

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 **15 November 2016**

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

Membership:

Councillors John Kent (Chair), Graham Hamilton (Vice-Chair), Jack Duffin, Barbara Rice, Ben Maney and Gary Collins

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

Substitutes:

Councillors Terry Piccolo, Tunde Ojetola and Luke Spillman

Agenda

Open to Public and Press

	Page
1 Apologies for Absence	
1 Apologies for Absence	
2 Minutes	5 - 12
To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 29 September 2016.	
3 Items of Urgent Business	
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.	
4 Declaration of Interests	

5	Complaints Update	13 - 22
6	Thurrock Annual Audit Letter 2015/16	23 - 50
7	Internal Audit Progress Report 2016/17	51 - 62
8	Service Update for Standards	63 - 74
9	Review of the Strategic/Corporate Risk and Opportunity Register, Mid-Year Review	75 - 114
10	Counter Fraud & Investigation Update Report	115 - 124
11	Regulation of Investigatory Powers Act (RIPA) 2000 - Six Monthly Activity Report	125 - 128
12	Work Programme	129 - 130

Queries regarding this Agenda or notification of apologies:

Please contact Jessica Feeney, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **7 November 2016**

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

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 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 29 September 2016 at 7.00 pm

Present: Councillors John Kent (Chair), Graham Hamilton (Vice-Chair), Jack Duffin and Barbara Rice

Apologies: Councillors Ben Maney, Terry Piccolo and Jason Oliver

In attendance: Debbie Hanson, Ernst and Young
Sean Clark, Director of Finance & IT
Matthew Essex, Head of Regeneration and Assets
Gary Clifford, Client Manager for Audit Services
Janet Cox, Strategic Lead HR & OD
Murray James, Operational Service Lead - ICT
Tina Martin, Information Management & Corporate Complaints Officer - Senior Corporate Complaints & Information Governance Officer
Mykela Pratt, Improvement Manager
Rachael Steel, Senior Complaints Officer & Information Governance Officer
Jonathon Wilson, Chief Accountant, Finance
Jessica Feeney, Senior 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.

11. Minutes

The minutes of the meeting held on the 14 June 2016 were approved as a correct record.

12. Items of Urgent Business

There were no items of urgent business.

13. Declaration of Interests

There were no declarations of interest.

14. 2015/16 Access to Records Report

Members were informed that during 2015/16, the council processed 98% of Freedom of Information (FOI) requests within the legal timeframe. This was based on 980 FOI requests that were processed. The reporting period showed a significant increase in FOI requests received compared with 2014/15. The reason for this increase was that during 2014/15 a number of requests were not recorded as FOI requests and were processed as routine enquiries by service areas. However all requests were recorded

as FOI for 2015/16, as the 2014/15 approach resulted in a number of requests not being responded to by services which could have exposed the council to enforcement action by the Information Commissioners Office.

During 2015/16, 41 requests were refused in full due to the 18 hour threshold (and 13 were part refused). The council received 43 Subject Access Requests under the Data Protection legislation. 93% of these requests were processed within the allocated timeframe. This was a performance improvement compared with 2014/15.

Councillor Hamilton declared a concern regarding the time required for each FOI request, Councillor Rice queried how FOI's were impacting on services such as the Children's Service. Members were enlightened that the Information Governance Team was continuing to ensure an increased amount of data was identified for routine publication online. This work formed part of the Transparency Agenda and aimed to increase openness and accountability; whilst reducing unnecessary processing of FOI requests.

The Committee requested information regarding the departments who had refused to practice openness and accountability via online publications.

RESOLVED

That the committee noted the performance and statistics for 2015/16 for both FOI and Data Protection.

15. Annual Complaints Report 2015/16

Members of the committee were informed that a review of the complaints process had taken place and changes would take effect from August 2016. It was explained that changes included the removal of the concerns process and shorter complaint timeframes.

Members were advised that some services, by virtue of the nature of the type of service provided, received the highest volume of concerns/complaints. For the reporting period, the top five expressions of dissatisfaction related to the following services:

- Housing Repairs
- Missed Bins
- Estate Management
- Council Tax
- Housing Solutions

For the reporting period, 98% of complaints were responded to within the allocated timeframe. Members were enlightened that this performance was encouraging when considered against the backdrop of the national austerity measures and the impact of reduced resources council-wide.

Councillor Rice questioned the audit cycles and the level of detail in each stage complaint. The Senior Corporate Complaints & Information Governance Officer explained that a Customer Demand Board had been developed to encourage services to look at the reoccurring root causes of complaints. It was then confirmed that complaints were more detailed when the complaint had escalated to a stage 3, meaning that the complaints

department would explore and increase their number of requests for feedback from the specific service areas in order for service improvements to be made.

The Chair of the Committee requested an update at a future meeting demonstrating an example of where a service area had discovered a reoccurring complaint and had addressed this by making a change in the service area which resulted in a reduced number of complaints.

Councillor Duffin felt that there was insignificant process for various residents in their complaints process, it was explained that many residents highlighted their complaints to councillors as they felt this would result in their complaint being resolved within a shorter timeframe.

Councillor Duffin requested the figure of MEP complaints, The Senior Corporate Complaints & Information Governance Officer agreed to send the figures to Councillor Duffin after the committee to confirm they are correct as per the report .

RESOLVED:

Members of the Committee

- 1. Noted the statistics and performance for the reporting period.**
- 2. Noted that the Complaints Team will work alongside the newly formed Customer Demand Board to ensure root cause analysis was undertaken to identify the cause of complaints.**
- 3. Noted that where root cause analysis has already taken place, the Complaints Team would work alongside services to ensure any agreed outcomes as a mechanism to reduce complaint volumes are implemented.**

16. Audit Results Report 2015/16

Members were informed by the external auditor from Ernst and Young that the report detailed the findings of their review of the 2015/16 financial statements. It was explained that the Council had continued to work effectively with external audit and continued to improve the financial statements. The financial statements had developed to incorporate updated accounting requirements and the overall quality of the financial statements was high. Members were informed that the audit had progressed well and within a much shorter timeframe.

External audit intended, subject to completing the audit, give an unqualified opinion on the Financial Statement and Value for Money assessment.

The Director of Finance and IT addressed the committee regarding the control observations detected with Oracle. The committee was informed that an Oracle Steering Group had been established and improvements were being made.

Members of the Committee congratulated the Director of Finance and IT and the department.

RESOLVED:

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

17. Financial Statement and Annual Governance Statement 2015/16 Update

The Director of Finance and IT explained the appendices attached to the report. It was highlighted that the draft financial statement set out the financial performance for the 2015/16 financial year and the Council's financial position as at 31 March 2016.

The Annual Governance statement explained how the Council complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015 in relation to the publication of a statement on internal control.

The letter of representation was issued by the Council to the auditor in writing as an additional form of audit evidence. It is used to let the Council's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge.

All statements had been reviewed by external audit.

Members were directed to the related party transactions and the general fund within the Financial Statement. The Chief accountant made members aware of a few minor disclosure changes.

Members discussed the cap on fixed term contracts redundancy or pension strain being at £95,000, the Director of Finance and IT confirmed that this was correct and advised that this also included re-employment.

The Chair of the committee praised the department on their hard work and requested that the good work continued.

RESOLVED:

That the Standards and Audit Committee:

- 1. Had consideration to the comments within the Audit Results Report considered earlier on the agenda, approve the Financial Statement subject to any further changes presented to the committee;**
- 2. Noted the issues contained within, and approve, the Annual Governance Statement; and**

3. **Approved the letter of representation on behalf of the Council to be signed by the Chair of the committee once the audit is near completion.**

18. Internal Audit Report - Acquisition and Disposal of Land and Buildings (excluding Council Houses)

The Committee was informed that an audit of the acquisition and disposal of land and buildings (excluding Council houses) was undertaken as part of the approved 2016/17 internal audit programme. The audit concentrated on the acquisition and disposal of assets from March 2012 up until March/April 2016 during which time there were 30 individual transactions.

The audit reported its findings in June 2016 and identified a number of shortcomings in the governance, management and monitoring of land and property acquisition and disposals across both the General Fund and HRA. The audit ultimately rated the controls of acquisition and disposal activity as high risk and concluded that the Council could not 'take assurance that the controls on which it relies to manage the risks are suitably designed, consistently applied or effective'.

The report set out an action plan developed in response to the issues identified. Members were informed that the recommendations made through the audit had been accepted in full and the action plan recorded the significant progress which had already been made in implementing new governance and management arrangements as well as the changes to internal processes which would be used in future to ensure that there is no repeat of the identified failings.

Councillor Rice asked for confirmation that all sales of assets went through Cabinet before approval, the Head of Regeneration and Assets explained that all assets went through Cabinet although in the past one had been completed before cabinet's approval.

RESOLVED

1. **Members noted the findings of the Internal Audit report and considered the sufficiency of the measures which have been put in place through the action plan to address the identified shortcomings.**
2. **Members noted the findings of the Internal Audit report and considered the sufficiency of the measures which have been put in place through the action plan to address the identified shortcomings.**

19. Internal Audit Report - Recruitment & Selection Process

Members were informed that an audit of recruitment & selection was undertaken as part of the approved 2015/16 internal audit programme. Due to the termination of the Serco contract from 1st December 2015 some work was deferred until 2016/17. The audit examined the process and data from the sample used of 124 posts recruited to between April and September 2015.

The audit reported its findings in July 2016 and identified a number of shortcomings in the overall effectiveness and design of the control framework and in the application of and compliance with the control framework. The audit was rated as red, concluding that the council could not be assured that the controls are suitably designed, consistently applied or effective.

The report outlined the background and findings of the Internal Audit and set out an action plan developed in response to the issues identified. The recommendations made through the audit had been accepted in full and the action plan records the significant progress which has already been made in implementing new systems and management arrangements as well as the changes to internal processes which will be used in future to ensure that there is no repeat of the identified failings.

Councillor Rice highlighted the issue regarding qualification certification and professional membership details not being filed for each required employee of Thurrock Council. Councillor Rice asked for confirmation that all current members of staff have to prove their current qualifications and memberships required for their job role, it was also queried if all the previously appointed members of staff had been checked. The Improvement Manager explained to the committee that all the required employees qualifications and memberships had been checked as part of the recruitment process, with the Strategic Lead HR & OD confirming that this included those Serco staff that transitioned into the Council in December 2015.

The Chair of the Committee questioned if all those that had applied for a job at Thurrock Council received a response. The Improvement Manager explained that all those who submit applications receive a confirmation response upon receipt. Those that are not shortlisted for an interview receive confirmation of that outcome but do not receive detailed feedback due to volumes of applications received. Those who are shortlisted for an interview do receive feedback from the recruiting manager after the interview whether successful or unsuccessful.

RESOLVED

Members noted the findings of the Internal Audit report and the actions taken to respond to the issues identified and improve this critical service.

20. Disaster Recovery Update

Members were informed that the Council was currently in the process of implementing an interim Disaster Recovery (DR) solution based in the Southend on Sea Borough Council data centre which would provide access to key Council systems for a minimum of 100 concurrent users with a Recovery Time Objective (RTO) of 24 hours. It was explained further that the approach will provide a minimal degree of cover allowing the Council to meet its statutory obligations whilst a strategic infrastructure solution is developed as part of the Council's refreshed Digital and ICT Strategy.

RESOLVED:

1. **That the committee noted the Council's progress in implementing an interim disaster recovery capability to provide minimal cover in the event of a sustained loss of service in the Council's main server room.**
2. **That officers reported progress to the first 2017 meeting of the Standards and Audit committee on the strategic disaster recovery solution.**

21. Update on outstanding Internal Audit Recommendations to be implemented.

Members were informed that the Head of Internal Audit's Annual Report 2015/16 was presented to, and discussed by, the Standards & Audit Committee at their meeting of 14 June 2016. As part of the reporting process and to support the Head of Audit's annual opinion on assurance around internal controls, the follow up of issues identified during the audit process is commented on to show how management has responded to implementing the recommendations by the agreed timeframe. The report identified that there were no high level but 8 medium recommendations which had not been implemented. The Standards & Audit Committee requested that these be followed up and the results reported back to the September Committee meeting.

The recommendations that had not been implemented within the agreed timeframes were as follows:

- 1 related to Accounts Payable around the raising of purchase orders.
- 1 related to the reconciliation of the adult social care payments system to Oracle.
- 6 related to school visits covering 4 schools.

The relevant officers within the Accounts Payable team and Corporate Finance confirmed that they had addressed the issues identified within the audit review process and action has been taken to implement them.

In respect of the outstanding recommendations identified within the schools, 1 of the recommendations had been deferred whilst a decision is made on when the school will become an academy. In the case of the other 5 recommendations, internal audit had received positive email responses from the relevant staff within the school confirming that all recommendations have been actioned.

RESOLVED

That the Standards & Audit Committee Considered responses to the outstanding recommendations and agree that the follow up process provides an additional level of assurance around the internal control framework.

22. Work Programme

Members noted the work programme.

The meeting finished at 8.35 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**

15 November 2016	ITEM: 5
Standards & Audit Committee	
Complaints Update	
Wards and communities affected: None	Key Decision: No
Report of: David Lawson, Monitoring Officer	
Accountable Head of Service: David Lawson , Monitoring Officer	
Accountable Director: Lyn Carpenter, Chief Executive	
This report is Public	

Executive Summary

This report is to provide the Committee with an update of complaints against Members of the Council, their current status, outcome and actions taken.

1. Recommendation(s)

1.1 The Standards & Audit Committee is recommended to note the report and comment on any perceived trends and training needs

2. Introduction and Background

2.1 In 2012 Full Council adopted, as required by the Localism Act 2011, a new local Code of Conduct and Complaints Procedure.

2.2 In accordance with the new Code, the Monitoring Officer conducts an initial assessment of complaints about Members of the Council against an approved initial assessment criteria and consults with the Independent Person and tries to resolve matters informally if possible or appropriate. If a complaint requires further investigation the Monitoring Officer will report the matter to the Members' Advisory Panel which will conduct a local hearing to consider whether the Member has failed to comply with the Conduct.

2.3 During the last year 9 complaints via a duly completed complaint form (and a further 5 expressions of complaint but without a completed complaint form) have been received by the Monitoring Officer. The progress of these complaints is set out in **Appendix 1**. There have been no identified breaches of the Code of Conduct by Members during this period, all complaints have been investigated to initial assessment stage and the statutory Independent Person consulted in all cases.

2.4 Most complaints seem to have a communication element as a common thread which may tend to suggest some training on social media postings / press releases and dealing with difficult persons might be of assistance.

2.5 It should also be noted that although a fairly long period of grace is given before formally closing a matter most complaints were processed within a month and post Localism Act 2011 there has been no need for the previous practice of having a series of statutory sub-committees to assess all complaints no matter how unfounded or trivial.

3. Issues, Options and Analysis of Options

3.1 This report aims to aid the Standards & Audit Committee in exercising an oversight as to the promotion of high standards of conduct by Members and Co-opted Members of the Authority and to help address and emerging trends that may require training input.

4. Reasons for Recommendation

4.1 For continued good governance and to ensure that the Standards Committee is aware of complaints against Members of the Council.

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

5.1 This report is for information only.

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

6.1 For continued good governance

7. Implications

7.1 Financial

Implications verified by: Laura Last
Senior Finance Officer – Management Accounts

There are no financial implications associated with this report.

7.2 Legal

Implications verified by: **Matt Boulter**
Deputy Monitoring Officer

The Standard & Audit Committee has within its terms of reference the promotion of high standards of conduct by Members and Co-opted Members of the Authority.

7.3 **Diversity and Equality**

Implications verified by: **David Lawson**
Monitoring Officer

None.

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):

- Council Constitution
- <https://www.thurrock.gov.uk/constitution-of-council/thurrock-council-constitution>

9. **Appendices to the report**

Appendix 1 – Progress of Complaints Update

Report Author:

David Lawson
Monitoring Officer
Law & Governance

This page is intentionally left blank

Appendix 1

<p>MC 2/15</p>	<p>December 2015 by formal complaint form</p>	<p>Complaint about 1 Member</p>	<p>Member</p>	<p>Possible breach of the Code of Conduct Conduct at Committee</p>	<p>Form received, initial evidence gathered Mediation explored as per Code procedure Independent Person contacted Initial assessment – not within criteria for further investigation refer to Group / mediation</p>	<p>None</p>	<p>No investigation – threshold not met progress – referred to Group / Mediation</p>	<p>Closed April 2016</p>	<p>Continue commitment to training on standards</p>
<p>MC 3/15 Page 18</p>	<p>December 2015 by formal complaint form</p>	<p>Complaint about 1 Member</p>	<p>Member</p>	<p>Possible breach of the Code of Conduct Conduct at Committee</p>	<p>Counter complaint received to TBC MC 2/15 initial evidence gathered Mediation explored Independent Person contacted Initial assessment – not within criteria for further investigation refer to Group / mediation</p>	<p>None</p>	<p>No investigation – threshold not met progress – referred to Group / Mediation</p>	<p>Closed April 2016</p>	<p>Continue commitment to training on standards</p>
<p>MC 4/15</p>	<p>December 2015</p>	<p>Possible complaint</p>	<p>Member</p>	<p>Postings on Social Media</p>	<p>Initial Assessment Member complaint / mediation or alternative resolution attempted</p>	<p>None</p>	<p>No investigation – threshold not met progress – referred to Group / Mediation</p>	<p>Closed April 2016</p>	<p>Continue commitment to standards training</p>

Appendix 1

MC 1/16	December / January 2016	Possible complaint / Press enquiry	Public	Alleged failure to declare interest directorship	Initial Assessment Independent Person contacted No breach / no further investigation justified	None	Independent Person contacted No breach / no further investigation justified – dormant company – never traded	Closed April 2016	Continue commitment to standards training
MC 2/16	February 2016	Possible Complaint about 1 Member	Public	Alleged failure to respond to resident' communication	Advised does not appear within Members' Code of Conduct as Member performance matter that should be dealt with by Group Leader but given Members' Complaint Form if wished to pursue	None	No Formal Complaint received	Closed August 2016	None relevant
MC 3/16	April 2016 by formal complaint form	Complaint about 1 Member	Public	Alleged failure to respond to resident' suggestion with unilateral 7 day timeline	Initial Assessment Code not engaged Independent Person contacted	None	No appeal received against Initial Assessment Decision	Closed September 2016	None relevant
MC 4/16	April 2016 by formal complaint form	Complaint about 1 Member	Public	Alleged failure of Member to notify residents of planting	Initial Assessment Not the Members' decision – Service decision Independent Person contacted	None	Closed Didn't pass Initial Assessment Decision No Appeal received within time period	Closed September 2016	None relevant

Appendix 1

<p>Page 20</p>	<p>MC 5/16</p> <p>May 2016 by formal complaint form</p>	<p>Complaint About 1 Member</p>	<p>Member</p>	<p>Alleged reposting of defamatory posting</p>	<p>Initial Assessment</p> <p>No breach of Code on initial assessment exercise and supported by Independent Person.</p> <p>Decision communicated to complainant</p> <p>No appeal received against initial assessment decision</p> <p>Independent Person contacted</p>	<p>None</p>	<p>Didn't pass Initial Assessment Decision</p> <p>No Appeal received within time period</p>	<p>Closed September 2016</p>	<p>Media and standards training to Members</p>
	<p>MC 6/16</p> <p>July 2016</p>	<p>Possible Complaint about 1 Member</p>	<p>Member</p>	<p>Alleged inaccurate social media posting</p>	<p>No Formal Complaint received – successfully concluded to each parties satisfaction through Member / Member mediation</p>	<p>None</p>	<p>Mediated</p>	<p>Closed August 2016</p>	<p>Media and standards training to Members</p>
	<p>MC 7/16</p> <p>July 2016 by formal complaint form</p>	<p>Complaint About 2 Members</p>	<p>Public</p>	<p>Alleged lobbying of decision</p>	<p>Initial assessment</p> <p>No evidence of lobbying by either Member, Officers</p>	<p>None</p>	<p>Didn't pass Initial Assessment Decision</p> <p>No Appeal received within time period</p>	<p>Closed October 2016</p>	<p>Continue Members training programme</p>

					<p>interviewed / emails reviewed</p> <p>Officer decision reviewed by external solicitor</p> <p>Confirmed to be an appropriate decision within policies</p> <p>Independent Person contacted</p>				
<p>MC 8 / 16 Page 21</p>	<p>September 2016 by formal complaint form</p>	<p>Complaint about 1 Member</p>	<p>Public</p>	<p>Hadn't updated "Other Interests on Declaration of Interests to remove former membership of an organisation</p> <p>And had put N/A instead of "None" against some entries</p>	<p>Member informed "Other Interests" do not list Statutory Discloseable Interests</p> <p>Can maintain historic "Other Interests" – 28 day rule does not apply to "Other Interests"</p> <p>No Legal requirement to put the word "None" if clear from form no interest being declared</p> <p>Independent Person contacted agreed no breach</p>	<p>None</p>	<p>Didn't pass Initial Assessment Decision</p>	<p>Open</p>	

Appendix 1

					of Code – Initial assessment criteria not met				
MC 9/16	September 2016 by formal complaint form	Complaint about 1 Member	Public	Hadn't declared interests in Register of Interests within 28 days of election	Viewed Public Register – confirmed statutory Discloseable Interests duly declared within 28 days Independent Person contacted agreed no breach of Code – Initial assessment criteria not met	None	Didn't pass Initial Assessment Decision	Open	
MC 10/16	September 2016	Complaint about 1 Member	Member	Complaint over media posting / release and alleged factual inaccuracies	Member / Member complaint mediation being explored			Open	

15 November 2016	ITEM: 6
Standards & Audit Committee	
Thurrock Annual Audit Letter 2015/16	
Wards and communities affected: All	Key Decision: Non-key
Report of: Sean Clark, Director of Finance and IT	
Accountable Head of Service: Sean Clark, Director of Finance and IT	
Accountable Director: Lyn Carpenter, Chief Executive	
This report is 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 2015/16 financial statements and an unqualified value for money conclusion.

2.2. The Annual Audit Letter sets out findings from the audit in relation to the significant risk areas identified in the audit plan. The Council positively addressed these risks as noted in the Financial Statement Audit section of the 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 ongoing pressures from the economic downturn.

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 2016

October 2016

Ernst & Young LLP

Page 27

Contents

Executive Summary	2
Purpose.....	5
Responsibilities.....	7
Financial Statement Audit	10
Value for Money	14
Other Reporting Issues.....	17
Focused on your future.....	20

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website (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 from 1 April 2015’ 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 2016.

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 2016 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 Statement of Accounts 2015/16
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 Annual Governance Statement	The Annual 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 26 September 2016
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 (date in October to be confirmed once our WGA work is complete)

In January 2017, 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.

Debbie Hanson
Executive Director
For and on behalf of Ernst & Young LLP

Purpose



Purpose

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 2015/16 Audit Results Report to the 29 September 2016 Standards & 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

Responsibilities

Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued on 15 March 2016 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 2015/16 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 thy 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 you 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 Annual Governance Statement, 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 30 September 2016.

Our detailed findings were reported to the 29 September 2016 Standards & Audit Committee.

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>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any 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.

For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Our testing has not revealed 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.

Our testing did not identify any expenditure which had been inappropriately capitalised.

The valuation of surplus assets

The Council owns a portfolio of properties that were transferred to it when the Thurrock Thames Gateway Development Corporation was abolished.

The portfolio comprises 28 freehold properties which had a carrying value in the 2014/15 financial statements of £56.1m; increasing to £61.3m in the 2015/16 statements.

The Council classifies these properties as surplus assets as they are not used for operational purposes. IFRS 13: Fair Value Measurement has been introduced into the Accounting Code for the first time in 2015/16, and requires surplus assets to now be valued at highest and best use based on what someone would pay for the asset.

The change in the basis of the valuation of these surplus assets means that potential changes in the assumptions underpinning the valuation could have a material impact on the carrying value in the financial statements.

Our testing has not revealed any material issues regarding the work of the valuers in this area or the application of IFRS 13 to the valuation of surplus assets.

Other Key Findings	Conclusion
<p>Accounting for Gloriana Thurrock Ltd</p> <p>The Council incorporated Gloriana Thurrock Ltd during the 2014/15 financial year. The company is wholly owned by the Council and was created with the objective of developing affordable housing within the Thurrock area. The company traded for the first time during 2015/16.</p> <p>The Council needed to give careful consideration to how it accounted for its relationship with Gloriana Thurrock Ltd and whether it is required to prepare Group Accounts. This assessment extended to other entities associated with the Council.</p> <p>The Council documented their approach to assessing whether group accounts are required for Gloriana Thurrock Ltd, as well as other potential entities. When assessing the materiality of such entities to the group accounts, the Council undertook a qualitative assessment alongside the quantitative assessment.</p>	<p>Our review of the Council's assessment of whether group accounts were required in 2015/16 concluded that it was not unreasonable to exclude Gloriana Thurrock Ltd from group accounting on the basis of immateriality. This assessment will however need to be revisited as the level of activity of the company increases, and group accounts will be required for 2016/17.</p> <p>Our review also concluded that the disclosures made within the Council's financial statements regarding Gloriana Thurrock Ltd are appropriate.</p>

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with the edges of several coins visible. The lighting is warm, highlighting the metallic texture and the ridges on the edges. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Value for Money'.

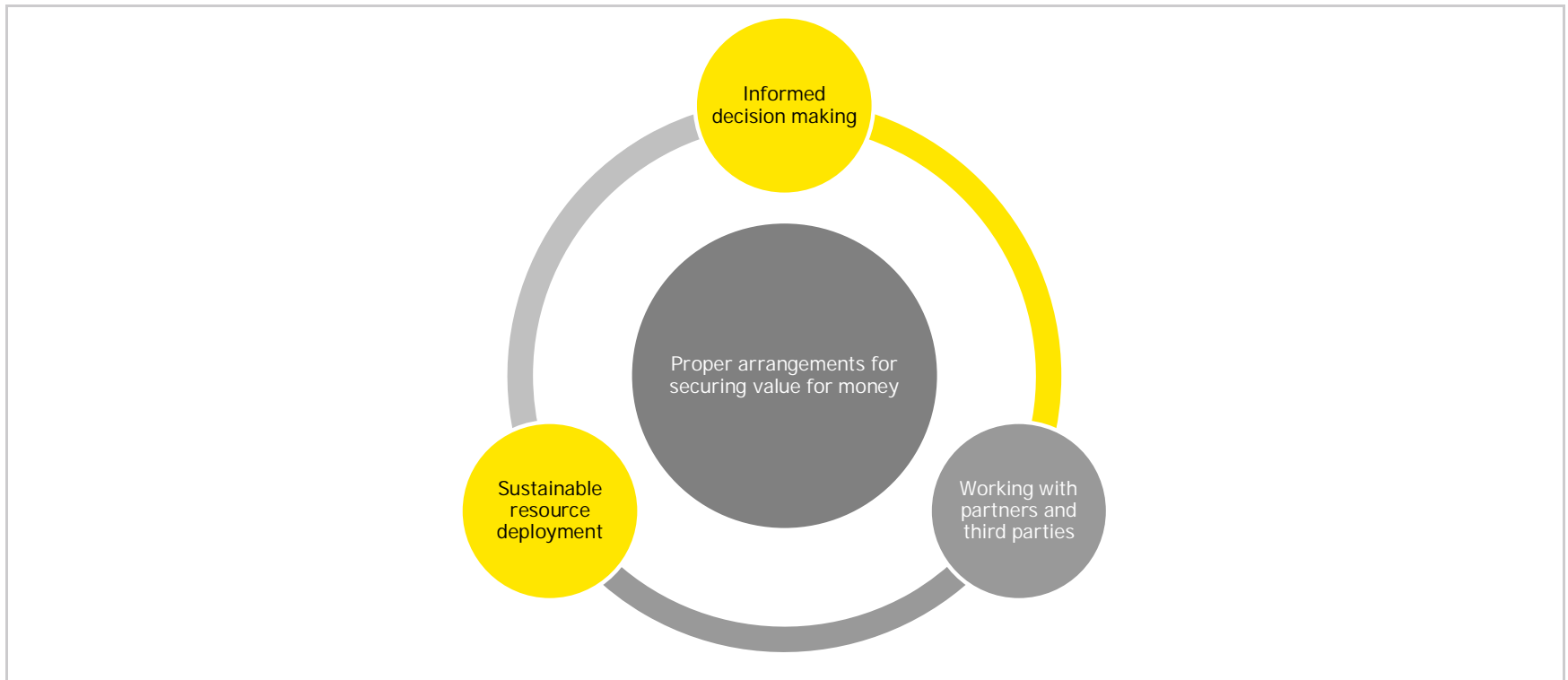
Value for Money

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 issued an unqualified value for money conclusion on 30 September 2016.

Our work did not identify any significant matters in relation to the Council's arrangements.

During the planning phase of our audit, we did identify one significant value for money risk in relation to ongoing pressures from the economic downturn. The Comprehensive Spending Review continues to impact on the Council's budget and medium term financial planning during current and forthcoming financial years. In addition, the Council needed to consider how to fund the £3.5 million pension payment required following the termination of the SERCO contract. This was alongside putting in place plans to achieve the required savings in the medium term.

As a result of our work, we concluded that the Council continues to respond well to the financial challenges it, along with other public sector bodies, is facing. As we reported last year, that challenge continues to increase and the wider economy contains evermore significant uncertainties, for example the UK's future withdrawal from the European Union. Such economic financial uncertainties may well impact on the Council's future financial stability and will need to be considered as part of its strategic financial planning process.

As part of our assessment, we have reviewed how the Council has responded to the challenges it is facing and updated our understanding of the current financial position. A key element of the Council's response to this challenging situation is to explore different ways of working; delivering services through working with a range of partnership bodies and through different delivery vehicles. The creation of Gloriana Thurrock Ltd is an example of this, using a limited company structure to provide a different way to meet the Council's housing and regeneration objectives. Members should remain aware of the assumptions and sensitivities included in the Council's financial forecasts, and should not underestimate the challenge the Council has faced and will continue to face in the future. It is likely that further difficult decisions will need to be made to secure the Council's continued sound financial standing.

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 2015/16 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 & Audit Committee on 29 September 2016. 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

In accordance with our Audit Plan we planned to test the key financial controls within the accounts receivable, accounts payable, payroll and housing benefits financial systems as part of our 2015/16 audit. Our initial audit strategy was based on being able to place reliance on the Council's general IT controls. However, our testing of these IT highlighted a weakness in the Council's general ledger system (Oracle) user access controls. These weaknesses precluded us from relying on controls within the accounts receivable, accounts payable and payroll systems. Our audit strategy for these systems was therefore adapted and we adopted a substantive testing approach, which involved examining individual documents to support income and expenditure items in the Council's accounts. These weaknesses did not impact on the housing benefit system as it uses a different IT system.

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are visible through the eyepieces, and their hands are holding the binoculars. 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
EU referendum	<p>Following the majority vote to end the UK’s membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&P, Fitch and Moody’s) took action on the UK Sovereign credit rating and, following the rating action on the UK Government. For entities in the public sector, there is likely to be an impact on investment property valuations if confidence in the wider UK property market falls; and the valuation of defined benefit pension obligations may also be affected. It is too early to estimate the quantum of any impact of these issues, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations.</p>	<p>Many of the issues and challenges that face the UK public sector will continue to exist, not least because continued pressure on public finances will need responding to. Additionally it may well be that the challenges are increased if the expected economic impacts of the referendum and loss of EU grants outweigh the benefits of not having to contribute to the EU and require even more innovative solutions.</p> <p>We are committed to supporting our clients through this period, and help identify the opportunities that will also arise. We will engage with you on the concerns and questions you may have, provide our insight at key points along the path, and provide any papers and analysis of the impact of the referendum on the Government and Public Sector market.</p>
Highways Network Asset (HNA)	<p>The Code of Practice on Transport Infrastructure Assets (TIA Code) was first published in 2010 and updated in 2013. The key aim of this document was to improve the asset management of TIA. During 2016, this guidance has been renamed and updated, with the Highways Network Asset (HNA) Code, Guidance Notes and Accounting Guidance being published. Local Government has historically used depreciated historic cost (DHC) as the valuation approach for infrastructure assets. The introduction of the HNA Code will see this valuation basis change to depreciated replacement cost with effect from 1 April 2016. The change will be applied prospectively from that date, so Highways Authorities are not required to disclose comparative information.</p> <p>This is a fundamental change in approach which will require new accounting and estimation approaches as well as amendments to existing systems, or implementation of new systems.</p>	<p>The impact on the Council’s Balance Sheet will be highly significant; with the recognition of a single highways network asset of approximately £5 billion. The impact on the audit will also be significant, as auditors will need to obtain sufficient assurance over the material accuracy of this asset.</p> <p>We will work closely with the Council at both the local level, regarding system implementation, valuation procedures and accounting, and at the wider level through the continuation of our HNA Client Workshops.</p>

Area	Issue	Impact
<p>Gloriana Thurrock Ltd</p>	<p>The Council incorporated Gloriana Thurrock Ltd during the 2014/15 financial year. The company is wholly owned by the Council and was created with the objective of developing affordable housing within the Thurrock area. The company traded for the first time during 2015/16. The Council is proactively exploring different ways to meet the Council's housing and regeneration objectives, and Gloriana Thurrock Ltd is a key element in that strategy.</p> <p>In 2015/16, the Council gave careful consideration to how it accounted for its relationship with Gloriana Thurrock Ltd and whether it was required to prepare Group Accounts. The Council concluded that group accounts were not required in 2015/16 and we deemed that conclusion to be reasonable.</p>	<p>It is planned that Gloriana Thurrock Ltd will expand considerably over the next few years; with more locations within the Borough being identified and developed. The company's operations will become more complex as it begins to both rent and dispose of the completed properties.</p> <p>We will work alongside the Council as Gloriana becomes more strategically important. We will continue to work with finance officers on the preparation of group accounts, which will be required from 2016/17 due to the financial impact of the company on the Council.</p>

EY | Assurance | Tax | Transactions | Advisory

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

15 November 2016	ITEM: 7
Standards & Audit Committee	
Internal Audit Progress Report 2016/17	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Chief Internal Auditor	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark – Director of Finance & IT	
This report is public	

Executive Summary

The Internal Audit Plan 2016/17 was discussed by the Standards & Audit Committee at their meeting of 15th March 2016. This report is the second progress report for 2016/17. It details audit reviews issued as final, are in draft or work in progress that has started since the Committee meeting held on the 14th June 2016.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Consider reports issued by Internal Audit in relation to the 2016/17 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 2016/17 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 We have summarised below (3.3 to 3.7), those reports that have been issued as final since the 14th June 2016. The key findings of these reports are shown at Appendix 1.

- 3.3 The following reports received a **Green** assurance rating for the control frameworks in their area:

- Gas Inspections
- Gifts, Interests and Hospitality

- 3.4 The following report received an **Amber/Green** assurance rating for the control framework in its area during this period:

- Car Parking Follow up
- Housing Allocations

- 3.5 No report received an **Amber/Red** assurance rating for the control framework in its area.

- 3.6 Two reports were issued with a **Red** assurance rating for the control frameworks in their area. These were Acquisitions and Disposals (excluding council housing) and Recruitment and Selection. Both of these reports were presented to the Standards & Audit Committee meeting held on 29th September 2016. They were presented by the relevant senior management and members were provided with an opportunity to challenge them on their progress in implementing the recommendations.

- 3.7 In the period, there have been 2 **Advisory** reports issued. These were a review of Third Party Spend (under £75k) and a review of Procurement in Schools.

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: **L Last**
Senior Finance Officer - Management Accounts

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: **P Field**
Senior Corporate Governance Lawyer

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

This report includes information on an audit of the council's Safeguarding of Assets (Appointeeship and Deputyship) service that provides support to vulnerable residents to manage their financial affairs. An Amber/Red assurance rating has now prompted the development of an action plan with a series of recommendations and management actions to mitigate the potential risks highlighted through the service audit. Updates on the implementation of the action plan will be reported to Standards & Audit Committee at the request of members.

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 2016/17 to 2018/19 and Internal Audit Plan 2016/17
- Internal Audit Reports issued in 2016/17.

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 2016/17

Date of Committee: 15th November 2016

Introduction

The internal audit plan for 2016/17 was presented to the Standards & Audit Committee on 15th March 2016. This report provides an update on progress against that plan since the meeting on the 14th June 2016.

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					
Acquisitions & Disposals (excluding council houses)*	Final	Red	2	2	0
Recruitment & Selection*	Final	Red	1	8	2
Gas Inspections	Final	Green	0	1	1
Gifts, Interest & Hospitality	Final	Green	0	0	1
Shop Premises	Draft with client		N/A	N/A	N/A
Housing Allocations	Final	Amber/Green	0	4	1
HR Leavers Process	Draft with client		N/A	N/A	N/A
Car Parking - Follow up	Final	Amber/Green	0	0	8
Business User and Travel Allowances	Draft with Audit		N/A	N/A	N/A
Third Party Spend (under £75k)	Final	Advisory	2	3	1
Procurement in Schools	Final	Advisory	0	3	1
No Recourse to Public Funds	Work in Progress	Advisory	N/A	N/A	N/A
Recruitment & Selection Follow up	Final	Good progress	0	1	0
Core Assurance					
Housing Rents	Work in Progress		N/A	N/A	N/A
Payroll	Work in Progress		N/A	N/A	N/A

* Presented to Standards & Audit Committee 29th September 2016 so not detailed in this report.

Work for which no reports are generated

The Internal Audit Service has been supporting the Corporate Fraud & Investigation Directorate on two on-going internal investigations.

Troubled Families Programme – At very short notice, we audited a 15% sample of claims to determine there was adequate evidence to support the outcomes on which the grant claim was submitted. We were required to test at least 10% of claims. We provided advice on 1 claim which was subsequently removed. The grant claim was

submitted in September. It was also agreed that more notice will be provided in future to enable better resource planning.

Changes to plan

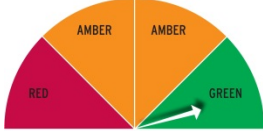
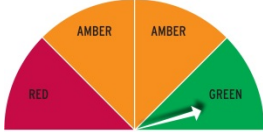
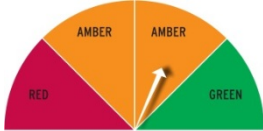
- Adult social care – services and staff coming back in-house due to suppliers not meeting the costs of the service through the rates they were paid by the Council, resulting in the service being handed back. This is likely to be an on-going and potentially increasing risk. The TUPE process appears to have been fragmented. Internal Audit have been asked to carry out an advisory piece of work to review the transfer process and identify any lessons learned to ensure that if this happens again, the process is much more robust and smooth.
- No Recourse to Public Funds – The original piece of work was around children and adults. Following an initial meeting with both services, there were only 2 cases within Adult Services and only 1 of those was live. However, within Children’s Services there are a number of cases and it is felt the numbers are likely to increase in the future. Therefore, it was agreed to concentrate purely on Children’s Services for this review.
- Highways & Environment – changes to service have resulted in this work being superseded with new accounting arrangements having been developed between the services and Corporate Finance and a new basis for cross service charging based upon 1 large upfront payment per year, rather than multiple smaller payments.
- Highways contracts – Following a meeting with the Head of Transportation & Highways, this piece of work has been deferred. It was stated that there are currently a number of smaller contracts dealing with various aspects of highways maintenance which made management and monitoring complicated. As a result, these have been parcelled together into one large contract which is currently out to tender. In addition, the service are changing to a new asset management system and are in the process of undertaking data transfer. As a result, it would be difficult and time consuming to determine that any data used for testing purposes is accurate and complete.

Progress has been made on the implementation of the recommendations of the Safeguarding of Assets (Appointeeship & Deputyship), which is included in detail below. At the time the report was issued, 1 low and 2 medium recommendations had been actioned; 1 was superseded due to the change of bank and the process for dealing with the estates of deceased clients which is now handled directly by the bank; and, 3 recommendations had not reached their implementation date. Members requested an update on 3 recommendations which were outstanding following the issue of the final report which was presented to the June meeting. Assurances have been obtained from the service and all 3 recommendations have been actioned. The original recommendations and management responses were as follows:

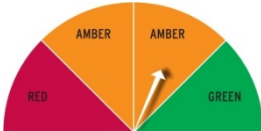
Original Recommendation	Updated Response
Safe audits should be carried out on a bi-monthly basis and be signed off by 2 people, with physical items being reconciled against seal references within property lists.	All items now placed in sealed bags and bi monthly audits commenced. Next due Oct 16.

Original Recommendation	Updated Response
It is recommended that the Casper case management system is fully populated and staff are trained in its use.	Bank reconciliation in Casper commenced in Aug 16, now being done on a weekly basis
It is recommended that invoices raised by the Council for any costs associated with providing services to clients are paid regularly.	Full client review of debt position undertaken 16/6 and full update provided to debtor. Customer Finance did not want a bi-monthly meeting, as such but all reminder invoices are now given to Financial Management Officer.

Key Findings from Internal Audit Work

<p>Assignment: Gas Inspections</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Gas Inspections identified 1 medium and 1 low recommendation around the adequacy of the control framework. All 4 low recommendations from the previous audit had been implemented.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - It is recommended that every effort should be made to recover debts due to the Council, as a result of having to obtain a warrant and carry out a forced entry to a Council property to carry out a gas check. Invoice request forms should be submitted to the Debt Recovery team so they can collect the debt on behalf of the service. The services failure to follow the Council's procedures in respect of debt collection is likely to have resulted in financial loss to the authority.</p> <p>Response – The Housing Department are aware of the requirement to improve the recharge process. This process is currently under a departmental review and it is proposed the new process will be in place and operational by 1st December 2016. This process will then seek to recover all expenditure associated with obtaining Court warrants to undertake gas servicing.</p>	<p>Housing Asset Investment & Delivery Manager</p>	<p>Dec 2016</p>
<p>Assignment: Gifts, Interests & Hospitality</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Gifts, Interests and Hospitality 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: policies and procedures; contact lists were up to date; declarations were submitted within the approved timeframes; declarations of interest forms were in place for all members and all but 1 senior manager who was a recent appointment; there was an opportunity for members to declare any interests before all committee meetings. The 2 low recommendations from the previous audit had been implemented.</p>		
<p>Assignment: Housing Allocations</p>	<p>Opinion: Amber/Green</p>	
<p>Headline Findings: Our review of Housing Allocations identified 4 medium and 1 low recommendation around the adequacy of the control framework. All 4 low recommendations from the previous audit had been implemented.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - It is recommended that the documentation relating to appeals is scanned onto the Novalet system as soon as possible so progress can be monitored. The date of the appeal decision should also be logged on the appeal spreadsheet to ensure it is kept up to date.</p> <p>Response – Has been built into the procedure.</p>	<p>Allocations Team Leader Allocations Manager</p>	<p>August 2016</p>

<p>Upon receipt all appeals and reviews are logged on the management spreadsheet and attached to the application. A note is also placed on the application stating which officer it has been passed to. Officers have also been reminded that they need to complete the spreadsheet upon completion of the appeal or review. This has been fed into 6 month PDR reviews.</p>		
<p>Action - It is recommended that the four weeks rent in advance should always be taken from applicants who are not already, or cannot prove their eligibility to Housing Benefits as they may not qualify. This will reduce the likelihood of arrears accumulating if benefits are not payable at the time the tenancy starts.</p> <p>Response – The sign up process does state that the applicant must prove their eligibility to claim HB if they do, they only pay 4 weeks water rates and any Top up. If they can't prove this they must pay 4 weeks full rent up front. Refresher training to be given to all EO's by their Team Leaders.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>
<p>Action - All staff should sign a Declaration of Interest Form annually. The line manager should also make them aware that under the Council's Code of Conduct, they must declare any potential conflict as it arises, so the work can be reallocated to someone who has no personal interest. This will reduce the likelihood of staff being accused of potential misconduct or fraud.</p> <p>Response – This needs confirming with HR as if it applies to Allocation staff it should apply to all staff in Housing</p>	<p>Allocations Manager</p>	<p>Sept 2016</p>
<p>Action - Housing need to adopt, and make staff aware of, a consistent naming convention to ensure all files can be located using the same search criteria. Guidance should be sought from the Objective team on the best way to do this. This will ensure there is an audit trail to support all tenancy transfers and inspections. In addition, transfer inspections should be carried out as soon as possible, preferably prior to the transfer date, to ensure tenants do not end up in arrears for repairs needed to their former property.</p> <p>Response – EO's were instructed on naming documents at the introduction of EDRMS. Refresher training to be rolled out to all EO's on correct naming procedure.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>

<p>Assignment: Car Parking - Follow up</p>	<p>Opinion: Amber/Green</p>	
<p>Headline Findings: Our follow-up review of Car Parking did not identify any issues or areas of significant concern around the adequacy of the control framework. However, it did identify 8 low level recommendations resulting in the Amber/Green assurance opinion. The original report, which was generated as the result of a service review in 2013, identified significant weaknesses in the service and resulted in 4 high, 6 medium and 1 low recommendation. Usually, the follow up review would just look at the implementation of high recommendations and obtain management assurance over the medium and low recommendations. However, as the service has undergone a review during this period, a full internal audit of the service was undertaken and an assurance opinion was provided. This highlighted that whilst the recommendations from the original</p>		

report had been implemented, there were still some minor issues that needed to be addressed.

Assignment: Third Party Spend (under £75k)

**No opinion
provided for
advisory reports**

Advisory

Headline Findings: Our advisory review of Third Party Spend (under £75k) identified 2 high, 3 medium and 1 low recommendation around the adequacy of the control framework. A more detailed management summary and action plan, including management responses, is currently being considered by Director's Board.

Assignment: Procurement in Schools

**No opinion
provided for
advisory reports**

Advisory

Headline Findings: Our advisory review of Procurement in Schools identified 3 medium and 1 low recommendation around the adequacy of the control framework. The review was undertaken by selecting 5 out of the 16 maintained schools at random for testing purposes, carrying out the review process and then providing a final report to all the schools highlighting the key findings and any good practice identified during the review process. The following issues were identified and recommendations made to assist all schools in tightening up their controls:

- **Finding** - A review of the case evidence was undertaken for 48 orders selected from a sample of 5 maintained schools' financial reports. It was established that 24 of the 48 purchase orders required a minimum of 3 quotes to support an evaluation of quotes and tenders. Of the 24 quotations checked, it was confirmed that 13 of them could support that they provided value for money and the reasons for selection were documented. An evaluation of price, or price and quality, was evident through the emails, governing body minutes and notes provided. However, it was noted that the evaluation of quotations was not always apparent in the evidence provided, particularly as the relevant minutes in these cases were not always available at the time of audit. Where a full tender had taken place, evidence was confirmed in the form of a more comprehensive evaluation report. However, supporting documentation was not available to support the evaluation of tenders in two cases, primarily where a project management company was employed.

Recommendation - The results of the evaluation of quotes and tenders should be retained on file, including unsuccessful supplier's quotes or tenders, and reported to the relevant committee in line with the school's financial regulations. Even where this is carried out by a project management company, the school should obtain a copy for their records. This will help to support the fact that a value for money approach has been adopted.

- **Finding** - A sample of purchase orders from each school sampled was obtained and a review of the dates undertaken. In some cases, the invoice date was earlier than the purchase order; however, the paid date was on or after the purchase order date. Three non-purchase orders were found, but on further review were cross referenced to a previous order. A further review of the nature of works carried out or goods received was undertaken. This helped to determine the type of work, suppliers involved and total cost, as part of a mini spend analysis across schools. This was generally satisfactory.

Recommendation - Purchase orders should be raised before the invoice is received. This will ensure that funds have been committed appropriately, approved in advance and management reports are up to date and accurate.

- **Finding** - A sample of 48 high and low value purchase orders, covering the last 3 years, was taken from 5 schools and reviewed. All samples were reviewed to confirm that value for money had been achieved. Although some purchases were tendered and others were quotes, an analysis of the spend indicated that some schools were using the same suppliers for ICT and goods and services. In some cases, spend with these suppliers had reached significant levels and may, depending on the services/works carried out, have reached EU limits. Occasional building work was not always supported by quotations as individual projects were deemed under quotation levels. However, the aggregated spend on works with the same supplier took them over the threshold for obtaining quotes/tenders as per the school's financial regulations. It was noted that some schools had considered the procurement of maintenance work or renovation work with a long term view. It was established through sampling that some schools had been able to secure discounts for purchases of supplies and equipment. However, a tender exercise for the procurement of catalogue items had not been carried out. Over the period of 3 years covered by the review, the total spend with these suppliers meant the tender limit had been exceeded.

Recommendation - Schools should consider adopting a strategic approach to their procurement

activity and analyse their cumulative spend with suppliers as part of the budget planning process. Not only should this include reviewing higher spend projects but should also look at regular purchases. Undertaking a spend analysis provides an opportunity to identify areas of high spend, in the short and long term, and to work with the Council's Procurement team and/or work directly with suppliers to obtain the best prices for goods and services. This would assist the school by providing better value for money, improved financial planning and ensure compliance with the relevant procurement rules and regulations.

- **Finding** - By sample, it was established that within the 48 purchase orders selected from the 5 schools, there was evidence of 4 exempted procurement activities. Although there were supporting emails and evidence of approval in 1 case, 3 other exemptions were not fully supported by the appropriate authorisations.
- **Recommendation** - It is recommended that any exemptions from tendering or obtaining quotations need to be documented and reported to governors in accordance with the School's regulations. In addition, the appropriate approvals are also required. This ensures the process is open and transparent.

15 November 2016	ITEM: 8
Standards & Audit Committee	
Internal Audit Service Update 2016/17	
Wards and communities affected: All	Key Decision: Non-key
Report of: Gary Clifford – Chief Internal Auditor	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark – Director of Finance & IT	
This report is public	

Executive Summary

This is the first service update that has been presented to the Standards & Audit Committee and provides a high level summary of the progress that the service has made since it was brought back in-house from the 1st 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 give 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 31st March 2015, with the staff being brought back in-house from the 1st April. As the decision was left until early February of that year, there was only a short lead in time to carry out the relevant consultations and exchange information with the contractor. As a result, a short-term plan was developed to ensure continuity of service but the service had little time to implement identified changes that were needed to working practices and procedures.
- 2.4 In addition, it was identified 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, having a robust, well-resourced internal audit service was becoming more important as a means to provide senior management and members with additional assurance around the internal control, risk management and governance frameworks.

3. Issues, Options and Analysis of Options

- 3.1 Following the service coming back in-house, a review was undertaken to identify areas where there were gaps in the service the internal audit team could provide as it currently stood, compared to the service being provided pre-transfer, by the contractor. Some of these issues included:
- Bespoke internal audit software removed by the contractor.
 - Availability of resources previously provided by the contractor to carry out specialist audit work and support the on-site team in undertaking core reviews.
 - Technical support provided by the contractor.
 - The staff who were TUPE transferred back in-house were on different terms and conditions creating a two tier workforce within the same department and team.
 - Reports, audit working papers and other documentation were all generated using the contractors branding which was not specific to Thurrock.
- 3.2 To address some of these issues, the Internal Audit Manager entered into a framework agreement with Croydon Council who had undertaken a procurement exercise for the provision of internal audit services. The framework operates under a call off arrangement so there is no commitment by the Council on how much or little it is used.
- 3.3 A review of the budget and resources was also undertaken and a business case was presented to the Director of Finance & IT in February 2016. This made it clear that by utilising the payments previously paid to the contractor and with the retirement of the Internal Auditor in March 16, then the service

could support 2 additional Assistant Internal Auditors and a Trainee Auditor. Recruitment for the 2 Assistant posts is currently underway.

3.4 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.

3.5 The service needs to undertake a self-assessment and have a full external assessment against the PSIAS by 31st 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 towards the end of 2017/18 with the external assessment being undertaken in 2018/19.

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: **L Last**
Senior Finance Officer - Management Accounts

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: **P Field**
Senior Corporate Governance Lawyer

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
- Business case for restructure.

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: 15th November 2016

Service Update for Standards & Audit Committee – 15th November 2016

Background

As members are aware, the Internal Audit Service transferred back in to the Council on the 1st April 2015. During the previous 8½ years, the service was provided through an outsourced arrangement with a number of private firms of Chartered Accountants (the contractor). The staff were TUPE transferred back into the Council on their existing terms and conditions.

As the decision to bring the team back in-house was made in early February 2015, there was a lot of preparation work to do in a short timeframe. This included:

- Consultation on the terms and conditions of staff on which they would transfer across to the Council;
- The exchange of contracts and records between the contractor and the Council;
- Copying working papers and reports from the contractors laptops to the Council's server to ensure staff could access work in progress and work previously completed once the laptops were returned;
- Developing a short term plan (3 month) so the process would be as smooth as possible and the service could continue to provide business as usual from day 1;
- Finalising all reports as soon as possible after the 1st April to ensure they would still be signed off by one of the Directors of the contractor;
- Developing manual working papers and template reports so staff could continue to operate once the contractor's software was removed with the laptops.

Whilst other work had to be carried out, the above were some of the main issues that arose and had to be addressed during the 1½ months' lead up to coming back in-house.

Initial Problems

The contractor turned up on the 1st April to remove all of their equipment including mobile phones, laptop computers and Wi-Fi dongles. Fortunately, as the staff were permanently located on-site, they all had access to desktop computers so were able to continue to provide a service.

Whilst the withdrawal of the phones did not present too many problems as all of the team had their own mobiles which they could use in the short term, the contractor had their own audit software which was used to generate electronic audit assignment briefs, working papers and reports. As a result, staff had to resort to going back to manually generated working papers and reports which had to be developed using the Council's corporate branding.

The transfer resulted in the Internal Audit manager carrying out a quotation exercise to look at 3 suppliers of electronic audit software that is commonly used within other local authority internal audit teams, to determine which would provide the best value to the Thurrock team. A decision was made to purchase the TeamMate software suite which not only provided electronic audit assignment briefs, working papers and reports but included modules for time recording, recommendation/follow up tracking, risk recording and annual planning.

Staffing

The transfer of the staff on their existing contracts created a two tier workforce within the team as there were some significant differences around annual leave, working hours per week and pensions when compared against the 1 member of the team who was a permanent secondment from the Council and was on Thurrock terms and conditions. This was discussed with the Director of Finance & IT (previously Head of Corporate Finance) and HR early on in the process and it was agreed that a harmonisation process would be undertaken within 4 months of the transfer to bring those staff who had transferred onto Thurrock's terms and conditions. In September 2015, following consultation with the 3 affected staff, a job evaluation and harmonisation process was undertaken so all staff were put on Thurrock Council's terms and conditions.

Due to the way the 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 by the contractor to carry out specialist IT audits, contract audits and assist with the core audit work. At this 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.

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, and following discussions with colleagues in Southend, a decision was made to utilise an existing framework agreement with Croydon Council for the provision of internal audit resources. In 2015/16, internal audit used the framework to resource 4 core financial audits covering Accounts Payable (12 days), Accounts Receivable (12 days), Council Tax (15 days) and NNDR (15 days).

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. Progress has been made in starting the recruitment process to employ new staff into the posts within the new structure.

Processes and Procedures

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.

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. The contractor had already been assessed and had met the standards. 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.

At its meeting of the 8th 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.

Moving forward

The 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 2017. We have purchased the minimum number of licences which is 5.

Once the TeamMate software has been implemented, the Internal Audit Manual will 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 we 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.

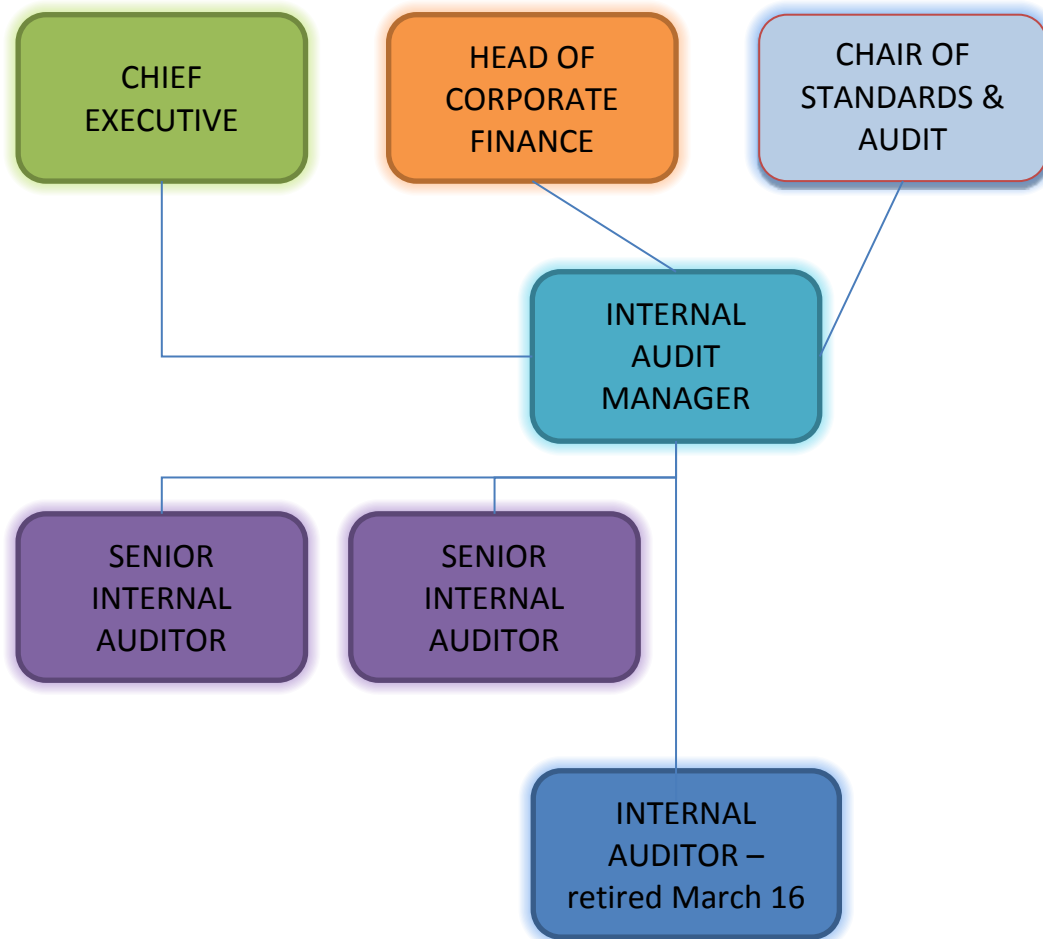
With the service coming back in-house, substantial payments from the “Private Contractor” subjective code within the internal audit budget have now ceased. A review of staffing has been undertaken to determine the best use of resources within the available budget. By careful budget and resource management, we have been able to create 2 full-time Assistant Internal Auditor posts and 1 full-time Trainee Auditor post, including covering the training costs for these roles. This will remove the need to rely on the Croydon Framework to supply any resource other than the specialist IT audit knowledge. Once these staff have been appointed and trained, this should give the Council an additional 400 days of internal audit input with no additional cost and will also offer better continuity of staff resulting in a better service. This greater resilience will allow us to look at additional services we can provide to generate income for the Council e.g. by providing a service to schools that have converted to academies, auditing externally funded grant claims etc.

The process for the recruitment of the 2 Assistant Internal Auditor posts has commenced 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 will be invited to a formal interview. It is anticipated the new staff should be in post by no later than 1st January 2017. The trainee post has yet to go to job evaluation so will not be advertised for a couple of weeks.

We need to develop the Internal Audit intranet site and raise the profile of the service within the Council. 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.

Externally, the process of raising our profile has already started 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.

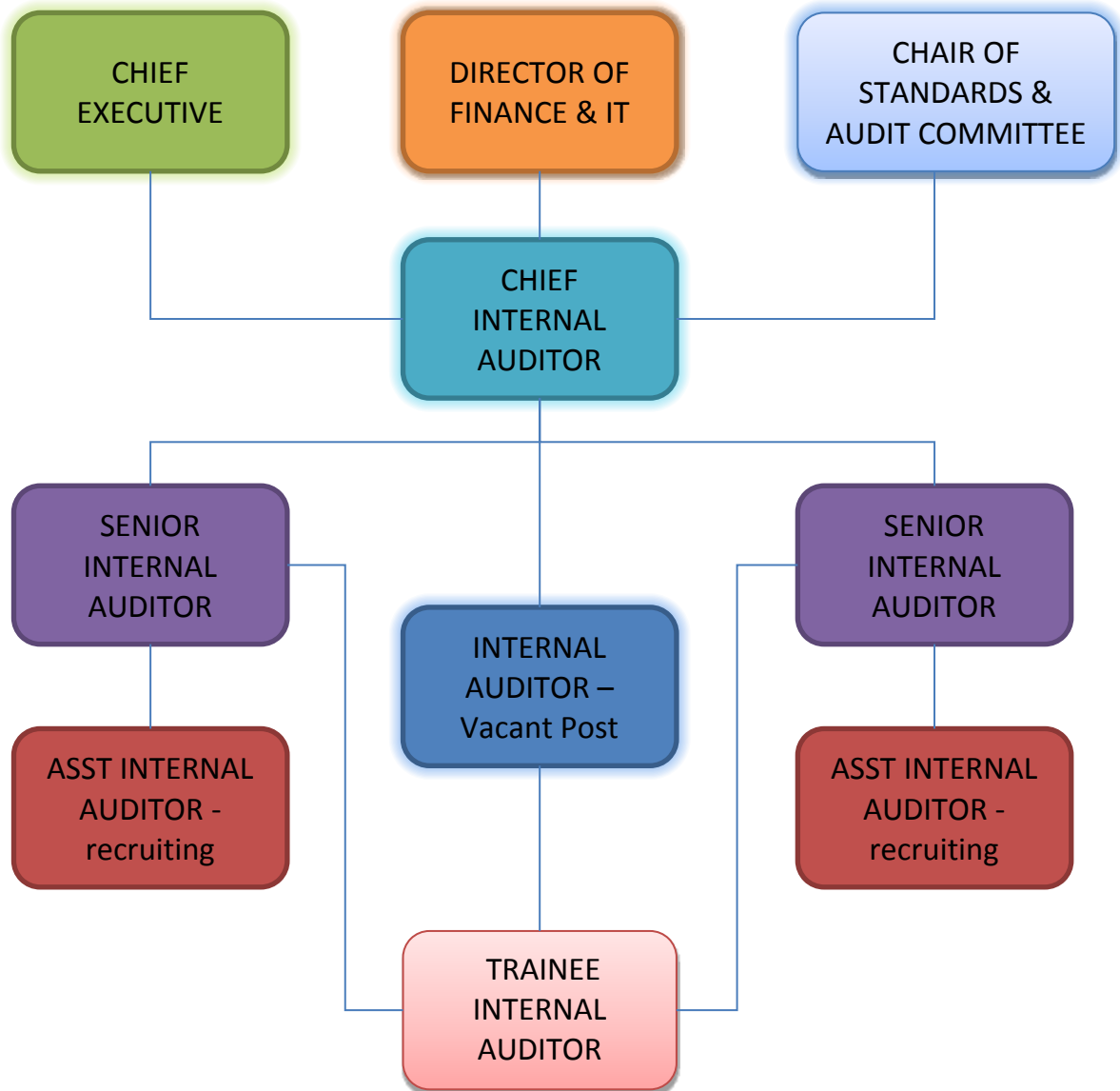
INTERNAL AUDIT ORGANISATIONAL STRUCTURE CHART ON COMING BACK IN-HOUSE



1 x Senior Internal Auditor post term time only so 0.75 full-time equivalent (fte) and Internal Auditor Monday and Tuesday only so 0.4 fte. Total permanent staff on site 3.15 fte's which reduced to 2.75 fte from April 16 when Internal Auditor retired.

Additional resources were required to be brought in through Croydon Framework Agreement to support specialist IT audits and core financial audits.

REVISED INTERNAL AUDIT ORGANISATIONAL STRUCTURE CHART



1 x Senior Internal Auditor post term time only so 0.75 fte. Total permanent staff on site 5.75 fte's (including Assistant Auditor and Trainee posts when filled).

Only require additional resources for specialist IT audit. New structure results in an increase of audit days available of approx. 400 days at no additional cost to the Council.

Cost Centre	Subjective Code	Original Budget (2015/16)	Revised Budget (2015/16)	Incremental Increase (2016/17)	Pay award at 1% (2016/17)	Increase in NI rate/ Pension	Sum of Budget Re-alignment	Base budget (2016/17)
DA002 - Internal Audit	0001 - Salary	36826	170000	3817	1700		25779	201296
	0060 - National Insurance	2901	14000		140	6818		20958
	0065 - Superannuation	5266	25000		250	-5648		19602
	0360 - Seminars And Courses	0	0				3000	3000
	1250 - Reimbursement Of Fares	0	360					360
	1300 - Car Allowances	0	240					240
	1683 - Photocopying	300	300					300
	1750 - Professional Fees	0	2000					2000
	1901 - Software Acquisition	0	17000				-12000	5000
	2049 - Subscriptions Prof Bodies	100	270					270
	2600 - Private Contractors	269694	52917				-16779	36138
	3999 - Approved Savings	-33000	0					0
DA002 - Internal Audit	Total	282087	282087	3817	2090	1170	0	289164
	Grand Total	282087	282087	3817	2090	1170	0	289164

15 November 2016	ITEM: 9
Standards and Audit Committee	
Review of the Strategic/Corporate Risk and Opportunity Register, Mid-Year Review	
Wards and communities affected: All	Key Decision: Non key
Report of: Andy Owen, Interim Insurance & Risk Manager	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is a public report	

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 reports are presented on a bi annual basis and provide details of how the key risks and opportunities facing the Authority are identified and managed.

The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during September to update 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 the revised 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 items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.

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 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2015/16. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 18th March 2016, via Directors Board 23rd February 2016.
- 2.4 In accordance with the ROM Policy, Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register are undertaken and updates reported to Standards and Audit Committee, via Directors Board and Performance Board.
- 2.5 The refresh of the Strategic/Corporate Risk and Opportunity Register was completed in May 2016 and reported to Standards and Audit Committee 14th June 2016, via Directors Board 17th May 2016 and Performance Board 2nd May 2016.
- 2.6 For the mid-year review the Interim Insurance and Risk Manager has worked with Services, Department Management Teams and Performance Board during September 2016 to update the Strategic/Corporate Risk and Opportunity Register.
- 2.7 The review has resulted in some changes to the register. All the items and management action plans have been updated and three new risks added to the 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 risks/opportunities in the register mapped against the Council's priorities, the significance of the items and outlines progress against the planned targets and timeframes.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report
This document includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.

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.

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

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

Adult Social Care, Cost & Quality Standards - Risk 1 (Rating: 16 Critical/Very Likely)

The risk evaluates the impact of a combination of issues on the maintenance of care quality standards and the ability to meet the needs of service users who meet Adult Social Care eligibility criteria. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this has in turn on providers – e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers, inflationary pressures etc.). In 2015-16, the Council agreed to provide residential providers for older people with an uplift of 1% and the possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation makes finding a workable solution increasingly difficult – particularly with the added pressure of the National Living Wage. 2015/16 also saw two domiciliary care providers unable remain viable, and the Council having to take a considerable number of hours back in-house. The service and the market place is extremely stretched, and this risk remains a significant threat to the Council's ability to provide continuity and high quality care packages.

Update as of September 2016 - The market continues to show signs of being extremely stretched. This includes a waiting list for people requiring care packages which is the first time this situation has occurred. This in turn is placing strain on the wider system, with a greater reliance on informal carers (friends and relatives) and a delay to people ready to leave hospital. For the first time the delay in providing social care packages has led to more than 25 delayed discharges. The impact of the Council having to take care packages back in-house due to external provider failure has led to a squeeze on our own capacity and the need for improvement. A plan is in place and being implemented which responds to a recent CQC report and also an independent review of our in-house domiciliary care provider – Thurrock Care at Home. Regardless of improvements made and on-going work to control demand, the risk of continued system failure remains extremely high.

Cyber Security - Risk 22 (Rating: 12 Substantial /Very Likely)

The industry has recently reported that Ransomware attacks have been significantly increasing over the last 12 months. This type of attack progressively infects the host infrastructure encrypting data so it is inaccessible unless a ransom is paid. Ransomware is a “popular headline” cyber crime, but three neighbouring Councils have reported attacks within the last 12 months all of which have an operational impact. This proves that local authorities are being targeted.

Health and Social Care Transformation - Risk 2 (Rating: 12 Critical/Likely)

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. 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 and also faces significant on-going reductions to funding. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Migration in the form of securing resources in the short-term to provide adequate programme management, delivery and specialist expertise where required is necessary.

Update September 2016 - Whilst initiatives designed to manage, reduce, and meet demand are on-going, the results are in most cases not immediate. As a result, the risk rating as at March 2017 is still likely to be high. The management of demand in social care has links across the whole system, and therefore the speed at which the NHS can also transform will have a bearing on the success of our own programme. As detailed in our other Corporate Risk, we are currently seeing the impact of domiciliary provider failure on our own in-house provision and on our ability to provide care to people in their own home.

Welfare Reforms - Risk 3

(Rating: 12 Critical/Likely)

The impact of the changes is being monitored by the Welfare Reform Group. In terms of the specific areas :

- The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16.
- The social sector size criteria has affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 40 households have moved. The risk is over maintaining this position;
- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – We know now that UC will be rolled out in Thurrock from March 16th 2015. This will be for new claims from single jobseekers such as people entitled to Job Seekers Allowance, and will include; Housing Costs and Tax Credits. The roll-out to all other categories of people including Couple's and families with children is continuing in a phased process in all chosen pilot arrears, but is expected to be completed by 2016/2017.
- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015

Following a three years period in which changes to the welfare system were made, significant further changes were made recently; including suggestions of ending life-term social tenancies and replacing them with fixed ones of a maximum of five years, social tenants expected to pay higher rent (near market value) and the likelihood of rolling Universal Credit quicker than originally announced and anticipated. At this stage there is no clear evaluating indicator that can be offered to appreciate the impacts of such changes are likely to have since details of such recent announcements are not published yet. Nonetheless, early indications suggests that a considerable impact on services and the local community will pursue, and the likelihood of increasing the risk.

A full review of the Council's approach and response to the Welfare Reforms is planned to address the key challenges presented by the recent and further changes to the reforms. The risk document and management action plan has been refreshed and generically addresses the welfare agenda and thus provides a robust overview of the impacts such changes will have.

CSC, Service Standards & Inspection Outcome - Risk 6

(Rating: 12 Critical/Likely)

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 and needs lead 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.

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 target date of 31/03/17 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

CSC, Safeguarding & Protecting C&YP - Risk 7

(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.

The risk rating will remain as a constant throughout the period covered.

Business Continuity Planning - Risk 8

(Rating: 12 Critical/Likely)

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.

Review to identify priority functions/ICT systems and to update service business continuity plans undertaken by Service Managers during 2015/16. Analysis of information undertaken and an

interim solution for ICT Disaster Recover arrangements identified and agreed March 2016. The interim solution for ICT DR when implemented along with the updated service BCPs put the Council in a fair position to deal with a significant disruption, if an event was to occur.

The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the Council and the critical functions are adequate and effective. Oversight of Business Continuity Management provided by Performance Board from July 2016 and a quality assurance programme of the Business Continuity Plans for the critical functions commenced August 2016.

ICT Disaster Recovery Planning - Risk 11

(Rating: 12 Critical/Likely)

A proposal to install a basic DR 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 DR imperative.

Waste Disposal Contract Re-Procurement - Risk 23

(Rating: 12 Critical/Likely)

Waste Consulting LLP, an external Waste consulting company have been brought in to support officers in the re-procurement of the waste disposal contracts and fleet replacement.

A project team comprising of Environment Officer and colleagues from relevant departments including Legal Services, Corporate Property and Procurement have been engaged to manage the process in line with standard project management methodology.

Negotiations with the incumbent contractors are ongoing. Extensions in line with the 31/12/17 date need to be formalised. Veolia have confirmed that they are unwilling to agree to extension of the CA Site contract. A dedicated sub-group has been put in place to manage the CA site re-procurement and related risk.

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

S.E. Local Enterprise Partnership - Opportunity 18

(Rating: 12 Exceptional/Likely)

The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two.

Following the opening of LGF 3 earlier in the year, the Council has developed and submitted a compelling case for £10.8m in LGF funds to support the delivery of the underpass in Grays. The outcome is expected to be announced as part of the Autumn Statement.

- 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 Corporate Risk Officer 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 25th October 2016, via Performance Board 3rd October 2016.

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: Laura Last
Senior Finance Officer.

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: Rebecca Price
Community Development Officer

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 - Mid Year Review. 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:

Name: Andy Owen, Interim Insurance & Risk Manager

Telephone: 01375 652174

E-mail: aowen@thurrock.gov.uk

Dashboard - Strategic/Corporate Risk & Opportunity Register September 2016

Appendix 1

Strategic Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 3 (2015/16)	Qtr 4 (2015/16)	Qtr 1 (2016/17)	Mid Year (2016/17)		Rating	Date
Priority - Create a great place for learning and opportunity									
6	CSC Service Standards & Inspection Outcome	Andrew Carter	12	12	12	12	➔	12	31/03/17*
Priority - Encourage and promote job creation and economic prosperity									
-	-	-	-	-	-	-	-	-	-
Priority - Build pride, responsibility and respect									
3	Welfare Reforms	Roger Harris	12	12	12	12	➔	9	31/03/17*
7	CSC Safeguarding & Protection C&YP	Andrew Carter	12	12	12	12	➔	12	31/03/17*
9	Emergency Planning & Response	Gavin Dennett	9	9	9	9	➔	9	31/03/17*
Priority - Improve health and well-being									
1	Adult Social Care, Cost & Quality Standards	Les Billingham	12	12	12	16	⬆	12	31/03/17*
2	Health & Social Care Transformation	Roger Harris	12	12	12	12	➔	-9- 12	31/03/17*
5	Housing Needs and Homelessness	Richard Birchett	9	9	9	9	➔	9	31/03/17*
Priority - Promote and protect our clean and green environment									
23	Waste Disposal Contract Re-Procurement (new)	Sue Harper	-	-	-	12	N/A	4	30/06/17
Organisational Risks									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 3 (2015/16)	Qtr 4 (2015/16)	Qtr 1 (2016/17)	Mid Year (2016/17)		Rating	Date
Theme - A well-run organisation									
8	Business Continuity Planning	Performance Board	12	12	12	12	➔	12	31/03/17*
11	ICT Disaster Recovery Planning	Murray James	12	12	12	12	➔	4	31/03/18
12	Delivery of MTFs 2016/17	Sean Clark	-	-	8	8	➔	6	28/02/17
13	Delivery of MTFs 2017/18 - 2019/20	Sean Clark	-	-	12	8	⬇	8	28/02/17
14	Sickness Absence	Jackie Hinchliffe	9	9	9	9	➔	6	31/03/17
16	Employee Engagement & Capacity for Change	Jackie Hinchliffe	-	-	9	9	➔	6	31/03/17
19	Property Ownership Liability	Matthew Essex	8	8	8	8	➔	4	31/03/17
21	General Data Protection Regulations (new)	Lee Henley	-	-	-	9	N/A	4	31/03/18
22	Cyber Security (new)	Murray James	-	-	-	12	N/A	6	31/03/17

Footnote: Target 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)

Strategic Opportunities									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 3 (2015/16)	Qtr 4 (2015/16)	Qtr 1 (2016/17)	Mid Year (2016/17)		Rating	Date
Priority - Create a great place for learning and opportunity									
-	-	-	-	-	-	-	-	-	-
Priority - Encourage and promote job creation and economic prosperity									
10	Gloriana Thurrock Ltd	Steve Cox	16	16	9	9	→	12	31/03/18*
18	South East Local Enterprise Partnership	Matthew Essex	12	12	12	12	→	16	31/03/17*
20	Business/NNDR Growth	Matthew Essex	9	9	9	9	→	16	31/03/17*
Priority - Build pride, responsibility and respect									
4	Community Hubs	Natalie Warren	9	9	6	9	↑	9	31/03/17
Priority - Improve health and well-being									
-	-	-	-	-	-	-	-	-	-
Priority - Promote and protect our clean and green environment									
-	-	-	-	-	-	-	-	-	-
Organisational Opportunities									
Risk Ref / Priority	Risk Heading	Director / Head of Service	Previous Ratings			Latest Rating	DOT	Target	
			Qtr 3 (2015/16)	Qtr 4 (2015/16)	Qtr 1 (2016/17)	Mid Year (2016/17)		Rating	Date
Theme - A well-run organisation									
15	Digital Council Programme	Jackie Hinchliffe	8	8	8	8	→	12	31/03/17*
17	Raising Our Profile & Image	Karen Wheeler	-	-	6	6	→	12	31/03/17

Footnote: Target 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 2016

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	
<p>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.), a significant failing of a current provider, 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.</p>		Les Billingham	
Link to Corporate Priority			
Improve health and wellbeing			
Inherent Risk Rating	Date:	01/04/2016	Impact: Critical (4)
	Likelihood:	Very likely (4)	Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 21/04/2016	Residual Risk Rating as at: 14/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<p>The risk evaluates the impact of a combination of issues on the maintenance of care quality standards and the ability to meet the needs of service users who meet Adult Social Care eligibility criteria. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this has in turn on providers – e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers, inflationary pressures etc.). In 2015-16, the Council agreed to provide residential providers for older people with an uplift of 1% and the possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation makes finding a workable solution increasingly difficult – particularly with the added pressure of the National Living Wage. 2015/16 also saw two domiciliary care providers unable remain viable, and the Council having to take a considerable number of hours back in-house. The service and the market place is extremely stretched, and this risk remains a significant threat to the Council's ability to provide continuity and high quality care packages.</p> <p>Update as of September 2016 - The market continues to show signs of being extremely stretched. This includes a waiting list for people requiring care packages which is the first time this situation has occurred. This in turn is placing strain on the wider system, with a greater reliance on informal carers (friends and relatives) and a delay to people ready to leave hospital. For the first time the delay in providing social care packages has led to more than 25 delayed discharges. The impact of the Council having to take care packages back in-house due to external provider failure has led to a squeeze on our own capacity and the need for improvement. A plan is in place and being implemented which responds to a recent CQC report and also an independent review of our in-house domiciliary care provider – Thurrock Care at Home. Regardless of improvements made and on-going work to control demand, the risk of continued system failure remains extremely high.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented							
<ol style="list-style-type: none"> 1. Comprehensive compliance monitoring and audit process in place. 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. 3. Develop a comprehensive accommodation-based programme to deliver choice and quality in the local market. 4. Compliance with the Care Act regarding market failure and service interruption 5. Provision of increase (1% plus 1% for performance) for OP residential providers 6. Bring back in-house domiciliary care packages of failed providers 	<p>2013/14 2013/14</p> <p>From 2013 From Apr 2015 From Apr 2015 From 2015</p>							
Residual Risk Rating	Date:	21/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
7. Development of specification and tender for domiciliary care contract – 'Living Well at Home'	Throughout 2016/17	The pilot for Living Well at Home is due to start within the next month. A report detailing arrangements for procuring domiciliary care from April 2017 will go to HOSC in November 16 and Cabinet in December 16 after which the tender process will commence.
8. Implementation of 2% 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 2016	Commenced

<p>9. Development and implementation of Enhanced Care Homes pilot</p> <p>10. Continued work to manage demand via the ASC Transformation Programme and Better Care Fund Plan</p> <p>11. Deliver improvement action plan which responds to CQC inspection of Thurrock Care at Home (in-house domiciliary care service) and independent review.</p>	<p>July 2016</p> <p>Throughout 2016/17</p> <p>On-going – actions prioritised</p>	<p>A report detailing proposals for the Enhanced Care Homes pilot is to go to the Integrated Commissioning Executive before the end of October. The pilot will commence once the ICE has agreed the proposals. Funding to support the pilot has already been allocated via the Better Care Fund.</p> <p>Work is continuing on the development and implementation of the ASC Transformation Programme (Living Well in Thurrock) and Better Care Fund Plan. Both are aimed at utilising resources across the system in a way that better manages demand. Both the Living Well in Thurrock Programme and Better Care Fund Plan are overseen by the Integrated Commissioning Executive and also via the Health and Wellbeing Board. Recent progress includes the development of the Living Well at Home pilot, Social Prescribing, Single Point of Access (due to launch in February), and the establishment of Micro Enterprises. A number of projects and initiatives sit as part of the LWIT programme and BCF Plan.</p>						
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	14/09/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

UNMANAGED / INHERENT RISK

Risk Description							Risk Owner	
Failure to maintain rigorous cyber security arrangements across the Council could lead to an ICT security breach and result in data leakage or loss and full ICT outage of 5 working days or longer.							Murray James	
Link to Corporate Priority								
A well run organisation								
Inherent Risk Rating	Date:	25/08/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 25/08/2016	Residual Risk Rating as at: 25/08/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017
<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
The industry has recently reported that Ransomware attacks have been significantly increasing over the last 12 months. This type of attack progressively infects the host infrastructure encrypting data so it is inaccessible unless a ransom is paid. Ransomware is a "popular headline" cyber crime, but three neighbouring Councils have reported attacks within the last 12 months all of which have an operational impact. This proves that local authorities are being targeted.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Corporate Information Security Policy updated 2015 and forms part of officers terms and conditions of employment. 2. A range of Information and Data Protection guidance available to staff via Thurrock Inform and updated 2015 3. Online Mandatory Information Governance Training Programme (including data security and protection) rolled out and available to staff via Thurrock Learning Zone. 4. Ransomware proposal approved through Directors Board, that proposes response and clean up method for a ransomware, or similarly invasive cyber attack. 5. ICT already have a number of standard technologies in place that assist in preventing against cyber attacks i.e. E-mail filtering, Anti-virus protection 6. Cyber-awareness campaign initiated across council 7. Quarantine mailbox set up so that colleagues can forward suspicious emails								Updated 2015 Updated 2015 2014/15 June 2016 June 2016 August 2016 August 2016
Residual Risk Rating	Date:	25/08/2016	Impact:	Substantial (3)	Likelihood:	Very Likely (4)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
8. Continue cyber awareness campaign		Sept 2016						
9. Cyber security awareness training for all Council employees to be delivered via e-learning module.		Dec 2016						
10. Strengthen cyber security through introduction of intruder detection systems (part of strategic infrastructure capital programme)		Mar 2017						
Target Risk Rating	Target Date:	31/03/2017	Impact:	Marginal (2)	Likelihood:	Very Likely (3)	Rating:	6
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

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 (Better Care Fund Plan). Integration though continues to be a significant challenge. As such, the Directorate has also established its own Adults Transformation Programme (Living Well in 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	
<p>Link to Corporate Priority</p> <p>Improve Health and Wellbeing</p>			
Inherent Risk Rating	Date:	01/04/2016	Impact: Critical (4)
	Likelihood:	Very Likely (4)	Rating: 16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 22/04/2016	Residual Risk Rating as at: 14/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<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. 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 and also faces significant on-going reductions to funding. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Migration in the form of securing resources in the short-term to provide adequate programme management, delivery and specialist expertise where required is necessary.</p> <p>Update September 2016 Whilst initiatives designed to manage, reduce, and meet demand are on-going, the results are in most cases not immediate. As a result, the risk rating as at March 2017 is still likely to be high. The management of demand in social care has links across the whole system, and therefore the speed at which the NHS can also transform will have a bearing on the success of our own programme. As detailed in our other Corporate Risk, we are currently seeing the impact of domiciliary provider failure on our own in-house provision and on our ability to provide care to people in their own home.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented
1. Programme Management arrangements in place	2014/15
2. Programme Initiation Document established and agreed	"
3. Close partnership working with Thurrock CCG established	"
4. Separate risk register developed as part of the Programme Management arrangements	"
5. Integrated Commissioning Executive established to oversee the development of work between health and social care	"
Residual Risk Rating	Date: 22/04/2016 Impact: Critical (4) Likelihood: Likely (3) Rating: 12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
6. Continue programme arrangements	April 2016	Programme arrangements established
7. Complete refresh of Better Care Fund 2016-17	May 2016	Better Care Fund 2016/17 has been approved
8. Delivery of 2016-17 work programme for ASC Transformation Programme	June 2016	The work programme for LWIT continues to be developed and is being overseen by the Integrated Commissioning Executive
9. Development of action plans to support the implementation of the Health and Wellbeing Strategy	July 2016	Action plans have been developed, but further work is taking place to ensure that the action plans reflect local engagement and also include any interdependencies
Target Risk Rating	Target Date: Refresh 31/03/2017	Impact: Critical (4) Likelihood: Likely (3) Rating: 12
Revised Residual Risk Rating	Date: 14/09/2016	Impact: Critical (4) Likelihood: Likely (3) Rating: 12

UNMANAGED / INHERENT RISK

Risk Description	Risk Owner
<p>The Welfare Reform Act 2012, the Local Government Finance Act 2012, the 2015 autumn budget, and the currently debated Housing and Planning bill have resulted in major changes to the welfare scheme, aiming to reduce the UK's welfare benefit costs by £18 billion over the next five years and promote work as more beneficial than claiming benefit. Embedded in the Acts are a range of measures designed to simplify, streamline and reform the payment of out of work, income, housing and disability related benefits; re-assess the fitness or otherwise of claimants to work; and provide employment related support.</p> <p>These changes have introduced significant reforms to the current system that have a direct impact on Council services.</p> <p>The reforms seek to re-assess the fitness or otherwise of claimants to work; and provide employment related support.</p> <p>Below is a list of the key welfare changes:</p> <ul style="list-style-type: none"> ➤ Both Acts have introduced significant reforms to the current system that have a direct impact on Council services. ➤ The replacement of Council Tax Benefit with Localised Council Tax Support (April 2013). ➤ The introduction of a "size criteria" and limitation of Housing Benefit within the social rented sector (April 2013) ➤ The limitation of total benefits through an overall household "Benefit Cap" (July 2013). ➤ The reform of the Disability Living Allowance and its replacement with Personal Independence Plans (October 2013). ➤ The replacement of all working age benefits (Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Housing Benefit, Child Tax Credits and Working Tax Credit) with a single unified benefit known as Universal Credit (to be completely in place by 2020). ➤ Compulsory Fixed-term Social Tenancies (2-5 year assured fixed term tenancies). ➤ Reduction of Social Housing rent. ➤ Restrictions of HB for band age 18-21, and Income Support stopping at three rather than five years old. ➤ Restrictions of HB for band age U35 subject to LHA ➤ Restrictions on backdating HB to maximum of one month, and 3 months for pensioners (April 16). ➤ Abolition of work related activity component of ESA effectively claimants losing £30.00 per week (April 17). ➤ Freezing of income based benefit (including HB and Tax Credit LHA rates) (April 16). ➤ Reduction of income threshold for Tax Credit, and restriction of eligibility for the first two children (April 2017) ➤ Pay to Stay (applying market or near market value rent to social tenants where household's income exceeds £30,000). ➤ Funding reduction to Temporary Accommodation (loss of management fee and changing funding). ➤ Attendance Allowance being transferred to local authorities to administer. ➤ Council Tax Support CTS could fall under Universal Credit. ➤ The replacement of the abolished elements of the Social Fund which was administered by the Department of Works and Pensions (DWP), by a local scheme. ➤ The Council was allocated funding for 2013/2014 and 2014/2015 to create a local scheme to replace: Crisis Loans and Community Care Grants which had been part of the social fund. ➤ The council set up a grant based scheme known as Essential Living Fund to replace these parts of the Social Fund. 	Roger Harris

Link to Corporate Priority

Improve Health and Wellbeing / Encourage and Promote Job Creation and Economic Prosperity / Build Pride, Responsibility and Respect to Create Safer Communities.

Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16
-----------------------------	-------	------------	---------	--------------	-------------	-----------------	---------	----

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 18/04/2016	Residual Risk Rating as at: 23/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017																																																																																																																												
<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td>Impact</td><td></td><td></td><td></td><td></td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4	Impact					<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td>Impact</td><td></td><td></td><td></td><td></td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4	Impact					<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td>Impact</td><td></td><td></td><td></td><td></td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4	Impact					<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td>Impact</td><td></td><td></td><td></td><td></td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4	Impact					<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td>Impact</td><td></td><td></td><td></td><td></td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4	Impact				
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
Impact																																																																																																																																	
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
Impact																																																																																																																																	
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
Impact																																																																																																																																	
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
Impact																																																																																																																																	
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
Impact																																																																																																																																	

Comments

The impact of the changes is being monitored by the Welfare Reform Group. In terms of the specific areas :

- The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16.
- The social sector size criteria has affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 40 households have moved. The risk is over maintaining this position;
- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – We know now that UC will be rolled out in Thurrock from March 16th 2015. This will be for new claims from single jobseekers such as people entitled to Job Seekers Allowance, and will include; Housing Costs and Tax Credits. The roll-out to all other categories of people including Couple’s and families with children is continuing in a phased process in all chosen pilot arrears, but is expected to be completed by 2016/2017.
- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015

Following a three years period in which changes to the welfare system were made, significant further changes were made recently; including suggestions of ending life-term social tenancies and replacing them with fixed ones of a maximum of five years, social tenants expected to pay higher rent (near market value) and the likelihood of rolling Universal Credit quicker than originally announced and anticipated. At this stage there is no clear evaluating indicator that can be offered to appreciate the impacts of such changes are likely to have since details of such recent announcements are not published yet. Nonetheless, early indications suggests that a considerable impact on services and the local community will pursue, and the likelihood of increasing the risk.

A full review of the Council's approach and response to the Welfare Reforms is planned to address the key challenges presented by the recent and further changes to the reforms. The risk document and management action plan has been refreshed and generically addresses the welfare agenda and thus provides a robust overview of the impacts such changes will have.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place	Date Implemented
1. Welfare Reform Strategy Group and monthly meetings established.	From Apr 2013
2. Discretionary Housing Payment (DHP) policy and budget regularly reviewed by Benefits and Housing Services	From Apr 2013
3. Universal Credit Programme Board working with the Department of Works and Pensions and Job Centre Plus to plan and prepare for the impact of Universal Credit.	From Apr 2013
4. Council Tax Debt Management Team review of fair debt policy to ensure individuals impacted by Welfare Reform receive appropriate support during the Bailiff and Court Summons process to recover unpaid council Tax.	From Apr 2013
5. Service Level Agreement with Southend Council for the Essential Living Fund established for the year 2013/14 and renewed for the years 2014/15 and 2015/16.	From Apr 2013
6. Universal Credit Programme board working with the Department of Work and Pensions and job Centre Plus to plan and prepare for the impact of Universal Credit	From Apr 2014
7. A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16th of March 2015. Agreement covers: the support provided by the DWP to the Authority for the development/implementation of local service provisions, the monitoring of and ongoing action to address the impact of the reforms, the support for potential housing cost issues (e.g. Personal Budgeting Support Scheme), the support to claimants to go online and stay online, the processing of Local Council Tax Reduction Scheme, the support for claimants with complex needs, the working with Universal Credit Programme to inform and assist Landlords' through the current and prospective changes	From Mar 2015
8. Housing Service: (i) Provide benefits, debt and money advice to council tenants affected by the Benefit cap and Social Sector Size Criteria / Under Occupancy. Examples include: Visits to residents at home and at outreach centres, partnership with Family Mosaic established to provide tenancy, financial advice and other support services to residents. (ii) Undertake monitoring and management of potential increased rent arrears/evictions: - Rents and Welfare team monitoring the level of rent arrears and endeavour to make contacts with those affected and provide advice and assistance in order to assist in sustaining their tenancies. - Finance inclusion officer working with tenants affected by the changes, maximizing income and reducing expenditure and Family Mosaic (partner) to providing tenancy, financial advice and other supporting services to resident. - Eviction & Prevention Panel tracking all evictions in the social sector resulting from the welfare reform and Head of Service undertaking evaluations to inform judgements on whether to proceed with the eviction process. (iii) Cap on Housing Benefit, Size Criteria (Including exclusion from entitlement to larger property than household requirement):	From Apr 2013

<ul style="list-style-type: none"> – Housing Solutions teams provide assistance to tenants affected by the cap on housing benefit.. – Welfare Coordinator appointed Jan 2015 to oversee the implementation of the next phase of Universal Credit in Thurrock: <ul style="list-style-type: none"> ○ Minimizing disruptions leading to service users being detrimentally affected by such changes. ○ The development of a multi-agency approach strategy. ○ Creating closer inter-departmental working relationships and with key stakeholders such as DWP and HRMC (DPA agreed and in place since March 2016). ○ DPA endeavours to provide relevant services to vulnerable claimants, and those who require it. This plan is predominantly funded by DWP to facilitate the process of claims being made online. ○ Learning from best practices and other pilot schemes. (iv) Homelessness and Temporary Accommodation – Thurrock Private Housing Sector team working with private landlords to promote to maintain standards, and to make affordable properties available for letting. 								
9. A full detailed Welfare Reform Impact Assessment was carried out in March 2016 (report addressed Welfare reforms impact on Housing in Thurrock).								Mar 2016
Residual Risk Rating	Date:	18/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
<p>10. Ongoing implementation and/or application of actions 1 to 8 above</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 97</p>	From Apr 2016	<p>September 2016 update actions 1 to 8: Universal Credit to all new application to be implemented in April 2017 in Thurrock.</p> <p>Pay to Stay policy due to be implemented in April 2017, a working group was set up in June 2016 to mitigate the risk. Regulations are due to be published shortly.</p> <p>Benefit Cap changes due to come into effect on 7th November 16, an initial scan of affected households is now made accessible to relevant officers (Sep 16). Arrangements are now being made to make contact with affected households.</p>
<p>11. Revision of the Local Authority approach and response to Welfare Reforms to address the key challenges presented by the recent and further changes made to the reforms and system. Including:</p> <p>(i) Consideration of best option to proactively address Welfare Reforms anticipated challenges including setting up a gateway system for support, where service users are supported throughout the journey. (A recent visit to Croydon is currently being analysed).</p> <p>(ii) Re-designing the welfare reforms groups as a result of the anticipated intense impact the reforms will have on local services in Thurrock.</p> <p>(iii) A full revision of the risk and services affected by the reforms is</p>	From Apr 2016	

required once further details of the reforms are made available.								
12. ESA Health and Work Programme possibly considered to be run by Local Authorities.		From Apr 2016		ESA Health and Work Programme- waiting for further governmental announcements.				
13. Hubs: possible reduction in securing funding and capacity in the voluntary sector, and likely to face a funding shortfall from April 2017.		From Apr 2016		The service is currently exploring securing funding options.				
Hubs are helping in mitigating part of the digital access issues; other advisory supports and services are only provided sporadically and on an ad-hoc basis.								
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Substantial (3)	Likelihood:	Likely (3)	Rating:	9
Revised Residual Risk Rating	Date:	23/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

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							Andrew Carter	
Link to Corporate Priority								
- Create a great place for learning and opportunity - Improve health and wellbeing								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 29/04/2016	Residual Risk Rating as at: 27/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<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 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.</p> <p>The service has to be demand and needs lead 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</p>

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.

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 target date of 31/03/17 has been applied to the risk, which is the time when the documentation will be fully reviewed, 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
4. 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
5. Internal quality assurance audits to evidence appropriate application of thresholds.								Ongoing
6. Ongoing data analysis to enable us to benchmark and target areas for improvement; complete redesign of PKI and trends analysis.								From Apr 2016
7. Placement Review – an external reviews of high cost placements.								Ongoing
Residual Risk Rating	Date:	29/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 1 - 7 above.			From Apr 2016	Ongoing				
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	27/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

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.							Andrew Carter	
Link to Corporate Priority								
<ul style="list-style-type: none"> - Build pride, responsibility and respect - Create a great place for learning and opportunity - Improve health and wellbeing 								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 29/04/2016	Residual Risk Rating as at: 27/09/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017

Comments
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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.

The risk rating will remain as a 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
Residual Risk Rating	Date:	29/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
8. Ongoing implementation and/or application of actions 4 - 7 above.			From Apr 2016	Ongoing				
9. Improvement plan in-line with Ofsted SIF inspection and iMPower consultation.								
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	27/09/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

UNMANAGED / INHERENT RISK

Risk Description							Risk Owner	
From the 1 st April 2015 the responsibility for Business Continuity Planning transferred from the Public Protection Team to Service Managers. Failure of the Council and/or service managers to coordinate and maintain Business Continuity Planning would lead to the business continuity management arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting Thurrock.							Directors Board Performance Board	
Link to Corporate Priority								
A well-run organisation.								
Inherent Risk Rating	Date:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 18/04/2016	Residual Risk Rating as at: 25/08/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 31/03/2017
<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
<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>Review to identify priority functions/ICT systems and to update service business continuity plans undertaken by Service Managers during 2015/16. Analysis of information undertaken and an interim solution for ICT Disaster Recover arrangements identified and agreed March 2016. The interim solution for ICT DR when implemented along with the updated service BCPs put the Council in a fair position to deal with a significant disruption, if an event was to occur.</p> <p>The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the Council and the critical functions are adequate and effective. Oversight of Business Continuity Management provided by Performance Board from July 2016 and a quality assurance programme of the Business Continuity Plans for the critical functions commenced August 2016.</p>

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Review of Business Continuity Plans – Exercise undertaken between April and October 2014. 75% of BCPs reviewed and returned to Public Protection								Apr - Oct 2014
2. Programme for the development and implementation of critical incident plans for schools commenced March 2014. BC team working with Education Department the development and implementation of critical incident plans for schools to ensure that Thurrock Schools are resilient in their operation.								Ongoing from March
3. Programme of BC Exercises commenced of critical functions and services. Five reviews of service BCPs undertaken between April to October 2014, with consideration given to Third Party suppliers and their BC arrangements. Further BC exercise of Highways & Transportation function undertaken in December 2014.								Apr - Dec 2014
4. Further review of Business Continuity Plans commissioned Feb 2015 to update plans to take into account office moves, restructures, closure of the Culver Centre, etc. As at 20/03/2015 only four updated plans submitted to the Emergency Planning Team.								From Feb 2015
5. 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 st April, 2015.								Dec 2014 - March 2015
6. Approach for the 2015/16 review of Business Continuity Plans (and ICT Disaster Recovery arrangements) developed and agreed by the Director of Planning and Transportation.								June 2015
7. BCP & DR Group established to oversee the 2015/16 review of BCP and ICT Disaster Recovery arrangements. Group made up of Directorate representatives and supported by Corporate Risk Officer and ICT Commercial Manager. Ongoing monthly review meetings from Sept 2015.								From Sept 2015
8. Report on the approach for the 2015/16 review of BCP and ICT Disaster Recovery arrangements presented to Standards & Audit committee via Directors Board and Digital Board								Sept 2015
9. 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
10. 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
Residual Risk Rating	Date:	18/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action	Implementation Date	Progress
11. Outcome of review to update BCPs (and ICT DR arrangements) to be reported to Directors Board along with the potential way forward for the ongoing management of business continuity across the Council.	April 2016	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
12. Develop and implement plan for the ongoing management of business	Post Apr 2016	Responsibility for Business Continuity Planning to remain with Service

continuity following agreement of the preferred approach by Directors Board		From July 2016	Managers and oversight role to be provided by Performance Board. Quality assurance programme of Business Continuity Plans for critical functions commenced by Performance Board Aug 2016.					
13. Council to implement interim solution for ICT Disaster Recovery arrangements		Post Apr 2016.	Proposal to implement an interim DR solution based at Southend Council's data centre in progress. Approach will allow access to key Council systems (within 24 hours of an incident) for a minimum of 100 concurrent users.					
14. Services to review and update BCPs to reflect the ICT DR arrangements (interim solution).		Post Apr 2016						
Target Risk Rating	Target Date:	Refresh 31/03/2017	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
Revised Residual Risk Rating	Date:	25/08/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

UNMANAGED / INHERENT RISK

Risk Description							Risk Owner	
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:	01/04/2016	Impact:	Critical (4)	Likelihood:	Very Likely (4)	Rating:	16

DASHBOARD

Inherent Risk Rating & Date: 01/04/2016	Residual Risk Rating as at: 11/04/2016	Residual Risk Rating as at: 31/08/2016	Residual Risk Rating as at: :	Residual Risk Rating as at	Target Risk Rating & Target Date: 31/03/2018																																																																																																																												
<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4		Impact				<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4		Impact				<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4		Impact				<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4		Impact				<table border="1"> <tr><td>Likelihood</td><td>4</td><td>8</td><td>12</td><td>16</td></tr> <tr><td></td><td>3</td><td>6</td><td>9</td><td>12</td></tr> <tr><td></td><td>2</td><td>4</td><td>6</td><td>8</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	4	8	12	16		3	6	9	12		2	4	6	8		1	2	3	4		Impact			
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
	Impact																																																																																																																																
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
	Impact																																																																																																																																
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
	Impact																																																																																																																																
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
	Impact																																																																																																																																
Likelihood	4	8	12	16																																																																																																																													
	3	6	9	12																																																																																																																													
	2	4	6	8																																																																																																																													
	1	2	3	4																																																																																																																													
	Impact																																																																																																																																

Comments

A proposal to install a basic DR 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 DR 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: (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).								Feb 2016
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
Residual Risk Rating	Date:	11/04/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action		Implementation Date	Progress					
9. Ongoing 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 April 2016 – Mar 2018	Strategic Infrastructure will be informed by combined Digital and ICT Strategy which is currently being developed and due to be published by end of 2016					
10. Implementation of DR ICT Technology for short term solution following agreement that proposal is workable		Jun 2016	Deployment scheduled to be completed by end of September 2016					
11. DR test of short term solution/system		Jul 2016	To be completed after interim solution deployed.					
12. Power redundancy back up system to be restored in main Civic Offices communications room to increase resilience and manage the risk.		Jun 2016	Scheduled for 17 Sept 2016					
Target Risk Rating	Target Date:	31/03/2018	Impact:	Marginal (2)	Likelihood:	Unlikely (2)	Rating:	4
Revised Residual Risk Rating	Date:	31/08/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

UNMANAGED / INHERENT RISK

Risk Description	Risk Owner
<p>Thurrock Council have four waste and recycling contracts that are due for expiry between April and June 2017. In addition there is a Material Recycling Facility contract that is let on a rolling basis and will need to be re-let in line with the expiry of the other 4 contracts. The contracts that are in scope of the renewal process have a forecast annual spend of £6.72 million pa. In addition to the revenue led disposal contracts there is a requirement to renew the refuse fleet that is reaching the end of their working life, the capital cost of fleet procurement is expected to be in the region of £4.8 million for the 30 vehicles.</p> <p>Key risk are as follows:</p> <ul style="list-style-type: none"> Timeline. Cabinet has provided approval for extension to 31/12/2017. Formal contract variation agreements are yet to be signed. The December 2017 deadline is tight taking into account obtaining member agreement, determining contract specifications, OJEU Procurement and implementation. Contract Unit Prices. The contracts were last let in 2010 there is a very real chance that the re-procurement process may result in unit prices that exceed our current budgets. This is particularly likely in the case of the CA Site Contract. Service Disruption. Any changes to contractor for each stream will need to be managed diligently to avoid disruption to the waste collection service. The current refuse fleet is reaching the end of its working life and breakdowns are becoming more frequent, this will increase. Missed Opportunity. A revised contract specification that takes into account changes to collection frequency, waste stream types and best practice has the opportunity to deliver £1.9m pa of savings. Failure to take advantage of this or retain flexibility of let contracts will represent a missed opportunity to reduce service costs and improve recycling rates. 	<p>Sue Harper Beau Stanford-Francis Environment</p>

Link to Corporate Priority

Promote and protect our clean and green environment

Inherent Risk Rating	Date:	01/10/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12
-----------------------------	-------	------------	---------	--------------	-------------	------------	---------	----

DASHBOARD

Inherent Risk Rating & Date: 01/10/2016	Residual Risk Rating as at: 13/10/2016	Residual Risk Rating as at:	Residual Risk Rating as at:	Residual Risk Rating as at:	Target Risk Rating & Target Date: 30/06/2017

Comments

Waste Consulting LLP, an external Waste consulting company have been brought in to support officers in the re-procurement of the waste disposal contracts and fleet replacement.

A project team comprising of Environment Officer and colleagues from relevant departments including Legal Services, Corporate Property and Procurement have been engaged to manage the process in line with standard project management methodology.

Negotiations with the incumbent contractors are ongoing. Extensions in line with the 31/12/17 date need to be formalised. Veolia have confirmed that they are unwilling to agree to extension of the CA Site contract. A dedicated sub-group has been put in place to manage the CA site re-procurement and related risk.

EXISTING ACTION / RESIDUAL RISK

Management Action or Mitigation Already in Place								Date Implemented
1. Ongoing Waste Contract Re-procurement Project Group has been put in place to oversee the service design, re-procurement and implementation process.								As at Oct 2016
2. Hired refuse vehicles have been brought in to support the resilience of the collection service.								"
3. Briefing paper is to be presented at Directors Board in October detailing the project plan and ongoing issues surrounding the re-procurement process.								"
Residual Risk Rating	Date:	13/10/2016	Impact:	Critical (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET RISK / REVISED RESIDUAL RISK

Further Management or Mitigating Action			Implementation Date	Progress				
4. Ongoing Waste Contract Re-procurement Project Group has been put in place to oversee the service design, re-procurement and implementation process.			Oct 2016 to June 2017					
Target Risk Rating	Target Date:	30/06/2017	Impact:	Critical (4)	Likelihood:	Very Unlikely (1)	Rating:	4
Revised Residual Risk Rating	Date:		Impact:		Likelihood:		Rating:	

Opportunities In Focus

UNMANAGED / INHERENT OPPORTUNITY

Opportunity Description								Opportunity Owner	
Opportunity to secure significant capital funds through the South East Local Enterprise Partnership's Strategic Economic Plan.								Growth Board (Matthew Essex)	
Link to Corporate Priority									
Encourage and promote job creation and economic prosperity									
Inherent Opportunity Rating		Date:	01/04/2016	Impact:	Exceptional (4)	Likelihood:	Very Unlikely (1)	Rating:	4

DASHBOARD

Inherent Opp. Rating & Date: 01/04/2016	Residual Opp. Rating as at: 29/04/2016	Residual Opp. Rating as at: 19/10/2016	Residual Opp. Rating as at:	Residual Opp. Rating as at:	Target Opp. Rating & Target Date: 31/03/2017																																																																																																
<div style="position: absolute; left: -40px; top: 50px; transform: rotate(-90deg); font-size: small;">Page 111</div> <table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1	<table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1	<table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1	<table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1	<table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1	<table border="1" style="text-align: center;"> <tr><td>16</td><td>12</td><td>8</td><td>4</td></tr> <tr><td>12</td><td>9</td><td>6</td><td>3</td></tr> <tr><td>8</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>4</td><td>3</td><td>2</td><td>1</td></tr> </table> <p style="text-align: right; font-size: small;">Likelihood</p> <p style="text-align: center;">Impact</p>	16	12	8	4	12	9	6	3	8	6	4	2	4	3	2	1
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		
16	12	8	4																																																																																																		
12	9	6	3																																																																																																		
8	6	4	2																																																																																																		
4	3	2	1																																																																																																		

Comments
<p>The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two.</p> <p>Following the opening of LGF 3 earlier in the year, the Council has developed and submitted a compelling case for £10.8m in LGF funds to support the delivery of the underpass in Grays. The outcome is expected to be announced as part of the Autumn Statement.</p>

EXISTING ACTION / RESIDUAL OPPORTUNITY

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. Anticipated response on LGF bid (Grays)							Nov 2016	
Residual Opportunity Rating	Date:	29/04/2016	Impact:	Exceptional (4)	Likelihood:	Likely (3)	Rating:	12

FURTHER ACTION / TARGET OPPORTUNITY / REVISED RESIDUAL OPPORTUNITY

Further Management Action	Implementation Date	Progress						
9. Review position and develop plans and submissions/business cases.	From Apr 2016	9 & 10. Following the opening of LGF 3 earlier in the year, the Council has developed and submitted a compelling case for £10.8m in LGF funds to support the delivery of the underpass in Grays.						
10. Details of LGF3 announced	Apr 2016							
11. Anticipated response on LGF bid (Grays)	Nov 2016							
Target Opportunity Rating	Target Date:	Refresh 31/03/2017	Impact:	Exceptional (4)	Likelihood:	Very Likely (4)	Rating:	16
Revised Residual Opportunity Rating	Date:	19/10/2016	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
4 Critical	<ul style="list-style-type: none"> • Inability to deliver a number of strategic objectives or a priority. • Major loss of service, including several important service areas • Major reputation damage - adverse central government response, involving threat of / removal of delegated powers or adverse and persistent national media coverage • Loss of Life • Major personal privacy infringement - All personal details compromised / revealed • Huge financial loss/cost - >£1M in a year. Up to 75% of budget. • Major disruption to project / huge impact on ability to achieve project objectives.
3 Substantial	<ul style="list-style-type: none"> • Inability to deliver an organisational priority or strategic objective. • Major disruption to important service or a number of service areas. • Significant reputation damage - adverse publicity in professional/municipal press or adverse local publicity of a major and persistent nature. • Major injury. • Many individual personal details compromised / revealed • Major financial loss/cost - >£500K - <£1M in a year. Up to 50% of budget • Significant disruption to project / significant impact on ability to achieve the project's objectives.
2 Marginal	<ul style="list-style-type: none"> • Significant disruption to important service or major disruption to non crucial service. • Moderate reputation damage - adverse local publicity / local public awareness • Serious injury • Some individual personal details compromised / revealed • High financial loss/cost – >£100K - <£500K in a year. Up to 25% of budget • Moderate disruption to project / moderate impact on ability to achieve the project's objectives.
1 Negligible	<ul style="list-style-type: none"> • Brief disruption to important service or significant disruption to non crucial service. • Minimal reputation damage - no external publicity and contained within Council • Minor injury or discomfort. • Isolated individual personal detail compromised/ revealed • Low or medium financial loss/cost <£100K in a year. Up to 10% of budget • Minor disruption to project / minor impact on ability to achieve the project's objectives.

Opportunity

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

Criteria Guide for Likelihood Levels

Risk

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

Opportunity

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

Risk/Opportunity Matrix & Priority Table

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

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

15 November 2016	ITEM: 10
Standards & Audit Committee	
Counter Fraud & Investigation Update Report	
Wards and communities affected: All	Key Decision: N/A
Report of: Daniel Helps, Investigation Manager, Counter Fraud & Investigation	
Accountable Head of Service:	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is Public	
Date of notice given of exempt or confidential report: N/A	

Executive Summary

The Counter Fraud & Investigation Directorate (CFID) was formed in 2015 and is now operational with the sole responsibility 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 has developed working arrangements with other agencies to further the Council's anti-fraud culture and share best practice.

The CFID success has grown and has been recognised nationally as the leading Local Authority fraud service and as a model for the approach to tackling fraud and corruption.

Since the last report the department has successfully launched the Essex Fraud Partnership, bringing together other local authorities in the County as well as police, Home Office and Housing Providers to unify against fraud, safeguarding our residents.

1. Recommendation(s)

1.1 The Committee notes the performance of CFID

2. Introduction and Background

2.1 The new approach to tackling the effects of economic crime on the Council seeks to enhance the assurance over the system of controls but also ensures

consistency in the Council's response to fraudulent activity committed against Council services.

- 2.2 The department collaboratively shares resources through the developed partnerships with the Ministry of Justice and Southend Borough Council. The new enlarged service brings additional benefits to the Council supported by a balanced and proportionate use of Proceeds of Crime Act to take redress.

3. Partnership Working and Performance

Partnership Working and Performance

- 3.1 CFID launched Operation Domus and the Essex Fraud Partnership at the Civic Offices which was well attended by senior management from the local authorities and housing providers from across Essex. Op Domus is the first tranche of the Essex Fraud Partnership and to seeks to increase the intelligence around the misuse of social housing in criminality, particularly vulnerable residents.
- 3.2 Speakers at the event included the Chief Executive of South Essex Homes and the Assistant Chief Constable of Essex Police and Sean Clark.
- 3.3 CFID continues to work in a partnership with Southend Borough Council. Processes are now well established to ensure that all reports of fraud for all the partners are routed via the Intelligence Team in CFID. Some notable successes in this partnership have been seen in detecting social care, housing and council tax discount fraud. Some of these fraud types had not previously been detected.
 - 3.3.1 CFID continues to work with the Ministry of Justice in relation to large complex fraud investigation where CFID are the lead investigating agency, supporting the council's leading approach to reducing the costs of fraud on the public purse.
 - 3.3.2 CFID is now providing a full counter fraud service to Castle Point Council. A member of CFID is allocated to work at the Castle Point offices. CFID have already actioned a number of referrals received from Castle Point. CFID are also reviewing policies that relates to fraud, whistle blowing and other relevant areas. Feedback received from the Executive Director at Castle Point has been very complimentary
 - 3.3.3 CFID provide support to Poplar HARCA housing association in London to reduce the impact of fraud on their social housing stock. This has been extremely successful with an increase in fraud detection rates and a drop in costs for Poplar HARCA where they do no longer have to use civil court procedures to recover losses due to the input of CFID. A number of investigations are currently coming to a conclusion in the criminal courts.

3.3.4 CFID are now supporting Police forces around the UK providing specialist support to their operations, this includes a digital forensic examination function which is being provided by CFID to the Essex & Kent Police Serious Crime Directorate.

Corporate Counter Fraud Delivery

- 3.4 CFID continues to receive a steady flow of fraud reports relating to Thurrock Council. A number of these reports, including high profile cases, are now at the court stage and therefore cannot be reported further.
- 3.5 CFID is now working with other services areas to provide expert guidance and assistance in relation to suspected crimes. This includes Planning Enforcement, where an agreement is in place that once a planning contravention becomes a criminal active CFID will be engaged to ensure that best evidence is obtained and a positive outcome achieved.
- 3.6 CFID is working with the new Housing Enforcement manager to look at new criminal offences that relates to the private rented sector. CFID have offered the same support as detailed in 3.1.6 and have offered to deliver training on achieving best evidence by take full contemporaneous notes.
- 3.7 **Appendix 1** outlines the flow of reports of fraud into the department and the progression of that work and outcomes.
- 3.8 **Appendix 2** outlines the recovery of money from criminals by the department using the Proceeds of Crime Act 2002 and other court compensation order routes.

Counter Fraud & Investigation Future

- 3.9 CFID has entered a period of consultation to restructure its teams as the fraud threat changes. The restructure aims to enhance its intelligence and cyber forensics capability so that it is best placed to provide services to the Council and partners in the future. It is anticipated that CFID will be split into dedicated management reporting lines to ensure effectiveness to all areas that CFID serve.

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 anti-fraud strategy.

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

- 5.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-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 – Flow of Fraud Reports into the Department and outcomes
Appendix 2 – Redress against criminals under Proceeds of Crime Act

Report Author:

Daniel Helps
Investigations Manager
Counter Fraud & Investigation

This page is intentionally left blank

**Appendix 1 Counter Fraud & Investigation Directorate
Case Summary to 31 October 2016**

Case Status	Fraud Type				
	Revenue	Housing Tenancy Fraud	Blue Badge	Other	Total

Case Load, Referrals:

Received (between 1/4/16-31/10/16)	53	204	7	23	287
Passed to another agency	39	0	0	0	39
No offences**	1	111	0	6	118
Under investigation**	6	34	3	7	50
Closed**	7	145	4	12	168

**These Figures represent the status of investigations conducted by the Directorate that commenced during 2015/16 but also those received in previous years but concluded in 2015/16.

Outcomes Achieved

Formal Caution	0	0	0	0	0
Administrative Penalty	1	N/A	N/A	0	1
Prosecution	0	1	2	2	5
Tenancy Property Recovered	N/A	9	N/A	N/A	9
Right to Buy Closed	N/A	3	N/A	N/A	3
Blue Badge Recovered	N/A	N/A	1	N/A	1
Warning Issues	0	0	1	0	1
Staff Dismissal	0	0	0	1	1

Value of Potential Fraud re Open Cases

Revenues £11,000	Housing Tenancy £849,000	Other £959,000
Blue Badge £1,000	TOTAL £1,820,000	

Value of Proven Fraud re Concluded Investigations

Prosecution £47,196	Caution £2,000	Financial Saving £1,216,428
Right to Buy Closed £231,000	Tenancy Recovered £126,000	TOTAL £1,622,644

This page is intentionally left blank

Proceeds of Crime Act 2002, compensation and other money orders

The Financial Investigation Unit's (FIU) expertise is the result of 90 years combined police experience working for the Metropolitan Police Service.

The success of the FIU demonstrates the depth knowledge and skills possessed by the financial investigators employed by the Counter Fraud and Investigation Directorate (CFID)

3 Confiscation Orders made from 1st April 2016 total value **£118,109**

Compensation monies received from Defendants to date: **£90,243**

ARIS monies received from Home Office: **£7,464**

*These totals are form 1st April 2016 to 31st October 2016

This page is intentionally left blank

15 November 2016	ITEM: 11
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 – Information Manager	
Accountable Head of Service: David Lawson – Deputy Head of Legal 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 2016 to September 2016.

1. Recommendation(s)

1.1 To note the statistical information relating to the use of RIPA from April 2016 to September 2016.

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 The council's use of these powers is subject to regular inspection and audit by the Office of the Surveillance Commissioner (OSC) in respect of covert surveillance authorisations under RIPA, and the Interception of Communications Commissioner (IOCCO) in respect of communications data. During these inspections, authorisations and procedures are closely examined and Authorising Officers are interviewed by the inspectors.

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

2.4 Following an inspection back in November 2013 by the OSC, the Inspector expressed a preference that RIPA activity reports are brought to Members on

a quarterly basis. However due to the low numbers of RIPA activity, the Council consulted with the OSC back in June 2016 where it was agreed that reporting to Members could take place on a six monthly basis.

3. RIPA Activity

3.1 The number of Thurrock RIPA directed surveillance authorisations processed from April 2016 to September 2016 is 4 along with 1 Covert Human Intelligence Source authorisation. Below is a breakdown showing the areas the authorisations relate to for this period (along with 2015/16 full year figures):

Service Area/Type	April 2016 – September 2016	2015/16 – Full Year volumes
Trading Standards	1	1
Fraud	3	2
Regulatory	0	0
Covert Human Intelligence Source (CHIS) authorisations	1 (Fraud)	0
Total	5	3

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 2016 – September 2016	2015/16 – Full Year volumes
Service Data	0	0
Subscriber Data	1 (Trading Standards)	1 (Trading Standards)
Combined	0	2 (Fraud)
Total	1	3

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 2016 to September 2016.

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 2000, and the Protection of Freedoms Act 2012, 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: **Carl Tomlinson**
Finance Manager

There are no financial implications directly related to this report.

7.2 Legal

Implications verified by: **Chris Pickering**
Principal Solicitor – Employment and Litigation

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

Information Manager

**Standards and Audit Committee
Work Programme
2016/17**

Dates of Meetings: 14 June 2016, 8 September 2016, 15 November 2016, 28 February 2017.

Topic	Lead Officer	Requested by Officer/Member
14 June 2016		
Refresh of the Strategic/Corporate Risk and Opportunity Register	Andy Owen	Officer
Final Progress Report	Gary Clifford	Officer
Head of Internal Audit Annual Report 15/16	Gary Clifford	Officer
Annual RIPA Report	Lee Henley	Officer
Financial Statement Update	Johnathan Wilson	Officer
Internal Audit: Red Reports (as required)	Relevant Director	Officer
Work Programme	Democratic Services Officer	Officer
29 September 2016		
2015/16 Complaints Report	Lee Henley	Officer
2015/16 Access to Records Report	Lee Henley	Officer
Annual Governance Statement 2015/16	Ernst & Young and Johnathan Wilson	Officer
Audit Results Report 2015/16	Ernst & Young and Sean Clark	Officer
Disaster Recovery Update	Sean Clark/ Gary Staples	Member
Update on outstanding Recommendations	Gary Clifford	Member

to be implemented.		
Internal Audit: Red Reports (as required)	Relevant Director	Officer
Work Programme	Democratic Services Officer	Officer
15 November 2016		
Annual Audit Letter 2015/16	Ernst & Young and Sean Clark	Officer
6 Monthly RIPA Activity Report	Lee Henley	Officer
Counter Fraud Update	David Kleinberg/ Sean Clark	
Review of the Strategic/Corporate Risk and Opportunity Register In Quarter 3 Report.	Andy Owen	Officer
Internal Audit Progress Report	Gary Clifford	Officer
Internal Audit Service Update Report	Gary Clifford	Officer
Internal Audit: Red Reports (as required)	Relevant Director	Officer
Work Programme	Democratic Services Officer	Officer
28 February 2017		
Audit Planning Report 2016/17 and Certification of Claims Report 2015/16.	Ernst & Young and Sean Clark	Officer
Six Monthly Complaints Report	Lee Henley	Officer
Internal Audit 3 Year Strategy and Draft Internal Audit Plan 2017/18	Gary Clifford	Officer
Internal Audit Progress Report	Gary Clifford	Officer
Risk and Opportunity Management – Annual Review	Andy Owen	Officer
Internal Audit: Red Reports (as required)	Relevant Director	Officer
Work Programme	Democratic Services Officer	Officer