Councillors Graham Hamilton (Chair), Tony Fish (Vice-Chair), Gary Collins,  
Jack Duffin, Oliver Gerrish and Ben Maney

Jason Oliver, Co-Opted Member  
Rhona Long, Co-Opted Member  
Stephen Rosser, Co-Opted Member

### Substitutes:

Councillors Clifford Holloway, Tunde Ojetola, Terry Piccolo and Luke Spillman

### Agenda

Open to Public and Press

	<b>Page</b>
<b>1 Apologies for Absence</b>	
<b>2 Minutes</b>	<b>5 - 10</b>
To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 21 September 2017.	
<b>3 Items of Urgent Business</b>	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
<b>4 Declaration of Interests</b>	
<b>5 Thurrock Annual Audit Letter 2016/17</b>	<b>11 - 38</b>

<b>6</b>	<b>Regulation of Investigatory Powers Act (RIPA) 2000 - Six Monthly Activity Report</b>	<b>39 - 42</b>
<b>7</b>	<b>Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register</b>	<b>43 - 80</b>
<b>8</b>	<b>Internal Audit Service Update 2017/18</b>	<b>81 - 90</b>
<b>9</b>	<b>Internal Audit Progress Report 2017/18</b>	<b>91 - 98</b>
<b>10</b>	<b>Counter Fraud &amp; Investigation Quarterly Status Report</b>	<b>99 - 132</b>
<b>11</b>	<b>Work Programme</b>	<b>133 - 136</b>

**Queries regarding this Agenda or notification of apologies:**

Please contact Charlotte Raper, Senior Democratic Services Officer by sending an email to [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

Agenda published on: **15 November 2017**

## **Information for members of the public and councillors**

### **Access to Information and Meetings**

Members of the public can attend all meetings of the council and its committees and have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published.

### **Recording of meetings**

This meeting may be recorded for transmission and publication on the Council's website. At the start of the meeting the Chair will confirm if all or part of the meeting is to be recorded.

Members of the public not wishing any speech or address to be recorded for publication to the Internet should contact Democratic Services to discuss any concerns.

If you have any queries regarding this, please contact Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

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

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

If you wish to film or photograph the proceedings of a meeting and have any special requirements or are intending to bring in large equipment please contact the Communications Team at [CommunicationsTeam@thurrock.gov.uk](mailto:CommunicationsTeam@thurrock.gov.uk) before the meeting. The Chair of the meeting will then be consulted and their agreement sought to any specific request made.

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

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

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

## Thurrock Council Wi-Fi

Wi-Fi is available throughout the Civic Offices. You can access Wi-Fi on your device by simply turning on the Wi-Fi on your laptop, Smartphone or tablet.

- You should connect to TBC-CIVIC
- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

The ICT department can offer support for council owned devices only.

## Evacuation Procedures

In the case of an emergency, you should evacuate the building using the nearest available exit and congregate at the assembly point at Kings Walk.

## How to view this agenda on a tablet device



You can view the agenda on your [iPad](#), [Android Device](#) or [Blackberry Playbook](#) with the free modern.gov app.

Members of the Council should ensure that their device is sufficiently charged, although a limited number of charging points will be available in Members Services.

To view any “exempt” information that may be included on the agenda for this meeting, Councillors should:

- Access the modern.gov app
- Enter your username and password

## DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

### Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

### When should you declare an interest at a meeting?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



**Does the business to be transacted at the meeting**

- relate to; or
- likely to affect

**any of your registered interests and in particular any of your Disclosable Pecuniary Interests?**

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

**What is a Non-Pecuniary interest?** – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

### **Pecuniary**

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

**Unless you have received dispensation upon previous application from the Monitoring Officer, you must:**

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

**If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps**

### **Non- pecuniary**

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



**You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.**

**Vision: Thurrock:** A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

**1. Create** a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

**2. Encourage** and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

**3. Build** pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

**4. Improve** health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

**5. Promote** and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

## **Minutes of the Meeting of the Standards and Audit Committee held on 21 September 2017 at 7.00 pm**

---

**Present:** Councillors Graham Hamilton (Chair), Tony Fish (Vice-Chair), Gary Collins and Oliver Gerrish

Jason Oliver, Co-Opted Member

**Apologies:** Councillors Jack Duffin and Ben Maney

Stephen Rosser, Co-Opted Member

**In attendance:** Sean Clark, Corporate Director of Finance & IT  
Gary Clifford, Client Manager for Audit Services  
Lee Henley, Information Manager  
Suresh Patel, Ernst and Young  
Martina Lee, Ernst and Young  
Charlotte Raper, Democratic Services Officer  
Wendy Le, Democratic Services Officer

---

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

### **10. Minutes**

The minutes of the meeting of Standards and Audit Committee held on 6 July 2017 were approved as a correct record.

### **11. Items of Urgent Business**

There were no items of urgent business.

### **12. Declaration of Interests**

There were no declarations of interest.

The Chair agreed to amend the order of the agenda, so that Items 10 and 11 would be heard first.

### **13. Audit Results Report for the Year Ended 31 March 2017**

The Corporate Director of Finance and IT introduced the representatives from the external Auditors, Ernst and Young. The representatives detailed their findings from their audit of the 2016/17 financial statements and proposed to issue an unqualified audit opinion and an unqualified value for money conclusion.

The Chair queried the population sample on some of the testing. It was clarified that the external auditors assessed bigger value items and key areas above the materiality threshold in all cases, and for the remainder of the data a random sample was taken and assessed. It was also clarified that an unqualified opinion was the most positive outcome.

Councillor Collins thanked the external auditors and officers within the finance department for their sterling work.

**RESOLVED:**

**That the Standards and Audit Committee considered the comments of the external auditors as set out in the report and noted their findings.**

**14. Financial Statements and Annual Governance Statement 2016/17**

The Corporate Director of Finance and IT introduced the report including the draft financial statements and the Annual Governance Statement.

Councillor Collins stated that he was satisfied with the report.

**RESOLVED:**

**That the Standards and Audit Committee:**

**1. Having considered the comments within the Audit Results Report earlier on the agenda, approved the Financial Statement.**

**2. Noted the issues contained within, and approved, the Annual Governance Statement; and**

**3. Approved the letter of representation on behalf of the Council that was then signed by the Chair of the Committee.**

**15. Counter Fraud & Investigation Annual Report**

The Senior Counter Fraud & Investigations Manager introduced the report which outlined the performance of the Counter Fraud & Investigation Department over the last year as a whole as well as the work the department have delivered nationally for other public bodies. He highlighted that, as Local Authorities did not have the power to investigate, claims of benefit fraud that had been passed onto the Department of Work and Pensions (DWP) fell within the “no fraud” category.

The Chair asked how lucrative the work delivered for other public bodies had proven, Members were advised that the forensic service had successfully paid for itself through its traded work. The Vice-Chair asked if there were plans to work with more organisations in future, the Senior Counter Fraud & Investigations Manager confirmed the department was looking to develop additional relationships moving forward.



The Chair requested a distinction be made between cases of no fraud and those cases which were passed to DWP to make the data clearer. At present the options listed were the only reporting options, therefore cases which were passed to DWP were marked as “no fraud” with an additional comment advising the matter had been referred onwards, following the Chair’s request however the department would look to amend the reporting options.

The Senior Counter Fraud & Investigations Manager highlighted page 25 of the agenda, and the fact that 45 alerts had been shared within the past year. The department worked closely with Action Fraud (part of City of London) which enabled better sharing of information around risks such as phishing and lotto scams.

Jason Oliver praised the department for achieving a 400% return, but also on their success in holding influence at a national level, which was not common for Thurrock and was an achievement to be commended.

Councillor Collins echoed comments congratulating officers on their hard work. He asked for clarification around the process of passing on details of crimes. Members heard that any crime investigated was logged internally and details of wider crimes such as scams or organised crime was also reported to Action Fraud. Councillor Collins requested figures for Thurrock.

Councillor Gerrish asked what made Thurrock stand out in terms of its forensic capabilities. The Committee was advised that Thurrock was the only Local Authority with its own digital forensic service. Officers were highly qualified, more so than some police forces, and Thurrock offered lower rates than private companies. Government to Government work also meant that officers had access to more systems than would be available to private firms.

#### **RESOLVED:**

**That the Standards and Audit Committee notes the performance of the Counter Fraud and Investigation Directorate over the last year.**

#### **16. Counter Fraud & Investigation Annual Strategy**

The Senior Counter Fraud & Investigations Manager introduced the report which described the strategy for the ensuing year to improve the Council’s stance and identification methods as well as improve the counter-fraud culture.

The Chair asked whether officers might elaborate on whistleblowing, as he felt it received a somewhat unfair press. The Committee heard that there were not large numbers of allegations within the Council however staff would be protected under legislation. Significant allegations would also need to be passed to the relevant director and the S. 151 Officer. It was agreed that the Council’s policy required an update.

The Corporate Director of Finance and IT echoed that there were not many cases of whistleblowing within the Council but any allegations were investigated fully and seriously. The Council did not shy away from its own issues or attempt to disguise them if discovered.

Councillor Collins asked how the department hoped to ensure they would comply with the incoming General Data Protection Regulations. There were ongoing discussions with the Strategic Lead for Information Management. Work was still in progress around protecting data to ensure the department was fully compliant when the new regulations were introduced.

**RESOLVED:**

**That the Standards and Audit Committee agrees the counter-fraud strategy and work plan for the ensuing year.**

**17. 2016/17 Access to Records Report**

The Strategic Lead for Information Management presented the report which outlined the performance and statistics for Freedom of Information and Data Protection for the year 2016/17.

Councillor Collins queried what Bilfinger Europa was, in the chart at 2.18 of the report. It was confirmed that Bilfinger Europa was the Council's facilities contractor.

Jason Oliver noted that the figures were rising whilst the time taken to respond was falling, which in itself served as a cost-saving exercise, and congratulated officers for their efforts.

The Chair added that in the digital age information should be more easily retrievable. The Committee heard that the department's main focus was to get more information online, as there were still a number of requests refused as they exceeded the cost threshold. Freedom of Information requests would still require old, paper records to be included.

The Chair asked how far back data was required and how easy it was for officers to search email records by content rather than just subject matter. The Strategic Lead for Information Management clarified that there were not many requests for records of emails relating to a specific subject, enquiries generally referred to specific service areas. If an individual requested policy documents or information relating to costs any information held by the council would have to be found and provided. The Information Management department was not responsible for each request; they were passed to relevant service areas. As for how far back information should date, the Council should comply with its document retention policy and records should be deleted in-line with this policy.

Councillor Collins asked whether officers were confident the Council was on target to meet the General Data Protection Regulations (GDPR) deadline.

Members assured that the Chief Internal Auditor would audit the Council's GDPR position and a report would be brought to the Committee. There were 9 months until the deadline and much to be done. While it was likely not everything would be complete the Council would have to prove there was a plan in place, the issue would be if a breach were reported the Council would need to provide an action plan with delivery dates. The Strategic Lead for Information Management was confident that the council was making progress in GDPR.

Jason Oliver recalled that the Data Protection Bill had stipulated the age of a minor as 13, not 16. He asked whether that would alter the situation within Children's Services. The Bill had been very recent and as such the data set for Children's Services had not been fully considered yet.

The Chair asked about the EU's right to forget policy. The Committee was advised that a key change within the GDPR was enhanced rights of the individual, including the right to ask to be 'forgotten'. There were exceptions depending upon why the Council needed to retain the data, such as for legal reasons, and the right was not inherent. Part of the GDPR action plan was information assets and the Council was revisiting the basis for processing data to ensure it was GDPR compliant.

**RESOLVED:**

**The Standards and Audit Committee notes the performance and statistics for 2016/17 for both FOI and Data Protection.**

**18. Annual Complaints Report 2016/2017**

The Strategic Lead for Information Management presented the report which set out the Council's complaints statistics for the year 2016/17. Members were advised that the procedure had changed in year, to remove the 'concerns' stage and reduce response deadlines. These changes had occurred on 1 August 2016 and may have contributed to a slight dip in performance; however the outcome as a whole was positive, with 38% of complaints upheld compared to 50% the previous year.

The Chair noted that the work was impressive.

Councillor Collins referred to Appendix 1, on page 58 of the agenda. He expressed concern, in terms of Health and Safety, if the Transforming Homes workforce had a poor command of the English language. The Strategic Lead for Information Management confirmed that steps were being taken to address concerns as the number of upheld complaints within the Transforming Homes remained high, largely around communication issues.

**RESOLVED:**

**That the Standards and Audit Committee notes the statistics and performance for the reporting period.**

## **19. Internal Audit Progress Report 2017/18**

The Chief Internal Auditor presented the report which outlined work undertaken since the last update report issued on 6 July 2017.

### **RESOLVED:**

**That the Standards and Audit Committee:**

**Consider reports issued and the work being carried out by Internal Audit in relation to the 2017/18 audit plan.**

**The meeting finished at 8.12 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

**Any queries regarding these Minutes, please contact  
Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)**

<b>23 November 2017</b>		<b>ITEM: 5</b>
<b>Standards and Audit Committee</b>		
<b>Thurrock Annual Audit Letter 2016/17</b>		
<b>Wards and communities affected:</b> All		<b>Key Decision:</b> Key
<b>Report of:</b> Sean Clark, Director of Finance and IT		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> Public		

## Executive Summary

The external auditors are responsible for:

- Forming an opinion on the Financial Statements;
- Reviewing the Annual Governance Statement;
- Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- Undertaking any other work specified by the Audit Commission.

The Annual Audit Letter summarises this work and is appended to this report.

### 1. Recommendation(s)

- 1.1 That the Standards and Audit Committee consider the comments of our external auditors as set out in the attached report and note their findings.**

### 2. Introduction and Background

- 2.1** The main message is the auditors issued an unqualified audit opinion on the 2016/17 financial statements and an unqualified value for money conclusion.
- 2.2** The findings from the financial statement audit in relation to the significant risk areas identified in the audit plan are set out. The Council positively addressed these risks as noted in the report and these were considered by the Committee in September 2017 as part of the Audit Results Report.

2.3 The financial statements produced were to a high standard and supported by relevant supporting records. Officers worked hard to support the audit process and resolve queries quickly and effectively.

2.4 In arriving at their value for money conclusion the auditors confirmed the Council has arrangements in place to address the identified risk in relation to deploying resources in a sustainable manner.

### **3. Issues, Options and Analysis of Options**

3.1 The report continues the positive work from the previous year and officers continue to work to maintain the high standard of the financial accounts.

3.2 The Council is working to meet the significant financial challenges caused by ongoing reductions in funding and continue to monitor the position through the Medium Term Financial Strategy.

### **4. Reasons for Recommendation**

4.1 For the committee to note the findings of the external auditors.

### **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 The Annual Audit Letter summarises the reports that have previously been communicated to Members of the Standards and Audit Committee.

### **6. Impact on corporate policies, priorities, performance and community impact**

6.1 There are no implications arising from the Annual Audit Letter.

### **7. Implications**

#### **7.1 Financial**

Implications verified by: **Sean Clark**  
**Director of Finance and IT**

The financial implications are noted in the body of the report.

#### **7.2 Legal**

Implications verified by: **David Lawson**  
**Deputy Head of Law and Governance**

The Council is required to publish the Annual Audit Letter following consideration by members in accordance with paragraph 20 of the Accounts and Audit Regulations 2015.

### 7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

There are no specific diversity and equality implications arising from this report.

### 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no specific implications from this report.

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within accountancy.

### 9. **Appendices to the report**

- Appendix 1 – The Annual Audit Letter

### **Report Author:**

Sean Clark  
Director of Finance and IT  
Corporate Finance

This page is intentionally left blank



# Thurrock Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

Page 15

Contents

Executive Summary ..... 2

Purpose and responsibilities ..... 5

Financial Statement Audit ..... 7

Value for Money ..... 13

Other Reporting Issues ..... 16

Focused on your future ..... 19

Appendix A     Audit Fees ..... 21

Public Sector Audit Appointments Ltd (PSAA) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

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

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

## Executive Summary

## Executive Summary

We are required to issue an annual audit letter to Thurrock Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

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

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

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

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 13 September 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 29 September 2017.

In January 2018 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

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

Suresh Patel

Associate Partner  
For and on behalf of Ernst & Young LLP

Purpose and  
responsibilities



## Purpose and responsibilities

### The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council. We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 21 September 2017 Standards and Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we presented to the Standards and Audit Committee meeting on 28 February 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion on the 2016/17 financial statements; and on the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

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

### Responsibilities of the Council

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



# Financial Statement Audit



## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 29 September 2017.

Our detailed findings were reported at the 21 September 2017 Standards and Audit Committee meeting. The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p>	<p>We obtained a full list of journals posted to the general ledger during the year and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>The most significant accounting estimates in the financial statements relate to the net pension liability and property valuations. We challenged the significant movement in the actuarial valuation and found no indication of management bias in these estimates. Our work on the property valuations has been completed and we found no indication of management bias to the balances presented within the financial statements.</p> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any material instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p>

#### Revenue and expenditure recognition

Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation. We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.

In our view, as the Council's main sources of revenue are largely fixed and budgeted for, e.g. government grants and taxation, the revenue recognition risk exists largely in relation to the potential for the incorrect classification of revenue spend as capital. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

We considered whether or not revenue spend had been appropriately capitalised by testing a sample of additions to property, plant and equipment to ensure these were correct to be included as assets on the balance sheet. Our testing did not identify any material expenditure items, which had been inappropriately capitalised.

We tested a sample of income and expenditure transactions based on our established testing threshold for accuracy. We also carried out cut-off testing, where we examined a sample of receipts and payments before and after year end to ensure that the transactions were properly recorded in the accounts.

Our testing did not reveal any material misstatements with respect to revenue and expenditure recognition.

Overall, our audit work did not identify any issues or unusual transactions which indicated that there had been any misreporting of the Council's financial position.

#### Preparation of group accounts

For 2016/17 the Council has concluded that it needs to prepare group accounts, consolidating Gloriana Thurrock Ltd for the first time.

First time preparation of group accounts is a complex accounting procedure and increases the risk of material errors in the financial statements.

We reviewed the procedures, which the finance team carried out to ensure the subsidiary was consolidated appropriately and tested material balances that had been consolidated in the financial statements. We also reviewed the associated disclosures to ensure these were in line with CIPFA's Code of Practice and relevant guidance.

Our testing and audit work in this area did not identify any issues with the consolidation process. We did not identify any material misstatements in the material consolidated balances and disclosures were in line with the Code and guidance.

Other Key Findings	Conclusion
<p><b>Property valuations</b></p> <p>At 31 March 2016 the value of property on the Council's balance sheet was over £800 million, representing almost 80% of the total assets.</p> <p>To ensure assets are recorded at fair value, the Council adopts a rolling five year revaluation programme (i.e. 20% of assets are revalued each year). This is an exercise which involves judgement, input from external experts and leads to a material accounting estimate.</p> <p>Where there are increases or decreases in asset valuations, the accounting entries required to record these changes affect several primary statements and disclosures in the Council's financial statements.</p>	<p>We assessed and were satisfied with the competency and objectivity of the Council's internal property valuer. Therefore, we were able to place reliance on their work and carried out audit procedures to challenge the basis of valuation used by the valuer, focusing on specialist assets.</p> <p>Our work identified two misstatements. The first misstatement occurred as the incorrect Gross Internal Area (GIA) had been used to calculate the value of one property within Other Land and Buildings. This led to the valuation being understated by £7.03 million. The second misstatement occurred as the index used for valuing Council Dwellings had been incorrectly calculated, which led to the valuation being understated by £6.38 million. We therefore carried out additional audit work to assess the potential impact.</p> <p>We concluded that the overall valuation estimate was not unreasonable and did not result in a material misstatement to the value of property in the context of the overall Property, Plant and Equipment balance in the financial statements. Any change in valuation would not materially impact the decisions taken by the Council and there is no impact on the Council's General Fund Balance.</p>
<p><b>Pension valuations and disclosures</b></p> <p>The Council is an admitted body to the Essex County Council Pension Fund. Barnett Waddingham are appointed as actuaries for this fund and provide the Council with the figures for the disclosures in the financial statements, based on payroll and pension data provided to them by the Council.</p> <p>The value of the pension liability is a significant balance sheet item (£159.5 million at 31 March 2016) and represents a material accounting estimate.</p>	<p>We assessed and were satisfied with the competency and objectivity of the Council's actuary. Our work found that assumptions used by the actuary and adopted by the Council were considered to be generally acceptable. The sensitivities relating to these assumptions had been correctly disclosed in the relevant notes to the financial statements.</p> <p>We challenged the significant movement in the actuarial valuation and EY Pensions team and PwC (Consulting Actuary to the NAO) reviewed the work of the actuaries. We noted that in PwC's review, they reported that the discount rate applied by Barnett Waddingham fell outside of the top end of their expected range. Our EY Pensions team agreed with this view.</p> <p>Therefore, while we had sufficient assurance over the material accuracy of the Council's pensions disclosures, it was EY's opinion that the methodologies used by Barnett Waddingham to derive the discount rate and RPI inflation assumptions in their calculation of the Local Government Pension Scheme valuation may not be robust, as they did not take adequate account of the specific duration of the scheme's liabilities. In future years, this could potentially lead to unacceptable assumptions.</p>

Other Key Findings	Conclusion
<p>Change to the Housing Rents and Housing Repairs System</p> <p>The Council implemented a new IT system (Northgate) for recording its housing rents and repairs transactions from October 2016.</p> <p>The change in system increased the risk of misstatement in the financial statements due to the migration of data from the old system, which could have caused data to be lost or omitted.</p>	<p>We assessed the procedures performed by the Council to migrate the data from the old system to the new system and tested that the parameters entered into the new system agreed to those in the old system and had been approved by the Council. We reviewed the reconciliations performed by the Council to ensure all data was correct and had been fully migrated.</p> <p>We did not identify any instances where the migration to the new system led to material inaccuracies or incomplete data. Parameters had been entered correctly and all data was materially correct and had been fully migrated.</p>
<p>Financial statements presentation</p> <p>Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 changing the way the financial statements are presented.</p> <p>The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.</p> <p>The service analysis should be based on the organisational structure under which the Council operates.</p> <p>This change in the code requires a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements.</p>	<p>We reviewed the Expenditure and Funding Analysis, restated CIES and associated notes.</p> <p>We agreed with the Council's assessment for reporting its organisational structure and agreed the restated comparative figures back to the Council's segmental analysis and supporting working papers. The disclosures were in line with the CIPFA Code of Practice.</p>

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

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality for both Thurrock Council and the Group to be £7.6 million (2016: £6.6 million). This is based on 2% of Gross Expenditure reported in the accounts, adjusted for levies and non-distributed costs, payments to the government housing capital receipts pool, interest payable on debt and similar charges and net interest on the net defined benefit liability, totalling £16.5 million.</p> <p>We consider Gross Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	We agreed with the Standards and Audit Committee that we would report to the Committee all uncorrected audit differences in excess of £0.380 million (2016: £0.333 million).

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits: we audited all disclosures and undertook procedures to confirm material completeness
- Related party transactions: we audited all disclosures and undertook procedures to confirm material completeness.
- Councillors' allowances: we agreed the amounts disclosed in the financial statements to those on the Council's website and carried out substantive testing.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.





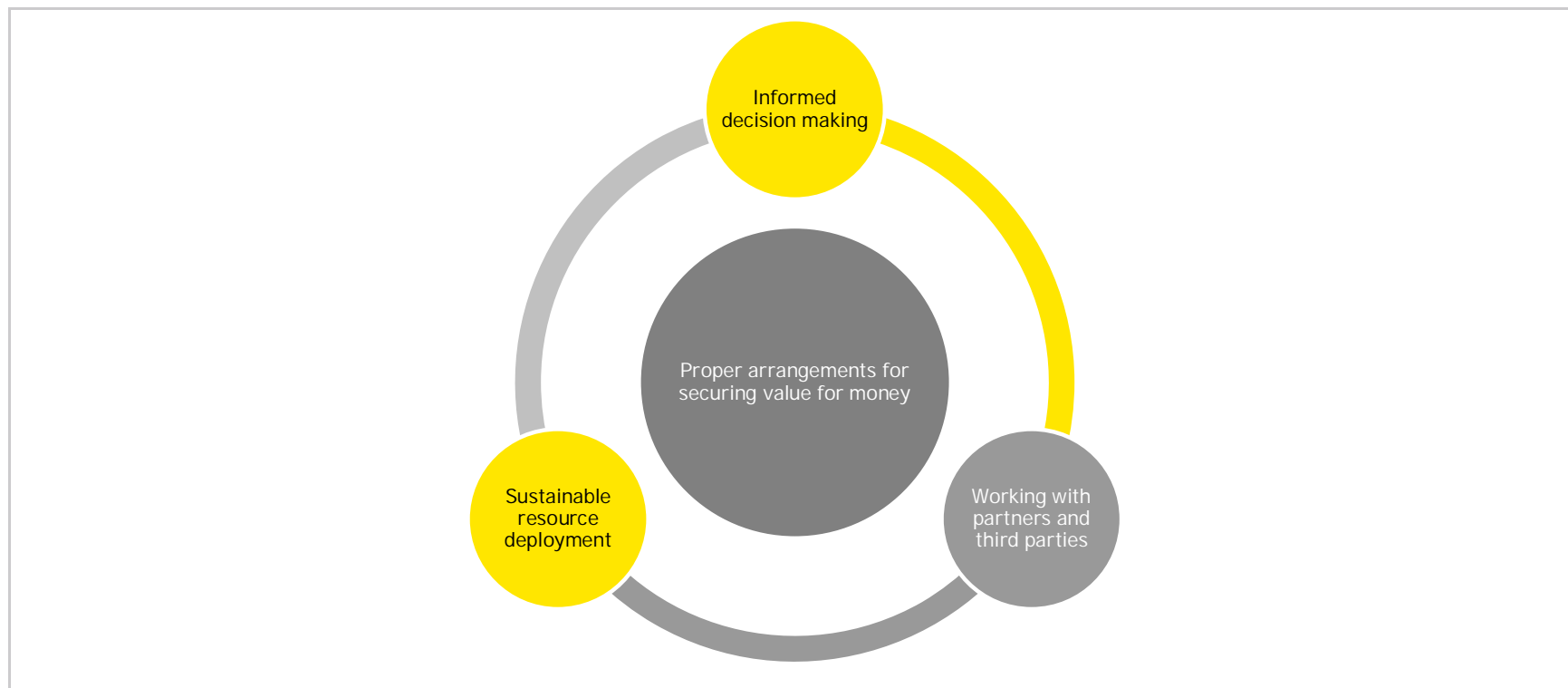
## Value for Money

## Value for Money

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

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

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



We identified one significant risk in relation to these arrangements. The table below presents the findings of our work in response to the risk identified.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 29 September 2017.

Significant Risk	Conclusion
<p>Deploying resources in a sustainable manner</p> <p>In common with the majority of the local government sector the Council faces significant financial challenges over the next three years. While the budget for 2017-18 has been balanced, the phasing of reductions in government support and pressures on costs mean that the gap is £5.6 million in 2018-19 and £2.2 million in 2019-20.</p> <p>Therefore, there is a significant budget gap over the medium term, for which the Council has identified a number of savings and actions. However, the scale of the budget gap is a significant risk to the value for money conclusion.</p>	<p>We assessed the arrangements in place, focusing on:</p> <ul style="list-style-type: none"> <li>• The adequacy of the Council's process for identifying the savings and efficiency targets;</li> <li>• The robustness of any underlying assumptions;</li> <li>• The use of scenario planning; and</li> <li>• The effectiveness of in year monitoring of progress against the savings and efficiency targets</li> </ul> <p>The Council recognises it faces unprecedented financial pressures and that a fundamental change is required to the way it operates in order to future-proof the Council's operations. The Council has put in place a detailed strategy to address the budget gap through investment in diverse financial instruments, such as the Solar investment, and using the housing company, Gloriana, to provide affordable housing.</p> <p>Savings plans were properly managed and monitored and the Council's budget setting process was deemed to be robust, with sensibly prudent assumptions applied to uncertain income streams, risks related to reductions in government funding and future expenditure.</p> <p>Reserve levels were reflective of the challenges the Council faces and the Council has built up a level of reserves that could be used to assist the transformation, if necessary.</p>



## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We had no issues to report.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading. We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public. We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response. We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

### Other Powers and Duties

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

## Independence

We communicated our assessment of independence in our Audit Results Report to the Standards and Audit Committee on 21 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

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

Our audit did not identify any controls issues to bring to the attention of the Standards and Audit Committee.

A close-up, shallow depth-of-field photograph of a person's hands holding binoculars. The person's face is blurred in the background, focusing attention on the binoculars and the hands. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Focused on your future'.

Focused on your  
future

## Focused on your future

Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	<p>The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year.</p> <p>From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has commenced taking steps in 2016/17. For example, it has started to critically review and amend the closedown process to achieve earlier draft accounts production.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> <li>• Issued a thought piece on early closedown</li> <li>• As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales</li> <li>• Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017</li> </ul> <p>Locally, we have engaged in discussions with the Council and, following the completion of the 2016/17 audit, we are agreeing areas of early substantive testing for 2017/18. With management's input, we will continue to develop this approach to bring forward our audit during the 2017/18 audit.</p>



Appendix A

## Audit Fees



## Appendix A     Audit Fees

The scale fee is set by the PSAA and was reported in the Audit Plan that we presented to the Standards and Audit Committee meeting on 28 February 2017. We set out below the fees for the year ended 31 March 2017.

Description	Final Fee 2016/17 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
Total Audit Fee – Code work (see note 1)	143,723	137,723	133,723	133,723
Total Audit Fee – Certification of claims and returns	TBC	17,148	17,148	15,664
Non-audit work (see note 2)	TBC	TBC	n/a	38,575

Note 1: Our actual fee is higher than the scale fee set by the Public Sector Audit Appointments (PSAA Ltd) as a result of additional procedures we undertook on the Council's group accounts and the £4,000 additional fee we outlined in the Audit Plan. In addition, we have been required to use a specialist to review the Council's proposed changes to how it calculates the minimum revenue provision. We have agreed with the Director of Finance & IT an additional fee of £6,000 for this additional work. These additional fees are subject to agreement with PSAA.

Note 2: We intend to undertake non-audit work outside of the PSAA's requirements. The fee for non-audit work will be discussed with management and reported to the Standards and Audit Committee in subsequent reporting once the scope of work has been agreed for 2016/17. This work relates to the agreed upon procedures certification arrangements for the Teachers' Pension grant return and Pooled Capital Receipts.

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

ED None

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](https://www.ey.com)



23 November 2017		ITEM: 6
Standards and Audit Committee		
Regulation of Investigatory Powers Act (RIPA) 2000 – Six Monthly Activity Report		
Wards and communities affected: N/A	Key Decision: N/A	
Report of: Lee Henley – Strategic Lead – Information Management		
Accountable Assistant Director: David Lawson – Assistant Director of Legal Services and Monitoring Officer		
Accountable Director: Fiona Taylor – Director of Legal		
This report is public		

## Executive Summary

This report provides an update on the usage and activity of RIPA requests during April 2017 to September 2017.

### 1. Recommendation(s)

#### 1.1 To note the statistical information relating to the use of RIPA from April 2017 to September 2017.

### 2. Introduction and Background

2.1 The Regulation of Investigatory Powers Act 2000 (RIPA), and the Protection of Freedoms Act 2012, legislates for the use of local authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions.

2.2 On the 1st September 2017, The Office of Surveillance Commissioners, The Intelligence Services Commissioner's Office and The Interception of Communications Commissioner's Office were abolished by the Investigatory Powers Act 2016. The Investigatory Powers Commissioner's Office (IPCO) is now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.

2.3 The RIPA Single Point of Contact (SPOC) maintains a RIPA register of all directed surveillance RIPA requests and approvals across the council.

### 3. RIPA Activity

- 3.1 There were 2 RIPA directed surveillance authorisations processed within April 2017 to September 2017. Below is a breakdown showing the areas the authorisations relate to for this period (along with 2016/17 full year figures):

Service Area/Type	April 2017 – September 2017	2016/17 – Full Year volumes
Trading Standards	1	5
Fraud	1	3
Covert Human Intelligence Source (CHIS) authorisations	0	1 (Fraud)
<b>Total</b>	<b>2</b>	<b>9</b>

- 3.2 The table below shows the number of requests made to the National Anti-Fraud Network (NAFN) for Communication Data requests:

Application Type	April 2017 – September 2017	2016/17 – Full Year volumes
Service Data	0	0
Subscriber Data	0	4 (Trading Standards)
Combined	1 (Trading Standards)	1 (Fraud)
<b>Total</b>	<b>1</b>	<b>5</b>

#### Notes in relation to NAFN applications:

- Service Data – Is information held by a telecom or postal service provider including itemised telephone bills and/or outgoing call data.
- Subscriber Data – Includes any other information or account details that a telecom provider holds e.g billing information.
- Combined – Includes applications that contain both service and subscriber data.

### 4. Reasons for Recommendation

- 4.1 This report provides an update on the usage and activity of RIPA requests for April 2017 to September 2017.

### 5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The RIPA SPOC has consulted with the relevant departments to obtain the data set out in this report.

### 6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Monitoring compliance with the Regulation of Investigatory Powers Act, supports the council's approach to corporate governance. Ensuring the appropriate use of RIPA in taking action to tackle crime and disorder supports the corporate priority of ensuring a safe, clean and green environment.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Yetsie Adeboye**  
**Management Accountant**

There are no financial implications directly related to this report.

### **7.2 Legal** **David Lawson** **Deputy Head of Legal and Monitoring Officer**

Legal implications comments are contained within this report above.

### **7.3 Diversity and Equality**

Implications verified by: **Natalie Warren**  
**Community Development and Equalities Manager**

There are no such implications directly related to this report.

### **7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Compliance with the requirements of RIPA legislation will ensure the proper balance of maintaining order against protecting the rights of constituents within the borough. There are no implications other than contained in this report.

## **8. Background papers used in preparing the report** (including their location on the council's website or identification whether any are exempt or protected by copyright):

- None

## **9. Appendices to the report**

- None

**Report Author:**

Lee Henley

Strategic Lead – Information Management

<b>23 November 2017</b>		<b>ITEM: 7</b>
<b>Standards and Audit Committee</b>		
<b>Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register</b>		
<b>Wards and communities affected:</b> All		<b>Key Decision:</b> Key
<b>Report of:</b> Andy Owen, Interim Insurance & Risk Manager		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> public		

## Executive Summary

One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective.

To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

The Interim Insurance & Risk Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during September and October 2017 to review the Strategic/Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the key risks and opportunities identified by the review and updated information in relation to the Strategic/Corporate Risk and Opportunity Register.

### 1. Recommendation(s)

- 1.1 That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).
- 1.2 That Standards and Audit Committee note the 'In Focus' report (Appendix 2), which includes the key items identified by the review.

## **2. Introduction and Background**

- 2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the Council's objectives.
- 2.2 ROM makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations and is an important part of the Council's overall Performance Management Framework.
- 2.3 In accordance with the ROM Policy Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register were undertaken during 2016/17 and reported to Directors Board and Standards & Audit Committee.
- 2.4 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2016/17. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 28<sup>th</sup> February 2017, via Directors Board 24<sup>th</sup> January 2017 and Performance Board 4<sup>th</sup> January 2017.
- 2.5 The Strategic/Corporate Risk and Opportunity Register was refreshed in April 2017 and details reported to Standards and Audit Committee 6<sup>th</sup> July 2017, via Directors Board 22<sup>nd</sup> May 2017 and Performance Board 2<sup>nd</sup> May 2017.
- 2.6 For the Mid-Year review the Interim Insurance and Risk Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during September and October 2017 to update the Strategic/Corporate Risk and Opportunity Register.

## **3. Issues, Options and Analysis of Options**

- 3.1 The outcome of the review is shown in the Dashboard (Appendix 1), In Focus report (Appendix 2) and the following tables.
- 3.2 Appendix 1 – Dashboard  
The dashboard provides a summary of the items in the register mapped against the Council's priorities, outlines the significance of the risks and opportunities, the developments to date and management time frames.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report  
This document includes the key items identified by the review for the In Focus report.

The rationale for items being in focus is based on the numeric value of the rating. Any risks/opportunities which are currently rated 16 or 12 automatically become in focus, and any which are currently rated 9 or 8 would be considered on a case by case basis for the In Focus report.

One new item for Fire Safety Housing Stock has been identified by the exercise and the details included in the In Focus report.

A summary of the position for each in focus item is included below:

**Risk** - In priority (rating) and then reference number order.

<p><b>Adult Social Care, Cost &amp; Quality Standards - Risk 1</b> (Rating: 12 Critical/Likely)</p> <p>The risk evaluates the impact of a combination of issues and pressures to balance the cost of care and to maintain the minimum quality standards.</p> <p>Thurrock Council has received additional funding for Adult Social Care. Associated conditions for how the funding is used include helping to deliver sustainability for care providers. Whilst this will undoubtedly help to control the risk, it will not mitigate it and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).</p>
<p><b>Health and Social Care Transformation - Risk 2</b> (Rating: 12 Critical/Likely)</p> <p>Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme (including the Better Care Fund). There are also challenges to overcome to progress integration with health. This includes current pressures on the Essex-wide health economy, a 'local' health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on Adult Social Care (ASC) and also faces significant on-going reductions to funding – although the department has received additional funding for ASC from 2017/18 which it needs to use to help provide stability and capacity, including within the ASC transformation programme. The pressures identified remain and will not be alleviated in the short term and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).</p>
<p><b>Business Continuity Planning - Risk 4</b> (Rating: 12 Critical/Likely)</p> <p>The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.</p> <p>Oversight of Business Continuity Management is now being provided by Performance Board and an auditing/quality assurance programme of the Business Continuity Plans for the critical functions is a standing item on the Board agenda each quarter. List of current BCPs &amp; critical functions has been updated and will form the basis of ongoing review process by Performance Board and service areas.</p> <p>A recent internal audit report on emergency planning, separately recommended a review of BCP arrangements at service level, and as such a briefing will be going to Directors Board in the autumn.</p>
<p><b>ICT Disaster Recovery Planning - Risk 10</b> (Rating: 12 Critical/Likely)</p> <p>A proposal to install a basic Disaster recovery capability to support up to 100 concurrent users at Southend has been approved by Directors Board and is currently being implemented.</p> <p>In parallel the council will be reviewing its strategic infrastructure requirement, but deploying the tactical solution will ensure this exercise is driven by service requirements rather than a Disaster Recovery imperative.</p>
<p><b>Delivery of MTFs 2018/19 - 2020/21 - Risk 12</b> (Rating: 12 Critical/Likely)</p> <p>MTFS established. Balanced budget for 2017/18 set and forecast for the financial years 2018/19 through to 2020/21 reported to Cabinet and Council February 2017. Transformation and Service Review Programmes established to help address the budget position and support the council in achieving financial self-sustainability. Monthly monitoring of programmes undertaken by Transformation and Service Review Boards. Monthly budget monitoring reports considered by Directorate Management Teams and Directors Board. Full budget report scheduled to be reported to October 2017 Cabinet.</p>
<p><b>CSC, Service Standards &amp; Inspection Outcome - Risk 19</b> (Rating: 12 Critical/Likely)</p> <p>This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain</p>

acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock Multi-Agency Safeguarding Hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.

The service has to be demand led and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority.

Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF).

The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity. Trends can be predicted based on previous levels of demand but these are subject to variance.

Risk and action plan documentation refreshed and reviewed. The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered. A forecast date of 31/03/18 has been applied to the risk, which is the time when the risk will be fully refreshed and updated.

### **CSC, Safeguarding & Protecting C&YP - Risk 20**

(Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood.

The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against.

Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.

The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged.

Within the context of this work we have a high level and critical risk that is being proactively managed. The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not known to the service means that overall the likelihood remains high. Families are also not static and risk is a constant changing variable within known families.



Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

Risk and action plan documentation reviewed and evaluated. Risk will remain constant throughout the period covered.

#### **Sickness Absence - Risk 14**

(Rating: 12 Substantial/Very Likely)

Sickness remains a concern with outturn for 2016/17 higher than previous year. Service level management of issues has improved significantly however and individual cases are dealt with on a case by case basis. Human Resources Advisors continue to support managers with their sickness absence reviews and there is a big push regarding compliance with Return to Work interviews, for which People Board is providing governance. The reduction of sickness is now linked the Council Spending Review with a target to reduce the cost of agency and overtime paid to cover for absent colleagues.

#### **Fire Safety Housing Stock - Risk 23**

(Rating: 8 Critical/Unlikely)

As a social landlord the Council has a responsibility to ensure the safety and security of all residents in our housing stock.

The tower block fire at Grenfell Tower, Kensington on 14<sup>th</sup> June 2017 triggered an urgent review of fire safety arrangements for high rise tower blocks. Work is ongoing to provide full assurance to residents in all other property types including sheltered housing.

The Council would be open to criticism and possible legal proceedings if non-compliant with regulations and/or any new requirements identified by the Government's enquiry into the Grenfell Tower fire. In addition to the full range of mitigating actions set out in the risk documentation any recommendations from the enquiry will be implemented as soon as the requirements are clear and budgetary provision has been made.

### **Opportunity - In priority (rating) and then reference number order.**

#### **S.E. Local Enterprise Partnership - Opportunity 7**

(Rating: 12 Exceptional/Likely)

The Council has secured £108.3m of Local Growth Funding to support delivery of key infrastructure and regeneration projects. Projects receiving support include:

- A13 widening.
- Stanford-le-Hope/London Gateway access improvements.
- Cycling initiatives and sustainable travel.
- Purfleet regeneration project.
- Grays South regeneration project.

The Government has now indicated that there will be no further rounds of LGF funding and through its consultation on the Industrial Strategy Green Paper has tested various ideas for future funding, for example an Industrial Strategy Challenge Fund.

In addition to the LGF funding the Council has also secured significant resource through ERDF and ESF to support delivery of corporate priorities. The Council is a delivery partner in over £35m of business support and employability programmes and is also leading and supporting further bids. The opportunity provided by EU funding is time limited with Brexit negotiations looming. It is also limited by the requirement to provide 50% match funding.

The Council has enjoyed considerable success in pursuing this opportunity; however, in light of comments above the time may be right to recast this opportunity in the context of a changing national and EU policy landscape.

Without doubt we should continue to work with, and have an active role in SELEP as future funding opportunities are very likely to be routed through it. Equally we should continue to develop a pipeline of projects supported by robust business cases so that when an opportunity does present itself we are in a position to be able to respond.

Clarity on future funding opportunities is likely when the Industrial Strategy Green Paper evolves

into a white paper and the Council to continue to be actively engaged in the dialogue around the Strategy and seek to lobby and influence where possible.

Provisional forecast rating of 12 (Exceptional/Likely) and forecast date 31/03/2018 applied and opportunity/action plan documentation (including forecast date and rating) to be refreshed when clarity on future funding opportunities and changing national/EU policy landscape available

- 3.4 For members information the Criteria Guide for Impact and Likelihood levels are included under Appendix 3 to show the guidelines used to rate and prioritise the items.

- 3.5 The whole register has been filed on Objective under the following shared file:

*Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity Register.*

#### **4. Reasons for Recommendation**

- 4.1 One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective
- 4.2 To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The Interim Insurance & Risk Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board to review the Strategic Corporate Risk and Opportunity Register.
- 5.2 The updated Strategic/Corporate Risk and Opportunity Register was presented to Directors Board 24<sup>th</sup> October 2017 and Performance Board representatives 12<sup>th</sup> October 2017.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 ROM is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: Yetsie Adeboye  
Management Accountant

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the Council.

## 7.2 Legal

Implications verified by: David Lawson  
Deputy Head of Law & Governance

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of legal claims or regulatory challenges against the Council

## 7.3 Diversity and Equality

Implications verified by: Natalie Warren  
Community Development & Equalities Manager

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

## 7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

## 8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategic/Corporate Risk and Opportunity Register, September 2017. The document can be accessed via the following shared file on Objective:

*Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity Register.*

## 9. Appendices to the report

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report
- Appendix 3 - Criteria Guide for Impact and Likelihood

## Report Author:

Andy Owen

Interim Insurance & Risk Manager

This page is intentionally left blank

# Dashboard - Strategic/Corporate Risk & Opportunity Register September 2017

# Appendix 1

Strategic Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Forecast	
			Mid Year (2016/17)	In Qtr 4 (2016/17)	In Qtr 1 (2017/18)	Mid Year (2017/18)		Rating	Date
Priority - Create a great place for learning and opportunity									
19	CSC Service Standards & Inspection Outcome	Rory Patterson	12	12	12	12	➔	12	31/03/18*
Priority - Encourage and promote job creation and economic prosperity									
-	-	-	-	-	-	-	-	-	-
Priority - Build pride, responsibility and respect									
5	Emergency Planning & Response	Gavin Dennett	9	9	9	9	➔	6	31/03/18*
20	CSC Safeguarding & Protection C&YP	Rory Patterson	12	12	12	12	➔	12	31/03/18*
21	Welfare Reforms	Rory Patterson	12	9	9	9	➔	9	31/03/18
Priority - Improve health and well-being									
1	Adult Social Care, Cost & Quality Standards	Les Billingham	16	12	12	12	➔	12	31/03/18*
2	Health & Social Care Transformation	Rory Patterson	12	12	12	12	➔	12	31/03/18*
22	Housing Needs and Homelessness	John Knight	9	9	9	9	➔	9	31/03/18*
23	Fire Safety Housing Stock (New)	John Knight	-	-	-	8	N/A	8	31/03/18*
Priority - Promote and protect our clean and green environment									
-	-	-	-	-	-	-	-	-	-
Organisational Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Forecast	
			Mid Year (2016/17)	In Qtr 4 (2016/17)	In Qtr 1 (2017/18)	Mid Year (2017/18)		Rating	Date
Theme - A well-run organisation									
4	Business Continuity Planning	Performance Board	12	12	12	12	➔	8	31/03/18
8	Property Ownership Liability	Michelle Thompson	8	8	8	8	➔	8	31/03/18*
10	ICT Disaster Recovery Planning	Murray James	12	12	12	12	➔	4	31/03/18
11	Delivery of MTFS 2017/18	Sean Clark	-	-	8	8	➔	6	28/02/18
12	Delivery of MTFS 2018/19 - 2020/21	Sean Clark	-	-	12	12	➔	8	28/02/18
13	Cyber Security	Murray James	12	9	9	9	➔	6	15/03/18
14	Sickness Absence	Jackie Hinchliffe	9	12	12	12	➔	9	31/03/18
16	Employee Engagement & Capacity for Change	Jackie Hinchliffe	9	6	9	9	➔	6	31/03/18
17	General Data Protection Regulations	Lee Henley	9	9	9	9	➔	4	31/03/18

**Footnote:** Forecast Date: Retained = The risk is managed to the required level (risk appetite) but ongoing monitoring/review required via the S/C R&O Register.  
 Removed = The risk is removed from the S/C R&O Register (e.g. risk realised or managed to the required level - risk appetite). For items managed to the required level any ongoing monitoring to be undertaken by Dept., if needed.  
 \* = The date applies to when the risk/management action plan documentation will be refreshed (e.g. used for medium/long term risks, where the risk circumstances are expected to change over a period of time).  
 Priority: **Red** = High, **Amber** = Medium, **Green** = Low. Ratings: Lower is best DOT: Latest v Previous Rating (➔ Static, ⬆ Increased, ⬇ Decreased)

# Dashboard - Strategic/Corporate Risk & Opportunity Register September 2017

# Appendix 1

Strategic Opportunities									
Opp Ref / Priority	Opportunity Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Forecast	
			Mid Year (2016/17)	In Qtr 4 (2016/17)	In Qtr 1 (2017/18)	Mid Year (2017/18)		Rating	Date
Priority - Create a great place for learning and opportunity									
-	-	-	-	-	-	-	-	-	-
Priority - Encourage and promote job creation and economic prosperity									
6	Gloriana Thurrock Ltd	Steve Cox	9	9	9	9	➡	12	31/03/18*
7	South East Local Enterprise Partnership	Tim Rignall	12	12	12	12	➡	12	31/03/18
9	Business/NNDR Growth	Tim Rignall	9	9	6	6	➡	9	31/03/18*
Priority - Build pride, responsibility and respect									
3	Community Hubs	Natalie Warren	9	9	6	9	⬆	9	31/03/18
Priority - Improve health and well-being									
-	-	-	-	-	-	-	-	-	-
Priority - Promote and protect our clean and green environment									
-	-	-	-	-	-	-	-	-	-
Organisational Opportunities									
Opp Ref / Priority	Opportunity Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Forecast	
			Mid Year (2016/17)	In Qtr 4 (2016/17)	In Qtr 1 (2017/18)	Mid Year (2017/18)		Rating	Date
Theme - A well-run organisation									
15	Digital Council Programme	Jackie Hinchliffe	8	8	8	8	➡	12	31/03/18*
18	Raising the Borough's Profile & Image	Karen Wheeler	6	9	9	9	➡	12	31/03/18

**Footnote:** Forecast Date: Retained = The opportunity is managed to the required level but ongoing monitoring/review required via the S/C R&O Register.  
 Removed = The opportunity is removed from the S/C R&O Register (e.g. opportunity realised or managed to the required level). For items managed to the required level any ongoing monitoring to be undertaken by Dept., if needed.  
 \* = The date applies to when the opportunity/management action plan documentation will be refreshed (e.g. used for medium/long term opportunities, where the opportunity circumstances are expected to change over a period of time).  
 Priority: **Gold** = High, **Silver** = Medium, **Bronze** = Low. Ratings: Higher is best DOT: Latest v Previous Rating (➡ Static, ⬆ Increased, ⬇ Decreased)

## **Strategic/Corporate Risk & Opportunity Register September 2017**

### **In Focus Report**

*The Items are Split Between Risk & Opportunity and Listed in Priority (Rating) and then Reference Number Order.*

## **Risks In Focus**



## UNMANAGED / INHERENT RISK

Risk Description							Risk Owner	
Balancing the cost of care and maintaining minimum quality standards – the risk is that a combination of the following on-going pressures – financial pressures on local authorities (e.g. reduced teams for critical processes such as contract management and monitoring, inability to uplift prices to counter competition for workers and inflationary increases etc.), provider failure/financial stability, significant and continued pressures on hospital A&E and periods of ‘black alert’, market-wide decrease in the number of care workers due to ongoing poor employment conditions, ongoing issues in providing temporary care staff through local framework agreement and continued economic pressure on care providers leads to a drop in care quality/standards and failure of providers to maintain basis or minimum standards for service users. Ultimately results in risk to service users’ health, reputational damage to the Council and increased costs in managing escalated care and health needs and council intervention as a result. Neighbouring boroughs where contract monitoring was reduced have experienced care home failures, and in one home alone it was estimated that over 4,500 hours have been spent addressing this. Estimates indicate that the cost of this professional involvement were approximately £140k. Reductions in the number of contract officers from 4 to 2 and the senior contract officers from 2 to 1 means that monitoring cannot take place as frequently as it used to. Also the introduction of new team responsibilities means that the senior and team manager are covering both areas. The implementation of the National Living Wage from April 2016 has added a further pressure to already stretched resources. Additional monies received by local authorities for Adult Social Care will help to reduce the likelihood of the risk occurring.							Les Billingham	
Link to Corporate Priority								
Improve health and wellbeing								
Inherent Risk Rating	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at 21/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018

## Comments

Thurrock Council has received additional funding for Adult Social Care. Associated conditions for how the funding is used include helping to deliver sustainability for care providers. Whilst this will undoubtedly help to control the risk, it will not mitigate it and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).

## EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
<div>1. Comprehensive compliance monitoring and audit process in place.</div> <div>2. Quarterly information sharing meetings with Care Quality commission (CQC) to identify and share concerns/risks. Quarterly Quality Surveillance Group (QSG) meetings with health colleagues and CQC to identify and manage risks across the whole system.</div> <div>3. Develop a comprehensive accommodation-based programme to deliver choice and quality in the local market.</div> <div>4. Compliance with the Care Act regarding market failure and service interruption</div> <div>5. Provision of increase (3% plus 1% for performance) for OP residential providers</div> <div>6. Bring back in-house domiciliary care packages of failed providers</div> <div>7. Identify alternatives to existing model of domiciliary care provision as part of the Adult Social Care Transformation Programme</div> <div>8. Use of additional ASC monies to help provide market stability</div> <div>9. Improvement action plan delivered relating to CQC inspection of in-house domiciliary care provision</div>								2013/14
								2013/14
								From 2013
								From Apr 2015
								From Apr 2017
								From 2015
								From 2016
								From 2017
								By 2017
Residual Risk Rating	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
10. Development of specification and tender for domiciliary care contract – 'Living Well at Home'		By July 2017	Tender has been issued and provider interviews will take place in early October with the new contract starting in April 2018. The specification has been developed to incorporate the principles of 'living well at home'.					
11. Implementation of 3% increase on fees paid to care home providers for older people with a 1% performance enhancement for any of these providers obtaining an excellent rating following their contract compliance visit		April 2017	Paid to Thurrock care home providers for older people.					
12. Development and implementation of Enhanced Care Homes 'offer'		Throughout 2017	To be developed – including bid for funding via Skills4Care					
13. Continued work to manage demand via the ASC Transformation Programme and Better Care Fund Plan		Throughout 2017/18	(see Health and Social Care Transformation risk for update)					
14. Use of Improved Better Care Fund monies to assist with market stabilisation		From April 2017	As part of the Better Care Fund for 2017-19, the iBCF has been apportioned to a number of different projects – including supporting domiciliary and residential care home providers.					
<b>Forecast Risk Rating</b>	Forecast Date:	Refresh 31/03/2018	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:	21/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner
<p>Adult Social Care and the NHS are finding it increasingly difficult to meet demand for services, particularly when resource continues to decrease. With the expected ageing and growth of the population, we can expect age-related disease to continue to rise. Dementia for example is predicted to rise steeply in Thurrock, and by 2033 the population aged 85+ is projected to double. Two thirds of the resource spent on social care nationally is already spent on individuals with at least one-term condition. Lifestyle factors too will continue to compound the problem with Thurrock levels for smoking and obesity being significantly higher than the national average. Alongside a system that was designed in the 1940s and is no longer fit for purpose and a change in the way that local government is funded in the future, major transformation is required.</p> <p>The Council, working in partnership with NHS Thurrock Clinical Commissioning Group (CCG) has developed a joint transformation programme which is overseen via an Integrated Commissioning Executive (which is also responsible for the Better Care Fund). Integration though continues to be a significant challenge. As such, the Directorate has also established its own Adults Transformation Programme (For Thurrock in Thurrock) jointly with Thurrock CCG and Stronger Together Thurrock. Failure of the programmes to achieve their objectives will lead to the inability of social care and health to be able to meet demand within existing resources. For adult social care, this would mean either not providing services to those people who were eligible to receive them – which would leave the Council open to challenge and also result in a failure to meet statutory duties – or continue to provide services to those who qualify but exceeding the available budget.</p>								Roger Harris
Link to Corporate Priority								
Improve Health and Wellbeing								
Inherent Risk Rating	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

## DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at: 21/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018
<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

Comments
Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme (including the Better Care Fund). There are also challenges to overcome to progress integration with health. This includes current pressures on the Essex-wide health economy, a 'local' health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on Adult Social Care (ASC) and also faces significant on-going reductions to funding – although the department has received additional funding for ASC from 2017/18 which it needs to use to help provide stability and capacity, including within the ASC transformation programme. The pressures identified remain and will not be alleviated in the short term and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Programme Management arrangements in place 2. Programme Initiation Document including separate risk register developed, established and agreed 3. Close partnership working with Thurrock CCG via Integrated Commissioning Executive to oversee the integration of health and ASC 4. Joint Health and Social Care Transformation Programme agreed – For Thurrock in Thurrock								2014/15 "" " 2016/17
Residual Risk Rating	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
5. Delivery of 2017-18 work programme for ASC:  5.1 Better Care Fund 2017-19;  5.2 Assistive Technology Strategy; 5.3 Developing a 21 <sup>st</sup> Century Residential Care Facility;  5.4 Specialised Housing: Medina Road; Chichester Close; Calcutta Road; 5.5 Communication and Engagement 5.6 Well-Being Teams  5.7 Improvement Programme  5.8 Alternative Delivery Models  5.9 Thurrock Care @Home  5.10 Thurrock First	Throughout 2017 and beyond	Better Care Fund for 2017-19 submitted 11 <sup>th</sup> September, with Fund in excess of £40m p.a. Project group established to take the Assistive Technology Strategy forward. Cabinet Report being developed for November Cabinet on options for developing a 21 <sup>st</sup> Century Residential Care Facility. Specialist Housing projects in development.  Work taking place to outline the development of Wellbeing Teams – design day taking place on 23 <sup>rd</sup> October. Improvement project about to be established – to identify improvement opportunities in ASC processes. Options appraisal to look at potential alternative delivery models for adult social care scheduled to complete in October (report). Domiciliary Care tender has been issued with provider interviews taking place in October. Thurrock First has been in place since early July, with the team moving to its

5.11 Micro Enterprises  5.12 Shared Lives					Thurrock Hospital location in October. The official launch of the service will be 2 <sup>nd</sup> November. A number of micro-enterprises are now in place with more in the pipeline ensuring that we widen the ASC market place and also provide residents with greater choice. Shared Lives has launched and work is taking place to identify families/individuals suitable for the scheme.			
<b>Forecast Risk Rating</b>	Forecast Date:	Refresh 31/03/2018	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:	21/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Failure of the council and /or service managers to coordinate and maintain business continuity plans would lead to arrangements across the council being inconsistent, outdated and ineffective in times of a disruption affecting Thurrock.								Performance Board	
Link to Corporate Priority									
This links to the delivery of all priorities and the theme a well-run organisation.									
Inherent Risk Rating		Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at: 01/10/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018

## Comments

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.

Oversight of Business Continuity Management is now being provided by Performance Board and an auditing/quality assurance programme of the Business Continuity Plans for the critical functions is a standing item on the Board agenda each quarter. List of current BCPs & critical functions has been updated and will form the basis of ongoing review process by Performance Board and service areas.

A recent internal audit report on emergency planning, separately recommended a review of BCP arrangements at service level, and as such a briefing will be going to Directors Board in the autumn.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. BC Review of Team function – Review of BC team undertaken. Decision taken to transfer the BC function from the Emergency Planning Team to Service managers with effect from 1 April, 2015.								April 2015
2. Business Impact Analysis undertaken by Service Areas to identify (i) Priority functions and the time frames for reinstatement (ii) Priority IT applications and order/speed of restoration and Service Business Continuity Plans updated.								Oct 2015 - Feb 2016
3. Analysis of priority functions/IT applications undertaken by ICT Service and report on the interim solution for ICT DR arrangements presented to Directors Board, via Digital Board								Feb – March 2016
4. Outcome of review along with proposals to strengthen BCM arrangements across the Council submitted to Directors Board in April 2016. Performance Board to provide oversight role for Business Continuity Planning from July 2016								April 2016
5. Quality assurance process for Business Continuity Plans for critical functions considered by PB Aug 2016. List of current BCPs and critical functions to be established and to form the basis of ongoing review process by PB and service areas.								August 2016 – March 2017
<b>Residual Risk Rating</b>	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
6. Performance Board to review BCP list as a standing item each quarter to ensure BCPs are kept up to date by services and undertake random sample checks of individual plans for critical functions			Quarterly throughout 2017/18	New approach is going to be developed and will form part of the briefing to Directors Board in November 2017				
7. Directorate Management Teams to quality assure all BCPs within their areas			From Apr 2017					
8. Briefing to Directors Board			November 2017					
<b>Forecast Risk Rating</b>	Forecast Date:	31/03/2018	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8
<b>Revised Residual Risk Rating</b>	Date:	01/10/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Information Communications Technology (ICT) Disaster Recovery Planning - The Council is running at a high risk by not having a fully resilient infrastructure resulting in an inadequate DR capability. Whilst key data is backed up and taken off site regularly, should a major incident affect the primary Data Centre in the Civic Offices, Grays, it would take many weeks to recover key service delivery systems, information and Services from an alternative site. The reputational and financial impact to the Council would be significant								Murray James	
Link to Corporate Priority									
A well run organisation									
Inherent Risk Rating	Date:	24/04/2017	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16	

## DASHBOARD

Page 62

Inherent Risk Rating & Date: 24/04/2017	Residual Risk Rating as at: 24/04/2017	Residual Risk Rating as at: 26/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018																																																																																																
<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4	<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4	<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4	<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4	<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4	<div>Likelihood</div> <table><tr><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr></table> <div>Impact</div>	4	8	12	16	3	6	9	12	2	4	6	8	1	2	3	4
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		
4	8	12	16																																																																																																		
3	6	9	12																																																																																																		
2	4	6	8																																																																																																		
1	2	3	4																																																																																																		

## Comments

A proposal to install a basic Disaster recovery capability to support up to 100 concurrent users at Southend has been approved by Directors Board and is currently being implemented.

In parallel the council will be reviewing its strategic infrastructure requirement, but deploying the tactical solution will ensure this exercise is driven by service requirements rather than a Disaster Recovery imperative.



EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. An ICT DR plan (v4.2.1) exists.								Nov 2014
2. Establish a BCP/DR Support Group.								Sept 2015
3. Approach for the review of Business Impact Analysis, Business Continuity Plans developed by the BCP/DR Support Group								Sept 2015
4. Approach for the review of BIAs/BCPs introduced to Directors Board								June –Sept 2015
5. Review of Business Impact Analysis and Business continuity Plans undertaken by individual Council Services to identify:								Feb 2016
(i). Their current critical service functions and applications in use.								
(a). The Recovery Point Objective (RPO = the maximum point in time they can roll back to in the event of data loss)								
(b). The Recovery Time Objective (RTO = the maximum time sustainable to reach the RPO).								
6. BCP/DR Support Group reviewed feedback from each Council Service to ensure returns complete and realistic.								Mar 2016
7. ICT options, proposals and costs developed and submitted for Short, Medium and Long term DR scenarios.								From Apr 2016
8. Proposal to support critical applications for up to 100 users provisionally approved by Directors Board, subject to services agreeing the numbers are workable.								April 2016
9. Development/consideration of Medium and Long term DR solutions and delivery of fully resilient ICT strategic infrastructure. Programme forms part of the capital plan, spread over 2 years								From Apr 2016 – Mar 2018
10. Implementation of DR ICT Technology for short term solution following agreement that proposal is workable								June – Sept 2016
11. DR test of short term solutions/system								From Jul 2016
12. Power redundancy back up system to be restored in main Civic Offices communications room to increase resilience and manage the risk								From Jun – Sept 2016
Residual Risk Rating	Date:	24/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
13. Ongoing implementation and application of actions 9 & 11 above.			From Apr 2017	DR test is being planned for October 2017. Server room upgrade in the early stage of requirement gathering. New backup technology being planned for deployment before end of 2017				
Forecast Risk Rating	Forecast Date:	31/03/2018	Impact:	Marginal (2)	Likelihood:	Unlikely (2)	Rating:	4
Revised Residual Risk Rating	Date:	26/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
The Council faces significant budget pressures due significant funding reductions from central government and increasing demand in services. These budget pressures remain and the Council is now concentrating on the period 2018/19 through to 2020/21.  Failure to develop plans to set and maintain a balanced budget and to deliver the associated savings for the period 2018/19 to 2020/21 could lead to ill informed decisions on service reductions, unplanned efficiencies and in year overspends and result in service delivery impacts, negative feedback or publicity and unexpected contributions from reserves to balance the budget or, in the worse-case, an ultra vires deficit budget position.								Sean Clark Directors Board	
Link to Corporate Priority									
A well-run organisation.									
Inherent Risk Rating		Date:	15/03/2017	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

## DASHBOARD

Inherent Risk Rating & Date: 15/03/2017	Residual Risk Rating as at: 15/03/2017	Residual Risk Rating as at: 07/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 28/02/2018

## Comments

MTFS established. Balanced budget for 2017/18 set and forecast for the financial years 2018/19 through to 2020/21 reported to Cabinet and Council February 2017. Transformation and Service Review Programmes established to help address the budget position and support the council in achieving financial self-sustainability. Monthly monitoring of programmes undertaken by Transformation and Service Review Boards. Monthly budget monitoring reports considered by Directorate Management Teams and Directors Board. Full budget report scheduled to be reported to October 2017 Cabinet.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. MTFS established and reported to Council February 2017. Balanced budget for 2017/18 agreed and forecast for the financial years 2018/19 through to 2019/20 (including budget deficits) noted.								Feb 2017
2. Transformation and Service Review Programmes established to support the Council to address the deficit and in achieving financial self-sustainability.								2016/17
<b>Residual Risk Rating</b>	Date:	15/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
3. Ongoing regular budget monitoring reports to Cabinet , via Directors Board and Management Teams on MTFS and budget position			From Apr 2017	Monthly budget monitoring reports considered by Directorate Management Teams and Directors Board. Full budget report scheduled to be reported to October 2017 Cabinet.				
4. Ongoing identification, development and implementation of transformational projects and other schemes (e.g. service reviews) to support the Council to address the deficit and in achieving financial self-sustainability (e.g. income generation, contract reviews, spend to save initiatives, alternative delivery models, etc.)			From Apr 2017	Monthly monitoring of Transformation projects and Service Reviews undertaken by Transformation and Service Review Boards.				
5. Regular consideration of budget position by Leadership Group			From Apr 2017	Regular updates of budget position presented to and considered by Leadership Group.				
6. Regular review of budget position, proposals and implementation plans by Spending Review Panel			From Apr 2017	Challenge and consultation of budget position to be supported by spending review approach.				
7. Undertake public consultation including Overview & Scrutiny on any proposals			Dec 2017					
8. Agreement and reporting of Budget 2018/19 (and 2019/20+)			Feb 2018					
<b>Forecast Risk Rating</b>	Forecast Date:	28/02/2018	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8
<b>Revised Residual Risk Rating</b>	Date:	07/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Failure to manage the increases in demand and budget/ resource pressures for Children’s Social Care could lead to a breakdown in the quality or performance of the service provided to vulnerable children and results in less favourable outcomes from inspection and damage to reputation of the service does meet the required standards								Rory Patterson	
Link to Corporate Priority									
- Create a great place for learning and opportunity - Improve health and wellbeing									
Inherent Risk Rating		Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

## DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at: 15/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018

## Comments

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock Multi-Agency Safeguarding Hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.

The service has to be demand led and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority. Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF).

The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost

pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity. Trends can be predicted based on previous levels of demand but these are subject to variance.

Risk and action plan documentation refreshed and reviewed. The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered. A forecast date of 31/03/18 has been applied to the risk, which is the time when the risk will be fully refreshed and updated.

#### EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Quality Assurance and Safeguarding functions are in place and robustly applied. Functions extended to include the establishment of an Improvements Board.								Ongoing
2. Trix Policies and Procedures have been introduced across Children's Social care. All procedures to be subject to review and updating.								Completed / ongoing
3. Joint delivery of the 'Early Offer of Help Strategy' and associated services are now embedded to meet the new the duty placed on Council's to coordinate an early offer of help to families who do not meet the criteria for social care services and ensure that the 'step down and step up' processes are robustly managed. Further improvements in these services have been identified within the Ofsted SIF. A service redesign is planned based on the SIF findings and work by iMPower.								Ongoing
4. Internal quality assurance audits to evidence appropriate application of thresholds.								Ongoing
5. Ongoing data analysis to enable us to benchmark and target areas for improvement; complete redesign of PKI and trends analysis.								From Apr 2016
6. Placement Review – an external reviews of high cost placements.								Ongoing
7. Ongoing inspection and action plan to address recommendations included in report								From Feb 2016
8. Review of key strategic, operational, technological, partnership and practice developments relating to Child Sexual Exploitation (CSE)								From May 2015
<b>Residual Risk Rating</b>	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

#### FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
9. Ongoing implementation and/or application of actions 1 - 8 above.			From Apr 2017	Ongoing				
<b>Forecast Risk Rating</b>	Forecast Date:	31/03/2018	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
<b>Revised Residual Risk Rating</b>	Date:	15/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Failure to ensure that all children and young people in need of help or protection are safeguarded and supported could result in them not achieving their full potential and increasing the risk of a child death or serious injury.								Rory Patterson	
Link to Corporate Priority									
<ul style="list-style-type: none"><li>- Build pride, responsibility and respect</li><li>- Create a great place for learning and opportunity</li><li>- Improve health and wellbeing</li></ul>									
Inherent Risk Rating		Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at: 15/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018
<div>Page 68</div>					

Comments

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood.

The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against.

Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.

The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged.

Within the context of this work we have a high level and critical risk that is being proactively managed. The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not known to the service means that overall the likelihood remains high. Families are also not static and risk is a constant changing variable within known families.

Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

Risk and action plan documentation reviewed and evaluated. Risk will remain constant throughout the period covered.

#### EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place							Date Implemented
1. Application of the Southend, Essex & Thurrock Child Protection procedures							Ongoing
2. Local Safeguarding Children's Board established, progress reported annually and guidance reviewed							Ongoing
3. Quality assurance and safeguarding function of Children's Social Care.							Ongoing
4. Legal framework and court action							Ongoing
5. Continue to strengthen the Thurrock Multi Agency Safeguarding Hub introduced Sept 2014 and services commissioned as part of the Early Offer of Help Strategy							Ongoing
6. Case Audits							Ongoing
7. Quality assurance framework							Ongoing
8. Improvement plan in line with Ofsted inspection and iMPower consultation							From Feb 2016
Residual Risk Rating	Date:	01/04/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating: 12

#### FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
9. Ongoing implementation and/or application of actions 1-8 above			From Apr 2017					
Forecast Risk Rating	Forecast Date:	Refresh 31/03/2018	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	15/09/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Sickness absence remains above average for the sector and outturn for 2016/17 was higher than previous year. Long term sickness levels in particular remain high (over 60% as at end of 2016/17) and incidences of stress related also remain high and both need to be monitored closely. High levels of absence are damaging to the organisation, place additional cost pressures, impact the morale and productivity of the council and disrupt service delivery.								Jackie Hinchliffe	
Link to Corporate Priority									
Links to all corporate priorities and to a well-run organisation									
Inherent Risk Rating		Date:	01/04/2017	Impact:	Substantial (3)	Likelihood:	Very Likely (4)	Rating:	12

## DASHBOARD

Inherent Risk Rating & Date: 01/04/2017	Residual Risk Rating as at: 01/04/2017	Residual Risk Rating as at: 27/09/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018

## Comments

Sickness remains a concern with outturn for 2016/17 higher than previous year. Service level management of issues has improved significantly however and individual cases are dealt with on a case by case basis. Human Resources Advisors continue to support managers with their sickness absence reviews and there is a big push regarding compliance with Return to Work interviews, for which People Board is providing governance. The reduction of sickness is now linked the Council Spending Review with a target to reduce the cost of agency and overtime paid to cover for absent colleagues.



EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Management Information issued monthly and supported by HR attendance at DMT's.								Ongoing
2. Programme of mandatory training for people managers around sickness absence management issues. Training programme ongoing.								Ongoing
3. Absence management contract with FirstCare from 1 April 2016 with improved reporting functionality for managers including training to enhance manager compliance with RTW's and monitoring stages.								April 2016
4. In-house Occupational Health service with permanent OH Nurse appointed in December 2015.								December 2015
5. KPIs around sickness included in corporate scorecard and monitored on a monthly basis at Performance Board.								Ongoing
6. Undertaking a review of the top 100 cases and reviewing support requirements								March 2017
7. Introducing a Star Chamber case review process to ensure each case is completely understood and managed appropriately.								March 2017
Residual Risk Rating	Date:	01/04/2017	Impact:	Substantial (3)	Likelihood:	Very Likely (4)	Rating:	12

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 1 to 7 above			From Apr 2017 to Mar 2018	8-11 actions ongoing				
9. Additional Occupational Health resource brought in to support timely management of sickness absence cases			From Sep 2017 to Mar 2018					
10. Sickness action plan developed following Star Chambers with project group set up to drive actions and monitored at People Board			From Aug 2017 – ongoing					
11. All HR Business Partners will focus on absence as a key priority and work with Directorates to agree their requirements			From Sep 2017 to March 2018					
Forecast Risk Rating	Forecast Date:	31/03/2018	Impact:	Substantial (3)	Likelihood:	Likely (3)	Rating:	9
Revised Residual Risk Rating	Date:	27/09/2017	Impact:	Substantial (3)	Likelihood:	Very Likely (4)	Rating:	12

## UNMANAGED / INHERENT RISK

Risk Description								Risk Owner	
Failure to maintain housing stock in compliance with regulations and best practice relating to fire safety.								John Knight	
Link to Corporate Priority									
Improve health and well being A well run organisation									
Inherent Risk Rating		Date:	01/10/2017	Impact:	Critical (4)	Likelihood:	Unlikely (4)	Rating:	16

## DASHBOARD

Inherent Risk Rating & Date: 01/10/2017	Residual Risk Rating as at: 01/10/2017	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Forecast Risk Rating & Date: 31/03/2018
<p>page 72</p> <p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>

## Comments

As a social landlord the Council has a responsibility to ensure the safety and security of all residents in our housing stock.

The tower block fire at Grenfell Tower, Kensington on 14<sup>th</sup> June 2017 triggered an urgent review of fire safety arrangements for high rise tower blocks. Work is ongoing to provide full assurance to residents in all other property types including sheltered housing.

The Council would be open to criticism and possible legal proceedings if non-compliant with regulations and/or any new requirements identified by the Government's enquiry into the Grenfell Tower fire. In addition to the full range of mitigating actions set out below any recommendations from the enquiry will be implemented as soon as the requirements are clear and budgetary provision has been made.

Management Action or Mitigation Already in Place	Date Implemented
1. Since construction all housing high rise blocks maintained and refurbished through ongoing maintenance and capital improvement programmes, covering external features, individual dwellings and communal areas.	Ongoing
2. Fire Safety Policy established and regularly reviewed and updated to keep in line with current legislation. Last review completed Sept 2016 and next review planned for Sept 2019 as per the three year review programme stipulated in the policy.	Ongoing
3. Comprehensive Fire Risk Assessments established and in line with Regulatory Reform (Fire Safety) Order 2005 and the Local Government Association guidance (Fire Safety in Purpose Built Blocks of Flats). Documentation reviewed on a rolling three year programme and individual intermediate assessments undertaken for any major works or alterations carried out within the three year period.	Ongoing
4. Emergency procedures in the event of a fire developed based on the Regulatory Reform and LGA guidance. Essex Fire and Rescue Service consulted on procedures and Stay Put Policy established for high rise residential accommodation	Ongoing
5. All fifteen tower blocks designed, built and maintained for operation of Stay Put Policy (i.e. compartment system and structural elements in place to stop and delay the spread of fire to give time for the fire & rescue service to combat the fire and/or undertake controlled evacuation if necessary).	Ongoing
6. Pre-defined checks undertaken by Housing staff on a daily, weekly and monthly basis (e.g. manual triggering of alarms on each floor to ensure system operation) and any defects identified and addressed.	Ongoing
7. Fire detection systems in place for communal areas and residential flats. Non-audible system fitted to communal areas to adhere to the principles of the stay put policy. System controls self-closing fire doors to prevent the spread of smoke and fire to or from the communal area. Stand-alone systems fitted to each residential flat. Stand-alone systems comprise of a heat detector in the kitchen and smoke detector in the hallway. Detectors are audible to ensure that resident affected by a fire is alerted and can evacuate the property.	Ongoing
8. Quarterly servicing and maintenance contract in place for the fire detection system covering such elements as smoke detection, dry risers and emergency lighting.	Ongoing
9. Twelve of the fifteen blocks have external cladding system installed (glass fibre reinforced resin substance covering a mineral wool slab insulation). Both cladding and the insulation have the highest classification for fire safety and categorised as 'not readily combustible installations'.	Circa 2000
10. Details of Thurrock high rise and cladding systems submitted to Central Government and Building Research Establishment (BRE) following the fire in Grenfell Tower. Identified that Thurrock not required to provide any cladding samples for testing as none on the cladding systems or construction details match those used at Grenfell Tower.	Post June 2017
11. Independent consultant commissioned to undertake assessment of cladding systems in place in Thurrock.	From Aug 2017
12. Following fire at Grenfell a letter containing fire safety arrangements and procedures hand delivered to all flats in Thurrock's tower blocks 16 <sup>th</sup> June 2017. Under the exercise officers engaged in face to face discussions with residents to provide additional assurance of the position and to obtain feedback of any concerns. Further detailed letter of 27 <sup>th</sup> June 2017 (including Frequently Asked Questions information) issued to all tower block residents and details shared with members and media outlets as appropriate. Residents meetings undertaken late June and early July to give residents further opportunity to seek assurances and to raise any concerns. Fire safety bulleting issued to all tower block residents in September 2017.	June to September 2017

<p>13. In partnership with Essex Fire &amp; Rescue Service all Thurrock tower blocks re-assessed following the fire at Grenfell Tower to ensure that standards implemented are maintained. Identified that parking around the high rise buildings needs to be addressed to ensure the area is clear for emergency services vehicle access in the event of an incident. Combination of parking enforcement and additional structure works to be implemented to address the position. Programme of more comprehensive review of all tower blocks to commence with the Fire &amp; Rescue Service August 2017.</p>								Ongoing from June 2017
<p>14. Review of Fire Safety arrangements for other social housing stock undertaken and no overdue Fire Risk Assessments identified. During 2016/17 £220k of capital works carried out through a bespoke programme to maintain fire safety across the housing stock. In line with the three year risk assessment policy, new assessments completed for all sheltered complexes and low risk housing blocks during 2017/18.</p>								From June 2017
<p>16. Feasibility study into the retro-fitting of sprinkler systems through the tower blocks in Thurrock commenced and potential financial pressure on relevant capital works identified.</p>								From July 2017
<p>17. Housing Enforcement Team to maintain work to identify any category one hazards in private sector housing properties and to intensify efforts to encourage local landlords to maintain fire standards and to provide safe homes.</p>								Ongoing
<b>Residual Risk Rating</b>	Date:	01/10/2017	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8

FURTHER ACTION / FORECAST RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
18. Ongoing review, implementation and/or application of actions 1 - 17 above.			Ongoing					
19. Continue to monitor national development of the position and respond to any government requests or legislative and regulatory changes as they occur.			Ongoing					
<b>Forecast Risk Rating</b>	Forecast Date:	Refresh 31/03/2018	Impact:	Critical (4)	Likelihood:	Unlikely (2)	Rating:	8
<b>Revised Residual Risk Rating</b>	Date:		Impact:		Likelihood:		Rating:	

## **Opportunities In Focus**

## UNMANAGED / INHERENT OPPORTUNITY

Opportunity Description								Opportunity Owner	
Opportunity to secure significant capital and/or EU Structural funds through work with the South East Local Enterprise Partnership in pursuit of priorities set out in the Strategic Economic Plan, Opportunity South Essex Growth Strategy and Thurrock Economic Growth Strategy.								Tim Rignall	
Link to Corporate Priority									
Encourage and promote job creation and economic prosperity. Create a great place for learning and opportunity.									
Inherent Opportunity Rating		Date:	01/04/2017	Impact:	Exceptional (4)	Likelihood:	Very Unlikely (1)	Rating:	4

## DASHBOARD

Inherent Opp. Rating & Date: 01/04/2017	Residual Opp. Rating as at: 01/04/2017	Residual Opp. Rating as at: 20/09/2017	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Forecast Opp. Rating & Date: 31/03/2018
<div>Page 76</div>					

## Comments

The Council has secured £108.3m of Local Growth Funding to support delivery of key infrastructure and regeneration projects. Projects receiving support include:

- A13 widening.
- Stanford-le-Hope/London Gateway access improvements.
- Cycling initiatives and sustainable travel.
- Purfleet regeneration project.
- Grays South regeneration project.

The Government has now indicated that there will be no further rounds of LGF funding and through its consultation on the Industrial Strategy Green Paper has tested various ideas for future funding, for example an Industrial Strategy Challenge Fund.

In addition to the LGF funding the Council has also secured significant resource through ERDF and ESF to support delivery of corporate priorities. The Council is a delivery

partner in over £35m of business support and employability programmes and is also leading and supporting further bids. The opportunity provided by EU funding is time limited with Brexit negotiations looming. It is also limited by the requirement to provide 50% match funding.

The Council has enjoyed considerable success in pursuing this opportunity; however, in light of comments above the time may be right to recast this opportunity in the context of a changing national and EU policy landscape?

Without doubt we should continue to work with, and have an active role in, SELEP as future funding opportunities are very likely to be routed through it. Equally we should continue to develop a pipeline of projects supported by robust business cases so that when an opportunity does present itself we are in a position to be able to respond.

Clarity on future funding opportunities is likely when the Industrial Strategy Green Paper evolves into a white paper and the Council to continue to be actively engaged in the dialogue around the Strategy and seek to lobby and influence where possible.

Provisional forecast rating of 12 (Exceptional/Likely) and forecast date 31/03/2018 applied and opportunity/action plan documentation (including forecast date and rating) to be refreshed when clarity on future funding opportunities and changing national/EU policy landscape available.

#### EXISTING ACTION / RESIDUAL OPPORTUNITY

Page 77

Management Action Already in Place								Date Implemented	
1. Thurrock input coordinated through Growth Board to ensure strong strategic ownership and a common approach								Ongoing from 2013	
2. Designate a single point of contact for TGSE through to the LEP to ensure quality control and consistency of message.								2013/14	
3. The initial submission for Strategic Local Growth Fund monies submitted to Government								March 2014	
4. Review, develop plans and undertake negotiations with Government and LEP with regard to Government feedback/announcements on the submission								Apr - Jul 2014	
5. Confirmation received from Government that the Council successfully secured £92.5M through round one of the local growth fund to support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel.								Jul 2014	
6. Preparation and submission of round two bid for local growth fund monies to Government. Priorities identified include Purfleet Centre and Lakeside expansion.								Dec 2014	
7. Confirmed by Government that the Council was successful in securing £5M of grant funding for the Purfleet Centre Scheme								Jan 2015	
8. Details of LGF3 announced								Apr 2016	
9. Funding of £10.8m for Grays South awarded through LGF 3								Feb 2017	
Residual Opportunity Rating		Date:	01/04/2017	Impact:	Exceptional (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / FORECAST OPPORTUNITY / REVISED RESIDUAL OPPORTUNITY

Further Management Action			Implementation Date	Progress				
10. Growth Board overseeing the development of business cases for a pipeline of potential regeneration/economic development projects to form the basis of bids for future funding rounds. No further funding rounds have yet been announced.			Apr 2017 & Ongoing	Progress when clarity on future funding opportunities and changing national/EU policy landscape details available.				
11. Continue to pursue further ERDF and ESF opportunities as relevant opportunities present themselves. Subject to match funding availability.			From Apr 2017 Ongoing	As 10 above				
12. Actively engage in the dialogue around the Industrial Strategy and seek to lobby and influence where possible.			Apr 2017 & Ongoing	As 10 above				
Forecast Opportunity Rating	Forecast Date:	31/03/2018	Impact:	Exceptional (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Opportunity Rating	Date:	20/09/2017	Impact:	Exceptional (4)	Likelihood:	Likely (3)	Rating:	12



## Criteria Guide for Impact and Likelihood

## Appendix 3

### Criteria Guide for Impact Levels

#### Risk

Negative Impact	Description
<b>4 Critical</b>	<ul style="list-style-type: none"> <li>Inability to deliver a number of strategic objectives or a priority.</li> <li>Major loss of service, including several important service areas</li> <li>Major reputation damage - adverse central government response, involving threat of / removal of delegated powers or adverse and persistent national media coverage</li> <li>Loss of Life</li> <li>Major personal privacy infringement - All personal details compromised / revealed</li> <li>Huge financial loss/cost - &gt;£1M in a year. Up to 75% of budget.</li> <li>Major disruption to project / huge impact on ability to achieve project objectives.</li> </ul>
<b>3 Substantial</b>	<ul style="list-style-type: none"> <li>Inability to deliver an organisational priority or strategic objective.</li> <li>Major disruption to important service or a number of service areas.</li> <li>Significant reputation damage - adverse publicity in professional/municipal press or adverse local publicity of a major and persistent nature.</li> <li>Major injury.</li> <li>Many individual personal details compromised / revealed</li> <li>Major financial loss/cost - &gt;£500K - &lt;£1M in a year. Up to 50% of budget</li> <li>Significant disruption to project / significant impact on ability to achieve the project's objectives.</li> </ul>
<b>2 Marginal</b>	<ul style="list-style-type: none"> <li>Significant disruption to important service or major disruption to non crucial service.</li> <li>Moderate reputation damage - adverse local publicity / local public awareness</li> <li>Serious injury</li> <li>Some individual personal details compromised / revealed</li> <li>High financial loss/cost – &gt;£100K - &lt;£500K in a year. Up to 25% of budget</li> <li>Moderate disruption to project / moderate impact on ability to achieve the project's objectives.</li> </ul>
<b>1 Negligible</b>	<ul style="list-style-type: none"> <li>Brief disruption to important service or significant disruption to non crucial service.</li> <li>Minimal reputation damage - no external publicity and contained within Council</li> <li>Minor injury or discomfort.</li> <li>Isolated individual personal detail compromised/ revealed</li> <li>Low or medium financial loss/cost &lt;£100K in a year. Up to 10% of budget</li> <li>Minor disruption to project / minor impact on ability to achieve the project's objectives.</li> </ul>

#### Opportunity

Positive Impact	Description
<b>4 Exceptional</b>	<ul style="list-style-type: none"> <li>Exceptional improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objectives/priorities</li> <li>National award or recognition/elevated status by national government</li> <li>Positive national press/media coverage</li> <li>Major improvement to the health, welfare &amp; safety of stakeholders</li> <li>Income/savings of &gt;£500K in a year or exceptional saving of resource (e.g. time and labour)</li> </ul>
<b>3 Major</b>	<ul style="list-style-type: none"> <li>Major improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Regional recognition for initiative, partnership or arrangement.</li> <li>Positive publicity in professional/municipal press or sustained positive local publicity.</li> <li>Significant improvement to the health, welfare &amp; safety of stakeholders</li> <li>Income and/or savings of &gt;£250K - &lt;£500K in a year or major savings of resource (e.g. time and labour).</li> </ul>
<b>2 Moderate</b>	<ul style="list-style-type: none"> <li>Moderate improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Borough or County wide recognition for initiative, partnership or arrangement.</li> <li>Positive local publicity / local public awareness</li> <li>Moderate improvement to the health, welfare &amp; safety of stakeholders.</li> <li>Income and/or savings of &gt;£100K - &lt;£250K in a year or moderate savings of resource (e.g. time and labour).</li> </ul>
<b>1 Minor</b>	<ul style="list-style-type: none"> <li>Minor improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Local level recognition for initiative, partnership or arrangement.</li> <li>Minor positive local publicity</li> <li>Minor improvement to the health, welfare &amp; safety of stakeholders.</li> <li>Income and/or savings of &lt;£100K in a year or minor saving of resource (e.g. time and labour)</li> </ul>

**Risk**

Likelihood	Description
<b>4</b> <b>Very Likely</b>	<ul style="list-style-type: none"> <li>More than 75% chance of occurrence</li> <li>Will probably occur at some time or in most circumstances.</li> <li>Circumstances frequently encountered - daily, weekly, monthly and quarterly.</li> </ul>
<b>3</b> <b>Likely</b>	<ul style="list-style-type: none"> <li>Between 40% and 75% chance of occurrence.</li> <li>Fairly likely to occur at some time or in some circumstances.</li> <li>Circumstances occasionally encountered - occurs once every 1 to 2 years.</li> </ul>
<b>2</b> <b>Unlikely</b>	<ul style="list-style-type: none"> <li>Between 10% and 40% chance of occurrence.</li> <li>Fairly unlikely to occur, but could occur at some time.</li> <li>Occurs once every 2 to 3 years</li> </ul>
<b>1</b> <b>Very Unlikely</b>	<ul style="list-style-type: none"> <li>Less than 10% chance of occurrence.</li> <li>May occur only in exceptional circumstances.</li> <li>Has never or very rarely happened before.</li> </ul>

**Opportunity**

Likelihood	Description
<b>4</b> <b>Very Likely</b>	<ul style="list-style-type: none"> <li>More than 75% chance of happening.</li> <li>A clear opportunity already apparent, which can easily be achieved with a bit of further work or management.</li> <li>Achievable in under 1 year (12 months)</li> </ul>
<b>3</b> <b>Likely</b>	<ul style="list-style-type: none"> <li>Between 40% and 75% chance of happening.</li> <li>An opportunity that has been identified and/or explored and may be achievable but will require some further work or management.</li> <li>Achievable between 1 to 2 years</li> </ul>
<b>2</b> <b>Unlikely</b>	<ul style="list-style-type: none"> <li>Between 10% and 40% chance of happening</li> <li>Opportunity that is fairly unlikely to happen that will need full investigation and require considerable work or management.</li> <li>Achievable between 2 to 3 years</li> </ul>
<b>1</b> <b>Very Unlikely</b>	<ul style="list-style-type: none"> <li>Less than 1% chance of happening.</li> <li>Opportunity that is very unlikely to happen that will need full investigation and require considerable work or management.</li> <li>Achievable in more than 3 years</li> </ul>

Risk/Opportunity Matrix &amp; Priority Table

		<b>Risk</b>						<b>Opportunity</b>					
Very Likely	4	4	8	12	16	High Priority		16	12	8	4	4	Very Likely
Likely	3	3	6	9	12			12	9	6	3	3	Likely
Unlikely	2	2	4	6	8	Medium Priority		8	6	4	2	2	Unlikely
Very Unlikely	1	1	2	3	4	Low Priority		4	3	2	1	1	Very Unlikely
		1	2	3	4			4	3	2	1		
		Negligible	Marginal	Substantial	Critical			Exceptional	Major	Moderate	Minor		

Priority Risk	Rating	Priority Opp.
High	12 - 16	High
Medium	6 - 9	Medium
Low	1 - 4	Low

<b>23 November 2017</b>		<b>ITEM: 8</b>
<b>Standards and Audit Committee</b>		
<b>Internal Audit Service Update 2017/18</b>		
<b>Wards and communities affected:</b> All		<b>Key Decision:</b> Key
<b>Report of:</b> Gary Clifford – Chief Internal Auditor		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark – Director of Finance & IT		
<b>This report is</b> public		

## Executive Summary

This update provides a high level summary of the progress that the service has made since it was brought back in-house from the 1<sup>st</sup> April 2015. This report will be presented to members of the Committee on an annual basis to provide them with an update on how the service is developing in the long term.

### 1. Recommendation(s)

#### 1.1 That the Standards & Audit Committee:

**Agree that the new structure will improve the service being provided by internal audit and will provide members of the Standards & Audit Committee with additional assurance around the internal control, risk management and governance frameworks to senior management and members.**

### 2. Introduction and Background

- 2.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Thurrock Council's internal control system and integral to the framework of assurance that the Standards & Audit Committee can place reliance on to assess its internal control system.
- 2.2 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. This responsibility has

been delegated to the Director of Finance & IT (Section 151 Officer) under the Council's Executive Scheme of Delegation and is delivered through the Head of Audit in consultation with the Director of Finance & IT.

- 2.3 The contract with the external provider of internal audit services ended on 31<sup>st</sup> March 2015, with the staff being brought back in-house from the 1<sup>st</sup> April 2015. As a result of this action, resources during 2015/16 were stretched due to the small permanent on-site team. To help with the resource issue, a framework agreement was entered into with the London Borough of Croydon to provide additional audit resource.
- 2.4 It was agreed with the Director of Finance & IT, that in the longer-term, a new structure needed to be developed and additional resources obtained. This process started in 2016/17. Following agreement for the new posts and a job evaluation process to determine their grade, recruitment started in November 2016 and the 2 successful staff started in January 2017.
- 2.5 In addition, it is clear that with all of the budgetary pressures being put on local authorities to make savings, do more with less and look for additional ways to generate income, means that having a robust, well-resourced internal audit service is more important than ever to provide senior management and members with assurance around the internal control, risk management and governance frameworks.

### **3. Issues, Options and Analysis of Options**

- 3.1 To address some of these issues, the Chief Internal Auditor continues to utilise the framework agreement with Croydon Council but this is now limited to IT Audit where there is no capacity within the team. The framework operates under a call off arrangement so there is no commitment by the Council on how much or little it is used.
- 3.2 It is acknowledged that there is still much to do in getting the service to a position where it will be compliant with the Public Sector Internal Audit Standards (PSIAS) but progress has, and continues to be made, in developing the service. The service update at Appendix 1 provides more detail on this.
- 3.3 The service needs to undertake a self-assessment and have a full external assessment against the PSIAS by 31<sup>st</sup> March 2020 i.e. within 5 years of it being brought back in-house. It is anticipated the self-assessment process will be carried out early in 2018/19 with the external assessment being undertaken in early 2019/20.

### **4. Reasons for Recommendation**

- 4.1 To assist the Standards & Audit Committee in satisfying itself that the internal audit service is making progress in being able to provide additional assurance

through its new structure and will meet the PSIAS within the required timeframe.

## **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The review of the structure was consulted on with the Director of Finance & IT, senior HR Advisors and staff within the internal audit team.

## **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The Council's corporate priorities are used to inform the annual audit plan and the internal audit service makes recommendations which are designed to further the implementation of these corporate priorities.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Y. Adeboye**

#### **Management Accountant**

This report is for information purposes only so there are no direct financial implications arising from the report. Any financial decisions made around staffing levels have been considered and will be contained within the existing budget.

### **7.2 Legal**

Implications verified by: **D Lawson**

#### **Deputy Head of Law & Governance**

This report is for information purposes only so there are no direct legal implications arising from the report

### **7.3 Diversity and Equality**

Implications verified by: **R Price**

#### **Community Development Officer**

This report is for information purposes only so there are no direct diversity and equality implications arising from the report

### **7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)**

This report is for information purposes only so there are no other implications arising from the report.

**8. Background papers used in preparing the report:**

- Internal Audit budget reports
- Internal Audit Structure Chart.

**9. Appendices to the report**

- Appendix 1 – Service Update.

**Report Author:**

Gary Clifford

Chief Internal Auditor

Thurrock Council Internal Audit Service, Corporate Finance

# Thurrock Council

## Standards & Audit Committee

## Service Update Report

Date of Committee: 27<sup>th</sup> November 2017

## **Service Update for Standards & Audit Committee – 27<sup>th</sup> November 2017**

### **Background**

The Internal Audit Service provides senior management and members with assurance around the council's governance, internal control and risk management arrangements. It achieves this by preparing and agreeing an annual plan with Director's and senior management. The final plan is presented to Directors Board and presented to members at the meeting of the Standards & Audit Committee in March each year. This plan then forms the work programme for the internal audit team. However, it should be noted that the plan has to remain fluid as there are likely to be changes during the year e.g. services evolve and working practices change, departments restructure, high priority one-off assignments need to be undertaken etc.

The service transferred back in to the Council on the 1<sup>st</sup> April 2015. During the previous 8½ years, it was provided through an outsourced arrangement with a number of private firms of Chartered Accountants (the contractor).

With the transfer of the core team back into the Council, this resulted in the need to identify and source the shortfall from another provider in the short-term and to look at options for a more permanent solution in the longer term. On this basis, a decision was made to utilise a framework agreement with Croydon Council for the provision of additional internal audit resources.

In the longer term, the recruitment of additional staff was considered and a new structure for the service agreed. A business case was prepared and presented to the Director of Finance & IT and a consultation process carried out with the current staff in post.

The process for the recruitment of the 2 Assistant Internal Auditor posts commenced in November 2016 and 46 completed application forms were received by the closing date. From these completed applications, the Chief Internal Auditor and 2 Senior Auditors independently reviewed the applications to each come up with a shortlist, together with reasons for their decision. A meeting was then held to pull together all of the results and from this, we were able to come up with a final list of 9 applicants who were invited to a formal interview. There were 4 strong candidates and 2 were selected and commenced their employment with the Council in early January 2017. It was agreed that for 2017/18, the trainee post would be put on hold to enable the Chief internal Auditor and 2 Senior Auditor's to concentrate on developing the skills of the new Assistant Auditors.

### **Staffing**

Due to the way the previous contractor operated, the contract was resourced with a small permanent on-site team of 3.15 full-time equivalent staff and additional staff



would be sourced through the contractor to carry out specialist IT audits, contract audits and assist with the core audit work. At that time, there was a shortfall of 180 days which had to be resourced using these additional staff to ensure the annual audit plan could be achieved.

The current service operates with an establishment of 4.90 full-time equivalent in-house staff which has been achieved at a lower cost, and resulted in more audit days being available, than that provided by the previous contractor. Some additional resource has been purchased, on a call-off arrangement, through the framework agreement. This is limited to IT audits where there is insufficient work to justify employing a specialist IT auditor in-house on a full-time basis but the skills do not exist within the current team.

### **Processes and Procedures**

All public sector internal audit functions, whether in-house, outsourced or co-sourced (a mixture of both), have to undertake an internal self-assessment and external assessment of their compliance with the Public Sector Internal Audit Standards (PSIAS) within 5 years. With the team coming back in-house, Thurrock's team now have to put in place a process for meeting the standards by March 2020. However, during 2017/18, it is intended to start the self-evaluation process to identify any gaps between the requirements to meet the Standards and how the service currently operates. This will allow the Chief Internal Auditor to develop an action plan to address these gaps during 2018/19 with a view to getting an external review towards the end of the financial year.

The contractor had their own processes and procedures covering all aspects of the internal auditing process which were documented within their Internal Audit Manual. However, as this document reflected the working practices which used their own bespoke audit software, a new Thurrock Council Internal Audit Manual needs to be developed. This will need to cover all aspects of the internal auditing process from the planning of individual assignments through to the issuing of final reports, how to use the internal audit software, the annual plan and 3 year strategy and compliance of the staff with all relevant professional and ethical regulations.

At its meeting of the 8<sup>th</sup> December 2015, the Standards & Audit Committee approved the Internal Audit Charter and the Internal Audit Protocol. The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the Council, including the nature of the Chief Internal Auditor's functional reporting relationship with the Standards & Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter lays with the Standards & Audit Committee and having a formally approved Charter meets one element of compliance with the PSIAS. The

Internal Audit Protocol gives some general guidance on responsibilities of members, officers and the internal audit team. It also provides detailed guidance on specific issues around the internal audit processes, such as turnaround times for reports and the timeframes for management responses. The Charter and Protocol will be further developed during 2017/18 and presented to members.

### **Moving forward**

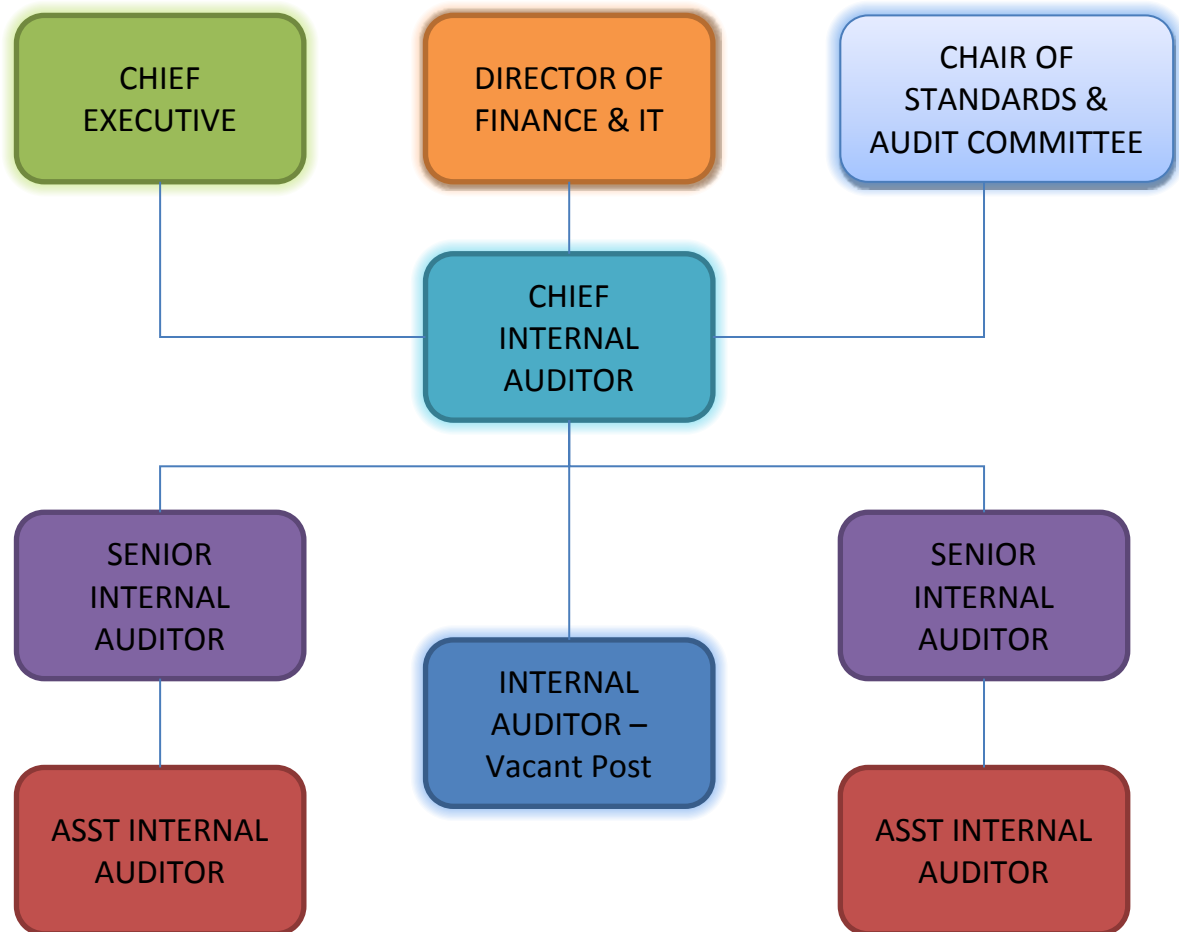
Part of the process for meeting the Standards is to install and implement electronic working papers and reporting. TeamMate software has been installed on machines and we are currently entering a “dummy” audit to allow the supplier to produce template assignment briefs and reports. User training will then be provided with the system anticipated to go live from April 2018.

Once the TeamMate software has been implemented, the Internal Audit Manual will need to be fully developed to provide the advice and guidance that is required to shape the service. This will ensure there is a consistent approach to the work and the service can provide high quality and relevant output to senior and operational management and give additional assurance to members of the Standards & Audit Committee around the internal control, risk management and governance frameworks.

We need to develop the Internal Audit intranet site and raise the profile of the service. We can do this internally, by raising awareness of the work we can undertake and by becoming more involved in projects and providing assurance to Project Managers around their monitoring and governance arrangements. We can also carry out post implementation reviews on an advisory basis to determine if outcomes are meeting the original expectations. This process has started and we are finding ourselves being asked to provide advice and guidance on more projects. Recent work includes providing advice around the Business User Allowance process, advising on the roll out of corporate credit cards, providing guidance on changes to the working and monitoring arrangements around the contract with Thurrock Lifestyle Solutions and various changes around the authorisation and reconciliation processes between Oracle and some of its feeder systems.

Externally, the process of raising our profile continues with the Chief Internal Auditor now attending not only local internal audit groups such as the Essex Audit Group but also regional meetings of the London Audit Group and the Home Counties Chief Internal Auditor's Group and national meetings such as the Counties Chief Auditor Network. Not only do these meetings provide excellent opportunities to be updated on any new legislation, regulations etc. that we need to consider in carrying out our audit work, but also allow us to network with other local authorities and increase the sources of information we can access through points of practice requests and direct contact requests with other local authority Heads of Internal Audit.

## CURRENT INTERNAL AUDIT ORGANISATIONAL STRUCTURE CHART



1 x Senior Internal Auditor post term time only so 0.90 fte. Total permanent staff on site 4.90 fte's (including Assistant Auditor and Trainee posts when filled).

There is 1 vacancy which is the Internal Auditor post.

Now only require additional resources for specialist IT audit.

Cost Centre	Subjective Code	Original Budget (2016/17)	Revised Budget (2016/17)	Last Year Outturn (2016/17)	Variance (2016/17)	Base budget (2017/18)
DA002 - Internal Audit	0001 - Salary	201296	201296	136585	(64711)	201915
	0060 - National Insurance	20958	20958	14931	(6027)	21103
	0065 - Superannuation	19602	19602	19532	(70)	32421
	0160 – Long Service Awards	0	300	300	0	0
	0360 - Seminars And Courses	3000	3000	185	(2815)	3000
	1250 - Reimbursement Of Fares	360	0	0	0	0
	1300 - Car Allowances	240	600	548	(52)	600
	1400 – Equipment Purchases	0	0	370	370	0
	1681 - Stationery	0	0	88	88	0
	1682 – Books & Publications	0	0	2504	2504	0
	1683 - Photocopying	300	300	0	(300)	300
	1750 - Professional Fees	2000	2000	0	(2000)	1900
	1751 – Medical Fees	0	0	39	39	0
	1901 - Software Acquisition	5000	14000	10911	(3089)	14000
	2049 - Subscriptions Prof Bodies	270	488	388	(100)	488
	2600 - Private Contractors	36138	26620	7380	(19240)	21696
	5616 – Job Evaluation	0	0	80	80	0
<b>DA002 - Internal Audit Total</b>		<b>289164</b>	<b>289164</b>	<b>193841</b>	<b>(95323)*</b>	<b>297423</b>

\* The large underspend in 2016/17 was caused by the following factors:

- 2 x Assistant Auditor posts budgeted for whole year but only appointed in Jan 17.
- 1 x Trainee Auditor vacancy – not only impacts on salary budget but also on courses and subscriptions to professional bodies.
- Reduction in use of private contractor as no IT Audit work undertaken.

<b>23 November 2017</b>		<b>ITEM: 9</b>
<b>Standards and Audit Committee</b>		
<b>Internal Audit Progress Report 2017/18</b>		
<b>Wards and communities affected:</b> All		<b>Key Decision:</b> Key
<b>Report of:</b> Gary Clifford – Chief Internal Auditor		
<b>Accountable Assistant Director:</b> N/A		
<b>Accountable Director:</b> Sean Clark – Director of Finance & IT		
<b>This report is</b> public		

## Executive Summary

The Internal Audit Plan 2017/18 was discussed by the Standards & Audit Committee at their meeting of 28<sup>th</sup> February 2017. This progress report covers work undertaken since the last report issued on 21<sup>st</sup> September 2017.

### 1. Recommendation(s)

#### 1.1 That the Standards & Audit Committee:

**Consider reports issued and the work being carried out by Internal Audit in relation to the 2017/18 audit plan.**

### 2. Introduction and Background

- 2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 2.2 The Internal Audit Service carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Standards & Audit Committee.
- 2.3 The Standards & Audit Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The audit work carried out by the Internal Audit Service is a key source of assurance to the Standards & Audit Committee about the operation of the internal control environment.

- 2.4 The audits contained in the Internal Audit Plan 2017/18 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

### **3. Issues, Options and Analysis of Options**

- 3.1 The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:

- Green; Amber/Green (positive assurance opinions);
- Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
- Red (negative assurance opinion).

- 3.2 During the period being reported on, we have finalised 5 reports. These cover the following areas: Council Tax; NNDR; Aveley Primary School; St Mary's RC Primary School and St Joseph's RC Primary School. All of these reports received Green (positive) assurance opinions and further details of the headline findings are shown in Appendix 1.

- 3.3 The Chief Internal Auditor has undertaken 2 ad hoc pieces of work at the request of senior management. These are still on-going and will be reported to the Committee once they are completed.

- 3.4 The purpose of this progress report is not only to highlight reports issued as final but to provide members with an update on work which has reached the draft report stage and work currently in progress. The status of work currently being undertaken is shown at Appendix 1.

### **4. Reasons for Recommendation**

- 4.1 To assist the Standards & Audit Committee in satisfying itself that progress against the Internal Audit Plan is sufficient as one of the means of assuring itself of the effective operation of internal controls.

### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The audit risk assessment and the plan are periodically discussed with the Chief Executive, Corporate Directors, Directors and Heads of Service before being reported to Directors Board and the Standards & Audit Committee.

- 5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors, Directors, Heads of Service and/or management before being finalised.

- 5.3 The Internal Audit Service also consults with the council's External Auditors to ensure that respective audit plans provide full coverage whilst avoiding duplication.

**6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The council's corporate priorities were used to inform the annual audit plan 2016-17. Recommendations made are designed to further the implementation of these corporate priorities.

**7. Implications**

**7.1 Financial**

Implications verified by: **Y. Adeboye**

**Management Accountant**

Whilst there are no direct financial implications arising from this report, it is important that the authority maintains adequate internal controls to safeguard the authority's assets. If there is a cost to any audit recommendation, this is to be met from existing budgets.

**7.2 Legal**

Implications verified by: **D Lawson**

**Deputy Head of Law & Governance**

The contents of this report and appendixes form part of the council's responsibility to comply with the Audit Commission Act 1998 and the Accounts and Audit Regulations 2015 to at least annually undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no adverse legal implications relating to this progress report.

**7.3 Diversity and Equality**

Implications verified by: **R Price**

**Community Development Officer**

There are no direct diversity or equality implications arising from this report.

**7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the council's risk and opportunity register.

**8. Background papers used in preparing the report:**

- Strategy for Internal Audit 2017/18 to 2019/20 and Internal Audit Plan 2017/18
- Internal Audit Reports issued in 2017/18.

**9. Appendices to the report**

- Appendix 1 – Internal Audit Progress Report.

**Report Author:**

Gary Clifford

Chief Internal Auditor

Thurrock Council Internal Audit Service, Corporate Finance



# Thurrock Council

## Standards & Audit Committee

## Internal Audit Progress Report 2017/18

Date of Committee: 23<sup>rd</sup> November 2017

## Introduction

The internal audit plan for 2017/18 was presented to the Standards & Audit Committee on 28<sup>th</sup> February 2017. This report provides an update on progress against that plan.

**Table showing reports issued as Final, in Draft or Work in Progress**

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Aveley Primary School	Final	Green	0	1	3
St Mary’s RC Primary School	Final	Green	0	2	4
St Joseph’s RC Primary School	Final	Green	0	1	4
Risk Management	Draft		N/A	N/A	N/A
Section 17 Payments	Draft		N/A	N/A	N/A
Performance Development Review (PDR)	Draft		N/A	N/A	N/A
VAT	Draft		N/A	N/A	N/A
Extensions to contracts of consultants	Draft		N/A	N/A	N/A
Integrated and Primary Care – Sexual Health	Draft		N/A	N/A	N/A
Provider Services – Collection of Income	Draft		N/A	N/A	N/A
Cyber Security	Draft		N/A	N/A	N/A
Business User Allowance Review	Work in Progress		N/A	N/A	N/A
Responsive Repairs & Maintenance	Work in Progress		N/A	N/A	N/A
Core Assurance					
HR & Payroll	Draft		N/A	N/A	N/A
Council Tax	Final	Green	0	0	2
Housing Benefits	Draft		N/A	N/A	N/A
NNDR	Final	Green	0	0	1
Main Accounting & Budgetary Control	Draft		N/A	N/A	N/A

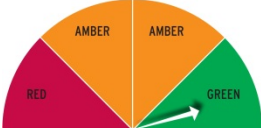
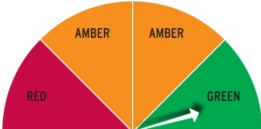
### Work and other issues for which no reports are generated

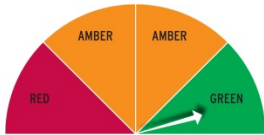
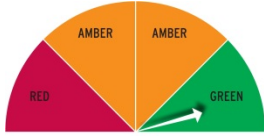
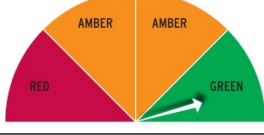
The Chief Internal Auditor has undertaken 2 investigatory pieces of ad hoc work at the request of senior management. The details of these will be shared with the Committee once the work has been completed.

### Changes to plan

There have been no significant changes to the plan since those reported to the September Committee.

## Key Findings from Internal Audit Work

Aveley Primary School	Opinion: Green	
<b>Headline Findings:</b> Our review of <b>Aveley primary School</b> identified 1 medium and 3 low recommendations around the adequacy of the control framework. Good controls were identified around the recording of income for school meals; chasing and collection of dinner money arrears; arrangements around banking and reconciliation; and recording of personnel information, including the tick box used on the front of the file to record standard information requirements. The 2 medium and 5 low recommendations from the previous audit had been implemented.		
Action and Response	Responsible Officer	Date
<b>Action</b> - A Password Policy should be developed in which system users are required to change or update their passwords, after a set time period (e.g. 3 monthly). This will ensure that the security of data within the school's systems is more robust and data better protected against unauthorised access. <b>Response</b> - Agreed. Discussions will be undertaken with the I.T consultant to ascertain whether this could be implemented	Business Manager Headteacher	January 2017
Assignment: St Mary's RC Primary School	Opinion: Green	
<b>Headline Findings:</b> Our review of <b>St Mary's RC Primary School</b> identified 2 medium and 4 low recommendations around the adequacy of the control framework. Good controls were identified around the recording and collection of income for school meals; arrangements for banking and reconciliation; and Security and collection of safeguarding information for staff and governors working within the school. The 1 medium recommendation from the previous review had been actioned.		
Action and Response	Responsible Officer	Date
<b>Action</b> - Orders must be raised in the first instant to ensure management information reports are up to date and proper authorisation obtained. <b>Response</b> – Agreed.	Headteacher Finance Manager	December 2017
<b>Action</b> - It is recommended that the I.T company downloads the data from the tapes to see if the back-up information contained can be recovered. Likewise the iCloud data, if the I.T company does not already check this information. <b>Response</b> – Agreed to talk with the I.T company to see if they can accommodate this action	Headteacher Finance Manager	January 2018

<b>Assignment: St Joseph's RC Primary School</b>	<b>Opinion: Green</b>	
<b>Headline Findings:</b> Our review of <b>St Joseph's RC Primary School</b> identified 1 medium and 4 low recommendations around the adequacy of the control framework. Good controls were identified around the recording of income for school meals; chasing and collection of dinner money arrears; and security of personnel data. Out of the 2 medium and 2 low recommendations from the previous audit, the 2 medium and 1 of the low recommendations had been implemented. The outstanding low recommendation has been repeated in this review.		
<b>Action and Response</b>	<b>Responsible Officer</b>	<b>Date</b>
<b>Action</b> - An overtime claim form must be completed and signed by all staff carrying out additional hours, including casual hours worked and those staff being paid regular overtime, before it is handed to the Business Manager for checking and forwarded to the Head teacher for authorisation. This ensures there is a proper audit trail and payments are transparent and properly authorised. <b>Response</b> - Procedures will be put in place.	Business Manager Head teacher	December 2017
<b>Assignment: Council Tax</b>	<b>Opinion: Green</b>	
<b>Headline Findings:</b> Our review of <b>Council Tax</b> did not identify any issues or areas of concern around the adequacy of the control framework. There were good controls in all areas reviewed as part of the audit process including: Reconciliation to the Valuation List; Reductions and Exemptions; Amendments; Refunds; and Arrears. The 1 medium and 2 low recommendations from the previous audit had been implemented.		
<b>Assignment: NNDR</b>	<b>Opinion: Green</b>	
<b>Headline Findings:</b> Our review of <b>NNDR</b> did not identify any issues or areas of concern around the adequacy of the control framework. There were good controls around the following areas which were reviewed as part of the audit process: amendments to the NNDR accounts; processing of refunds; reductions and exemptions; and identifying new properties/businesses. The 1 medium and 1 low recommendation from the previous audit had been implemented.		

<b>23 November 2017</b>		<b>ITEM: 10</b>
<b>Standards and Audit Committee</b>		
<b>Counter Fraud &amp; Investigation Quarterly Status Report</b>		
<b>Wards and communities affected:</b> All		<b>Key Decision:</b> N/A
<b>Report of:</b> David Kleinberg, Group Manager Counter Fraud & Investigation		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> Public		

## Executive Summary

The Counter Fraud & Investigation Department (CFID) delivers the council's strategy to prevent, detect and deter all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

The CFID success has grown and has been recognised both nationally and internationally as the leading local authority fraud service in tackling fraud and corruption.

This report outlines work being conducted by CFID to deliver the annual work plan and strategy for countering fraud and economic crime as well the outcomes achieved in the investigations into identified criminality.

### 1. Recommendation(s)

- 1.1 The Audit Committee notes the performance of the Counter Fraud & Investigation Department over the last quarter.**
- 1.2 The Audit Committee comments on the new Counter-Fraud, Bribery & Corruption Guidance shown at Appendix 1.**
- 1.3 The Audit Committee comments on the new Counter-Money Laundering Guidance shown at Appendix 2.**

### 2. Introduction & Background

- 2.1 This report outlines the work undertaken by the CFID throughout Q2 2017 to deliver the annual work plan and strategy.**

- 2.2 Part of the programme of work is to regularly review the policies and procedures from within the council to ensure that it can prevent, detect and deter fraud and other economic crime.
- 2.3 The current Counter Fraud & Corruption and the Money Laundering Policies were approved in 2014. These have now been reviewed in conjunction with key stakeholders and revised guidance can be seen at **Appendix 1** and **Appendix 2**.
- 2.4 Both sets of guidance have been redrafted considering the current threat assessment and changes to legislation including the '4th Money Laundering Directive' which became law in June 17.
- 2.5 The focus with both policies was to ensure that, what can be a complex area of law, is easy to understand as well as enhance the understanding of what the council does with instances of suspected fraud and economic crime.

### **3. Performance – Q2 2017**

- 3.1 The Counter Fraud & Investigation Department (CFID) has made good progress in delivering the 2016/17 counter fraud work plan over the second quarter of 2017.
- 3.2 In Q2 2017 the CFID received
- 221 new reports of suspected fraud
  - 8 of those cases have been closed as 'no fraud'
  - 44 new investigations have been opened are still being conducted
  - 169 reports are held as intelligence and under constant review/development
- 3.3 Ongoing investigations
- 88 ongoing investigations (those started before Q2 2017)
- 3.4 Sanctions
- 28 sanctions have been delivered in cases of proven fraud.

### **4. Reasons for Recommendation**

- 4.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council and how it is reducing fraud under the council's counter-fraud strategy.

### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 All Directors and Assistant Directors were consulted with the new draft policies as well as the Unions and Diversity for the Council's in its counter-fraud approach.

**6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 Work undertaken by to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities supporting corporate governance.

**7. Implications**

**7.1 Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

There are no financial implications contained in this report.

**7.2 Legal**

Implications verified by: **David Lawson**  
**Monitoring Officer, Deputy Head of Legal Services**

The Accounts and Audit (England) Regulations 2015 section 4 (2) require that:

*The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.*

This proactive and investigative work undertaken by the Directorate as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

**7.3 Diversity and Equality**

Implications verified by: **Rebecca Price**  
**Community Development Officer**

There are no implications related to this report.

**7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None.

9. **Appendices to the report**

- Appendix 1 – Counter Fraud, Bribery and Corruption Policy
- Appendix 2 – Counter Money Laundering Policy

**Report Author:**

David Kleinberg

Counter Fraud & Investigation



## **Counter-Fraud, Bribery and Corruption Guidance**

## Counter-Fraud, Bribery and Corruption Guidance 2017

### VERSION CONTROL SHEET

<b>Title:</b>	Counter-Fraud, Bribery and Corruption Guidance
<b>Purpose:</b>	To advise council workers and suppliers on what fraud, bribery and corruption is how to identify and report its and our response.
<b>Owner:</b>	Counter Fraud & Investigation
<b>Approved by:</b>	Directors Board – dd/mmm/yyyy Standards & Audit Committee – dd/mmm/yyyy
<b>Date:</b>	Approved – Implemented –
<b>Version Number:</b>	2.1
<b>Status:</b>	Draft
<b>Review Frequency:</b>	Annually
<b>Next Review Date:</b>	August 2018

Change History		
Date	Change Details	Approved by

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Supporting Statement

STATEMENT HERE FROM CEO

**Lyn Carpenter**

Chief Executive

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Contents

1. Introduction.....	5
2. What is Fraud?.....	5
3. How is fraud committed against council? .....	6
4. What is bribery and corruption? .....	7
5. What do I do if I suspect fraud, bribery or corruption? .....	8
6. What does the council do with cases of suspected fraud? .....	8
7. Whistleblowing .....	9
8. Information Sharing .....	9
9. Monitoring Delivery .....	10
Appendix A – Roles & Responsibilities .....	11
Appendix B – Key Contacts .....	13
Appendix C - Fraud legislation .....	14
Appendix D – Bribery & Corruption Legislation .....	16

## Counter-Fraud, Bribery and Corruption Guidance 2017

### 1. Introduction

- 1.1 As a local authority Thurrock Council is responsible for delivering key frontline services such as maintaining our roads, keeping our borough clean and green, educating our children and young adults as well as supporting our residents in housing, public health and social care support.
- 1.2 We deliver these services every year with the £240m of public money we have in our budget. Criminals do and will continue to seek to take that money from the council. Criminals come in all forms from services users, to suppliers and in rare cases colleagues sitting next to us.
- 1.3 The way to beat those who seek to take the public's money is to make sure our systems and controls in place are strong and we follow them. This means all of the procedures we have as a team are robust and auditable so we can prevent fraud and identify possible concerns.
- 1.4 This policy sets out to council workers what fraud, bribery and corruption is, how to spot it and what to do if you do suspect it.
- 1.5 Every council worker is responsible for following this policy and reporting their suspicions to our Counter Fraud & Investigation team.

### 2. What is Fraud?

- 2.1 In this policy 'fraud' is used as shorthand to any criminal offence where money or assets belonging to the council can be lost. It includes Theft, Fraud, Burglary and other deception offences such as corrupt practices by workers or suppliers.
- 2.2 Fraud is where a person is dishonest in their actions in order to cause a loss to the council or expose the council to a potential loss. It also includes where a person causes a chain of events by doing **OR** not doing something that causes **or** exposes the council to a loss.
- 2.3 Any of the actions described above are criminal offences and can result in imprisonment.

## Counter-Fraud, Bribery and Corruption Guidance 2017

### 3. How is fraud committed against council?

#### Applying for Services / Making a Declaration

- 3.1 The council provides hundreds of different services to the public we serve. Unfortunately there is a small minority of those who seek to take advantage of those services. This could be by someone embellishing their circumstances, making something up completely or purposefully not declaring something.
- 3.2 In the council's welfare support services such as Social Care, Housing and Essential Living Fund this could be a person not being honest about their needs, what their financial status is or what they will be using the services for. It may be a person acting on the service user's behalf that is being dishonest in order to benefit them.
- 3.3 In each of these examples the frauds are denying the legitimate use of council funds by those who are in need.

#### Suppliers / Providers

- 3.4 The highest risk of fraud to the public sector is from its supply chain. A council is a business making regular and sometimes large financial transactions with our suppliers and providers in order to deliver our services.
- 3.5 Some unscrupulous suppliers, or staff working in supplier companies, may seek to take advantage of our payment systems and processes.
- 3.6 Fraud in this area can be committed where suppliers submit false or 'erroneous' invoices or other requests for payment. Suppliers may also be dishonest in how they are delivering the services or goods we have asked them for. They may be poor quality or not supplied at all.
- 3.7 Staff that deal with our suppliers and providers must ensure that the council is getting what it has paid for. The council's Procurement Team and Internal Audit Service are experienced in contract management and applying the right controls when sourcing goods, works and services.

#### **Did you know?**

The council detected £4.5m of fraud in 2016/17 and recovered £3.2m.

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Council Worker Fraud

- 3.8 Thurrock Council, like any large employer employing thousands of people will always have a very small minority of people who seek to commit fraud or allow fraud to take place.
- 3.9 Fraud in this area can be staff who take unauthorised absences, such as claim 'flexi time' when they haven't accrued any, claim to be working from home when they are not or even claim to be working in the field but going home early/starting later.
- 3.10 Payroll or expenses fraud can also be committed by council workers such as staff that falsely claim overtime, allowances, mileage or expenses they aren't entitled to.
- 3.11 It is important for all staff to follow the council's procedures particularly those in management positions as well as colleagues who may notice irregularities.

### **Did you know?**

The impact of staff falsely working half an hour less per week would cost the council £130k every year.

## **4. What is bribery and corruption?**

- 4.1 As public servants all workers in the council are in a privileged position to serve the people of Thurrock. That responsibility comes with a significant amount of trust in how we conduct ourselves.
- 4.2 It has always been a criminal offence for any council worker to receive gifts or hospitality where the person giving the gift or hospitality is seeking to induce, or reward us to doing something for their, or somebody else's benefit, i.e. to use a particular supplier instead of another one.
- 4.3 This type of corruption has been depicted in many different films and fictional stories, where criminals were seeking to build a house that would be normally rejected by planners, or the criminal who wants the council to 'look the other way' for parking fines or other enforcement action.
- 4.4 All of this conduct is a criminal offence, punishable by imprisonment. It is the most serious type of dishonesty, which brings the council and colleagues in to disrepute.

## Counter-Fraud, Bribery and Corruption Guidance 2017

### 5. What do I do if I suspect fraud, bribery or corruption?

- 5.1 The Counter Fraud & Investigation Department (CFID) is responsible for dealing with any cases of suspected criminality described in this policy, not the police.
- 5.2 It is the responsibility of every council worker to look for and report any possible fraud taking place. You **do not** have to speak to a manager before reporting your suspicions.
- 5.3 If you see any of the suspicious activity linked to fraud, against the council, **OR** in any council building you should:

- △ Do not tell the person that you have any suspicions about them
- △ Take copies of any records that could help to a secure location
- △ Telephone a member of the CFID team right away on **03000 999111 (24/7)**
- △ Follow the instructions given by the CFID team.

### 6. What does the council do with cases of suspected fraud?

- 6.1 The council has a dedicated team of professionally trained and accredited investigation officers who fully investigate instances of suspected fraud. The CFID team work around the clock, anywhere in the UK with powers to arrest persons, search their premises and seize their assets to take back what the council has lost.
- 6.2 In cases where there may be a proven case of fraud the council's Legal Services has dedicated criminal lawyers who apply the Code for Crown Prosecutors. This code is applied independently by a lawyer to decide whether there is sufficient evidence of a crime and whether it is in the public interest to prosecute those suspected.

#### Did you know?

Since 2014, the council has recovered £5.9m in fraud cases.

- 6.3 CFID has a Criminal Finances Unit that is accredited by the National Crime Agency to restrain and seize a person's assets, investigate their lifestyle and present cases to a Judge to confiscate any criminal proceeds.
- 6.4 The council will always publicise case of proven fraud in the media to act as a deterrent and encourage people to come forward to report fraud.



## Counter-Fraud, Bribery and Corruption Guidance 2017

### 7. Whistleblowing

- 7.1 The Council is committed to providing the highest quality service to our residents, businesses and visitors to Thurrock. Maintaining the full trust and confidence in the way the council manages our services and resources and making sure that all those who are vulnerable such as children, the elderly and people with learning disabilities are provided for safely, effectively and in accordance with best practice
- 7.2 The council's Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns. Council workers reporting concerns this way are afforded certain rights and protection through legislation enacted under the Public Interest Disclosure Act 1998.
- 7.3 Workers who report concerns will be supported and protected from reprisals. Everything possible will be done to protect their confidentiality. They will be advised of the action that has been taken by the person to whom they reported their concerns.
- 7.4 Management are responsible for reporting all allegations received from whistleblowing under the confidential reporting code to the Monitoring Officer. The Monitoring Officer will refer the allegations relating to suspected fraud, money laundering, bribery and corruption to the CFID team for investigation. All such cases are recorded in a register maintained by the Monitoring Officer.
- 7.5 CFID will deal with the matter promptly, efficiently and in accordance with the law, involving such outside agencies as appropriate (including the police). Where a supplier or partner employee is involved, their leadership team will be informed where appropriate in liaison with the Chief Finance Officer and CFID.

### 8. Information Sharing

- 8.1 As a responsible data controller the council always ensures that personal data we hold is safeguarded and used properly following with the Data Protection Act 1998 and the General Data Protection Regulations.
- 8.2 The council will use data we hold to prevent and detect criminality and identify those responsible.

## **Counter-Fraud, Bribery and Corruption Guidance 2017**

- 8.3 Any staff contacted by the Counter Fraud & Investigation, Internal Audit or Legal Services teams as part of a criminal investigation must provide any council data held in any form (paper or electronically). Council workers must not tell anyone that they have been asked for any material for an investigation, unless permitted to by the CFID, Internal Audit or Legal Services.
- 8.4 Any concerns workers may have about releasing information should be directed to the CFID, Chief Internal Auditor, Chief Finance Officer or Monitoring Officer.

### **9. Monitoring Delivery**

- 9.1 The Counter Fraud & Investigation Department leads the council's fight against fraud and economic crime, including bribery and corruption. The team reports quarterly to the council's Standards & Audit Committee on its work.
- 9.2 The service also reports regularly on its performance to the council's Directors Board.

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Appendix A – Roles & Responsibilities

#### Expected Behaviour

The Council requires all staff and elected Members to act honestly and with integrity at all times and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern to all staff and elected Members. The purpose of this statement is to set out specific responsibilities with regard to the prevention of fraud.

**Section 151 Officer** (Chief Finance Officer) is responsible for:

- Proper administration of the authority's financial affairs
- Reporting to Members and External Audit if the Council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114)

**Monitoring Officer** is responsible for:

- Reporting on contraventions or likely contraventions of any enactment or rule of law
- Report on any maladministration or injustice where the Ombudsman has carried out an investigation
- Receiving copies of whistleblowing allegations of misconduct
- Promoting and maintaining high standards of conduct through and with the support of the Standards Committee
- Advice on vires (legality) issues, maladministration, financial impropriety, probity and policy framework and budget issues to all Members

**Managers** are responsible for:

- Maintaining internal control systems and ensuring that the authority's resources and activities are properly applied in the manner intended
- Identifying the risks to which systems and procedures are exposed
- Developing and maintaining effective controls to prevent and detect fraud
- Ensuring that controls are being complied with, including making sure their staff are performing well and meeting council policies and procedures.

**Council workers** are responsible for:

- Their own conduct and for contributing towards the safeguarding of corporate standards (including declarations of interest, gifts & hospitality, private working, whistleblowing etc.)
- Acting with propriety in the use of official resources and in the handling and use of corporate funds, such as when dealing with contractors and suppliers

## Counter-Fraud, Bribery and Corruption Guidance 2017

- Reporting details immediately to the Counter Fraud & Investigation Department if they suspect that fraud, theft, bribery, corruption and money laundering has been committed or see any suspicious acts or events

**Internal Audit** is responsible for:

- The independent appraisal of control systems
- Reporting to the Directors Board and the Audit Committee on the council's governance framework
- The implementation of an annual audit plan to include identification of fraud risks to the Counter Fraud & Investigation Department

**Counter Fraud & Investigation Department** is responsible for:

- The investigation into allegations of any fraud, bribery, theft, corruption and money laundering committed against the authority
- Prosecution (or the application of an alternative sanction) of offenders
- All action under the Proceeds of Crime Act 2002 and Criminal Justice Act 1988 in respect of financial investigation, restraint, detention, forfeiture and confiscation
- The co-ordination of participation in the National Fraud Initiative (NFI)
- Providing Counter-Fraud, Money Laundering, Theft, Bribery & Corruption Awareness Training
- Taking redress from offenders under criminal and civil law
- Referring any matters to & receiving information and intelligence from all law enforcement agencies (Police, HMRC, Home Office etc) where appropriate.

**External Audit** has specific responsibilities for:

- Reviewing the stewardship of public money
- Considering whether the Council has adequate arrangements in place to prevent fraud and corruption
- Signing off the annual accounts of the authority

**Elected Members** are each responsible for:

- Their own conduct
- Contributing towards the safeguarding of corporate standards, as detailed in the Members' Code of Conduct

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Appendix B – Key Contacts

Contact	Details
<b>Counter Fraud &amp; Investigation Department</b>	<p>4<sup>th</sup> Floor, Civic Offices, New Road, Grays, RM17 6SL</p> <p>Tel: <b>03000 999 111</b></p> <p>E-mail: <b>reportfraud@thurrock.gov.uk</b></p> <p>Web: <b>thurrock.gov.uk/fraud</b></p>
<b>Sean Clark</b> Director of Finance & IT <i>(s.151 Chief Finance Officer)</i>	<p>4<sup>th</sup> Floor, Civic Offices, New Road, Grays, RM17 6SL</p> <p>Tel: <b>01375 652010</b></p> <p>E-mail: <b>sclark@thurrock.gov.uk</b></p>
<b>David Lawson</b> Deputy Head of Legal and Democratic Services <i>(Monitoring Officer)</i>	<p>4<sup>th</sup> Floor, Civic Offices, New Road, Grays, RM17 6SL</p> <p>Tel: <b>07875 397764</b></p> <p>E-mail: <b>dlawson@thurrock.gov.uk</b></p>
<b>Gary Clifford</b> Chief Internal Auditor	<p>4<sup>th</sup> Floor, Civic Offices, New Road, Grays, RM17 6SL</p> <p>Tel: <b>01375 652702</b></p> <p>E-mail: <b>gclifford@thurrock.gov.uk</b></p>
<b>Public Concern at Work</b> <i>(independent charity for whistleblowing)</i>   <b>THE WHISTLEBLOWING CHARITY</b>	<p>CAN Mezzanine, 7 - 14 Great Dover Street, London SE1 4YR</p> <p>Tel: <b>020 7404 6609</b></p> <p>E-mail: <b>helpline@pcaw.co.uk</b> (helpline)</p> <p>E-mail: <b>whistle@pcaw.co.uk</b> (enquiries)</p> <p>Web: <b>pcaw.org.uk</b></p>

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Appendix C - Fraud legislation

#### 1 FRAUD

- 1.1 The Fraud Act 2006 introduced the first statutory definition of fraud whereby:

*“A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence).*

*Fraud can be committed by:*

- (a) section 2 (Fraud by False Representation),*
- (b) section 3 (Fraud by Failing to Disclose Information), and*
- (c) section 4 (Fraud by Abuse of Position). “*

##### Fraud by false representation

A fraud will be committed if a person dishonestly makes a false representation and when doing so intends to make a gain or cause loss (or a risk of loss) to another.

##### Fraud by failing to disclose information

A fraud will be committed if a person dishonestly fails to disclose information where there is a legal obligation to do so and when doing so intends to make a gain or cause loss (or a risk of loss) to another.

##### Fraud by abuse of position

A person will commit fraud if he occupies a position in which he is expected to safeguard, or not act against, the financial interests of another person and he dishonestly abuses that position; and in doing so intends to make a gain or cause loss (or a risk of loss) to another.

#### 2 THEFT, BURGLARY and ROBBERY

- 2.1 A person is guilty of **theft** if they dishonestly appropriate property, belonging to another, with the intention of permanently depriving the other of it.
- 2.2 Theft includes where someone takes something “and uses it at their own”.

## Counter-Fraud, Bribery and Corruption Guidance 2017

- 2.3 A person is guilty of **robbery** if he steals, and immediately before or at the time of doing so, and in order to do so, he uses force on any person or puts or seeks to put any person in fear of being then and there subjected to force.
- 2.4 A person is guilty of **burglary** if he enters any building or part of a building as a trespasser and with intent to steal anything in the building or part of a building in question, of inflicting on any person therein any grievous bodily harm; or having entered any building or part of a building as a trespasser he steals or attempts to steal anything in the building or that part of it or inflicts or attempts to inflict on any person therein any grievous bodily harm.

## Counter-Fraud, Bribery and Corruption Guidance 2017

### Appendix D – Bribery & Corruption Legislation

#### 1 BRIBERY

- 1.1 A bribe is *“a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.”*
- 1.2 The types of offending relating to Bribery are:
- 1.2.1 **Bribery** - giving or receiving something of value to influence a transaction dishonestly makes a false representation
  - 1.2.2 **Illegal gratuity** - giving or receiving something of value after a transaction is completed, in acknowledgment of some influence over the transaction
  - 1.2.3 **Extortion** - demanding a sum of money (or goods) with a threat of harm (physical or business) if demands are not met
  - 1.2.4 **Conflict of interest** - where a worker has an economic or personal interest in a transaction
  - 1.2.5 **Kickback** - a portion of the value of the contract demanded/ provided as a bribe by an official for securing the contract.
- 1.3 The Bribery Act 2010, which came into force on 1<sup>st</sup> July 2011, introduced four primary offences in a single piece of legislation with all previous statutes being repealed.
- 1.3.1 Section 1 – Offences of bribing another person, where:
    - (a) *a person offers, promises or gives a financial or other advantage to another person, and*
    - (b) *intends the advantage –*
      - (i) *to induce a person to perform improperly a relevant function or activity, or*
      - (ii) *to reward a person for the improper performance of such a function or activity.*
  - 1.3.2 Section 2 – Offence relating to being bribed
  - 1.3.3 Section 6 – Bribery of foreign public officials
  - 1.3.4 Section 7 – Failure by a commercial organisation to prevent bribery



## Counter-Fraud, Bribery and Corruption Guidance 2017

- 1.4 Under the Bribery Act, an organisation has a defence if it can show that it has adequate bribery prevention procedures in place. The Ministry of Justice guidance<sup>1</sup> on the Bribery Act 2010, explains what needs to be in place to rely on this defence:
- 1.4.1 *Proportionality: The action we take should be proportionate to the risks we face and to the size of our organisation.*
  - 1.4.2 *Top Level Commitment: Those at the top of an organisation are in the best position to ensure their organisation conducts business without bribery. We want to show that we have been active in making sure that our staff (including any middle management) and the key people who do business with us and for us understand that we do not tolerate bribery.*
  - 1.4.3 *Risk Assessment: Think about the bribery risks we might face.*
  - 1.4.4 *Due Diligence: Knowing exactly who we are dealing with can help to protect our organisation from taking on people who might be less than trustworthy.*
  - 1.4.5 *Communication: Communicating our policies and procedures to staff and to others who will perform services for us enhances awareness and helps to deter bribery by making clear the basis on which our organisation does business.*
  - 1.4.6 *Monitoring and Review: The risks we face and the effectiveness of our procedures may change over time.*
- 1.5 Prior to 2011, under Common Law, a person commits an offence where a person “Offering, giving or receiving, any undue reward, by or to any person whatsoever in a public office, in order to influence his behaviour in office and incline him to act contrary to the known rules of honesty and integrity.”

### CORRUPTION

- 1.6 Corruption can be committed in many ways but normally involves “two or more people entering into a secret agreement.”
- 1.7 Indicators showing this type of offending can include the following:
- 1.7.1 Abnormal cash payments
  - 1.7.2 Pressure exerted for payments to be made urgently or ahead of schedule
  - 1.7.3 Private meetings with public contractors or companies hoping to tender for contracts
  - 1.7.4 Lavish gifts being offered or received

---

<sup>1</sup> <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-quick-start-guide.pdf>

## Counter-Fraud, Bribery and Corruption Guidance 2017

- 1.7.5 An individual who never takes time off even if ill, or holidays, or insists on dealing with specific contractors himself or herself
  - 1.7.6 Making unexpected or illogical decisions accepting projects or contracts
  - 1.7.7 Abuse of the decision process or delegated powers in specific cases
  - 1.7.8 Agreeing contracts not favourable to the organisation either because of the terms or the time period
  - 1.7.9 Unexplained preference for certain contractors during tendering period
  - 1.7.10 Avoidance of independent checks on the tendering or contracting processes
  - 1.7.11 The Council's or its suppliers/partner's procedures or guidelines not being followed
- 1.8 The Local Government Act 1972 requires under section 117(2) that employees must disclose any personal interest in contracts that have been, or are proposed to be, entered into by the Council. Failure to do so is a criminal offence.



# FRAUD AFFECTS COUNCILS TOO

**Have you seen anything suspicious?**

- Unusual applications for council services
- Suspicious identity documents or transactions
- Suppliers not delivering what we pay for

**If you suspect it, report it.**

Call in confidence on **03000 999 111** or  
visit **[thurrock.gov.uk/fraud](https://thurrock.gov.uk/fraud)**



This page is intentionally left blank

## **Counter-Money Laundering Guidance**

## Counter Money Laundering Guidance 2017

### VERSION CONTROL SHEET

<b>Title:</b>	Counter-Money Laundering Guidance
<b>Purpose:</b>	To advise council workers and suppliers on what money laundering is, how to identify and report it.
<b>Owner:</b>	Counter Fraud & Investigation Department
<b>Approved by:</b>	Directors Board – dd/mmm/yyy Standards & Audit Committee – dd/mmm/yyyy
<b>Date:</b>	Approved – Implemented –
<b>Version Number:</b>	2.1
<b>Status:</b>	Draft
<b>Review Frequency:</b>	Annually
<b>Next Review Date:</b>	August 2018

Change History		
Date	Change Details	Approved by
May 2017	Inclusion of 4 <sup>th</sup> Money Laundering Directive	Sean Clark, Director of Finance & IT

## Counter Money Laundering Guidance 2017

### Supproting Statement

CEO statement.....

**Lyn Carpenter**

Chief Executive

## Counter Money Laundering Guidance 2017

### Contents

<b>1. Introduction.....</b>	<b>5</b>
<b>2. What is Money Laundering?.....</b>	<b>5</b>
<b>3. What are the Money Laundering criminal offences? .....</b>	<b>5</b>
Proceeds of Crime Offences .....	5
Terrorist Financing Offences .....	6
Criminal Law Defences.....	6
<b>4. How to identify suspected Money Laundering .....</b>	<b>7</b>
<b>5. How to report suspected Money Laundering? .....</b>	<b>7</b>
<b>6. What does the council do about money laundering? .....</b>	<b>8</b>
<b>7. Monitoring Delivery .....</b>	<b>8</b>
<b>8. Relevant Legislation.....</b>	<b>8</b>



## Counter Money Laundering Guidance 2017

### 1. Introduction

- 1.1 An overriding responsibility of public sector organisations is the provision of effective and efficient services to our residents in a manner that seeks to ensure the best possible protection of the public purse in our delivery arrangements.
- 1.2 This policy sets out the action we will take to mitigate the risk that money could be laundered through our systems.
- 1.3 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. Whilst the risk to the Council of contravening the legislation is relatively low, it is extremely important that all Council and schools workers are familiar with their legal responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation, including imprisonment.
- 1.4 As a responsible public body we expect all of our suppliers and contractors to follow to our strong stance and not tolerate any criminality attempting to affect our services or staff.

### 2. What is Money Laundering?

- 2.1 Money laundering is the process where 'criminal property' (i.e. a person's benefit from criminal conduct) is given the appearance of having originated from a legitimate source.
- 2.2 Criminal conduct is anything that is a criminal offence in the United Kingdom. It could be fraud, theft, drug dealing, prostitution, terrorism and includes offences such as breaching building planning law and trade mark offences
- 2.3 Criminal property is defined as anything which is a person's benefit from their criminal conduct. That could be money, real and personal property (houses, buildings, boats, cars, horses, watches etc), 'things in action' and other intangible or incorporeal property (i.e. debts, intellectual property such as copyright, designs and patents etc)

### 3. What are the Money Laundering criminal offences?

#### Proceeds of Crime Offences

- 3.1 The criminal offences of money laundering are contained in the Proceeds of Crime Act 2002. They are committed when 'criminal property' is transferred, concealed,

## Counter Money Laundering Guidance 2017

disguised, converted or removed by a person from England, Wales, Scotland & Northern Ireland.

- 3.2 A person also commits the offence of 'money laundering' if they enter into or becomes concerned in an arrangement which they know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- 3.3 A person commits a criminal offence when they do something that might prejudice 'a money laundering investigation', for example, falsifying or concealing a document or 'tipping off' ("telling") a person who is suspected of being involved in money laundering.

### Terrorist Financing Offences

- 3.4 The Terrorism Act 2000 also creates money laundering offences where a person enters in to or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property ("money");
- by concealment
  - by removal from the United Kingdom
  - by transfer to nominees, or
  - in any other way
- 3.5 It should be understood that 'terrorist property' covers not only the money stolen in, say, a terrorist robbery, but also any money paid in connection with the commission of terrorist acts. Any resources of a proscribed organisation are also covered: not only the resources they use for bomb-making, arms purchase etc but also money they have set aside for non-violent purposes such as paying their rent.
- 3.6 A proscribed organisation is defined under Schedule 2 of the Terrorism Act 2000. The Counter Fraud & Investigation Department is responsible for monitoring these organisations and responding appropriately.
- 3.7 A person also commits a criminal offence if they fail to disclose to a constable that they believe a person has committed a terrorism money laundering offence.

### Criminal Law Defences

- 3.8 A person does not commit a criminal offence where they can demonstrate that ***"his employer has established a procedure for the making of disclosures of the matters specified"*** and they follow that procedure.

## Counter Money Laundering Guidance 2017

### 4. How to identify suspected Money Laundering

4.1 All council workers should be alert to the possibility of someone trying to launder criminal proceeds through the Council. Some indications of suspicious activity are:

- △ Large cash payments (e.g. paying business rates in cash)
- △ Overpayments by a person/ company in any way
- △ Duplicate payments by a person/ company in any way
- △ Regular requests for refunds of payments
- △ Regular 'chargebacks' for card payments
- △ Someone paying on behalf of a third party
- △ Cash buyers purchasing land or property (e.g. Right to Buy properties)

4.2 Any council workers with concerns about money laundering should contact a member of the Counter Fraud & Investigation Department (CFID) on **03000 999111** for advice.

4.3 CFID regularly provides training to council services on identifying and reporting suspected money laundering.

### 5. How to report suspected Money Laundering?

5.1 The Counter Fraud & Investigation Department (CFID) is responsible for managing any cases of suspected money laundering.

5.2 It is the responsibility of every council worker to look for and report any possible money laundering taking place. You **do not** have to speak to a manager before reporting your suspicions.

5.3 If you see any of the suspicious activity linked to money laundering you should:

- △ Do not tell the person that you have any suspicions about them
- △ Take all the records (and any cash) from the person to a secure location
- △ Telephone a member of the CFID team right away on **03000 999111 (24/7)**
- △ Follow the instructions given by the CFID team.

## Counter Money Laundering Guidance 2017

- 5.4 **Remember:** Failure to report your suspicions to CFID could expose *you* to criminal prosecution.

### 6. What does the council do about money laundering?

- 6.1 The Criminal Finances Unit in the Counter Fraud & Investigation Department is accredited by the National Crime Agency to conduct money laundering investigations. The Accredited Financial Investigators in the team can obtain court Production Orders to access a person's bank accounts, seize any cash and restrain a person's assets, worldwide, who they suspect of money laundering.
- 6.2 In cases where money laundering is proven the council will prosecute those offenders and use the Proceeds of Crime Act 2002 to take their ill-gotten gains. Any money confiscated is paid back in to the council to fight crime.

### 7. Monitoring Delivery

- 7.1 The Counter Fraud & Investigation Department leads the council's fight against fraud and economic crime, including money laundering. The team reports quarterly to the council's Audit Committee on its work to tackle the problem.
- 7.2 The service also reports regularly on its performance to the council's Corporate Management Team.

### 8. Relevant Legislation

- 8.1 The Terrorism Act 2000 as amended by the Anti-Terrorist Crime and Security Act 2001
- 8.2 The Proceeds of Crime Act 2002 (POCA)
- 8.3 Serious Organised Crime and Police Act 2005
- 8.4 The Money Laundering Regulations 2007
- 8.5 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (*known as the EU 4<sup>th</sup> Money Laundering Directive*)



# MONEY LAUNDERING

**Could you spot the signs?**

- Cash payments over £1,500
- A person regularly receiving account refunds
- One person paying the debts for several individuals

**If you suspect it, report it.**

Call in confidence on **03000 999 111** or  
visit **[thurrock.gov.uk/fraud](https://thurrock.gov.uk/fraud)**



This page is intentionally left blank

**Standards & Audit Committee  
Work Programme  
2017/18**

Dates of Meetings: 6 July 2017, 21 September 2017, 23 November 2017 and 6 March 2018

Topic	Lead Officer
<b>6 July 2017</b>	
Annual RIPA Report	Lee Henley
Annual Chief Internal Auditor Report	Gary Clifford
Refresh of the Strategic / Corporate Risk and Opportunity Register	Andy Owen
2017-18 Fee Letter	Jonathan Wilson
Internal Audit Progress Report	Gary Clifford
Red Reports (as required)	
Work Programme	D/S
<b>21 September 2017</b>	
Counter Fraud & Investigation Annual Report & Annual Strategy	David Kleinberg
Annual Governance Statement	Ernst & Young / Jonathan Wilson
Annual Audit Results Report	Ernst & Young / Sean Clark
Council's Financial Statement	Sean Clark

Annual Access to Records Report	Lee Henley
Annual Complaints Report	Lee Henley
Internal Audit Progress Report	Gary Clifford
Counter Fraud & Investigation Quarterly Status Report	David Kleinberg
Red Reports (as required)	
Work Programme	D/S
<b>23 November 2017</b>	
Annual Audit Letter	Ernst & Young / Sean Clark
Mid-Year RIPA Report	Lee Henley
Review of the Strategic/Corporate Risk and Opportunity Register In Quarter 3 Report.	Andy Owen
Internal Audit Service Update Rpoert	Gary Clifford
Internal Audit Progress Report	Gary Clifford
Counter Fraud & Investigation Quarterly Status Report	David Kleinberg
Red Reports (as required)	
Work Programme	D/S
<b>6 March 2018</b>	
Mid-Year Complaints Report	Lee Henley
Risk and Opportunity Management – Annual Review	Andy Owen
Internal Audit Plan & Strategy	Gary Clifford
Audit Planning Report and Certification of Claims report	Ernst & Young / Sean Clark
Internal Audit Progress Report	Gary Clifford



Counter Fraud & Investigation Quarterly Status Report	David Kleinberg
Red Reports (as required)	
Work Programme	D/S

This page is intentionally left blank