

Public Document Pack

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GOVERNANCE AND AUDIT COMMITTEE

24 SEPTEMBER 2014

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Wednesday, 24 September 2014** in the Austen Room, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor Worrow (Chairman); Councillors: Lodge-Pritchard (Vice-Chairman), Binks, Campbell, Day, Gibson, D Saunders, W Scobie and S Tomlinson

A G E N D A

Item
No

Subject

1. **TRAINING PRESENTATIONS:- 6.30PM START**

Would Members **PLEASE NOTE** that the training session starts at 6.30pm in the Austen Room.

2. **APOLOGIES FOR ABSENCE**

3. **DECLARATIONS OF INTEREST**

'To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest Form attached at the back of this Agenda. If a Member declares an interest, they should complete that form and hand it to the Officer clerking the meeting and then take the prescribed course of action.'

4. **MINUTES OF PREVIOUS SCHEDULED MEETING** (Pages 1 - 4)

To approve the Minutes of the Governance and Audit Committee meeting held on 25 June 2014, copy attached.

5. **MINUTES OF THE EXTRAORDINARY MEETING** (Pages 5 - 6)

To approve the Minutes of the extraordinary Governance and Audit Committee meeting held on 30 July 2014, copy attached.

6. **EXTERNAL AUDIT UPDATE REPORT**

Report to follow.

7. **ANNUAL GOVERNANCE REPORT**

Report to follow.

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8. **INTERNAL AUDIT PROGRESS REPORT** (Pages 7 - 40)
9. **ANNUAL GOVERNANCE STATEMENT 2013/14** (Pages 41 - 60)
10. **CORPORATE RISK REGISTER** (Pages 61 - 124)
11. **RISK MANAGEMENT STRATEGY AND PROCESS** (Pages 125 - 158)
12. **TREASURY MANAGEMENT UPDATE FOR QUARTER 1, 2014** (Pages 159 - 166)
13. **EXTERNAL FUNDING AND GRANTS PROTOCOL** (Pages 167 - 190)
14. **FINAL STATEMENT OF ACCOUNTS**
Report to follow.

Declaration of Interests Form

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 25 June 2014 at 7.00 pm in Austen Room, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Lodge-Pritchard (Chairman); Councillors Binks, Campbell, D Saunders, W Scobie and S Tomlinson

In Attendance: Councillors E Green and D Green

351. TRAINING PRESENTATIONS:- 6.30PM START

352. A TRAINING PRESENTATION - CORPORATE RISK REGISTER

353. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Worrow and Councillor P. Moore.

354. DECLARATIONS OF INTEREST

There were no declarations of interest received at this meeting.

355. MINUTES OF PREVIOUS MEETING

Councillor Campbell expressed the concern that the detailed minute item 339 whose content was discussed in a private session at the meeting on 20 March 2014, should not have been treated as a confidential minute as this was an incorrect decision.

Councillor Campbell proposed, Councillor D. Saunders seconded and Members agreed the minutes.

356. ANNUAL TREASURY MANAGEMENT REVIEW 2013/14

Members sought clarification on some of the estimates that appeared to be significant variances from the actual expenditures wherein the actual figures were much lower than the estimates. Paul Cook, Interim Director of Corporate Services said that as is normal practice the calculations made by officers for capital projects left adequate head room that avoided over expenditures. This led to lower actual figures as the external price factors that would have led to an increase in expenditure were not that significant.

Mr Cook said that estimates were set at such levels as to enable a reasonable scope of operation. Members then suggested that explanatory notes should have been included nearer the tables for ease of reference. Mr Cook said that officers were going to clarify after the meeting the issue regarding the market loan LOBO (Lender Option Borrower Option) arrangements that had been referred to in the report.

Members also sought an explanation on the reasons for the large variances in relation to the Housing Revenue Account (HRA). Paul Cook advised that the information including the specific details of the project would be provided to Members after the meeting.

Councillor Campbell proposed, Councillor Binks seconded and Members agreed the following, subject to the clarifications sought by Members as highlighted in minute above:

1. To approve the actual 2013/14 prudential and treasury indicators in this report;
2. To note the annual treasury management report for 2013/14;

3. To recommend the report to Cabinet.

357. INTERNAL AUDIT PROGRESS REPORT

Members were advised that of the seven assignments carried out by the Audit Partnership during the period, substantial assurance had been concluded in four areas, with one area of the Council function being given a reasonable assurance and another being given limited assurance. The seventh area was quarterly benefit testing for which an assurance opinion is not applicable.

The area that received limited assurance was ICT Change control and this was because the Council was working on establishing documented procedures governing the upgrading of software packages to improve the service and it was hoped that once this had been completed the rating of that area would significantly improve. A follow up review could attain a reasonable assurance rating. Mr Webb said that there were no outstanding recommendations that had not been actioned by the Council.

Councillor S. Tomlinson proposed, Councillor Campbell seconded and Members agreed:

1. To receive the report;
2. That any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of the report be approved.

358. ANNUAL FRAUD REPORT 2013-14

Christine Parker, Head of EK Audit Partnership introduced the first ever Annual Fraud Report which pulls together all the counter fraud work conducted by the Council to Acknowledge, Prevent and Pursue fraud. The report examined the Council's policies and the work of the various departments who each perform such work. The Investigations Team of East Kent Services had worked hard to identify incidents of fraudulent overpayments made in the period under review. She said that the Department of Works and Pensions usually took the lead to investigate cases that fell under their purview and these often involved larger sums of money.

There was no one from the EKS Investigation Team to respond to questions, however the table contained in the report summarising the number of Housing Benefit cases reported through the telephone hotline appeared to be far greater than those that were later investigated, Christine Parker thought this was largely because at times several phone calls were received concerning the same case, and the intelligence given via the hotline is not always good enough to follow through to a formal investigation. She assured members though, that each case would be looked into, despite not all being able to become a formal investigation.

Some Members were concerned that procurement fraud had been overlooked when producing the annual fraud report that was considered by the Committee. Christine Parker said that procurement fraud was a big issue for the Fighting Fraud Locally agenda. Paul Cook added that this issue would be included in future fraud reports. Simon Webb said that Internal Audit would look at the internal procurement procedures and the CSO Compliance during 2014/15. Christine Parker later added that the audit plan for 2014-15 also contained a provision for a Fraud Resilience Review and procurement fraud would be examined as part of this brief.

Councillor D. Saunders proposed, Councillor Campbell seconded and Members agreed to receive the report.

359. INTERNAL AUDIT ANNUAL REPORT

Christine Parker introduced the item to the meeting. The report summarised the outcomes of the work undertaken by the Internal Audit Team and the associated performance measurements for 2013-14.

She set out the purpose for the report and the reasons why it was important for members to be able to place assurance upon the internal audit coverage, in order for them to discharge their responsibilities. EKAP had concluded an overall Reasonable Assurance on the system of internal controls in operation throughout the year. EKAP had performed well against their targets and achieved a saving for all partners.

Officers acknowledged that the Council, like most other local Authorities received and processed a high volume of Freedom of Information requests (FOI).

She reported that the former Audit Strategy and Audit Charter were now merged to meet the audit standards, and if the committee were content, that they should also approve the new Audit Charter.

Councillor Campbell proposed, Councillor D. Saunders seconded and Members agreed to receive the report, and approve the Audit Charter.

360. EXTERNAL AUDIT PROGRESS REPORT

Terry Blackman, Audit Manager (Grant Thornton, LLP) reported that the external audit work was on track. External Audit will comment on the additional areas as a result of the Peer Review Report and changes to staff at senior management level.

Councillor W. Scobie proposed, Councillor Campbell seconded and Members noted the report.

361. INFORMING THE AUDIT RISK ASSESSMENT FOR THANET DISTRICT COUNCIL

Mr Blackman said that external audit sought assurances from Council regarding addressing issues related to fraud and managing the risks in this area. They were seeking assurances from senior management as well as the views of Councillors. He advised the Committee that external audit would not ordinarily carry-out the role of thoroughly reviewing the draft risk register. Mr Blackman indicated that his team would normally comment on the risk register as part of the Value for Money external audit.

Some Members expressed their concern that the movement of senior staff may affect the good governance of the Council. Mr Blackman said that he hoped that this issue would be resolved in the short term. As regards the reporting structure of risk reports, Thanet District Council could choose an approach that captured significant levels of information on risk in order to alert Members to any potential or actual risk. Christine Parker, Head of EK Audit Partnership said that a neighbouring District Council adopted a thematic approach to reporting on internal fraud by staff and were quite pro-active about reporting this risk issue. She suggested that the protocol between EKHR and EK Audit Partnership would need to be improved.

Councillor Campbell proposed, Councillor W. Scobie seconded and Members agreed to note the report.

362. DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14

Nikki Morris, Maritime Services Manager introduced the report. The draft Annual Governance Statement for 2013/14 was produced following an extensive assurance gathering process and reflects the corporate governance environment of the council.

Councillor W. Scobie proposed, Councillor Binks seconded and Members accepted the draft Annual Governance Statement for 2013/14.

363. PLANNED EXTERNAL AUDIT FEE FOR 2014/15

Terry Blackman reported that the levels of the external audit fee for 2014/15 remained unchanged from the previous financial year.

Councillor S. Tomlinson proposed, Councillor D. Saunders seconded and Members noted the report.

Meeting concluded: 8.10 pm

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 30 July 2014 at 2.00 pm in Austen Room, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor John Worrow (Chairman); Councillors Lodge-Pritchard, Binks, Gibson, D Saunders and S Tomlinson

In Attendance: Councillor M Saunders

DEATH OF HOWARD EVANS

Councillor Worrow referred to the recent death of DJ Howard Evans. All present stood for a minute's silence as a mark of their respect.

364. APOLOGIES FOR ABSENCE

There were no apologies for absence.

365. DECLARATIONS OF INTEREST

There were no declarations of interests.

366. CREDIT METHODOLOGY CHANGES

Matthew Sumner, Capital and Treasury Accountant, presented the report.

Councillor Binks made observations in relation to the following parts of Annex 1: "Banks 2 – Guaranteed Banks with suitable Sovereign Support": "Banks 3 – Part nationalised UK banks": "Bank subsidiary and treasury operations": and "Money market funds (including enhanced money market funds) – AAA".

It was proposed by Councillor D Saunders, seconded by Councillor Binks and RESOLVED:

"THAT the option as set out at Paragraph 3.1 of the report (in line with Capita's new rating assessment methodology) be APPROVED.

Meeting concluded : 2.20 pm

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INTERNAL AUDIT PROGRESS REPORT

To: **Governance and Audit Committee - 24th September 2014**

By: **Head of the Audit Partnership: Christine Parker**

Subject: **INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF THE AUDIT PARTNERSHIP.**

Classification: **Unrestricted**

Summary: **This report gives Members a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2014.**

For Information

1.0 Introduction

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2014.

2.0 Audit Reporting

2.1 For each audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant member of Senior Management Team, as well as the manager for the service reviewed.

2.2 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.

2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.

2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.

2.5 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the

Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

- 2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

3.0 Summary of Work

- 3.1 There have been thirteen internal audit assignments completed during the period. Of these: six concluded Substantial assurance, three concluded Reasonable assurance, one concluded Substantial/Reasonable assurance. and a further three had a split assurance which was partially Limited.
- 3.2 In addition, six follow-up reviews have been completed during the period.
- 3.3 For the three month period to 30th June 2014, 65.2 chargeable days were delivered against the planned target of 300 days which equates to 21.73% plan completion.
- 3.4 The financial performance of the EKAP is on target at the present time.

4.0 Options

- 4.1 That Members consider and note the internal audit update report.
- 4.2 That the changes to the agreed 2014-15 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.
- 4.3 That Members consider (where appropriate) requesting an update from the relevant Director/s to the next meeting of the Committee in respect of any areas identified as still having either limited or no assurance after follow-up.
- 4.4 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after the completion of internal audit follow-up reviews and update presentations from the relevant Director.

5.0 Corporate Implications

5.1 Financial Implications

- 5.1.1 There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2014-15 budgets.

5.2 Legal Implications

- 5.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

5.3 Corporate Implications

- 5.3.1 Under the Local Code of Corporate Governance accepted by Cabinet on 8th December 2013, the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

6.0 Recommendations

- 6.1 That the report be received by Members.
- 6.2 That any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

Contact Officers:	Christine Parker, Head of the Audit Partnership, Ext. 7190
	Simon Webb, Deputy Head of Audit, Ext 7190
	Sue McGonigal, Chief Executive (s.151 Officer) Ext. 7002

Annex List

Annex 1	East Kent Audit Partnership Update Report – 24-09-2014
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Background Papers

Title	Details of where to access copy
<i>Internal Audit Annual Plan 2014-15</i>	Previously presented to and approved at the 20 th March 2014 Governance and Audit Committee meeting
<i>Internal Audit working papers</i>	Held by the East Kent Audit Partnership

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INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

1.0 INTRODUCTION AND BACKGROUND

1.1 This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2014.

2.0 SUMMARY OF REPORTS

	Service / Topic	Assurance level
2.1	Pest Control	Substantial
2.2	Anti-Money Laundering	Substantial
2.3	Procurement	Substantial
2.4	Printing and Post	Substantial
2.5	EKS - Debtors	Substantial
2.6	Land Charges	Substantial
2.7	Planning	Substantial/Reasonable
2.8	Contaminated Land, Pollution, Air and Water Quality	Reasonable
2.9	EKS - Employee Benefits-in-Kind	Reasonable
2.10	East Kent Housing – Rent Collection & Debt Management	Reasonable
2.11	Waste Vehicle Fleet Management	Reasonable/Limited
2.12	FOI, Data Protection and Information Management	Reasonable/Limited/ Limited
2.13	East Kent Housing – Tenant Health & Safety	Split Assurance

2.1 Pest Control – Substantial Assurance:

2.1.1 Audit Scope

Test to ensure the Council provides an efficient, economic and effective pest control service within the district.

2.1.2 Summary of Findings

The current pest control contract was awarded to Cannon Pest Control (for a four year period until 2016) in a joint procurement exercise with Dover and Shepway District Councils. Shepway District Council took the lead on the tendering process on behalf of the three authorities. Under the terms and conditions of the contract, there is no cost to the Council and the contractor is required to pay a concession fee to the

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Council if the income collected exceeds £35,000 per quarter, however, to date that income level has not been achieved.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- The Council undertakes regular and effective monitoring of the contract (including performance indicators) as well as meetings with the contractor and the other authorities included in the contract
- The pest control service is advertised via the Council website and at landlords' forums for the selective licensing area.

2.2 Anti-Money Laundering – Substantial Assurance:

2.2.1 Audit Scope

To ensure that the Council's obligations and responsibilities regarding money laundering are adequately discharged, specifically to do all we can to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

2.2.2 Summary of Findings

Money laundering is the term used for a number of offences involving the proceeds of crime and terrorist funds. The following acts constitute the act of money laundering:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland.
- Becoming concerned in an arrangement in which someone knowingly or suspects and facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- The Council's Anti-Money Laundering process is working well.
- The Council has a nominated Anti-Money laundering Officer.
- Appropriate arrangements are in place to ensure that all relevant staff within the Council are aware of the Policy, procedures, reporting arrangements and the action that needs to be taken if they identify anything suspicious.

2.3 Procurement – Substantial Assurance:

2.3.1 Audit Scope

To evaluate the progress of Procurement processes developed by the Council in relation to: business objectives and emerging new policies/changes and evolving legislation & resulting obligations, further development of the procurement framework including systems to meet the needs of the business.

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2.3.2 Summary of Findings

“Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves option appraisal and critical ‘make or buy’ decisions which may result in the provision of services in-house in appropriate circumstances.” From National Procurement Strategy 2003.

Thanet District Council has a diverse range of procurement requirements with its extensive coastline, Ramsgate Royal Harbour and many housing and regeneration projects. Procurements range from contracts for supplies and services to more complex arrangements such as partnerships, management agreements, joint commissioning with other public sector organisations and construction projects.

The primary findings giving rise to the Substantial Assurance opinion are as follows:

- The Council has a Procurement Strategy that is regularly reviewed and updated.
- The Strategic Procurement Manager ensures that the strategy and other policies are promoted within the Council, and also engages the local business community.
- Purchase Order Processing is utilised throughout the organisation and a system is in place to train new originators.
- Purchase cards are used by Council officers and there are effective systems in place to manage their use.
- The Council is making effective use of electronic systems in Procurement.

2.4 Printing and Post – Substantial Assurance:

2.4.1 Audit Scope

To ensure that the Council has established adequate systems of control governing printing, postage and photocopying expenditure, recharges and income.

2.4.2 Summary of Findings

The Mail Room offers a variety of services to the Council, including receiving mail and delivering internally, folding and enveloping large mail outs, franking post and ensuring it is handed to the Royal Mail the same evening.

The Print Room manages the Canon multi-functional devices (which have print, scanning and photocopying capability) located throughout the Council offices and also the production printers in the Print Room itself. They offer many services including black and white photocopying, colour photocopying, administration, troubleshooting and general maintenance of the Council's photocopiers, laminating, hot and wire binding of documents, cutting, collating and padding and general finishing, provision and set up of visual aids to specific requirements, and private printing and finishing service.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- The Mail Room has effective controls in place to deal with the post they receive and send.

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- They offer a scanning service and have effective controls in place to deal with the sensitive documents in a timely and effective manner.
- Confidential documents are kept secure.
- Both the Mail Room and the Print Room endeavour to keep costs low.
- External Printing work is undertaken to create income for the Council.

Minor scope for improvement was however identified in the following areas:

- The printing charges have not been reviewed for almost two years, and are reliant on usage from several years ago. This should be reviewed to improve accuracy.
- The user data on the uniflow print system needs cleansing following users transferring to EKDS usernames.

2.5 EKS Debtors – Substantial Assurance:

2.5.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner Councils and incorporate relevant internal controls.

2.5.2 Summary of Findings

EK Services manage the Debtors function at CCC, DDC and TDC. They are responsible for the collection of corporate debt on behalf of each council at the point the invoice is raised. The Customer Delivery Service Level Agreement has been approved by all of the partner authorities and is reviewed on an annual basis to ensure that it details the shared service programme and current delivery requirements.

In addition to the Service Level Agreement, an Income Management Policy has been created by EK Services and agreed by all of the partners. The policy refers to the collection of monies including Sundry Debtors and the power to recover monies due has been fully delegated to EK Services.

During April 2014 changes were made to the telephone system. Customers can contact their local council to discuss their overpayment/sundry debtor invoice and the call will be received into a central hub where any of the Corporate Income Team based at any location will be able to deal with their query.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- There is an Income Management Policy in place which provides clear guidance as to how the collection of corporate debt will be undertaken for all partner authorities.
- Where possible consistent procedures have been implemented to ensure the Corporate Income Team are generic and can deal with enquiries for all sites.
- Since the last audit in 2011/12 a considerable amount of work has been undertaken to ensure that the Corporate Income Team are a success.

Scope for improvement was however identified in the following areas:

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- There is a lack of information being recorded on all financial systems detailing the action taken on the invoices. This could be a key issue with the introduction of the new telephone system and dealing with enquiries from all sites.
- There is an inconsistent approach when dealing with write offs as well as a lack of information available regarding the recovery action which has been taken prior to the debt being approved for write off.

2.6 Land Charges – Substantial Assurance:

2.6.1 Audit Scope

Test to ensure that the Council provides an efficient and effective Land Charges function.

2.6.2 Summary of Findings

Local Land charges play an important part in the conveyancing process. It provides vital information for house purchasers such as:

- Planning
- Road Adoption
- Restrictions of use of the land.

Searches are received within the Land Charges Department from solicitors, estate agents and home information pack providers on behalf of house sellers and purchasers.

The Local Land Charges Department carries out all official searches covered by the Local Land Charges Act 1975, guaranteeing complete and comprehensive replies by the Council to the Official Certificate of Search (LLC1) and CON29 enquiries.

- Full searches are usually carried out within 10 working days.
- Personal search requests need to be booked at least 24 hours in advance, by telephone, subject to availability.

Individual CON29 search requests should include the appropriate payment and will usually be dealt with within 5 working days but subject to the constraints of other Agencies.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Items are only to be added to or deleted from the register where there is appropriate authority to do so and all additions and deletions from the register are supported by appropriate, authorised documentation.
- Fees charged are in accordance with approved rates.
- Fees and charges (and how they are calculated) are published annually in accordance with legislation
- Complete and accurate records are maintained of all transactions.
- The register and all supporting documents are protected against loss or unauthorised access.

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2.7 Planning – Substantial/Reasonable Assurance:

2.7.1 Audit Scope

Planning Applications – to ensure that planning application procedures, including those in respect of fees and collection of income are in accordance with Statute, and the organisation’s Standing Orders and Financial Regulations.

Section 106 Agreements – to ensure that S106 agreements are used where appropriate in planning applications and that all legal requirements are adhered to. All income/benefits from the agreement are received and conditions imposed are complied with to the benefit of the district.

2.7.2 Summary of Findings

The Council’s planning function is responsible for deciding whether a proposed development should be allowed. Most new buildings, major alterations to existing buildings and significant changes to the use of a building or piece of land need planning permission. Certain minor building works do not need planning permission as the effect on neighbours or the surrounding environment is minimal and in these instances they are classed as permitted development.

The following table details the total number of decided applications in the last three years:-

Year	Major applications	Minor applications	Other applications	Total applications
2011/12	44	230	617	891
2012/13	31	211	559	801
2013/14	44	259	598	901

Key performance indicators reported quarterly for the planning function show that the targets are consistently being met each quarter.

2013/14 quarter	Major apps processed within 13 weeks	Major apps processed within 13 weeks	Minor apps processed within 8 weeks	Minor apps processed within 8 weeks	Other apps processed within 8 weeks	Other apps processed within 8 weeks
	Target	Actual	Target	Actual	Target	Actual
1	60%	56%	65%	74%	80%	83%
2	60%	43%	65%	63%	80%	81%
3	60%	69%	65%	75%	80%	81%
4	60%	100%	65%	73%	80%	84%

Management can place:

- Reasonable Assurance on the system of internal controls in operation for the planning application function; and

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- Substantial Assurance on the system of internal controls in operation for monitoring the S106 and planning obligations and conditions.

The primary findings giving rise to this split assurance opinion are as follows:

- Planning files are being maintained in an orderly manner.
- The planning conditions/obligations are monitored to ensure that they are discharged correctly.
- S106 agreement conditions are monitored closely and there are procedures in place to ensure that the S106 funds are spent in accordance with the agreement.

Scope for improvement was however identified in the following areas:

- The site visit notes are not being recorded on the file or Acolaid.
- Details of site visits and when the site notice is put up are not being recorded on Acolaid.
- Notes are not being recorded on the file or on Acolaid to provide a complete audit trail.
- Delays on the decision making process are not being recorded on the file or Acolaid.
- Extensions of time are not being obtained, which is having a negative impact on the Council's performance figures.
- Acolaid is not being used to record the action taken.
- The reporting facility is antiquated and unsupported.

2.8 Contaminated Land, Pollution, Air and Water Quality – Reasonable Assurance:

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by the Council in the following areas of environmental protection:

- Air Quality Management and Air Quality Monitoring;
- Contaminated land;
- Polluting Industrial Processes (Pollution prevention and control regime); and
- Drinking Water.

2.8.2 Summary of Findings

The areas reviewed as part of this audit (Contaminated Land, Environmental Permitting and Air and Water Quality) carry out functions to ensure that land, air and water quality does not harm the quality of lives across the district. This is carried out by following legislation and having internal processes in place that assist officers in being able to meet these objectives.

The primary findings giving rise to the Reasonable/ Assurance opinion in this area are as follows:

- Established environmental permitting processes with good procedure notes and inspection routines have been established;
- Air quality monitoring and drinking water processes are in place; and
- Information is contained on the Council's Internet in respect of contaminated land, environmental permitting and air and water quality.

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Scope for improvement could be considered in the following areas:

- The Environmental Protection Manager should evaluate if the M3 system should be used in the future for recording the environmental permitting function or whether to continue with the current recording processes;
- The Environmental Protection Manager should ensure that resources are in place to deal with any major or complicated contaminated land issues without having an impact on the current service provision. (This could include investigating the use of another authorities Contaminated Land Officer if applicable).

2.9 Employee Benefits-in-Kind– Reasonable Assurance:

2.9.1 Audit Scope

To provide assurance that the correct regulatory requirements are being adhered to in relation to the benefits in kind that are being provided to the officers and members of the three partner councils.

2.9.2 Summary of Findings

Income Tax and Employees and Employers National Insurance are chargeable on employment income that includes:

- earnings – salary, wages, fees and other emoluments;
- amounts treated as earnings and;
- amounts which are not earnings but count as employment income (Benefits in Kind).

The payroll function as part of their role should ensure that where applicable dispensations for each Council are obtained that will help to reduce the level of reporting that is required to HMRC on an annual basis and also where applicable income tax and national insurance should be processed through the payroll system on appropriate benefits in kind.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- PAYE dispensations are in place but do need to be reviewed on a regular basis to ensure that all applicable dispensations have been applied for (as per the recent exercise carried out at Canterbury City Council).
- P11D information has been correctly submitted for 2012/13.
- Payroll processes are in place to ensure that payments made for car mileage are being processed correctly for income tax and national insurance.

Scope for improvement was identified in the following areas:-

- A regular timetable should be put in place to review the dispensations / agreements that are in place and ensure that they are still relevant and also to make sure that if any new applications need to be made to HMRC. (i.e. VDU eye tests or safety uniform).
- The Creditors sections need to be advised of the checking and reporting processes that need to be carried out to ensure that professional subscriptions

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are being processed correctly for employees. (This includes ensuring that the professional body is on the HMRC list 3 and what to do if the employee is reimbursed for paying the professional subscription)

- Any HMRC changes in the treatment of Elected Members car mileage should be fully investigated to ensure that the correct deductions are being taken from the payments or that the appropriate dispensation is in place or applied for.

2.10 East Kent Housing (Rent Collection & Debt Mgmt.) – Reasonable Assurance.

2.10.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the rent collection and recovery functions are carried out efficiently and effectively.

2.10.2 Summary of Findings

East Kent Housing collects the rent on behalf of the four East Kent authorities and is also responsible for the collection of arrears and former tenant arrears (not for Canterbury City Council). Below are figures taken from the 3rd quarter's performance report for 2013/14;

- The total current residential arrears for all four authorities is £1,066,961 against a target for the year of £1,009,471;
- The total former tenant arrears for three authorities (DDC, SDC and TDC) is £441,583 against a target for the year of £427,391; and
- The total number of evictions as at 31st December 2013 for rent arrears for all four authorities is 37.

Management can currently place Reasonable Assurance on the system of internal controls in operation with emerging evidence to support a Substantial assurance opinion in the future. The primary findings giving rise to this Reasonable Assurance opinion are as follows:

- Procedures for rent management and former tenant arrears are being followed by all staff within the Income Recovery team.
- Rent account statements are sent out to tenants every quarter.
- Pro-active efforts are in place to contact tenants before their arrears spiral out of control.
- Extensive reconciliation routines are in place for Canterbury, Shepway and Thanet; and
- Regular reporting of performance to Senior Management, Client Officers and tenants' area board meetings is implemented.

Scope for improvement was however identified in the following areas:

- Utilisation of scanning facilities for Dover and Shepway documentation;
- No longer using the in house rent refund request form at Shepway;
- Remove the need for a second manager to authorise documentation at Dover if it has already been approved by the Income Recovery Manager;
- Reduce the £1,000 limit at Dover for refunds that are checked with EK Services for outstanding debts;

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- The Administration team to take over the issuing of rent cards at Dover to free up additional time for the income recovery team to continue to chase for outstanding arrears; and
- Consider if a consistent approach to the preparation of legal documentation can be put in place. Ensuring that it complies with the Legal Services Act 2007.

2.11 Waste Vehicle Fleet Management - Reasonable/Limited Assurance

2.11.1 Audit Scope

In order to ensure that the Waste Management and Street Cleansing service is performed in an efficient and effective manner which safeguards Council assets and minimises the risks associated with the management of a large vehicle fleet the audit will provide assurance on the adequacy and effectiveness of the procedures and controls established surrounding the Council's Waste Management and Street Cleansing vehicle fleet, stocks of fuels and materials, and the management of the Manston Road depot.

2.11.2 Summary of Findings

The Manston Road depot is the main location for the Council's fleet of refuse and street cleansing vehicles, equipment and staff. Maintenance, fuelling facilities, stores and administrative support are located in offices and workshops on the site.

An assurance opinion of Reasonable has been concluded in respect of the adequacy and effectiveness of the procedures and controls established surrounding the Council's Waste Management and Street Cleansing vehicle fleet, stocks of fuels and materials, and the overall management of the Manston Road depot.

However, an assurance opinion of Limited has been concluded in respect of vehicle overloading.

The primary findings giving rise to the Reasonable Assurance opinion are as follows:

- Regular routine safety checks are being carried out on all vehicles on a specified basis and recorded using appropriate documentation.
- All requirements of the vehicle manufacturer's warranty conditions are being complied with.
- All replacement parts for vehicles are sourced from an approved supplier and comply with all warranty conditions.
- Fuel usage and price are monitored and compared with budgeted usage on a regular basis.
- Parts and materials are on the whole purchased in accordance with FPRs and CSOs where applicable, e.g. Tyres, Fuel and Oils, PPE. The exception to this being hire vehicles.
- The issuing of PPE is being suitably controlled and monitored with all PPE being held securely.

The primary findings giving rise to the Limited Assurance opinion are as follows:

- During the period 01/11/13 to 09/02/14, from a total of 1,686 trips undertaken by vehicles in the operational fleet to the weighbridge, 236 (14%) were overloaded.

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- After the implementation of revised procedures to monitor instances of vehicle overloading since 10/02/14 approximately 3% of trips are still over the vehicles approved weight.

2.12 FOI, Data Protection & Information Mgmt. – Reasonable/Limited/Reasonable Assurance:

2.12.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that:

- the Council fulfils its statutory obligations regarding requests for information from the public under the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004;
- the Council creates, holds, and maintains personal information about living individuals in accordance with the requirements of the Data Protection Act 1998 (DPA) and deals with subject access requests and information sharing requests in accordance with the Act; and
- the authenticity, reliability, integrity and usability of the council's records is adequately maintained.

2.12.2 Summary of Findings

For many years public authorities have responded to requests for information, however access legislation has changed the culture from a 'need to know' to a 'right to know'. Under the Freedom of Information (FOI) Act and Environmental Information Regulations (EIR) the Council is obliged to disclose information to the requester unless it can be argued by exemption or exception that to disclose information would not be in the best interest of the public. The Council has a statutory obligation to respond to FOI/EIR requests within twenty working days of the date of the initial request or the date of any clarification. With regard to requests for personal information (subject access requests) under the Data Protection Act (DPA), the Council must respond within forty working days. There is no charge for FOI requests unless the time taken to compile the information/response exceeds 18 hours of combined officer time. Subject access requests incur a fee of £10. Persistent non-compliance with the FOI Act/EIR can result in the Information Commissioner's Office (ICO) serving an enforcement notice on the Council. Breach of the Data Protection Act can carry fines of up to £500,000.

Freedom of Information (FOI) and Environmental Information Regulations (EIR)

From January 2013 through to December 2013, Thanet District Council received a total of 602 freedom of information requests and 73 environmental information regulation requests.

Management can place Reasonable Assurance on the system of internal controls in place for the operation of Freedom of Information and Environmental Information Regulation requests.

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The primary findings giving rise to this Reasonable Assurance opinion are as follows:

- Robust procedures are in place to record and monitor information requests;
- A publication scheme is available on the Council's website;
- Published information about FOI provides helpful advice about how to make a request;
- All requesters are informed of the right to an internal review or appeal to the ICO; and
- 81% of requests are answered within the 20 working day timescale

Scope for improvement was however identified in the following areas:

- The publication scheme is in need of review;
- The document 'disposal type' within Civica should be activated to allow file deletion;
- All questions in information requests need to be considered to avoid appeals;
- Provide a quicker response to requests for internal reviews;
- All staff to complete FOI e-learning. Only approximately 3% of staff have completed this thus far; and
- Set targets to respond to 100% of FOI requests within 20 working days.

Data Protection

From January 2013 through to December 2013, Thanet District Council received a total of 20 requests under the Data Protection Act, 7 of which were completed subject access requests.

Management can place Limited Assurance on the system of internal controls in operation.

The primary findings giving rise to this Limited Assurance opinion are as follows:

- Personal information cannot be deleted from Civica when it is no longer required;
- The inability to delete data from Civica is potentially a breach of the requirement of principle 5 of the Data Protection Act not to keep data for longer than is necessary.

Effective control was however evidenced in the following areas:

- Robust procedures are in place to record and monitor information requests;
- Published information about DPA provides helpful advice about how to make a request;
- The Council is registered with the ICO as a data processor;
- Approximately 60% of staff at Thanet District Council have completed DPA e-learning; and
- Departmental data sharing agreements have been evidenced.

Records Management

Management can place Reasonable Assurance on the system of internal controls in place for the operation of Records Management.

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The primary findings giving rise to this Reasonable Assurance opinion are as follows:

- Each service has adequately documented the information it holds together with associated retention periods;
- Guidance regarding the storage of information within Outlook is published on the staff intranet; and
- Services sampled are complying with retention schedules.

Scope for improvement was however identified in the following areas:

- The Information Management Strategy requires updating;
- The document disposal type within Civica should be activated;
- All retention schedules are out of date/in need of review; and
- Add version date to updated retention schedules.

2.13 East Kent Housing - Tenant Health & Safety:

2.13.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by East Kent Housing to ensure the safety of all residents in all properties for which they are responsible for is not compromised.

2.13.2 Summary of Findings

East Kent Housing (EKH) has been appointed by each of the councils in East Kent to undertake the management of all tenanted properties. Whilst EKH are responsible for the maintenance of the properties, the Law sets out that the Chief Executive of each Council remains ultimately accountable for the Health and Safety of tenants. From the testing completed during this review a number of the necessary systems of control surrounding fire safety and lift maintenance are currently absent. There is however evidence of compliance with the majority of the key controls surrounding Gas Safety and Asbestos Management which leads us to conclude an assurance level on each individual area, (rather than the system as a whole), as follows;

Area	Assurance
Gas safety	Substantial
Fire safety	Limited
Asbestos	Reasonable
Lifts	No
Legionella	Reasonable

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The primary findings giving rise to the audit opinions of Substantial assurance for Gas Safety and Reasonable assurance for Asbestos, and Legionella are as follows:

- All gas safety inspections are carried out by a Gas Safe registered contractor.
- Gas safety inspections are being completed prior to expiry.
- Asbestos registers are in place and are made available to contractors working at properties which are known to have asbestos present.
- Legionella temperature testing is undertaken at suitable intervals, however where it is identified that temperatures are outside of acceptable parameters, the remedial work is not always being completed in a reasonable timescale.

Significant scope for improvement was identified in the key areas of fire safety and lifts, and it is the following findings which result in a conclusion of Limited and No Assurance in these areas.

- The link between budget spend on Fire Prevention works and the actions identified in Fire Risk Assessments is not clear, the outstanding actions have not been monitored or reviewed for at least 3 years.
- Responsibilities in respect of the Responsible Person (Fire) are not clearly identified.
- Remedial work identified on risk assessments carried out in 2011 has not been completed.
- Registers detailing firefighting equipment, fire doors & fire detection systems are absent from all ten sites visited as part of this review.
- Eight fire extinguishers across six sites had not been serviced in accordance with BS 5306-3:2009.
- Dry risers in tower blocks in Thanet have not been inspected and tested in accordance with BS 5306-1.
- Personal Emergency Evacuation Plans (PEEPs) are out of date at the three sites inspected as part of this review.
- Remedial work identified on lift examination reports is not being carried out resulting in the same defects being evident on the next examination six months later, potentially breaching the law

2.13.3 Management Response.

We welcome the comprehensive and thorough review of health and safety in the audit report and most of the recommendations will help us deliver our commitment to ensure that our estates and tenants homes are safety places to live. The Board has taken a keen interest in developing a robust and consistent approach to health and safety and has appointed its own Health and Safety champion. The Board also conducts an annual review of Health and Safety as part of its Corporate Health meeting each July.

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A number of reports have been made to the Board on health and safety and as a result a number of improvements have already been made and a number of other actions were already in train at the time of the audit, including developing consistent policy and processes across all four districts. Similarly a number of changes were already being made in our approach to health and safety in sheltered housing scheme, for example the introduction of fire boxes and the roll out of personal Emergency Evacuation Plans. The implementation of the sheltered housing review later this year will ensure that a comprehensive, robust and consistent approach to health and safety in the sheltered housing schemes is achieved.

The timing of the audit, during a time at which the independent fire safety assessments were being carried out was unfortunate as it gave rise to findings and recommendations that would no doubt have been addressed had the risk assessment process been complete. Nevertheless the findings especially around quality control procedures have proved to be helpful. A number of recommendations, some classified as High in fire safety are not consistent with the requirements of the Regulatory Reform Order.

While we accept that there was a key failing in lift safety in respect of the LOLER reports, an oversight caused by the transition to an online service, there are corresponding safeguards and checks in place through existing maintenance and service contracts which significantly mitigate the potential risks and we believe that no assurance in this area is a harsh judgement. Given the potential risk and no assurance but the relative ease which the weakness can be addressed we would welcome an early re-assessment of this aspect of the audit.

The audit process has been appropriately challenging and the subsequent dialogue with the audit team has been positive and constructive. We are confident that the findings and the implementation of the recommendations will result in a very strong approach to the health and safety of tenants in the future.

3.0. **FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

- 3.1 As part of the period's work, six follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
a)	Public Health Burials	Limited	Reasonable	H	5	H	0
				M	2	M	0
				L	0	L	0
b)	Environmental Protection Complaints	Reasonable	Substantial	H	0	H	0
				M	2	M	2
				L	0	L	0

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Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
c)	Cemeteries and Crematoria	Substantial	Substantial	H	0	H	0
				M	1	M	0
				L	3	L	1
d)	EKS – ICT Software Licences	Limited	Limited	H	4	H	4
				M	1	M	1
				L	1	L	1
e)	Homelessness	Substantial/ Limited	Substantial	H	1	H	0
				M	0	M	0
				L	0	L	0
f)	EKS - Business Rates	Reasonable	Reasonable	H	4	H	0
				M	0	M	0
				L	0	L	0

- 3.2 Details of any individual High priority recommendations outstanding after follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

a) EKS – ICT Software Licences

The follow up review of EK Services – ICT Software Licensing has found that no significant progress has been made implementing the recommendations due to an ongoing issue with the supplier of the required system.

- 3.4 After the follow-up review has been completed by the East Kent Audit Partnership any recommendations which remain outstanding are tracked through the Council's Policy & Business Planning team, via quarterly reminders, with an expectation that progress reports will be provided quarterly for all high priority matters. If the recommendations remain outstanding the tracking and reminders will continue for three years, which is the usual period between programmed internal audits. The current numbers involved and progress towards achieving currently outstanding recommendations is as follows:

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Service/ Topic		Assurance level	No of Recs. Outstanding	
a)	HRA Business Plan – 2009/10	Substantial	H M L	1 0 0
b)	Your Leisure – 2012/13	Substantial Limited Limited	H M L	1 1 0
c)	Business Continuity and Emergency Planning – 2012/13	Reasonable	H M L	0 1 1
d)	Telephones, Mobiles and Utilities – 2013/14	Substantial	H M L	0 1 0
e)	Officer Code of Conduct and Prevention of Fraud & Corruption – 2013/14	Substantial	H M L	0 2 1
f)	Let Properties and Concessions – 2012-13	Reasonable	H M L	1 1 0
g)	Museums – 2012-13	Reasonable /Limited	H M L	3 3 0
h)	Partnerships and Shared Service Monitoring – 2012-13	Reasonable	H M L	0 1 0

4.0 WORK-IN-PROGRESS:

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Leasehold Services, Equality and Diversity, Licensing, Tenant Health & Safety, Overtime, Receipt and Opening of Tenders, Sports Development and Footprints in the Sand, Payroll, and Tackling Tenancy Fraud.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2013-14 internal audit plan was agreed by Members at the meeting of this Committee on 20th March 2014.

5.2 The Head of the Audit Partnership meets on a monthly basis with the Section 151 Officer or their nominated representative to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

6.0 FRAUD AND CORRUPTION:

There are no known instances of fraud or corruption to bring to Members attention at the present time.

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7.0 UNPLANNED WORK:

There was no new unplanned work arising during the period quarter to bring to Members attention at the present time.

8.0 INTERNAL AUDIT PERFORMANCE

- 8.1 For the three month period to 30th June 2014, 65.2 chargeable days were delivered against the planned target of 300 days which equates to 21.73% plan completion.
- 8.2 The financial performance of the EKAP is on target at the present time.
- 8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures. The performance against each of these indicators for 2013-14 is attached as Appendix 5.
- 8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Appendix 4.

Attachments

- Appendix 1 Summary of High priority recommendations outstanding after follow-up.
Appendix 2 Summary of services with Limited / No Assurances
Appendix 3 Progress to 30th June 2014 against the agreed 2014-15 Audit Plan.
Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30th June 2014.
Appendix 5 Assurance statements

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>EKS – ICT Software Licences (July 2014)</i>		
<p>Recommendation 1</p> <p>The process for purchasing, installing and uninstalling software should be redesigned and communicated to all staff involved in the process. The new process should ensure that once a technician has installed any new software or uninstalled any redundant software that information is documented regarding the serial number, security access key and asset number of the computer where the software has been installed or uninstalled is reported back to the Business Support Team before closing the call.</p>	<p>Agreed Management Action</p> <p>a) EK Services are investigating the use of a central SAM system, which will consider the management of all software licences.</p> <p>b) EK Services have planned the implementation of ITIL change control processes, which will incorporate procedures to undertake when managing software installations.</p> <p>Responsibility / Completion Date</p> <p>Head of ICT / 2014.</p>	<p>Follow Up Findings as at 16th July 2014</p> <p>EK Services intend to purchase and install new SAM software in 2015/16. Once implemented this should address all of the issues raised by Internal Audit.</p> <p>Action has been taken by EK Services to reduce the impact and likelihood of the risks identified. As mentioned EK Services have taken the following steps to reduce the risk and improve its position in terms of managing its licenses. These include: -</p> <ol style="list-style-type: none"> 1) Completed an Oracle licensing review for all partners to establish the effective licensing position; 2) Completed a Microsoft requested review of Microsoft Licensing at Canterbury City Council to establish the effective licensing position; 3) The roll-out of new equipment (157 laptops & 42 desktops) at Dover District Council has improved the licensing position at Dover District Council;

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
		<p>4) The roll-out of new equipment (242 laptops & 54 desktops) at Canterbury City Council and has improved the licensing position at Canterbury City Council;</p> <p>5) The roll-out of new equipment (250 laptops & 26 desktops) at Thanet District Council and has improved the licensing position at Thanet District Council;</p> <p>6) The roll-out of new equipment (411 smart devices) to all partners</p> <p>7) Increased knowledge of licensing requirements and controls required.</p> <p>Conclusion This recommendation remains outstanding and will be escalated to the Audit Committees at Dover, Canterbury and Thanet.</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<p>Recommendation 2 Work should be carried out prior to 2014 to ensure that; all software installed across all three Councils is established and recorded in an appropriate register (or three separate registers). Information should be collected to include: -</p> <ul style="list-style-type: none"> a) a description / title of software / license type (free and open source, proprietary or concurrent. b) the Council to which the software belongs c) date of procurement d) number of licences held e) number of authorised users f) expiry date of licence if applicable g) any restrictions on use h) details of PCs / laptops on which the software is installed i) software licence key code number j) location of software licensed disks and receipts / boxes k) Name of officer installing software 	<p>Agreed Management Action EK Services are investigating the use of a central SAM system, which will consider the management of all software licences. Due to the size of the task EK Services cannot complete this before 2014 but the recommendations contained within the audit report will be addressed as part of this process.</p> <p>Responsibility / Completion Date 2014, Head of ICT</p>	<p>Please see update for rec 1 Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<p>Recommendation 3 The Business Support Team should gain full access to; and responsibility for maintaining the new Software Register or Software Registers as soon as they are correct and up to date.</p> <p>This will allow the Business Support Team who is currently responsible for purchasing software to control and update the central register of software and software licenses with accurate and timely information.</p>	<p>Agreed Management Action EK Services are investigating the use of a central SAM system, which will consider the management of all software licences. Responsibility for maintaining the software registers will be decided once a central SAM system has been implemented.</p> <p>Responsibility / Completion Date 2013, Head of ICT</p>	<p>Please see update for rec 2 Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</p>
<p>Recommendation 4 A full reconciliation of software currently being used, against licences held should be carried out using a TRACK IT (if the functionality can be resolved) or a suitable alternative Software Asset Management Tool SAM.</p> <p>This should be undertaken to ascertain what software is currently being used across all three Councils. This will assist management to gather information to help produce an appropriate software asset register or registers for each Council.</p>	<p>Agreed Management Action EK Services are investigating the use of a central SAM system, which will consider the management of all software licences.</p> <p>Responsibility / Completion Date 2013, Head of ICT</p>	<p>Please see update for rec 1 Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 2

Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
Absence Management	June 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	As part of a planned audit in 2014-15
EK Services – Change Control	June 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Autumn 2014/15
Waste Vehicle Fleet Management.	September 2014	Reasonable/Limited	On-going management action in progress to remedy the weaknesses identified.	Winter 2014
FOI, Data Protection and Information Management	September 2014	Reasonable/Limited/ Limited	On-going management action in progress to remedy the weaknesses identified.	Winter 2014

PROGRESS TO DATE AGAINST THE AGREED 2014-15 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2014	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking and Enforcement	10	10	0	Quarter 3
Creditors and CIS	8	8	0	Quarter 3
Income	10	10	0	Quarter 3
Insurance and Inventories of Portable Assets	10	10	0	Quarter 3
RESIDUAL HOUSING SERVICES:				
Right to Buy	8	8	0	Quarter 4
HRA Business Plan	10	10	0.17	Work-in-Progress
GOVERNANCE RELATED:				
Fraud Prevention	10	10	0	Quarter 3
Anti-Money Laundering	6	6	5.83	Finalised – Substantial
Complaints Monitoring	10	10	0.17	Quarter 3
Scheme of Officer Delegations	7	7	0	Quarter 4
Corporate Advice/SMT	2	2	1.28	Work-in-progress throughout 2014-15
s.151 Officer Meetings and Support	9	9	2.62	Work-in-progress throughout 2014-15
Governance & Audit Committee Meetings and Report Preparation	12	12	4.23	Work-in-progress throughout 2014-15
2015-16 Audit Plan and Preparation Meetings	9	9	0.41	Work-in-progress
CONTRACT RELATED:				
Receipt and Opening of Tenders	6	6	0.81	Work-in-progress
SERVICE LEVEL:				
Community Safety	10	10	0	Quarter 3
CCTV	10	10	0	Quarter 4
Dog Warden, Street Scene and Litter Enforcement	10	10	0	Quarter 4
Equality and Diversity	10	10	0.26	Work-in-Progress
Airport and Port Health	10	0	0	Delete and replace with overtime review

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2014	Status and Assurance Level
Pest Control	10	10	6.01	Finalised – Substantial
Contaminated Land, Pollution, Air and Water Quality	8	8	8.18	Finalised – Reasonable
Dalby Square and Housing Intervention Grants	10	10	0	Quarter 4
Land Charges	8	8	4.11	Finalised – Substantial
Licensing	10	10	0.24	Work-in-progress
Printing and Post	5	5	0.24	Finalised - Substantial
Your Leisure	10	10	0	Quarter 4
Sports Development and Footprints in the Sand	8	8	0.24	Work-in-progress
Waste Vehicle Fleet Management	12	12	11.34	Finalised – Reasonable/Limited
Garden Waste Income	5	5	0	Quarter 4
OTHER :				
Liaison With External Auditors	2	2	0.38	Work-in-progress throughout 2014-15
Follow-up Reviews	15	15	5.71	Work-in-progress throughout 2014-15
UNPLANNED WORK:				
Overtime Review	0	10	0	Work-in-progress
FINALISATION OF 2013-14 AUDITS:				
Days under delivered in 2013-14	0	20.31	0	Completed
Procurement	5	5	10.65	Finalised - Substantial
Planning			8.59	Finalised – Substantial/Reasonable
Tackling Tenancy Fraud			2.64	Work-in-progress
Budgetary Control			0.58	Finalised - Substantial
Payroll			1.72	Work-in-progress
Employee Benefits-in-Kind			0.94	Finalised – Reasonable
FOI, Data Protection and Information Management.			8.08	Finalised - Reasonable/Limited/ Reasonable
EK HUMAN RESOURCES:				
Absence Management	5	5	0.08	Work-in-progress
Payroll	5	5	0	Quarter 3

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2014	Status and Assurance Level
Employee Allowances and Expenses	5	5	0	Quarter 3
TOTAL - THANET DISTRICT COUNCIL RESIDUAL DAYS	300	320.31	85.54	27% Complete as at 30-06-2014
UNPLANNED ADDITIONAL WORK				
Interreg Grant – Maritime (Yacht Valley)	4	4	0.95	Work-in-progress throughout 2014-15
Interreg Grant – LOPINOD	4	4	0.07	Work-in-progress throughout 2014-15
Interreg Grant – PAC2	4	4	2.77	Work-in-progress throughout 2014-15

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2014	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	8	8.5	1.5	Work-in-Progress throughout 2014-15
Finance & ICT Systems	10	0	0	Postpone until 2015-16
Tenant Health & Safety	17	30	24.16	Finalised – Split Assurance
Void Property Management.	15	18	0	Quarter 4
Sheltered Housing	30	0	0	Postpone until 2015-16
Finalisation of 2013-14 Audits:				
Leasehold Services	0	21	20.11	Work-in-progress
Rent Collection and Debt Management	0	2.5	2.36	Finalised - Reasonable
Days under delivered in 2013-14	0	0	-0.32	Completed
Total	80	80	47.81	60% at 30-06-2014
Additional Days purchased with saving from 2013-14				
Additional Days purchased with saving from 2013-14	0	8.1	0	Allocated to Leasehold Services Audit

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2014	Status and Assurance Level
Planned Work:				
Housing Benefits Admin & Assessment	15	15	0.10	Work-in-progress
Housing Benefits Payments	15	15	1.72	Work in progress
Council Tax	30	30	0	Work in progress
Customer Services	15	15	0	Work in progress
ICT File Controls / Data Protection / Back ups	12	12	0	Work in progress
ICT Internet & Email	12	12	10.80	Work in progress
ICT Physical & Environment	12	12	0.20	Work in progress
Corporate/Committee/follow-up	9	9	2.81	Work-in-progress throughout 2014-15
DDC / TDC HB reviews	40	40	0.96	Ongoing
Finalisation of 2013-14 audits:				
Housing Benefit Verification	0	15.15	1.08	Work in progress
2013/14 reviews to be completed	0	16	12.88	Work in progress
Total	160	191.15	30.55	16% Complete as at 30-06-2014

BALANCED SCORECARD – QUARTER 1

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	84%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 		£312.86
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs (Under EKAP management) 		£392,980
CCC	25%	25%	<ul style="list-style-type: none"> • Indirect Costs (Recharges from Host) 		£19,990
DDC	29%	25%	<ul style="list-style-type: none"> • ‘Unplanned Income’ 		Zero
SDC	29%	25%	<ul style="list-style-type: none"> • Total EKAP cost 		£412,970
TDC	27%	25%			
EKS	16%	25%			
EKH	60%	25%			
Overall	28%	25%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	19	-			
<ul style="list-style-type: none"> • Not yet due 	25	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	27	-			
Compliance with the PIAS for Internal Audit Standards	Partial	Full			

BALANCED SCORECARD – QUARTER 1

<u>CUSTOMER PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 1				
Number of Satisfaction Questionnaires Issued;	26		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	8 =31%		Percentage of staff holding a relevant higher level qualification	43%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	25%	13%
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner 	100%	100%	Number of days technical training per FTE	1.94	3.5
<ul style="list-style-type: none"> • The audit report was 'Good' or better 	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%
<ul style="list-style-type: none"> • That the audit was worthwhile. 	100%	100%			



Appendix 5

AUDIT ASSURANCE

Definition of Audit Assurance Statements

Substantial Assurance

From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

Reasonable Assurance

From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

Limited Assurance

From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

No Assurance

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

ANNUAL GOVERNANCE STATEMENT 2013/2014

To: **Governance and Audit Committee – 24 September 2014**

Main Portfolio Area: **Operational Services**

By: **Maritime Services Manager**

Classification: **Unrestricted**

Summary: **To provide Governance and Audit Committee with the Annual Governance Statement 2013/14 for approval.**

For Decision

1.0 Introduction and Background

- 1.1 The Accounts and Audit Regulations 2003 (amended 2006) introduced the requirement for a Statement on Internal Control (SIC) to be prepared by local government bodies from the financial year 2003/2004.
- 1.2 From 2007/2008 this process changed and the council was required to prepare an Annual Governance Statement (AGS) which must be included within the Financial Statement and should be signed by the Leader and Chief Executive.
- 1.3 The Accounts and Audit (England) Regulations 2011 were published, and applied from the financial year 2010/2011. The changes to the regulations meant that the AGS should accompany the Statement of Accounts and does not need to be included within the body of this document. This meant that the AGS is separate from the accounts for the purpose of external audit.
- 1.4 The other change was to the approval process and timeframe. Governance and Audit Committee consider the draft AGS and assurance gathering process in June. The AGS is then audited and Members made aware of the findings of the audit, which enables Governance and Audit Committee Members to make an informed decision when approving the AGS in September.

2.0 The Current Situation

- 2.1 The Annual Governance Statement, which is attached at **Annex 1**, should reflect the corporate governance environment of the council as detailed in the adopted Local Code of Corporate Governance. In essence, the AGS is the formal statement that recognises, records and publishes the council's governance arrangements.
- 2.2 The AGS is a key corporate document, and the Leader and Chief Executive have joint responsibility as signatories for its accuracy and completeness. In order to ensure that the AGS accurately reflects our Governance Framework, a number of sources of assurance were gathered to feed into the preparation of the document (see Annex 1 section 3). Following the approval process it will be formally signed as required.
- 2.3 The Draft AGS came before the Governance and Audit Committee on the 25 June 2014, and was agreed with no recommended changes. This was then provided to our External Auditors Grant Thornton for them to audit.

2.4 An action plan for the 'significant governance issues' identified has been prepared which is attached at **Annex 2**. Following approval of the AGS this action plan will be entered into the performance management system and reported back to this Committee on a regular basis.

3.0 External Audit

3.1 Grant Thornton had an opportunity to audit the Draft AGS and their findings were reported to the Maritime Services Manager. Amendments to the AGS have been made at section 9.2 and are shown as track changes on the attached document.

4.0 Options

4.1 That Members approve the Annual Governance Statement 2013/2014 and associated action plan.

4.2 That Members do not approve the Annual Governance Statement 2013/2014. This is not recommended as the AGS reinforces the council's governance arrangements.

5.0 Corporate Implications

5.1 Financial

5.1.1 There are no financial implications arising directly from this report.

5.2 Legal

5.2.1 The Accounts and Audit Regulations and other accounting guidance requires the council to follow prescribed formats in the completion of the Annual Governance Statement.

5.3 Corporate

5.3.1 The Annual Governance Statement is a corporate document and as such should be owned by all senior officers and members of the authority.

5.4 Equity and Equalities

5.4.1 There are no equity or equalities issues arising from this report.

5.5 Risks

5.5.1 Failure to approve the AGS will diminish the council's governance arrangements.

6.0 Recommendation

6.1 That Members approve the Annual Governance Statement for 2013/2014 and associated action plan.

7.0 Decision Making Process

7.1 This recommendation does not involve the making of a key decision.

7.2 This recommendation is within the Council's Budgetary and Policy Framework and the decision may be taken by the Governance and Audit Committee.

Contact Officer:	Nikki Morris, Maritime Services Manager, DDI 01843 572106
Reporting to:	Robert Brown, Maritime Operations Manager and Harbour Master, DDI 01843 572105

Annex List

Annex 1	Annual Governance Statement for 2013/2014
Annex 2	Annual Governance Statement 2013/2014 action plan

Background Papers

Title	Details of where to access copy
Completed assurance statements	Through the Maritime Services Manager
Governance Framework and Local Code of Corporate Governance	Through Internet / TOM & Members Portal

Corporate Consultation Undertaken

Legal	Steven Boyle, Interim Legal Services Manager and Monitoring Officer
Finance	Matthew Sanham, Finance Manager (Service Support)
Communications	Hannah Thorpe, PR and Publicity Manager

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Annual Governance Statement 2013/14

1.0 SCOPE OF RESPONSIBILITY

- 1.1 Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Thanet District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.
- 1.3 Thanet District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has 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 in relation to the publication of an Annual Governance Statement.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Thanet District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

3.0 METHODOLOGY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT

- 3.1 The Annual Governance Statement is prepared using a method similar to that used in previous years, including:
 - Managers providing an assurance statement as to the extent and quality of internal control arrangements operating within their departments for the year. The declaration covers a comprehensive list of those systems and procedures which deliver good governance. Managers are asked to declare any weaknesses in their governance arrangements.
 - Directors / Service Managers reviewing the results of those declarations, identifying those issues which are significant or which are common to more than one area and discussing the outcomes with the Portfolio Holder with responsibility for each service area.
 - Assurance statements from the Section 151 Officer, Monitoring Officer and the following key areas: performance management, procurement and risk management identifying any governance issues that have arisen and should be addressed in the forthcoming year.
 - Statements from the shared service partners we work with on compliance with the governance arrangements in place.

- Reviewing the annual reports from Governance and Audit Committee and Overview and Scrutiny Panel.
- Considering the Internal Audit Annual Report and the Section 151 Officer's report on the effectiveness of the internal audit arrangements in place.
- The council's Governance and Audit Committee considers the draft Annual Governance Statement in June and is afforded the opportunity to give its input to the statement and to consider whether it accurately reflects the council's control environment.
- The Governance and Audit Committee approves the Annual Governance Statement in September and it is signed off by the Chief Executive / Section 151 Officer and Leader of the Council.

4.0 THE GOVERNANCE FRAMEWORK

4.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements, which are set out below.

4.1.1 There is a clear vision of the council's purpose and intended outcomes for citizens and service users that is clearly communicated.

- The Vision for Thanet was adopted by Council in July 2009. This document sets out the future plans for what Thanet will look and be like in 2030. It was consulted on widely with staff and members, the residents' panel, partners and stakeholders.
- The council identified and communicated its aims and ambitions for Thanet in April 2012 for the next four years when a new Corporate Plan was approved. The plan contains eleven priorities which are supported by operational plans.

4.1.2 Arrangements are in place to review the council's vision and its implications for the council's governance arrangements.

- The Corporate Plan will be reviewed annually to take into account progress against the priorities and outcomes of the annual budget setting process. Each review will evaluate and determine if there are any implications for the council's governance arrangements with appropriate amendments being made as necessary.

4.1.3 Arrangements exist for measuring the quality of services, ensuring they are delivered in accordance with the council's objectives and that they represent the best use of resources.

- Performance progress is tracked through monthly monitoring of key performance indicators, service tasks and projects. Progress against the council's Corporate Plan is reported quarterly to Cabinet. Additionally, monthly service reports summarise all key projects, tasks and performance measures specific to each service. The performance framework is operated on Inphase™, a performance management system.
- The Council's data quality framework sets out the Council's requirement that any data used by the authority should be fit for purpose. Fitness for purpose of performance data is assured through the following activity:
 - Challenge of measure definition when new indicators are identified through service planning;
 - Set up of measures at denominator and numerator level to ensure that calculations are not carried out manually;
 - Calculation checking through the data entry process;
 - Manager review of data entered by staff;
 - Training provided to managers and staff on how to use the data entry and reporting system;
 - Challenge through the target setting process;
 - Challenge through monthly monitoring of performance data;
 - Advice and support provided to staff and managers as requested on the capture and use of management data.

- 4.1.4 The roles and responsibilities of the executive, non-executive, scrutiny and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.
- Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.
- 4.1.5 Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.
- Codes of conduct defining the standards of behaviour for members and staff have been developed and communicated and are available on the council's website and intranet site, Thanet Online Matters (TOM). These include Members' Code of Conduct, Code of Conduct for Staff, Anti-fraud and Corruption Policy, member and officer protocols and regular performance appraisals linked to service and corporate objectives.
- 4.1.6 Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.
- The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Anti-Bribery Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.
 - Contract Standing Orders set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means in Thanet and details the supporting framework. This Strategy is underpinned by the Procurement Code of Practice which is a step-by-step guide for all purchasing activities providing information, advice and guidance for officers responsible for spending the council's money.
 - A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy and Process documents are reviewed on an annual basis and approved by the Governance and Audit Committee.
- 4.1.7 The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The council's financial management arrangements conform to CIPFA standards. The Chief Executive (Section 151 Officer) has statutory responsibility for the proper management of the council's finances and is the chair of the Senior Management Team (SMT). The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation for Financial Authority and Accountability. Directors / service managers further devolve decision making to managers and business unit managers through departmental schemes of management.
 - The Financial Services Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services

Team ensures segregation of duties and all committee reports are reviewed by the appropriate Financial Services staff.

- The internal audit function is an independent appraisal process and is provided by the East Kent Audit Partnership, who have direct access to members. They undertake reviews which provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems. They give sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the internal auditors perform a wide range of reviews covering both financial matters and other more service / output specific objectives, including value for money assessments. The conclusion is a report that is produced for management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

4.1.8 The core functions of an audit committee are undertaken.

- The role of the Governance and Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising nine council members independent of the executive which oversees the internal audit function and considers all relevant reports of the external auditor.
- The terms of reference for the Governance and Audit Committee are prepared in line with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and are reviewed annually whilst undertaking the self-assessment into the committee's effectiveness and achievements against its terms of reference.

4.1.9 Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The council has in place a Monitoring Officer and Deputy Monitoring Officer. The Monitoring Officer has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by members are supported by a legal assessment provided by the appropriate officer.
- The council has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of the council and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

4.1.10 Arrangements for whistleblowing and for receiving and investigating complaints from the public are in place and well publicised.

- The council has in place a Whistleblowing Code whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. The Whistleblowing Code was approved by Governance and Audit Committee, as part of the council's Anti-Fraud and Corruption Policy. The Code is available on the website and is also proactively communicated to those contracting with the council.
- Thanet District Council wants to provide the best service it can to the community and has a Customer Feedback process in place, which includes complaints, compliments, service requests, member contact and comments. Service improvements take place as a direct result of customer feedback received and are published on the council's website and Members' Portal.

4.1.11 Arrangements exist for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- Member Briefing sessions are programmed on a quarterly basis to ensure that members are properly equipped to effectively fulfil their responsibilities in the governance of the council's operations.

- As part of the annual appraisal process, training and development needs of staff are identified and a development plan is drawn up to meet those needs.
 - The council has developed a culture change programme, which is supported by all of the SMT. This programme will enable a greater focus on organisational development, service development and performance management.
- 4.1.12 Clear channels of communication with all sections of the community and other stakeholders are in place, ensuring accountability and encouraging open consultation.
- The council has increased the level of community input into its decision making processes by increasing the number and variety of opportunities made available to the community. This includes online conversations and feedback as well as focus groups, workshops and the more traditional methods such as postal questionnaires. A greater emphasis is being placed on online consultation and social media.
 - The council has a well-established and effective consultation function which includes a wide range of consultation methods to ensure that as many groups and individuals as possible are able to participate. Before undertaking any consultation or communication, action plans are completed to detail exactly how key groups will be targeted. The council delivers an extensive programme of consultations throughout the year.
 - The council also regularly communicates and consults with residents online via the council website, through social media such as Twitter and Facebook, through local press, via secondary and primary schools, through local forums and organisations.
- 4.1.13 Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements.
- Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

5.0 REVIEW OF EFFECTIVENESS

- 5.1 Thanet District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by our External Auditors and other review agencies and inspectorates.
- 5.2 The process that has been applied by the council in maintaining and reviewing the effectiveness of the governance framework, includes the following:
- 5.2.1 The Authority
- The Council comprises 56 Members and, as a whole, takes decisions on budget and policy framework items as defined by the Constitution.
- 5.2.2 The Cabinet
- The Cabinet is responsible for the majority of the functions of the authority, within the budget and policy framework set by Full Council. Executive decisions can be taken by the Cabinet and Cabinet Members acting under delegated powers, depending upon the significance of the decision being made.
 - The Forward Plan lists the key decisions to be taken by Cabinet over the forthcoming four months. The plan is updated around the middle of each month to take effect from the 1st of the following month.

5.2.3 The Governance and Audit Committee

- The council has an established Governance and Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

5.2.4 The Overview and Scrutiny Panel

- The Overview and Scrutiny Panel consists of 16 non-executive members and is appointed on a proportional basis, with political groups represented in the same proportion as on Full Council. It does not have any decision-making powers, but monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district (both member and officer).

5.2.5 The Standards Committee

- The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct and for monitoring the operation of the Code.

5.2.6 The Chief Financial Officer

- The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

5.2.7 The Monitoring Officer

- The Monitoring Officer has a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

5.2.8 The Internal Audit function

- The internal audit function is undertaken by the East Kent Audit Partnership, which provides this service to not only Thanet District Council but also Dover and Shepway District Councils, and Canterbury City Council. Internal audit is an independent appraisal function, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems.

5.2.9 Management and officers

- The council's internal management processes are reviewed regularly and any changes or updates are communicated through the Managers' forum and staff development sessions, and any management training that is undertaken.

6.0 INTERNAL AUDIT STATEMENT

6.1 During 2013/14 the Internal Auditors completed 288.70 days of review, which was spent undertaking 25 audits. Of these nine were assessed as being able to offer substantial levels of assurance; six reasonable assurance and three limited assurance. There were seven audits at work in progress stage at year-end. Taken together 83% of the reviews accounted for substantial or reasonable assurance, whilst 17% of reviews placed a limited or partially no assurance to management on the system of internal control in operation at the time of the review.

6.2 Additional work outside of these percentages includes work in progress at the year-end or work not giving rise to an assurance. Where appropriate, the audit report provides management with a set of recommendations that are designed to address weaknesses in the system of internal control. The outcomes of these internal audit reviews are reported to the Governance and Audit Committee on a quarterly basis, giving members an opportunity to understand the council's compliance with key controls and to discuss any areas of concern with the Auditors.

- 6.3 The council has very high levels of assurance in respect of all of its main financial systems and the majority of its governance arrangements. Almost all of the main financial systems, which feed into the production of the council's financial statements, have achieved a substantial assurance level following audit reviews. The council can therefore be very assured in these areas.
- 6.4 The areas where improvement is required and which are considered to be the primary areas of concern arising from partial limited assurances:
- Homelessness
 - Maritime – Ramsgate Marina
 - Public Health Burials
 - Your Leisure
 - Museums
 - Data Protection
 - Dog Warden & Litter Enforcement
- 6.5 The areas of concern identified above are being addressed through the recommendations contained within each report. Each of these areas is due to be followed up early in the 2014-15 plan of work. Consequently there is nothing of significant concern that needs to be escalated at this time. After follow up, any outstanding actions will be monitored through the Inphase system.

7.0 ACTIONS UNDERTAKEN DURING 2013/14

- 7.1 Throughout 2013/14 managers within the council have met on a regular basis through the Managers Forum, and updates to the following corporate processes, strategies or policies have been communicated, which are then shared with all staff through Staff Briefing Sessions:
- Managing persistent complainants
 - Regulation of Investigatory Powers Act (RIPA)
 - Freedom of Information requests
 - Roadmap for Change
 - Risk Register and Annual Governance Statement action plan
 - Performance Indicator target setting
 - Health and Safety Policies
 - Reviewed complaints process
 - Policy Updates
 - Local Government Ombudsmen update
 - Pay for contribution
 - Draft Internal Audit Plan 2014/15
 - Data Transparency
 - Year end reporting process and Service Planning process
- 7.2 The Managers' Forum have also considered the following service specific areas:
- Updated recycling policies
 - Transport Strategy
 - Local Plan
 - Individual Elector registration
 - Community Safety team
 - Tidal surge occurrence outcome
 - Environmental Protection Enforcement policy
 - Mindspace
 - South East Local Enterprise Partnership
 - Corporate Communications planning and budget consultation results
 - Enforcement Policy and Guidance for Housing Regeneration
- 7.3 Workshops on the following areas have also taken place through the Managers' Forum:
- Senior Management Team and Managers Charter
 - Empowerment
 - Corporate Risk Register workshop

- 7.4 The following corporate processes, strategy or policy documents were considered and approved by the Governance and Audit Committee:
- Museums process document
 - Internal Audit annual report
 - External Audit Plan 2012/13
 - Audit Fee letter 2013/14
 - Annual Governance Statement 2012/13
 - Annual Governance Statement action plan
 - Corporate Risk Register
 - Data Quality and Performance Management Frameworks
 - Audit Findings report and Financial Resilience report
 - Grant Certification Plan 2012/13
 - Final Statement of Accounts
 - Revision to Financial Procedure Rules
 - Food Standards Agency audit update
 - Governance Framework and Local Code of Corporate Governance
 - Risk Management Strategy and Process
 - CIPFA Code of Practice on Treasury Management (2011 Edition)
 - Treasury Management Strategy Statement and Annual Investment Strategy
 - Annual Investment Strategy for 2014/15
 - Annual Audit Letter
 - Review of the effectiveness of the Governance and Audit Committee and Annual Report
 - Internal Audit Self-Assessment
 - Review of the effectiveness of the council's Internal Audit Arrangements 2013/14
 - External Audit Plan 2013/14
 - Internal Audit Plan 2014/15
- 7.5 Cabinet considered and approved the following corporate or service related strategy or policy documents:
- Waste Management Policies
 - Thanet Community Safety Plan for 2013/14
 - Air Quality Action Plan 2013
 - Corporate Performance reports
 - Allocations Policy
 - Thanet' Economic Growth and Regeneration Strategy
 - Equality Policy
 - Discretionary Housing Payments Policy
 - Destination Management Plan
 - Ramsgate Maritime Plan
 - Treasury Management Strategy statement and Annual Investment Strategy
 - Risk Management Strategy
 - Procurement Strategy
- 7.6 The corporate or service related strategy or policy documents detailed below were considered and approved by Full Council:
- Revised Treasury Management Strategy
 - Community Safety Partnership Plan for 2013/14
 - Allocations Policy
 - Review of Policies and Procedures – Probity and Reputation
 - Revision to Financial Procedure Rules re: reporting of balance sheet debt
 - Proposed amendments to the Constitution
 - Medium Term Financial Plan 2014/18
 - Treasury Management Strategy and Annual Investment Strategy
 - Tenancy Strategy
- 7.7 The council commissioned a Local Government Association (LGA) Peer Review in March 2014. This voluntary process offered by the LGA seeks to benefit councils through constructive feedback from peers in other local authorities. The review focused on:
- understanding the local context and priority setting

- financial planning
- political and managerial leadership
- governance and decision making
- organisational capacity

For Thanet, there was also a request that the team look at the council's approach to Economic Development and its customer services strategy as these are priority areas for the council.

7.8 Actions to address 2012/13 Significant Governance Issues

The following section reflects the actions completed to address the 2012/13 AGS recommendations.

Member related

- The political situation with a hung council and changing political dynamics could add to the time taken to reach a resolution that could be acted on and also increase the likelihood of decisions being called in.

Completed action: The data for the number of call-ins over the last seven years was assessed.

Major projects

- The Project Management Process needed to be reviewed and implemented across the council, as highlighted in an internal audit on risk management. Basic minimum templates were required to be in common usage, which can be expanded to deal with more complicated projects.

Completed action: Council-wide project management templates have been established.

Corporate issues

- The council faced a significant budget gap, due to cuts to Government grants and external pressures such as the insolvency of Transeuropa. The council took steps to ensure that the budget gap was adequately covered and to diversify and generate income through the Port.

Completed action: The financial position of the council was monitored and reported on regularly to Cabinet.

Completed action: Work has been undertaken to diversify and generate income through the Port.

- The asset management disposal process needs to be reviewed to ensure appropriate consultation at political level is undertaken to improve public trust.
Completed action: A commercial property audit and action plan has been completed.
- The process for determining disclosure needed to be reviewed, to ensure full publication of information wherever possible to meet with transparency commitment.
Completed action: A review of disclosure practices was undertaken as part of the Review of Policies and Procedures – Probity and Reputation report to Cabinet in April 2013.

- There was a need to improve inspection regimes for maintained buildings and land to identify investment needs as well as deal with insurance claims (especially public liability), whilst taking into account the pressures on the repairs budget.

Completed action: The current Asset Management System was reviewed and a SWOT analysis undertaken.

Completed action: Current best practice across public and private sectors has been researched.

Completed action: A meeting with the Property Manager at a neighbouring authority provided insight into the current practices used.

Completed action: Discussions with affected managers took place to improve understanding of the wider context of asset management within the council.

Completed action: A draft strategy was prepared.

Completed action: The reviewed Asset Management Strategy will be presented to Cabinet for approval in September 2014.

- The process in respect of East Kent Housing's financial management of the repairs and maintenance and leasehold charges needed to be reviewed.

Completed action: The EK Housing repair finances have been reviewed and the review of the leaseholder charging is drawing to a conclusion.

8.0 ANNUAL REPORTS - GOVERNANCE AND AUDIT COMMITTEE AND OVERVIEW AND SCRUTINY PANEL

8.1 To comply with best practice, the Governance and Audit Committee determined that it would consider annually whether it meets its terms of reference and how it has impacted on the internal control environment. Detailed below are improvements that were identified through this process.

8.1.1 Carry out a training session on the remit of the Committee prior to the first meeting of the committee cycle.

8.1.2 Provide any new members with an induction to the Committee prior to their first meeting.

8.1.3 Ensure substitutes are invited to attend all training sessions that are provided.

8.2 Thanet District Council's Overview and Scrutiny Panel is entitled to make an annual report to the Annual Meeting of Council. The report summarises the key achievements of the Overview and Scrutiny Panel during 2013/14 and indicates the panels suggested priorities for 2014/15. The following paragraphs (8.2.1 to 8.2.4) have been taken directly from the annual report of the Chairman of Overview and Scrutiny.

8.2.1 "Cabinet continued with the approach that engaged the Overview and Scrutiny Panel in pre-decision scrutiny.

8.2.2 The Panel requested officers in Democratic Services to research and initially produce an officer exploratory report on "Possible Review of Council Procedure Rules, Particularly in Relation to Opportunities for Backbench Members' Participation at Meetings of Full Council." This report was considered by Members on 14 January 2014. A further, more detailed options report was considered by the Panel on 11 March 2014 and Members agreed that the report be referred to the Constitutional Review Working Party for further consideration.

8.2.3 The Constitutional Review Working Party was still to meet to consider the proposals in the report.

8.2.4 Members also carried out scrutiny investigations into issues relating to the Pleasurama site development agreement and Transeuropa debt. More detailed comments are indicated in the sections that cover the task & finish group activities."

9.0 SIGNIFICANT GOVERNANCE ISSUES

9.1 The identified areas detailed below have arisen from our numerous assessments into the council's governance arrangements for 2013/14 and have been deemed to be significant by the Senior Management Team. They will be addressed during 2014/15.

9.2 Identified issues are:

- The council needs to take forward the LGA's recommendations following the Peer Review to ensure that there are positive changes as part of the council's commitment to continuous improvement and to make the council a better organisation overall. An Improvement Board has subsequently been established with an independent chair, who is a former local authority Chief Executive. The Board also includes peer members; the LGA, [the Council Leader](#), [Deputy Leader](#), [Leader of the main opposition group](#) and [Leader of the largest independent group](#); the Independent Standards Chair and Vice-Chair and TDC senior management. The first meeting of the board is in September 2014. The Board will receive updates on the Council's action plan to deliver the Peer Review.
- Clarification is required on the council's top priorities detailing what is to be achieved and how it is going to do it, which is to be communicated to all Members, staff and stakeholders clearly and consistently.
- Develop an understanding of the way leading politicians and senior officers can work together effectively, which should address ways to protect the council's reputation and improve the perception of the council with regard to trust, respect and visibility.

- Following the restructure, there are interim appointments to the statutory roles of S151 officer and Monitoring Officer. Both of the officers appointed to those roles are experienced in the duties involved and they have been secured on medium term arrangements to provide stability. Owing to the Chief Executive being operationally absent from work at present the permanent Director of Community Services is acting as Chief Executive. These senior management changes could potentially have an impact on the governance of the council but securing the postholders for the medium term will mitigate that risk. The council has ensured that the appropriate delegations of authority are in place to reflect the interim arrangements and that decisions taken are reported appropriately. The council aims to appoint permanently to these positions as soon as market conditions and the Council's standing enable an effective recruitment process to take place. The posts were advertised in July 2014 without success and the position will be reviewed in October 2014.
- Historically there has been a variable interpretation of the Council's flexi-time policy which has led to different approaches being taken by different managers. As a result of this, and the increased number of evening meetings in recent years, there is an ongoing issue of some officers regularly exceeding their contractual hours, with there being insufficient opportunity to recoup the additional hours through the flexi-time system; there has also been an expectation of senior managers to work outside of the flexi-time system. During 2013/14 we looked into this and made some changes as part of the staff restructure which are expected to have a positive impact on this position. We are now undertaking an audit of this position to understand the scale of any problem and to inform proposals to remedy them.
- The new staffing structure, and the anticipation of greater partnership working, brings new staff into contact with the council and its operating arrangements. An introduction process to the council should be planned for those staff that this affects.
- The existing staff induction processes are locally delivered and as a result lack consistency. A formal council-wide approach to the induction process is required to enhance new staff understanding of the council's political and operational arrangements.
- There are a number of large financial risks related to legal action in progress which although we are aware of, and have accounted properly for, remain a risk. These will be assigned to an officer to keep track of the issue as it moves through the legal process, to ensure that the level of financial risk is regularly reviewed by that officer, in consultation with appropriately qualified staff (particularly financial and legal), to ensure that the budgetary and accounting position remains as up to date and accurate as possible, and that this is regularly reported to Members as appropriate.

9.3 An action plan will be compiled and regularly reported to the Governance and Audit Committee. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

10.0 ASSURANCE SUMMARY

- 10.1 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing that public money is well spent. Without good governance, councils will struggle to improve services.
- 10.2 From the review, assessment and monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.
- 10.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Thanet District Council – Annual Governance Statement 2013/14

Signed by:
Councillor Iris Johnston
Leader of the Council
by the 30 September 2014

Signed on behalf of:
Dr Sue McGonigal
Chief Executive
by the 30 September 2014

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AGS significant issue	Suggested Action heading & owner	Task List
<p>The council needs to take forward the LGA's recommendations following the Peer Review to ensure that there are positive changes as part of the council's commitment to continuous improvement and to make the council a better organisation overall. An Improvement Board has subsequently been established with an independent chair, who is a former local authority Chief Executive. The Board also includes peer members; the LGA, Independent Standards Chair and Vice-Chair and TDC senior management. The first meeting of the board is in September 2014. The Board will receive updates on the Council's action plan to deliver the Peer Review.</p>	<p>Implement SMART actions from peer review action plan (Paul Cook)</p>	<ol style="list-style-type: none"> 1. Establish Improvement Board 2. Agree SMART actions to deliver agreed peer review principles and identify owner of the peer review action plan; 3. Agree reporting intervals to Improvement Board based on reasonable periods for progress in data availability; 4. Establish system for monitoring progress against peer review action plans (InPhase).
<p>Clarification is required on the council's top priorities detailing what is to be achieved and how it is going to do it, which is to be communicated to all Members, staff and stakeholders clearly and consistently.</p>	<p>Establish TDC's top priorities, and assign roles within an action plan, leading to more streamlined and focussed corporate planning (Paul Cook)</p>	<ol style="list-style-type: none"> 1. SMT and Cabinet review the current corporate priorities together to establish focus for the short-term 2. Gather evidence to inform the development of a new Corporate Plan (2016-2020), including public consultation 3. Develop and approve the new Corporate Plan (2016-2020)
<p>Develop an understanding of the way leading politicians and senior officers can work together effectively, which should address ways to protect the council's reputation and improve the perception of the council with regard to trust, respect and visibility.</p>	<p>Effective Joint Working (Madeline Homer)</p>	<ol style="list-style-type: none"> 1. Facilitated meeting between Cabinet and SMT to define roles and expectations 2. Review the officer-member protocol (see Risk register control measure)
<p>Historically there has been a variable interpretation of the Council's flexi-time policy which has led to different approaches being taken by different managers. As a result of this, and the increased number of evening meetings in recent years, there is an ongoing issue of some officers regularly exceeding their contractual hours, with there being insufficient opportunity to recoup the additional hours through the flexi-time system; there has also been an expectation of senior managers to work outside of the flexi-time system. During 2013/14 we looked into this and made some changes as part of the staff restructure which are expected to have a positive impact on this position. We are now undertaking an audit of this position to understand the scale of any problem and to inform proposals to remedy them.</p>	<p>a) Establish clearer practices to reduce levels of officer attendance at meetings; (Madeline Homer) b) Unify application of flexi-time policy (Charlie Greenway)</p>	<ol style="list-style-type: none"> 1. Define expectations for reduced officer attendance at meetings; 2. HR review of current practice and produce report appraising the main options for use of a flexi-time system; 3. HR facilitate managers forum discussion on use of flexi-time system to inform SMT decision; 4. SMT decision on use of flexi-time system.

AGS significant issue	Suggested Action heading & owner	Task List
<p>Following the restructure, there are interim appointments to the statutory roles of S151 officer and Monitoring Officer. Both of the officers appointed to those roles are experienced in the duties involved and they have been secured on medium term arrangements to provide stability. Owing to the Chief Executive being operationally absent from work at present the permanent Director of Community Services is acting as Chief Executive. These senior management changes could potentially have an impact on the governance of the council but securing the postholders for the medium term will mitigate that risk. The council has ensured that the appropriate delegations of authority are in place to reflect the interim arrangements and that decisions taken are reported appropriately. The council aims to appoint permanently to these positions as soon as market conditions and the Council's standing enable an effective recruitment process to take place. The posts were advertised in July 2014 without success and the position will be reviewed in October 2014.</p>	<p>Ensure delegations reflect interim arrangements and that recruitment is progressed. (Steven Boyle and Madeline Homer)</p>	<ol style="list-style-type: none"> 1. Ensure that appropriate delegations of authority are in place to reflect the interim arrangements; 2. Appoint permanently to the positions of S151 officer and Monitoring Officer
<p>The new staffing structure, and the anticipation of greater partnership working, brings new staff into contact with the council and its operating arrangements. An introduction process to the council should be planned for those staff that this affects.</p>	<p>Write an introduction to Thanet and the Council, with guide to Cecil Street & map of other main buildings (Hannah Thorpe)</p>	<ol style="list-style-type: none"> 1. Draft a document for introduction to the Council, the building and the area; 2. Appoint reviewer, review and publish on TOM, with hard copy print option.
<p>The existing staff induction processes are locally delivered and as a result lack consistency. A formal council-wide approach to the induction process is required to enhance new staff understanding of the council's political and operational arrangements.</p>	<p>Establish better staff induction process(es) that meet requirements of the Council (Charlie Greenway)</p>	<ol style="list-style-type: none"> 1. Consult staff on - 'what do you think should be included in the induction process?'; 2. Report with recommendations for sustainable induction process 3. Implement new sustainable induction process
<p>There are a number of large financial risks related to legal action in progress which although we are aware of, and have accounted properly for, remain a risk. These will be assigned to an officer to keep track of the issue as it moves through the legal process, to ensure that the level of financial risk is regularly reviewed by that officer, in consultation with appropriately qualified staff (particularly financial and legal), to ensure that the budgetary and accounting position remains as up to date and accurate as possible, and that this is regularly reported to Members as appropriate.</p>	<p>Provide assurance of ongoing review of levels of legal and financial risk arising from large current legal actions involving TDC (Paul Cook)</p>	<ol style="list-style-type: none"> 1. Give regular updates to G&A on changes in level of legal risks associated with current legal actions 2. Give regular updates to G&A on changes in level of financial risks associated with current legal actions

Corporate Risk Register

To: **Governance and Audit Committee – 24 September 2014**

By: **Policy and Business Planning Manager**

Classification: **Unrestricted**

Ward: **Supports the work of TDC across the District**

Summary: This report informs Governance and Audit of the review of the Council's Corporate Risk Register providing a copy of the revised register for information.

It also informs Governance and Audit that the Portfolio Holder responsible for risk management has been designated as the Risk Management Champion for the council.

For Information

1.0 Introduction and Background

- 1.1 From November 2013 the Corporate Risk Register (CRR) underwent a major review. This was undertaken as the existing CRR was not felt to reflect the reality of the different risks faced by the council.
- 1.2 The review included 3 workshop style events and involved the various service managers at the council. The last of these workshops was on the 15 May 2014.
- 1.3 A draft CRR was circulated for Senior Management Team and managers to review.
- 1.4 The draft CRR was then shared with the Cabinet Member for Business and Corporate Resources and then informally with Cabinet and Senior Management Team together.
- 1.5 A presentation on the process was given to Governance and Audit by the Policy and Business Planning Manager on the 25 June 2014.
- 1.6 On 31 July 2014, Cabinet:
 - Approved the proposed CRR, (attached as Annex 1);
 - Designated the Cabinet Member with responsibility for corporate risk management as the Council's Risk Management Champion;
 - Committed to review the CRR once a year, delegating responsibility to approve changes to the CRR during the course of the year to the Risk Management Champion.
- 1.7 The CRR is now provided for Governance and Audit's information at their meeting on 24 September 2014.

2.0 The revised CRR 2014

- 2.1 The CRR included as Annex 1 has taken into account the feedback provided by these various stakeholders, with a view to strengthening the document so that it provides a comprehensive list of the risks faced by the council and the ways the council look to control those risks.
- 2.2 The CRR includes 28 risks categorised into 9 risk groups.
- 2.3 Against each risk, causes, trigger events and consequences are identified, with examples.
- 2.4 Each risk is also scored giving the level of risk that would be faced if there were no controls in place, the level if all the controls were in place and the current level of risk.
- 2.5 Finally, each risk lists a number of control measures, either those that are ongoing business as usual (BAU) or timebound control actions (TCA). Timebound control actions will be monitored during the course of the year to track their implementation.
- 2.6 Each risk and each control measure is owned by a specific individual.
- 2.7 Governance and Audit will be provided with regular updates on direction of travel for individual risks and progress against control measures.
- 2.8 Governance and Audit are advised to keep a copy of the CRR as part of their Governance and Audit Committee Guidance Packs, so that they can refer to it in future meetings.

3.0 The risk management champion and Cabinet

- 3.1 One of the Cabinet's responsibilities as listed in the council's constitution is to designate "a Member to act as a 'risk management champion' to support the integration of risk management into the culture of the Council".
- 3.2 Cabinet agreed to designate the Cabinet member responsible for risk as the risk management champion. Currently this role has fallen to Cllr Elizabeth Green.

4.0 Options

- 4.1 Governance and Audit note for information the CRR.
- 4.2 Governance and Audit note the designation of the Cabinet member with responsibility for corporate risk management as the council's Risk Management Champion.
- 4.3 Governance and Audit note Cabinet's commitment to review the CRR once a year but to delegate responsibility to approve changes to the CRR during the course of the year to the Risk Management Champion.
- 4.4 Governance and Audit agree to receive regular updates on direction of travel for individual risks and progress against control measures.
- 4.5 Governance and Audit consider registering any concerns with Cabinet in respect of any areas of the CRR, Risk Management Champion and review.

5.0 Corporate Implications

5.1 Financial and VAT

5.1.1 Whilst the CRR includes a comprehensive review of corporate financial risks, there are no financial implications for the decisions required by this report.

5.2 Legal

5.2.1 Whilst the CRR includes consideration of legal matters in as far as they relate to risks to the council, there are no legal implications for the decisions required by this report.

5.3 Corporate

5.3.1 The CRR sets out how the Council will seek to control the risks it faces. The approach suggested is in accordance with the requirements of the Council's constitution and agreed Risk Management Framework.

5.4 Equity and Equalities

5.4.1 There are no equality implications of the decisions required by this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.

6.0 Recommendation

6.1 That the report is received by Governance and Audit and Options 4.1, 4.2, 4.3, and 4.4 are noted for information.

7.0 Decision Making Process

7.1 There is no decision to be made and this report is for reference only.

Contact Officer:	Adrian Halse, Policy and Business Planning Manager, 7209
Reporting to:	Paul Cook, Director of Corporate Resources

Annex List

Annex 1	Corporate Risk Register
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Paul Cook, Interim Director of Corporate Resources
Legal	Steven Boyle, Legal Services Manager and Monitoring Officer

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Corporate Risk Register

July 2014



RISK GROUPS:

R01 risks	Financial difficulties threaten the Thanet identity to which the Council aspires
R02 risks	Focus on short term priorities creates long term budget problems
R03 risks	Failures of partnership working
R04 risks	Failure of appropriate sustainable business administration practices
R05 risks	Mismatch between council resources and stakeholder expectations undermine effective service and appropriate sustainable business administration delivery
R06 risks	Problems relating to political and democratic processes threaten the Thanet identity to which the council aspires
R07 risks	Failure to use staff effectively/ fairly/ appropriately leads to greater risk to high quality service delivery
R08 risks	Service closure or failure
R09 risks	Failure to sustain improvement of the area (regeneration)
Glossary	CM = Control measure TCA = Time-bound Control action BAU = Business as usual or day-to-day work

R01.01: Incorrect assumptions made in setting the Medium Term Financial Plan (MTFP) impacting on General Fund, Capital Planning or Housing Revenue Account (HRA)

Risk owner: Director of Corporate Resources

Cause	Incorrect assumptions made in setting the MTFP
Examples of potential causes	<ul style="list-style-type: none"> Poor understanding of statutory guidance; Poor understanding of capacity & capability to deliver; Flawed mechanisms for delivery of MTFP
Trigger events/ situations	Approval of MTFP with incorrect assumptions
Examples of potential trigger events/situations	<ul style="list-style-type: none"> Approval of MTFP with incorrect assumptions
Consequence	MTF strategy is undermined
Examples of potential consequences	<ul style="list-style-type: none"> Issue of supplementary precept; Need to prioritise / rationalise/ terminate some services; Staff reductions; Reduced services to customers; Inability to achieve objectives; Impact on reserves; Inability to comply with regulation.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 2	I: 4	R: 8
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Undertake review of constitutional and delegated powers to ensure that officers are working within their powers	TCA	Legal Services Manager	Jul-14	Dec-14
Develop a way of refining priorities to 'focus on a smaller number', in time to inform the next corporate plan	TCA	Director of Corporate Resources	Jun-14	Mar-15
Annual review of adequacy of reserves informed by assessment of financial risks	BAU	Head of Financial Services		

Control Measure	CM type	CM owner	Start date	Due date
Ensure sufficient qualifications and training and staff numbers within the finance team	BAU	Head of Financial Services		
Adequate consultation with service managers during budget process	BAU	Head of Financial Services		
Annual review of fees and charges	BAU	Head of Financial Services		
Thorough review of reserves as part of budget process	BAU	Head of Financial Services		
Regular policy updates that provide early warning of legislative changes	BAU	Policy Officer		
Identify financial implications of legislative changes and use this to inform MTFP development for staff resources	BAU	Director of Corporate Resources		
Identify opportunities for increased income through the Strategic Programme Board.	BAU	Business Transformation Manager		

R01.02: MTFP well-founded but accepted risk escalates or unforeseen situations undermine MTFP validity

Risk owner: Director of Corporate Resources

Cause	MTFP risk levels change
Examples of potential causes	<ul style="list-style-type: none"> • Savings targets not met; • Project where significant unbudgeted legal challenge costs arise; • Inadequate provision for repair, maintenance or replacement of major plant and equipment; • Inadequate insurance cover; • Unexpected reductions in central government support; • Reduced demand for paid-for services; • Increased demand for services; • New priorities agreed which differ from those used to develop the MTFP; • High cost projects are not clearly handed over when staff leave; • Disasters/ emergencies which lead to extra costs not eligible for government support; • Legislation or new statutory guidance requires the council to meet an extra service obligation; • Treasury policy not fit for purpose or not adhered to; • TDC must transfer services to government department or other organisation.
Trigger events/ situations	Major change in business environment changes risk level of MTFP
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Managers don't meet expected savings; • Income or costs exceed acceptable tolerances; • Major loss of income; • Decision to change priorities leads to additional financial cost; • An event or incident occurs where insurance provision is inadequate; • High value of claims below excess limits; • New financial obligation or rediscovery of existing financial obligation that was not allowed for in financial plans; • Major asset (buildings, plant & equipment) require unplanned spending on repair/ replacement; • Fraud loss not covered by insurance; • New legislation or regulations with adverse resource implications.
Consequence	Need for changes to service provision
Examples of potential consequences	<ul style="list-style-type: none"> • Need to prioritise / rationalise/ terminate some services; • Reduced services to customers; • Inability to achieve objectives;

	<ul style="list-style-type: none"> • Impact on reserves; • Inability to comply with regulation; • Debt levels rise above acceptable proportions; • Deterioration of assets and asset values; • Funds spent on more expensive reactive maintenance rather than planned maintenance.
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Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 2	I: 4	R: 8
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Undertake review of constitutional and delegated powers to ensure that officers are working within their powers	TCA	Legal Services Manager	Jul-14	Dec-14
Develop a way of refining priorities to 'focus on a smaller number', in time to inform the next corporate plan	TCA	Director of Corporate Resources	Jun-14	Mar-15
Ensure that budget consultation for 2015-16 supports the identification of priorities for the new Corporate plan.	TCA	Policy and Business Planning Manager	Jul-14	Nov-14
Annual review of adequacy of reserves	BAU	Head of Financial Services		
Regular policy updates that provide early warning of legislative changes	BAU	Policy officer		
Clear scheme of delegation for member and officer decision making	BAU	Democratic Services Manager		
Foster strong relationship between Cabinet and SMT through informal meetings on regular basis.	BAU	Chief Executive		
Identify required repair and maintenance on major assets and buildings and use this to inform an adequate budget.	BAU	Head of Financial Services		
Review of asset register to identify those assets near the end of their useful life (vehicles, plant and equipment) and build capital asset replacement/ disposal (vehicles, plant and equipment) into the Capital Programme.	BAU	Head of Financial Services		
Ensure appropriate level of legal advice is sought for major projects through the active involvement of Legal Services Manager in the project approval process.	BAU	Legal Services Manager		
Review insurance policies on an annual basis.	BAU	Head of Financial Services		

Control Measure	CM type	CM owner	Start date	Due date
Ensure regular programme of independent audit of council business.	BAU	Head of Financial Services		
Regular monitoring of outstanding debts working with debtors at the earliest opportunity.	BAU	Head of Financial Services		
Monitor employer's liability in connection with potential transfers of undertakings with other organisations including public sector bodies and government departments.	BAU	Head of Financial Services		

R02.01: Focus on short term priorities creates long term budget problems

Risk owner: Director of Corporate Resources

Cause	Lack of sufficient prioritisation based on understanding of whole life cost-benefits
Examples of potential causes	<ul style="list-style-type: none"> • Budget reductions limit flexibility, leads to a focus on short term issues and prevents planning and management of longer term issues; • Inadequate balance between planned and reactive maintenance; • Failure to consider whole-life costing when making decisions; • Market conditions make it inappropriate to realise the value of otherwise saleable assets; • Resistance to the sale of costly-to-maintain assets; • Lack of maintenance renders asset unmarketable; • Asset management procedures or practices not effective or not followed; • Lack of funds for long-term development/renovation projects; • Failure of funding systems for 'game changing' major projects; • Inadequate consideration of long term environmental risks; • Inadequate planning or implementation of plans which mitigate against long-term environmental risks (e.g. flooding or climate change).
Trigger events/situations	Event occurs which creates a need for significant extra cost provision
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Capital assets retained without adequate funding for their maintenance; • Projected changes in the property market fail to materialise; • Major reactive maintenance event occurs; • Committed external funding withdrawn or required to be paid back; • Extreme weather event.
Consequence	Consequent costs for the council leading to further difficulties
Examples of potential consequences	<ul style="list-style-type: none"> • Asset management plan fails; • Council has more property than it can afford to maintain • Inability to sell or let property on realistic terms; • Loss of income; • High maintenance costs • Gradual deterioration in quality and utility of property assets undermines the capital programme; • Health & safety challenges; • Lengthy debate regarding the potential disposal of an asset; • Reputational damage; • Ability of the council to reach its objectives is undermined;

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 2	I: 4	R: 8
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Ensure HRA asset management strategy and plan is in place	TCA	Head of Housing	Jul-14	Mar-15
Production of property maintenance schedules for housing.	TCA	Head of Housing	Jul-14	Mar-15
Carry out reviews of the replacement needs for all the main items of council's plant and equipment used in the recycling, waste and cleansing services , and ensure that capital bids are submitted if replacement is required within the next five years, so that financial provision can be made.	TCA	Head of Operational Services	Jul-14	Mar-15
Carry out reviews of the replacement needs for all the main items of council's plant and equipment used in the parks service , and ensure that capital bids are submitted if replacement is required within the next five years, so that financial provision can be made.	TCA	Head of Operational Services	Jul-14	Mar-15
Adopt an asset management strategy and plan (land and buildings) with director and cross-party member commitment.	TCA	Head of Economic Development and Asset Management	Jan 14	Sept 14
Ensure council assets are reviewed so that long run maintenance requirement is consistent with budget provision.	TCA	Head of Financial Services	Jun-14	Mar-15
Ensure that budget consultation for 2015-16 supports the identification of priorities for the new Corporate plan.	TCA	Policy and Business Planning Manager	Jul-14	Nov-14
Ensure that potential controversy relating to asset disposal is considered throughout the asset disposal process.	BAU	Head of Economic Development and Asset Management		
Thorough review of reserves as part of budget process	BAU	Head of Financial Services		
Review of corporate property held by the Council for the purpose of producing adequate information to the Head of Financial Services about level of income that can be expected for the term of the agreement including identifying non-recoverable costs. This information to be	BAU	Head of Economic Development and Asset Management		

Control Measure	CM type	CM owner	Start date	Due date
shared with SMT and used for decision making.				
Adherence to long-term coastal management plan.	BAU	Technical Services Manager		
Follow a monitoring regime for air quality in Thanet	BAU	Environmental Protection Manager		
Review the asset register on an annual basis.	BAU	Technical Finance Manager		
Ensure sufficient staff expertise within the property services team in asset management.	BAU	Head of Economic Development and Asset Management		
Ensure member engagement in development of financial assumptions.	BAU	Head of Financial Services		
Ensure external funding opportunities are explored.	BAU	Technical Finance Manager		
Regularly review the replacement needs for the main items of council's plant and equipment around the coastline and at the port and harbour , and ensure that appropriate capital bids are submitted early on so that financial provision can be made.	BAU	Technical Services Manager		
Regularly review the replacement needs for the main items of council's plant and equipment used in the crematorium & cemetery service , and ensure that appropriate capital bids are submitted early on so that financial provision can be made.	BAU	Cemeteries and Crematorium Registrar		
Regularly review the replacement needs for the main items of council's plant and equipment used in the facilities management service , and ensure that appropriate capital bids are submitted early on so that financial provision can be made.	BAU	Facilities Manager		

R03.01: Partnerships fail to deliver from their inception

Risk owner: Director of Corporate Resources

Cause	Poor management of partnership set up
Examples of potential causes	<ul style="list-style-type: none"> • Lack of clarity in defining the purpose or scope of the partnership; • Failure to establish robust governance arrangements; • Partnerships built on relationships between individuals without effective designation of roles and responsibilities; • Differing expectations of individual partners • Insufficient partner resources to develop effective SLA/ contract; • Lack of staff with capability/experience to draw up adequate documentation; • Protocols for setting up partnership agreements are inadequate or not adhered to; • Limited understanding of key facts and figures that should inform the objectives of the partnership; • Limited understanding of capacity or capability of the different partners.
Trigger events/ situations	Partners take or refuse to take action based on inadequate partnership arrangements
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Partnership commences its activity without having clear objectives in place; • Partnership agrees objectives that are not founded on evidence; • Partner refuses to act, believing the requested action to be outside the scope of the partnership.
Consequence	Partnership fails to achieve its potential
Examples of potential consequences	<ul style="list-style-type: none"> • Trust between partners is undermined; • Partnership fails to meet its objectives and performance targets (if they exist); • Limited engagement from individual partners; • Inability to monitor partnership progress appropriately or effectively; • Additional costs; • Withdrawal of partners; • Reputational damage through failure of the partnership.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 3	I: 4	R: 12

Control Measure	CM type	CM owner	Start date	Due date
Design a partnership checklist template (agreement for supply of services that involves the council without formal contract), gain adoption by SMT and present to managers.	TCA	Customer Contact and Engagement Manager	Jul-14	Sep-14
Ensure a review is carried out applying the template to existing partnerships (agreement for supply of services that involves the council without formal contract).	TCA	Director of Corporate Resources	Jul-14	Sep-14
Ensure the partnership template is implemented to ensure that: partnership objectives are informed by a sound evidence base before they are agreed by TDC; that purposes and objectives are clearly documented with clear procedures for disengagement; and that governance arrangements (including arrangements for reporting progress and performance) are clearly documented.	TCA	Director of Corporate Resources	Jul-14	Mar-15

R03.02: Partnerships fail to deliver because of the way that they are run

Risk owner: Director of Corporate Resources

Cause	Inadequacies in partnership resourcing and governance arrangements
Examples of potential causes	<ul style="list-style-type: none"> • Individual partners fail to allocate sufficient resources to deliver their agreed contribution effectively; • Demands are made that are outside of the agreed scope of the partnership; • Governance arrangements not clearly set out or complied with (including those for information management); • No regular monitoring of partnership progress; • Resourcing cuts by individual partners leave the Council exposed; • Costs of partnership exceed original expectations; • Change in priorities of an individual partner; • Lack of binding agreement allows withdrawal of partner at cost to the remainder.
Trigger events/situations	Partnerships embark on activities without adequate resources or governance arrangements in place to sustain/deliver those activities
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Partnership commences activity without implementing adequate governance arrangements; • Partner asks to renegotiate terms or decides to pull out of partnership
Consequence	Partnership fails to meet its potential
Examples of potential consequences	<ul style="list-style-type: none"> • Communications between partners becomes less effective; • TDC receives poor value for money for its contribution to the partnership; • Increase in complaints relating to services provided by the partnership; • Partnership objectives are not met; • Breach of TDC statutory responsibility (including corporate e.g. equality duty or DPA compliance); • Withdrawal of partners; • Financial loss, including loss of funding; • Lack of agreeable exit options; • Legal costs; • Partnership projects have to be scaled back/closed down; • Closure of partnership; • Reputational damage.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I:4	R: 12	P: 2	I: 4	R: 8	P: 3	I: 4	R: 12

Control Measure	CM type	CM owner	Start date	Due date
Carry out review applying the template to existing partnerships (agreement for supply of services that involves the council without formal contract).	TCA	Customer Contact and Engagement Manager	Apr-14	Mar-15
Adequate consultation with service managers during budget setting process.	BAU	Head of Financial Services		
Regular review of budgets through the year with budget holders so that remedial action can be taken at the earliest opportunity to address income shortfalls.	BAU	Head of Financial Services		
Use the performance board and directorate management meetings to challenge on the progress/ performance of the main partnerships though the year, checking that two way dialogue is taking place between TDC lead and partners.	BAU	Policy and Business Planning Manager		

R04.01: Risk of injury due to failure to sustain appropriate Health & Safety conditions for work

Risk owner: Director of Operational Services

Cause	Issues with Health and Safety Procedures
Examples of potential causes	<ul style="list-style-type: none"> • Health & Safety procedures not robust; • Health & Safety procedures are not followed
Trigger events/situations	Individuals sustain injuries
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Staff injury whilst undertaking council duties.
Consequence	Costs, morale implications and reputation issues
Examples of potential consequences	<ul style="list-style-type: none"> • Possible corporate manslaughter; • Failure to meet statutory requirement; • Insurance claim against the council; • Dissatisfaction/ representations from colleagues of injured staff; • Loss of capacity due to staff absence through injury; • Reputational damage; • Adverse reporting in the public media; • Financial loss due to change in HSE requirements.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 1	I: 4	R: 4	P: 1	I: 4	R: 4

Control Measure	CM type	CM owner	Start date	Due date
Ensure that Health and Safety policy is up to date and that risk assessments are done, and that sufficient resources exist for safe working.	BAU	Director of Operational Services		
Ensure appropriate health and safety training occurs within the services.	BAU	Director of Operational Services		
Ensure that contracts used by TDC insist on appropriate health & safety standards.	BAU	Director of Operational Services		
Regularly review and adapt maintenance regimes for the main items of council's plant and equipment around the coastline and at the port and harbour , to ensure equipment is efficient, effective and safe.	BAU	Technical Services Manager		
Regularly review and adapt maintenance regimes for the main items of council's plant and equipment used in the recycling, waste and cleansing services , to ensure equipment is efficient, effective and safe.	BAU	Head of Operational Services		
Regularly review and adapt maintenance regimes for the main items of council's plant and equipment used in the parks services , to ensure equipment is efficient, effective and safe.	BAU	Head of Operational Services		
Regularly review and adapt maintenance regimes for the main items of council's plant and equipment used in the crematorium & cemetery service , to ensure equipment is efficient, effective and safe.	BAU	Cemeteries and Crematorium Registrar		
Regularly review and adapt maintenance regimes for the main items of council's plant and equipment used in the facilities management service , to ensure equipment is efficient, effective and safe.	BAU	Facilities Manager		

R04.02: Failure to achieve value for money (VFM) through procurement methods

Risk owner: Strategic Procurement Manager

Cause	Difficulties with procurement arrangements
Examples of potential causes	<ul style="list-style-type: none"> • Inadequate procurement arrangements; • Procurement arrangements not followed; • Fraud; • Excessive use of particular suppliers; • Lack of clarity about what is needed; • Limited understanding of best practice in service delivery; • Central government/European legislation restricts the options available; • Appointed supplier is not economically viable; • Inappropriate use of open book accounting; • Supplier goes through change which limits their ability to deliver to the original agreement.
Trigger events/situations	Procurement failure
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Procurement process fails to identify an appropriate supplier; • Supplier appointed to deliver a contract which does not meet the actual needs of TDC; • Major supplier withdraws and supply fails – e.g. goes into liquidation; • Major service supplier debt forces decision on foreclosure.
Consequence	Failure to achieve VFM through procurement
Examples of potential consequences	<ul style="list-style-type: none"> • Failure to deliver VFM; • Viable solutions are not implemented; • Tender returns unusable and need to re-offer; • Breakdown in supply threatens service delivery; • Risk of legal challenge, fines and censure; • Contractor challenge; • Reputational damage; • Costs from disruption and legal fees.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 4	I: 4	R: 16	P: 1	I: 3	R: 3	P: 2	I: 3	R: 6
High			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Annual due diligence checks on external suppliers where the contract value exceeds £75,000.	TCA	Corporate Finance Manager	Apr-14	Mar-15
Ensure regular programme of independent audit of council business.	BAU	Head of Financial Services		
Ensure adherence to up to date procurement framework.	BAU	Strategic Procurement Manager		
Ensure good contract management practices exist. I.e. due diligence in selection and contract admin and clear contract evaluation and exit clauses.	BAU	Strategic Procurement Manager		

R04.03: Insufficient defences against fraud

Risk owner: Director of Corporate Resources

Cause	Insufficient defences against fraud
Examples of potential causes	<ul style="list-style-type: none"> • Economic climate leads to individuals and/or criminal groups taking greater risks and/or using more innovative technologies in order to obtain monies by illegal means; • Economic climate could lead some officers or members to be more inclined to offer or accept a bribe; • Insufficient resources dedicated to anti-fraud and anti-bribery measures; • Limited understanding of new fraudulent or bribery methods; • Failure to promote an anti-fraud organisational culture (e.g. whistleblowing); • Non-compliance with internal controls (e.g. decision made outside governance framework); • Poor ethical judgement by elected officials and senior managers (e.g. expenses fraud). • Failure to detect fraud.
Trigger events/situations	Fraud or bribery against the council
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Council official is bribed; • Council official uses privileged information for personal gain; • Fraudulent expenses claim made.
Consequence	Unnecessary costs to the taxpayer, leading to further issues
Examples of potential consequences	<ul style="list-style-type: none"> • Failure to deliver value for money; • Service quality/performance deteriorates; • Loss of income; • Increased costs; • Costly criminal proceedings; • Reputational damage; • Breach of trust.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 2	I: 4	R: 8
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Provide staff and member training on fraud	TCA	Corporate Finance Manager	Jan-15	Feb-15
Ensure regular programme of independent audit of council business.	BAU	Head of Financial Services		
Ensure anti-fraud policies and procedures are up to date (e.g. bribery, whistleblowing).	BAU	Corporate Finance Manager		
Ensure good ICT asset management, including adequate investment/forward planning, with adequate consideration of building related requirements (e.g. air conditioned server rooms).	BAU	Director of Corporate Resources		

R04.04: Inability to prioritise effectively threatens delivery of matters that are said to be the most important

Risk owner: Chief Executive

Cause	Too many objectives set as the Council tries to be ‘all things to all people’
Examples of potential causes	<ul style="list-style-type: none"> • Over-estimation of staff capacity when strategic or operational decisions are taken; • Long-term aims are not clearly defined; • Failure to consider agreed priorities when deciding objectives; • Decisions are made on priorities without adequate consideration of the funding required or available to deliver those priorities; • Poor alignment with KCC on strategic matters; • Failure to agree service standards and expectations for functions or matters that are a lower priority or a non-priority; • Failure to review services which consistently deliver beyond their objectives; • Delivering “gold-plated” services which use up valuable resources; • Attempts to deliver matters that are insufficiently funded threatens the funding of stated key priorities.
Trigger events/ situations	Timescales and budgets set for key pieces of work become unrealistic; poor service delivery as too many matters are juggled
Examples of potential trigger events/situations	<ul style="list-style-type: none"> •
Consequence	Failure to deliver stated objectives in a timely manner
Examples of potential consequences	<ul style="list-style-type: none"> • Limited clarity of purpose leads to difficulties in motivating staff; • An increasing number of items of work become deferred; • Projects take longer than planned as resources have to be regularly moved around to meet multiple requirements; • The council’s project completion record deteriorates; • Ineffective and ineffective decision as too many matters have to be juggled; • Council gains a reputation for not delivering what it says it will; • Projects become drawn out or fail • Senior staff & members continually need to revise intentions because prioritisation is ineffective • Co-operation with partners is inconsistent • officers and members unable to articulate a shared set of priorities.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 4	R: 8	P: 2	I: 4	R: 8
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Develop a clear understanding of member priorities and communicate this to the organisation and its stakeholders	TCA	Chief Executive	July 14	Oct-14
Ensure that budget consultation for 2015-16 supports the identification of priorities for the new Corporate plan.	TCA	Policy and Business Planning Manager	Jul-14	Nov-14
Develop an annual prioritisation processes that ensures consistency between the corporate plan, service plans and strategic objectives.	TCA	Policy and Business Planning Manager	Oct-14	Sep-15

R04.05: Failure of ICT systems/ infrastructure

Risk owner: Director of Corporate Resources

Cause	Inadequate arrangements for maintaining/upgrading/improving ICT systems and infrastructure
Examples of potential causes	<ul style="list-style-type: none"> • Lack of infrastructure and/ or system obsolescence; • Failure to make best use of publication schedule; • Inadequate consideration of potential negative impacts of one-size fits all options proposed by shared services; • Inadequate resource allocated for software support; • ICT project is approved without a robust business case; • Inadequate resource allocated for project implementation; • ICT training is not fit for purpose; • Successful security/cyber-attacks; • Anticipated costs for major ICT projects escalate significantly beyond the original budget; • Ineffective communication between TDC and EK Services ICT; • Inadequate service maintenance; • Inadequate support contracts in place.
Trigger events/ situations	Failure of ICT systems/ infrastructure
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • System/infrastructure failure; • Attempt to restore failed systems/infrastructure unsuccessful; • System downtime exceeds acceptable levels; • Realisation that staff lack capability with a system.
Consequence	Unplanned costs and failure in service provision leading to further issues
Examples of potential consequences	<ul style="list-style-type: none"> • Cost savings not realised; • Reduction in service quality; • Information put at risk; • Breach of contract; • High 'down time'; • Service failure; • Software not used effectively because of limited staff capability.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 2	I: 4	R: 8	P: 1	I: 4	R: 4	P: 1	I: 4	R: 4
High			Medium-low			Medium-low		

Control Measure	CM type	CM owner	Start date	Due date
Ensure in-house software administrator roles are held by 'experts' who are required to document basics of software management tasks.	TCA	Customer Contact and Engagement Manager	Jan-15	Mar-15
Ensure good ICT asset management, including adequate investment/forward planning, with adequate consideration of building related requirements (e.g. air conditioned server rooms).	BAU	Director of Corporate Resources		
Effective SLA in place with EKS for ICT services.	BAU	Director of Corporate Resources		
Ensure information management policies exist and are maintained (e.g. email).	BAU	Director of Corporate Resources		
Ensure that business continuity plans in place cover ICT systems and infrastructure.	BAU	Director of Corporate Resources		
Maintain up-to-date Emergency plan.	BAU	Technical Services Manager		

R04.06: Inadequate information management practices

Risk owner: Customer Contact an Engagement Manager

Cause	Inadequate information management arrangements in place
Examples of potential causes	<ul style="list-style-type: none"> • Information management systems insufficient; • Failure to move from paper to digital systems; • Inadequate training of staff or members on information management matters; • Non-compliance with government controls on the management and labelling of information; • Data protection arrangements inadequate or not adhered to; • Data sharing arrangements with partners inadequate or not adhered to; • Ignorance of proper protocols leads to under-use of information management processes; • Vexatious requests or vexatious complainants tolerated; • Misuse of systems or information by staff or members; • Information held by the Council is lost, forgotten, overlooked or ignored.
Trigger events/situations	Event occurs where lack/disclosure of information is a serious issue
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Complaint to Information Commissioner; • A decision requires information which is no longer kept (or has been overlooked) by the Council; • Information is shared or disclosed when it should not be.
Consequence	Unplanned cost in time and money, project failure and reputational damage
Examples of potential consequences	<ul style="list-style-type: none"> • Fine imposed by the Information Commissioner; • Unsustainably high level of requests for information through FOI; • Project delay or failure; • Schedule of publication requires refresh; • Disciplinary action is required; • Reputational damage.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Adopt and ensure adherence to the government's code of conduct on data transparency.	TCA	Customer Contact and Engagement Manager	Apr 14	Mar 15
Deliver training on good information management practices, including quality and appropriateness.	TCA	Customer Contact and Engagement Manager	Oct 14	Mar 15
Re-introduce housekeeping days (electronic as well as paper filing).	TCA	Customer Contact and Engagement Manager	Sept 14	Mar 15
Ensure information management policies exist and staff comply with the policies	BAU	Customer Contact and Engagement Manager		
Ensure data protection processes are implemented and maintained.	BAU	Legal Services Manager		
Ensure website contains information that is most commonly requested.	BAU	Customer Contact and Engagement Manager		
Ensure up to date retention schedules and timely destruction of records.	BAU	Customer Contact and Engagement Manager		
Undertake regular analysis of complaints relating to information failures, to inform staff training needs	BAU	Customer Contact and Engagement Manager		

R04.07: Emergency planning failure

Risk owner: Technical Services Manager

Cause	Issues with Emergency Plan arrangements
Examples of potential causes	<ul style="list-style-type: none"> Emergency planning documentation is not in place or is not robust; Participants not adequately trained to implement plans; Key staff are unavailable when emergency occurs (e.g. SMT, communications).
Trigger events/situations	Emergency occurs for which the council is unprepared or responds poorly
Examples of potential trigger events/situations	<ul style="list-style-type: none"> Major national grid failure; Plane crash Flooding; Major fire.
Consequence	Confusion leading to vulnerability of local people and service failure
Examples of potential consequences	<ul style="list-style-type: none"> Avoidable fatalities or injuries occur; Impact on emergency services; People are left vulnerable by an incident when they should not be; Confusion over responsibilities; Lack of clear understanding links to mixed messages between stakeholders; Service failures; Potential health and safety issues; Possible corporate manslaughter; Possible breach of contract.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 4	I: 3	R: 12	P: 1	I: 3	R: 3	P: 2	I: 3	R: 6
High			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Develop and implement a succession management plan.	TCA	HR Business Partner	Sept-14	Mar-15
Maintain up-to-date Emergency plan.	BAU	Technical Services		

		Manager		
Provide refresh training on emergency planning (including working with emergency services).	BAU	Technical Services Manager		

R04.08: Business Continuity planning failure

Risk owner: Policy and Business Planning Manager

Cause	Issues with Business Continuity Arrangements
Examples of potential causes	<ul style="list-style-type: none"> • Business continuity documentation is not in place or is not robust; • Management and staff not adequately trained to implement plans; • Limited communication with suppliers of key local infrastructure (e.g. KCC, Southern Water) who could take action that would reduce the impact of a Business Continuity incident on TDC; • Key staff are unavailable when needed (e.g. SMT, communications).
Trigger events/situations	Situation occurs for which the council is unprepared or responds poorly
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • TDC IT system failure; • Protracted power failure; • Major incident which affects TDC service delivery (e.g. towerblock fire, sewage discharge by Southern Water) • Key post-holder leaves with inadequate handover.
Consequence	Confusion leading to vulnerability of local people and service failure
Examples of potential consequences	<ul style="list-style-type: none"> • Confusion over responsibilities; • Lack of clear understanding links to mixed messages internally and externally; • People are left vulnerable when they should not be; • Service failure; • Possible breach of contract; • Potential health and safety issues.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 1	I: 3	R: 3	P: 2	I: 3	R: 6
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Develop and implement a succession management plan.	TCA	HR Business Partner	Sept-14	Mar-15
Maintain up-to-date Business Continuity plan.	BAU	Policy and Business Planning Manager		
Ensure programme of review and testing of business continuity plan which includes shared	BAU	Policy and Business Planning Manager		

service partners.				
Provide refresh training on business continuity.	BAU	Policy and Business Planning Manager		

R04.09: Opportunities to prevent harm to children are missed by staff of TDC or its partners, or children are actually harmed by staff of TDC or its partners

Risk owner: Community Safety and Leisure Manager

Cause	TDC do not follow procedures in place and fail to respond to a child protection issue
Examples of potential causes	<ul style="list-style-type: none"> • Inadequate procedures in place; • Inadequate training arrangements; • Procedures not followed e.g: <ul style="list-style-type: none"> ○ Child left in harm through staff member not reporting concern quickly or at all ○ Staff member considers an incident to be too small in nature to be worth reporting; ○ Staff member left vulnerable to untrue allegations • System failure – IT or business continuity as all referrals are done electronically through Civica direct to KCC Social Services • Inadequate vetting of staff who will be working in situations where they will come into contact with children;
Trigger events/situations	Child is harmed or untrue allegation are made against TDC staff/partners
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Harm comes to a child which could have been avoided if TDC staff/partners had reported it; • Child is harmed by TDC employee/partner; • Untrue allegation of harm is made against TDC staff/partners.
Consequence	Negative impacts on the family, staff members and the council overall
Examples of potential consequences	<ul style="list-style-type: none"> • Longer term impacts on the child and its family; • Serious case review finds the Council to be wanting; • Reputational damage; • Impact on staff morale particularly those who had an opportunity to prevent harm; • Financial sanctions against the Council; • Psychological impact on staff member against whom untrue allegations have been made.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 1	I: 3	R: 3	P: 2	I: 3	R: 6
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Re-establish corporate CP Committee	TCA	Community Safety and Leisure Manager	Sept-14	Jan-15
Complete Kent Safeguarding Children's self-assessment document	TCA	Community Safety and Leisure Manager	May-14	Jun-14
Update TDC staff list for roles requiring DBS checks	TCA	Community Safety and Leisure Manager	Jun-14	Sept-14
Update CP information on TOM	TCA	Community Safety and Leisure Manager	Sept-14	Jan-15
Check compliance with e-learning module for new starters	TCA	HR Business Partner	Jun-14	Sep-14
Process electronic referrals of CP issues and send to Social Services	BAU	Community Safety and Leisure Manager		
Maintain the Corporate Child Protection policy	BAU	Community Safety and Leisure Manager		

R05.01: Media controversy impacts on the council's ability to achieve its objectives

Risk owner: PR and Publicity Manager

Cause	Controversial decisions and/or inadequacies in communication arrangements
Examples of potential causes	<ul style="list-style-type: none"> • Council becomes involved in projects that relate to matters that are locally controversial; • Inaccurate reporting of legal challenges in the media; • Ineffective communication with the media; • Use of communication channels that are not favoured by customers; • Ineffective use of social media; • Staff capacity does not allow time for considered response to enquiries; • Staff not trained to consider PR impact of their activities; • Inadequate media training of staff and members; • Limited staff capacity resulting in limited amount of time available for media relations; • Inadequate responses to customer complaints, FOIs or media stories; • Council response to negative stories about the council on social media is ineffective; • Sensational stories published in media without proper consideration of facts resulting in inaccurate information in the public domain; • Failure to meet/manage customer expectations; • 'Leak', or failure to follow approved process for ensuring document security.
Trigger events/situations	Controversial story publicised in the media
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Adverse reports in the local, regional or national media; • Negative comments and discussions on social media.
Consequence	Media controversy impacts on the council's ability to achieve its objectives
Examples of potential consequences	<ul style="list-style-type: none"> • Project are delayed and costs escalate; • Additional legal resources required; • Requirement to use resources to carry out a review of council actions; • Reputational damage; • Increasing resident dissatisfaction; • Loss of trust in the council; • Public disengagement from involvement with the council; • Growth in negative perceptions about Thanet as an area; • Recruitment/retention problems;

	<ul style="list-style-type: none"> Prospective partners disengage from the council reducing the council's ability to meet its objectives and potentially leading to a withdrawal of investment into the area; Increasing vulnerability to less scrupulous enterprise because of growth in the perception that in Thanet the council is not effective at dealing with controversy.
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Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 4	I: 4	R: 16	P: 3	I: 2	R: 6	P: 3	I: 3	R: 9
High			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Provide media training to all Members.	TCA	PR & Publicity Manager	Jul-14	Mar-15
Ensure appropriate level of legal advice is sought for major projects through the active involvement of Legal Services Manager in the project approval process.	BAU	Legal Services Manager		
Accurate, timely press releases supported by measured PR.	BAU	PR and Publicity Manager		
Ensure adherence to council's decision making processes.	BAU	Legal Services Manager		
Regular dialogue that foster good relationships with the media.	BAU	PR and Publicity Manager		
Use customer insight and market segmentation to inform communication methods.	BAU	Communications Manager		

R05.02: Customer expectations/ demands cannot be met by the council

Risk owner: Director of Corporate Resources

Cause	Unrealistic or inappropriate customer expectations, growth in service demand, reduction in resources/capacity affect ability to deal with matters satisfactorily
Examples of potential causes	<ul style="list-style-type: none"> • TDC sets the wrong objectives based on flawed evidence; • TDC sets too many objectives; • Customer expectations differ from the TDC's; • Public misunderstanding of the council's role and the roles of other public bodies; • Government 'enablement' powers (e.g. community rights) are misinterpreted by customers - believing that options are duties; • Increase in demand for services (could be sudden or gradual); • Changing demographics not understood by the council, and so not planned for (e.g. ageing population); • Poor communication of decision making, service objectives and service standards; • Lack of consultation with customers; • Responses to consultations ignored when developing policy/making decisions; • Unbalanced coverage of a complainant against the council in the press/media, changes the expectations of the wider community.
Trigger events/ situations	Customer expectations/ demands cannot be met by the council
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Service provision falls below expectations or needs of the public and this becomes a matter of public concern.
Consequence	Customer's disappointment, reputational damage, service failure leading to further issues
Examples of potential consequences	<ul style="list-style-type: none"> • Customers do not get what they want or need and are entitled to expect from TDC; • Inability to cope with service demand (e.g. demands on the benefit system); • Reprioritisation leading to falling standards in other services; • Increase in complaints and media criticism of the council; • Reputational damage; • Need to re-educate customer expectations.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 4	I: 3	R: 12	P: 3	I: 3	R: 9	P: 4	I: 3	R: 12
High			Medium-high			High		

Control Measure	CM type	CM owner	Start date	Due date
Review channels of communication to external customers to ensure the council has an integrated plan for improvement.	TCA	Communications Manager	Oct-14	Mar-15
Ensure appropriate level of legal advice is sought for major projects through the active involvement of Legal Services Manager in the project approval process.	BAU	Legal Services Manager		
Regular reporting of Medium Term Financial Plan to ensure that there is a clear understanding of what the council's commitments are.	BAU	Head of Financial Services		
Ensure corporate plan objectives are clearly publicised for the general public.	BAU	Policy and Business Planning Manager		
Regular reporting of business performance to the public	BAU	Policy and Business Planning Manager		
Clear marketing of what services the council provides and signposting to other public services, to ensure an integrated approach to customer service delivery.	BAU	Communications Manager		
Ensure provision of clear and consistent quality of response to public requests for information.	BAU	Customer Contact and Engagement Manager		
Engage members when developing plans for the year (including service plans).	BAU	Director of Corporate Resources		
Foster strong relationship between Cabinet and SMT through informal meetings on regular basis.	BAU	Chief Executive		

R05.03: Legal challenges require high level commitment of resources

Risk owner: Legal Services Manager

Cause	TDC activities have negative impacts for some stakeholders and TDC is not adequately prepared for legal challenges
Examples of potential causes	<ul style="list-style-type: none"> Activities of the Council have adverse financial implications for external individuals, groups or organisations (e.g. compulsory purchase orders, planning decisions, enforcement activity); Stakeholders are able to and minded to launch legal challenge; TDC is unable to commit resources to deal with the number of legal challenges; TDC does not factor costs and risks of legal challenge into its planning of activities.
Trigger events/situations	Stakeholder starts a legal challenge
Examples of potential trigger events/situations	<ul style="list-style-type: none">
Consequence	Unplanned costs leading to impacts on service provision and reputational issues
Examples of potential consequences	<ul style="list-style-type: none"> Unplanned spend/resource requirements; Potential fines/legal costs; Impact on other projects or service delivery; Reputational damage; Delays to projects.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 2	I: 4	R: 8	P: 2	I: 2	R: 4	P: 2	I: 2	R: 4
Medium-high			Medium-low			Medium-low		

Control Measure	CM type	CM owner	Start date	Due date
Ensure appropriate level of legal advice is sought for major projects through the active involvement of Legal Services Manager in the project approval process.	BAU	Legal Services Manager		
Consideration of legal implications when making decisions through use of the relevant section in the report template.	BAU	Legal Services Manager		

R06.01: Problems caused by central government policies or practices prevent the council from achieving its aspiration

Risk owner: Chief Executive

Cause	Changes to central government policies or practices
Examples of potential causes	<ul style="list-style-type: none"> • Government makes more cuts reducing funding for supply of services (by TDC and KCC); • Government reduces benefits envelope stimulating additional service demands (e.g. on housing services) or reducing council income (e.g. council tax/housing rent arrears); • Mitigation options offered by central government when regulations change do not cover the overall disadvantage to Thanet, increasing net loss to local economy; • Lack of reliable guidance from central government departments makes it harder to plan for change – e.g. unclear timetabling for the implementation of new regulations; • Advice/guidance from central government on how to deal with legislative change proves unworkable, requiring TDC to put resources into the development of new working practices and schemes; • Legislation could be introduced which abolishes second tier authorities or which incentivises the amalgamation of different councils in Kent, leading to the abolition of TDC as an entity.
Trigger events/situations	Specific regulations introduced which impact on Thanet
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Reduction in revenue support grant; • Sudden introduction of new requirements by central government for which TDC has been unable to prepare; • New legislation enacted with timetable for assimilation of second tier local authorities into a system of unitary authorities; • Government reduces the availability of useful data about Thanet.
Consequence	Reduced funding, increased service demand, increased statutory requirement, reduced capacity etc.
Examples of potential consequences	<ul style="list-style-type: none"> • Reduced funding available to deliver council services creates capacity or capability problems; • Disruption to day-to-day service delivery; • Wasteful local planning for things that might never happen; • Need to re-organise staffing structures to align to new requirements for local service provision; • Government positive portrayal of new legislation leads to the general public forming expectations of local authorities which don't match the new duties that they have; • Inability to access useful datasets leading to decisions being less well informed;

	<ul style="list-style-type: none"> • Government intervention in local services; • Inability to plan local futures locally; • Undermining of local identities.
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Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 2	R: 4	P: 2	I: 4	R: 8
High			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Consider opportunities for reducing service costs through a programme of service reviews.	TCA	Director of Corporate Resources	Jun-14	Mar-15
Explore options to consolidate or share services.	TCA	Director of Corporate Resources	Jun-14	Mar-15
Establish framework for building relationship between the Council and local MPs.	TCA	Chief Executive	Jul-14	Sept 14
Regular policy updates that provide early warning of legislative changes	BAU	Policy officer		
Ensure external funding opportunities are explored.	BAU	Technical Finance Manager		
Ensure adherence to council's decision making processes.	BAU	TBC		
Foster strong relationship between Cabinet and SMT through informal meetings on regular basis.	BAU	Chief Executive		
Regular updates on central government policy consultations.	BAU	Policy officer		
Ongoing review of government position on discretionary housing payments.	BAU	Head of Financial Services		
Ongoing monitoring of key indicators which track services which may be impacted by welfare reform	BAU	Head of Financial Services		

R06.02: Ineffective relationships between TDC and Kent

Risk owner: Chief Executive

Cause	Changes in KCC strategic and operational priorities which have adverse implications for Thanet
Examples of potential causes	<ul style="list-style-type: none"> • Changes to KCC priorities affect TDC's role in strategy; • Changing priorities based on differing political alignments (national or local) isolates Thanet so influence is lost; • Lack of capacity to engage in the various Kent led forums across Kent; • Changes in operational emphasis affects project resourcing; • KCC cutbacks disadvantage Thanet.
Trigger events/situations	KCC take decisions which have adverse impact on Thanet
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • KCC decision to withdraw or reduce investment in Thanet;
Consequence	Negative impacts on the district, TDC becomes isolated
Examples of potential consequences	<ul style="list-style-type: none"> • TDC's knowledge of county initiatives in Thanet or of wider issues is reduced; • Loss of strategic context; • Thanet resourcing is reduced; • Thanet misses out on investment opportunities; • TDC misinterprets KCC's position.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 2	R: 4	P: 2	I: 4	R: 8
High			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Engage members when developing plans for the year (including service plans).	BAU	Director of Corporate Resources		
Ensure regular prompts for leader to attend meetings of Kent leaders and feedback.	BAU	PA to the Chief Executive		

R06.03: Public disengagement from the democratic process

Risk owner: Democratic Services Manager

Cause	Public disengagement from the democratic process
Examples of potential causes	<ul style="list-style-type: none"> • Lack of belief (nationally) in the relevance of the political process; • Apathy about council purposes; • Negative stories about the council in the media; • TDC attempts to carry out large numbers of consultations leading to consultation fatigue; • Perception that the council does not value consultation responses or feedback; • Exposure of the public to unacceptable practice by members or officers encourages non-participation.
Trigger events/situations	Poor response to democratic engagement events
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Poor voter turn-out; • Poor response levels to consultations.
Consequence	Limited representation of public concerns at the Council
Examples of potential consequences	<ul style="list-style-type: none"> • Difficult for council leadership to gain a clear mandate; • Change in council priorities by a new leadership could lead to reputational damage, particularly if there is a weak mandate; • Basis for democratic accountability is undermined; • Inadequate knowledge of public opinion undermines validity of decisions; • Greater exposure to single issue pressure groups leading to decisions that may not be in the interests of the local economy.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 2	I: 3	R: 6	P: 2	I: 2	R: 4	P: 2	I: 3	R: 6
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Ensure that budget consultation for 2015-16 supports the identification of priorities for the new Corporate plan.	TCA	Policy and Business Planning Manager	Jul-14	Nov-14
Run campaign to increase participation in the democratic process.	TCA	Communications Manager	Oct-13	Mar-15
Effective SLA in place with EKS for ICT services.	TCA	Director of Corporate Resources	Sep-14	Mar-15
Develop and implement a succession management plan.	TCA	HR Business Partner	Sept 14	Mar 15
Ensure provision of clear and consistent quality of response to public requests for information.	BAU	Customer Contact and Engagement Manager		
Engage members when developing plans for the year (including service plans).	BAU	Director of Corporate Resources		

R06.04: Difficulties faced by members in carrying out the administration of the council

Risk owners: Leader and Chief Executive

Cause	Issues which make it difficult for elected members to carry out the administration of the council
Examples of potential causes	<ul style="list-style-type: none"> • Ineffective or inefficient public meetings; • Inappropriate behaviour by individual councillors; • Ineffective standards regime; • Ineffective communication between senior management and members; • Officer: member protocol inadequate or not adhered to; • Ward councillors not provided with the relevant and topical information expected under the officer: member protocol; • Lack of training for committee chairs and vice-chairs; • Lack of media training for members.
Trigger events/situations	Actions which exacerbate underlying issues
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Confidential papers are leaked; • The action of an individual councillor brings the council into disrepute; • Members find out information about an issue via the media rather than communication from officers; • Important decision postponed due to disruption at a meeting.
Consequence	Council distracted from the delivery of its objectives
Examples of potential consequences	<ul style="list-style-type: none"> • Inappropriate behaviour by individual councillors continues as standards regime is ineffective; • Lack of relevant information makes it difficult for councillors to fulfil their role effectively; • Current partners withdraw from partnership to protect themselves from misrepresentation through leaks of confidential information; • Potential partners are dissuaded from entering into partnership due to risk of confidential information being leaked; • Financial costs and waste of staff resource on matters that could be resolved through an effective standards regime; • Ineffective chairmanship limits meeting effectiveness, impacting on council business; • Reputational damage to the council; • Public disengagement from the democratic process.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 4	R: 12	P: 2	I: 2	R: 4	P: 3	I: 4	R: 12
High			Medium-low			High		

Control Measure	CM type	CM owner	Start date	Due date
Review options for requiring chairman ship/vice-chairmanship posts to be restricted to those who have been on a chairmanship training	TCA	Legal Services Manager	Jul-14	Mar-15
Provide training for all members on chairmanship and meeting management	TCA	Democratic Services Manager	Jul-14	Mar-15
Carry out review of the standards regime and make recommendations to Council	TCA	Legal Services Manager	Jul-14	Mar-15
Introduce new standards regime (following Council decision)	TCA	Democratic Services Manager	Jul-14	Mar-15
Review the officer: member protocol and design and deliver training/awareness raising for staff and members	TCA	Chief Executive and Leader	Jul-14	Mar-15
Provide media training to all members following the election	TCA	PR and Publicity Manager	Jul-14	Mar-15
Maintain regular 1:1s between directors and portfolio holders	BAU	Chief Executive		

R07.01: Lack of the right staff in the right place leads to situations where services are inadequately covered or missed (capacity)

Risk owner: Chief Executive

Cause	Mismatch between staff resources in post and service expectations causes false understanding of capacity and resilience
Examples of potential causes	<ul style="list-style-type: none"> • Reorganisation results in lack of resilience – e.g. only one person knows how to carry out a task; • Re-organisation important functions are left under-resourced following a restructure; • Vacant posts take too long to fill; • Difficulties in attracting suitable candidates for vacant posts; • Vacant post savings targets lead to reduction in capacity; • Limited delegation to, and empowerment of, staff; • Restructures take a long time to agree and implement; • Inadequate assessment of service requirements; • Failure to rationalise or deprioritise in response to funding cuts; • Unnecessary or unnecessarily complex corporate processes reduce capacity for service delivery; • Inconsistent handover practices; • Inadequate succession planning arrangements; • Ineffective arrangements for hand-over of functions; • Capability issues aggravate capacity issues; • Implementation of more efficient working fails to deliver the reduction in pressure on staff resources that was originally envisaged;
Trigger events/situations	Situation occurs where services are inadequately covered or missed
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Tasks missed or completed badly; • Discovery of crucial gaps in staffing structure; • Inability to cover staff absence; • Non-compliance with legislation/ regulation, or with requirements of grant funding; • Experienced/key worker(s) leave(s) or is/are absent and roles are assigned to people who lack the required knowledge/ expertise; • Discovery that there is no-one able to carry out a specific task.
Consequence	Service failure or reduction in performance leading to breakdown in cohesiveness of service delivery
Examples of potential consequences	<ul style="list-style-type: none"> • Key functions poorly covered; • Provision of limited or no service for a period of time; • Decision making processes slowed down as senior management capacity becomes over-stretched;

	<ul style="list-style-type: none"> • Failure to deliver objectives; • Operational service requirements not properly understood by management; • Functions remain uncovered until a crisis exposes need; • Grant funding has to be paid back, and chances of future funding are reduced; • Disillusionment with required processes; • Repetitive recruitment drives; • Pressure on staff increases, leading to stress, demotivation, lower staff morale, and higher sickness levels; • Unsustainable working practices; • Loss of positive ambition as the organisation becomes more risk averse; • Damaged employee -employer relations; • Fines/costs are incurred as things are missed; • Reputational damage.
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Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Develop and implement a succession management plan.	TCA	HR Business Partner	Sept-14	Mar-15
Identify reactive services where tracking of work capacity indicators would be beneficial (a form of contextual indicator) and set these indicators up in InPhase.	TCA	Policy and Business Planning Manager	Sep-14	Mar-15
Develop plan to build project and programme management capability (Peer Review).	TCA	HR Business Partner	Sept-14	Mar-15
Identify administration key man risk and develop a plan to minimise this risk.	TCA	HR Business Partner	Sept-14	Mar-15
Recruit to the senior staffing structure with the right calibre of staff as quickly as possible	TCA	HR Business Partner	Jun-14	Nov-14
Review staff structure in the light of refreshed Council priorities.	TCA	HR Business Partner	Nov-14	Dec-15
Review pay scheme suitability.	TCA	HR Business Partner	Jun-15	Oct-15
Regularly review pay scheme suitability.	BAU	HR Business Partner		
Regular policy updates that provide early warning of legislative changes	BAU	Policy officer		
Identify financial implications of legislative changes	BAU	Head of Financial		

and use this to inform MTFP development for staff resources		Services		
Undertake regular review of workforce matters including adequacies of staff levels	BAU	Chief Executive		
Active strategic management of annual and flexi leave entitlements, using early warning system to avoid build up.	BAU	HR Business Partner		
Management of annual leave/flexi through line management.	BAU	Chief Executive		
Communication to staff of planned approach during staff shortages.	BAU	Chief Executive		
Recognition of and thanks for additional workload taken on by staff during adverse times.	BAU	Chief Executive		

R07.02: Failure to recognise and deal with staff limitations appropriately causes deterioration in service delivery (capability)

Risk owner: Chief Executive

Cause	Failure to identify capability issues, inadequate training needs assessment and ineffective training
Examples of potential causes	<ul style="list-style-type: none"> • Limited understanding of the time needed to undertake tasks; • Staff capability issues are not addressed; • Limited understanding of the required skill sets operationally and strategically; • Training is not tailored to operational need; • Training is not delivered effectively; • Training is not implemented; • Inadequate handover or lack of mentor training for staff in new roles means requirements are not fully understood; • Staff potential is not fully realised; • Staff can't work IT systems effectively; • Not being aware of regulatory changes, or not being aware of implications of changes in law/regulation.
Trigger events/situations	Staff/members incapable of meeting expected requirements
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Staff fail to comply with legislation/ regulation; • Staff fail to meet agreed performance levels against set priorities and goals; • TDC fails to adhere to requirements of grant funding; • Decisions are taken which are not compliant with legislation, regulation or agreed process.
Consequence	Inefficient or ineffective working and costs relating to external challenge, and inefficient working
Examples of potential consequences	<ul style="list-style-type: none"> • Ignorance of best practice and latest standards; • Inefficient use of systems makes work practices less effective and more costly than they could be; • Capability challenges increase; • Legal challenge to decisions; • Requirement to repay funding; • CPDs of professional staff are put at risk; • Pockets of low ICT skills; • Staff potential is not realised; • Inability to sustain timely service delivery;

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 2	I: 2	R: 4
Medium-high			Medium-low			Medium-low		

Control Measure	CM type	CM owner	Start date	Due date
Develop an option appraisal for the introduction of a mentoring or coaching scheme.	TCA	HR Business Partner	Jan-15	Mar-15
Undertake 'skills gap' analysis when corporate priorities are rationalised (Peer Review).	TCA	HR Business Partner	Oct-14	Dec-14
Develop a toolkit for managers to support and develop their staff.	TCA	HR Business Partner	Mar-15	May-15
Develop a training programme on competent decision making.	TCA	HR Business Partner	Sept-14	Jan-15
Regular policy updates that provide early warning of legislative changes	BAU	Policy officer		
Undertake regular review of workforce matters including implementation of performance framework	BAU	Chief Executive		
Spot check on manager use of regular policy updates that provide early warning of legislative changes.	BAU	Policy and Business Planning Manager		

R08.01: Service failure or closure

Risk owner: Chief Executive

Cause	Reduction in funding/resources available, inadequate prioritisation of work, problems with asset management, problems with staff morale
Examples of potential causes	<ul style="list-style-type: none"> • Significant and/or fast paced funding cuts by central government; • Decision to prioritise key public services leads to decision to withdraw from provision of other services; • Cost of provision exceeds a level that TDC can afford; • Funding cuts leads to deterioration of service; • Statutory or customer high priority service fails temporarily (e.g. waste & recycling service, inadequate supply of social housing, failure of harbour business model); • Failure of major items of plant or equipment (e.g. failure of major harbour plant) due to lack of appropriate investment; • Frontline staff absences combined with lack of contingency; • Industrial action over work practices.
Trigger events/situations	Service failure or closure
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Failure to deliver key service at a level that is acceptable to customer or regulator (e.g. inability to find temporary accommodation for homeless people at a sustainable price); • Decision to cease delivery of some functions.
Consequence	Customer dissatisfaction, reputational damage and related costs
Examples of potential consequences	<ul style="list-style-type: none"> • Facilities become unavailable to the public; • Customers feel let down; • Housing or health risk to residents; • Costs increase as remedial action is taken; • Environmental damage; • Changes required to methods of working; • Reputational damage.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Identify administration key man risk and develop a plan to minimise this risk.	TCA	HR Business Partner	Sept-14	Mar-15

Control Measure	CM type	CM owner	Start date	Due date
Identify reactive services where tracking of work capacity indicators would be beneficial (a form of contextual indicator) and set these indicators up in InPhase.	TCA	Policy and Business Planning Manager	Sep-14	Mar-15
Regular policy updates that provide early warning of legislative changes	BAU	Policy officer		
Identify financial implications of legislative changes and use this to inform MTFP development for staff resources	BAU	Head of Financial Services		
Review of asset register to identify those assets near the end of their useful life (vehicles, plant and equipment) and build capital asset replacement/disposal (vehicles, plant and equipment) into the Capital Programme.	BAU	Head of Financial Services		
Review insurance policies on an annual basis.	BAU	Head of Financial Services		
Clear marketing of what services the council provides and signposting to other public services, to ensure an integrated approach to customer service delivery.	BAU	Communications Manager		
Communication to staff of planned approach during staff shortages.	BAU	Chief Executive		
Effective sickness management, including use of reports and adequate forecasting.	BAU	HR Business Partner		
Facilitate effective performance management processes (including tracking of contextual/activity data for early warning)	BAU	Policy and Business Planning Manager		
Foster good relationship between management and the unions.	BAU	Chief Executive		
Use service review as a vehicle to prevent service failure, including assessment of customer needs.	BAU	Business Transformation Manager		
Ensure Communication Management Strategy (including stakeholder management) is in place and up to date.	BAU	Communications Manager		
Continually work to maintain current income streams at the Port and attract new ones.	BAU	Maritime Operations Manager		

R09.01: Major project failure (e.g. Dreamland, Margate Housing Intervention)

Risk owner: Chief Executive

Cause	Poor project planning and project management
Examples of potential causes	<ul style="list-style-type: none"> • TDC attempts to take on too many projects; • Projects not adequately planned; • Lack of clarity around expectations for project costs, timescales, quality, scope, risk and benefits; • Unacceptable levels of risk to project funding; • Inadequate engagement with stakeholders and partners; • Inadequate risk management of projects; • Project management arrangements weak or not adhered to; • Inadequate challenge provided to project managers; • Failure to learn from the experiences of previous projects; • Failure to secure sufficient funding; • Failure to attract appropriate partners.
Trigger events/situations	Changes to the foreseen project environment which make the project unworkable
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Economic recession adversely impacts on housing affordability; • Government policy works against local initiatives (e.g. benefit changes adversely affects people's ability to pay for housing); • Loss of key staffing skills affects ability to deliver a project; • KCC funding fails; • Partners do not deliver a viable service; • Deadlines for project delivery are not met, so funding fails; • Project partners pull out.
Consequence	Project closure or implementation without delivering intended benefits
Examples of potential consequences	<ul style="list-style-type: none"> • Early project closure leading to reputational damage; • Belated project closure (or continuation when project should have been closed) leading to wasted time, unnecessary costs, poor service performance, possible service failure, and reputational damage. • Key areas remain an eyesore because of failure of regeneration, e.g. Dreamland site.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Establish a project risk register	TCA	Policy and Business Planning Manager	Jul-14	Aug-14
Ensure appropriate level of legal advice is sought for major projects.	BAU	Legal Services Manager		
Ensure sufficient staff expertise within the property services team in asset management.	BAU	Head of Economic Development and Asset Management		
Ensure external funding opportunities are explored.	BAU	Technical Finance Manager		
Ensure sufficient staff are trained in project management to meet the organisation's needs.	BAU	HR Business Partner		
When considering project proposals at Strategic Programme Board, explore all available options for delivering a project, rather than assuming that it must be delivered by TDC staff.	BAU	Business Transformation Manager		
Maintain project management process and ensure compliance	BAU	Policy and Business Planning Manager		

R09.02: Major Thanet employer or investor reduces or ends their investment in Thanet

Risk owner: Director of Community Services

Cause	Major Thanet employer reconsiders their investment in Thanet
Examples of potential causes	<ul style="list-style-type: none"> • Economic potential of Thanet is regarded as poor; • Economic potential is not communicated to the right people at the right time; • Supplier faces financial challenges which mean that it is not economically viable to operate in Thanet; • Organisational change alters supplier priorities.
Trigger events/situations	Major Thanet employer reduces or ends their investment in Thanet
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Commercial business decision to rationalise takes business out of Thanet; • Thanet Infrastructure is assessed as less beneficial to business than other areas; • Investment withdrawn from key local asset(e.g. Turner Contemporary) • Labour market is assessed as being unsuitable by investors.
Consequence	Pressure on the local economy increases, increasing vulnerability to social problems
Examples of potential consequences	<ul style="list-style-type: none"> • Economic deterioration; • Increasing unemployment; • Council loses Business rate income; • Regeneration is more difficult to achieve; • Regeneration initiatives fail; • Social issues (e.g. crime, educational attainment, health) remain unresolved or worsen.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-high			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Implement the economic regeneration plan.	BAU	Economic Development Manager		
Review the regeneration plan to ensure that it encourages diversity in the local economy, and recognises the roles of key participants in the Thanet economy, and sustains business intelligence.	BAU	Economic Development Manager		
Continued monitoring of economic trends in Thanet.	BAU	Business Analyst		
Dedicated marketing of Thanet as an investment opportunity by the ED&R team.	BAU	Economic Development Manager		
Efforts focussed on delivering key “game changing” infrastructure projects (Peer Review).	BAU	Director of Community Services		
Lobby government and SELEP for investment in local infrastructure.	BAU	Director of Community Services		
Annual review of adequacy of reserves informed by assessment of financial risks	BAU	Head of Financial Services		

R09.03: Changes in Thanet's demography are not considered in planning for the future

Risk owner: Chief Executive

Cause	Changes in Thanet's demography are not considered:
Examples of potential causes	<ul style="list-style-type: none"> • Failure to plan for elderly resident base replacing working age population; • Plans fail to factor in the impacts of climate change; • Increase in criminal activity; • Over-reliance on tourism; • Fragility of Thanet infrastructure gives greater scope for illegal or socially damaging activity; • Increase in transient communities of temporary residents; • Culture that doesn't care for the environment; • High volume of dependent communities.
Trigger events/situations	Changes to demography lead to significant changes in the level of demands on specific services which are not planned for
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Migration into coastal villages leads to inability to cope of public services (i.e. healthcare); • Migration into Cliftonville West and Eastcliff leads to significant increase in service demands; • Environmental stress as a consequence of growing population (e.g. sewage system); • Rapid cultural change in certain communities sees an increase in dysfunctional behaviours.
Consequence	Pressures on services leading to reduction in performance or service failure
Examples of potential consequences	<ul style="list-style-type: none"> • Environmental pressures on: water, drainage, transport, social services; • Disengagement with political processes; • Public infrastructure no longer fit for purpose; • Reduction in service performance; • Service failures.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 3	I: 3	R: 9	P: 2	I: 2	R: 4	P: 3	I: 3	R: 9
Medium-high			Medium-low			Medium-high		

Control Measure	CM type	CM owner	Start date	Due date
Timely adoption of sound local plan	TCA	Strategic Planning Manager	Aug 12	Under review
Follow a monitoring regime for air quality in Thanet	BAU	Environmental Protection Manager		
Dedicated marketing of Thanet as an investment opportunity by the ED&R team.	BAU	Economic Development Manager		
Efforts focussed on delivering key “game changing” infrastructure projects (Peer Review).	BAU	Director of Community Services		
Continue to monitor long term social trends affecting Thanet people.	BAU	Business Analyst		
Develop corporate plan in the knowledge of contextual demands	BAU	Policy and Business Planning Manager		

R09.04: Unsustainable development/lack of the right development

Risk owner: Head of built environment

Cause	Problems with Local Plan process and planning decisions
Examples of potential causes	<ul style="list-style-type: none"> • Adoption of Local Plan delayed; • Local Plan evidence base is flawed; • Local Plan is well-based but doesn't work in practice; • Change in government policy to give regional/national agendas greater priority over local needs; • Unable to demonstrate five year supply of housing land; • National economic downturn leads to reduction of investment in the area; • Failure to utilise TDC land to support the council objectives relating to economic development and regeneration (e.g. land at Eurokent or Manston Business Park); • Insufficient staff resources for planning and enforcement.
Trigger events/situations	Unsustainable development occurs
Examples of potential trigger events/situations	<ul style="list-style-type: none"> • Developments occur that address short-term rather than long-term requirements; • Developments occur without planning permission; • Planning permission is granted when it should be refused.
Consequence	Harm to the environment, economy and social well-being
Examples of potential consequences	<ul style="list-style-type: none"> • Physical infrastructure failure – including traffic congestion; • Loss of public access to countryside; • Deterioration in the environment and increase in likelihood of pollution; • Reputational damage nationally and locally (as balance between economy and environment alters); • Failure to address housing needs of the district; • Legal challenge.

Risk Score: Uncontrolled			Risk Score: Controlled			Risk Score: Present		
P: 4	I: 4	R: 16	P: 2	I: 4	R: 8	P: 3	I: 4	R: 12
High			Medium-high			High		

Control Measure	CM type	CM owner	Start date	Due date
Develop a transport strategy and infrastructure delivery plan for Thanet to support the Local Plan.	TCA	Planning Manager	Aug 12	Under review
Develop a new parking strategy that complements the developing transport strategy.	TCA	Head of Operational Services	Jul 14	Dec 14
Timely adoption of sound local plan	TCA	Strategic Planning Manager	Aug 12	Under review
Adherence to long-term coastal management plan.	BAU	Technical Services Manager		
Implementation of the adopted Local Plan	BAU	Strategic Planning Manager		
Maintain adequate planning staff (including enforcement) in order to ensure sustainable development in accordance with the Local Plan	BAU	Planning Manager		
Maintain effective planning applications service	BAU	Planning Manager		

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Risk Management Strategy and Process

To: **Governance and Audit Committee - 24 September 2014**

Main Portfolio Area: **Business and Corporate Resources**

By: **Adrian Halse, Policy and Business Planning Manager**

Classification: **Unrestricted**

Ward: **N/A**

Summary: **The report asks Governance and Audit Committee to consider the review of the Risk Management Strategy and Process documents and to approve them.**

For Decision

1.0 Introduction and Background

1.1 Every year the council undertakes a review of its Risk Management Strategy and Process documents.

1.2 The current Risk Management Strategy (Version 10), was agreed by Governance and Audit Committee (11 December 2013) and Cabinet (21 January 2014). The Risk Management Process (Version 7) was agreed by Governance and Audit Committee also on the 11 December 2013. Both documents are available on the Internet, and Intranet.

2.0 The Current Situation

2.1 A review has taken place of both the Strategy and Process documents and some changes have been recommended to both documents. These changes are relatively minor and are generally intended to reflect changes to the way the council carries out risk management following the recent review of the Risk Register (approved by Cabinet on 31 July 2014).

2.2 The recommended changes are shown as tracked changes in the documents (Risk Management Strategy – Version 11 at **Annex 1** and Risk Management Process – Version 8 at **Annex 2**).

3.0 Options

3.1 That Members note and approve the changes to the Risk Management Process (annex 2) and recommend that the Strategy (annex 1) be sent to the 13 November 2014 Cabinet for approval.

3.2 That Members make any further recommended changes to the Risk Management Strategy and Process documents.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 There are no financial implications arising directly from this report.

4.2 Legal

4.2.1 Local Authorities must be able to demonstrate compliance with the statutory principles of good governance. Local government has been undergoing significant change and the environment in which it works is increasing in complexity. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with control and the management of risk.

4.3 Corporate

4.3.1 The documents covered within this report contribute to the council's governance arrangements that lead to good management, good performance and good financial controls and enable us to engage with the public and ultimately demonstrate good outcomes for our community.

4.3.2 Failure to review the attached documents will impact on the council's approach to corporate governance, and our ability to demonstrate compliance with our own corporate processes.

4.4 Equity and Equalities

4.4.1 There are no equity or equalities issues arising from this report.

5.0 Recommendation(s)

5.1 That Members approve the changes to the Risk Management Process document and recommend that the Strategy be sent to the 13 November 2014 Cabinet for approval.

6.0 Decision Making Process

6.1 These recommendations do not involve the making of a key decision and may be taken by the Governance and Audit Committee.

Future Meeting:	Date:
Cabinet – Risk Management Strategy	13 November 2014

Contact Officer:	Adrian Halse, Policy and Business Planning Manager
Reporting to:	Paul Cook, Director of Corporate Resources

Annex List

Annex 1	Risk Management Strategy (Version 11)
Annex 2	Risk Management Process (Version 8)

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Paul Cook, Interim Director of Corporate Resources & s151 officer
Legal	Steven Boyle, Legal Services Manager & Monitoring Officer

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Risk Management Strategy

Version 11

November 2014

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Foreword

Risk management is an important aspect of all our lives. We are exposed to risk both in terms of **threats** to service provision and from the potential of **lost opportunities**. It is essential that the council can demonstrate to our citizens that it is fully considering the implications of risk as we deliver our business for the benefit of the residents of our community.

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The council introduced its first Strategy for addressing risk management in November 2004. Since then, steady progress has been made in embedding risk management throughout the council, and risk management is now an integral part of our service planning process and project management toolkit.

Ultimately, **effective risk management** will help to ensure that the council **maximises its opportunities**, and **minimises the risks it faces**, thereby improving our ability to **deliver our priorities and improve outcomes**.

Councillor [Elizabeth Green](#)
Cabinet Portfolio Holder
Member Risk [Management](#) Champion

Deleted: Michelle Fenner

[Madeline Homer](#)
[Acting](#) Chief Executive
Officer Risk [Management](#) Champion

Deleted: Sue McGonigal

Deleted: (Section 151 Officer)

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Statement of Commitment

Thanet District Council is committed to adopting best practice in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the council's objectives and deliver core service provisions. It is acknowledged that some risks will always exist and will never be eliminated.

All employees must understand the nature of the risk and accept responsibility for risks associated with their area of work. In doing this they will receive the necessary support, assistance and commitment from senior management and members.

The council's risk management objectives are a long term commitment and an inherent part of good management and governance practices. The objectives need the full support of members and active participation of managers.

The council, as a corporate body, is bound by legal obligations to provide for the health and safety of its members, employees and those that it serves. The council is also obliged to protect its material assets and to minimise its losses and liabilities.

Definitions

Governance

Governance is the system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Ensuring that the right thing, is done in the right way, for the right people, in an open, honest and timely manner.

Risk

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the council.

Risk the **chance** of something happening that will have an **impact** on the **council's business or objectives**.

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Risk Management

Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If it does go wrong, as some things inevitably will, making sure that the impact is kept to a minimum.

Risk management should ensure that an organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision making through a good understanding of risks and their likely impact.

Risk management should be a continuous and developing process which runs throughout the organisation's strategy and the implementation of that strategy, methodically addressing all risks surrounding the council's activities past, present and future.

The process of identifying and managing risk, is to increase the probability of success and reduce the opportunity of failure.

Our Objectives

Thanet District Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The council's risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of risk.
- Inform policy and operational decisions by identifying risks and their likely impact.
- Raise awareness of the need for risk management by all those connected with the council's delivery of service.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the council for risk management.
- Including risk management issues when writing reports and considering decisions.
- Continuing to demonstrate the application of risk management principles in the activities of the council, its employees and members.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
- Maintaining a register of risks linked to the council's corporate risks linked to working in partnership.

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Thanet District Council – Risk Management Strategy

- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the council's ability to function.
- [Maintaining regular performance management of risk.](#)

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Our Approach

It is essential that a single risk management approach be utilised at all levels throughout the council. By effectively managing our risks and opportunities, which is all part of good governance, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money. This approach to risk management will inform the council's business processes, including:-

- Strategic planning
- Financial planning
- Service planning
- Policy making and review
- Performance management
- Project management
- Partnership working

For those with responsibility for achieving objectives, responsibility also lies for identifying and assessing risks and opportunities; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress. The identified risks and relevant control measures will be managed through [the council's performance management system.](#)

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Some objectives could be reliant upon external groups that the council may work with, such as other organisations, partners, contractors etc. This partnership working could affect the achievement of an objective and therefore the risk management process has been incorporated into the way the council works within these partnerships.

The management of risk will become an integral part of corporate policy decisions and the initiation of major projects, which will include a statement on risk to help inform the decision making process.

Comment [AH1]: For SMT: The Council's Partnership Framework was last revised in 2010. As far as we are aware it is not being used. Hence we have removed reference to it in this document.

This will assist members and officers to ensure that new risks are detected and managed, by providing more detail on the process for managing risk, where each stage builds upon the other and provides basic practical guidance on how to identify, assess and treat risks, and monitor their progress. To assist with this approach to risk management and to ensure consistency across the council, a guidance document on the risk management process has been prepared, which will be reviewed on an annual basis and reported to the Governance and Audit Committee for approval and adoption.

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The Benefits

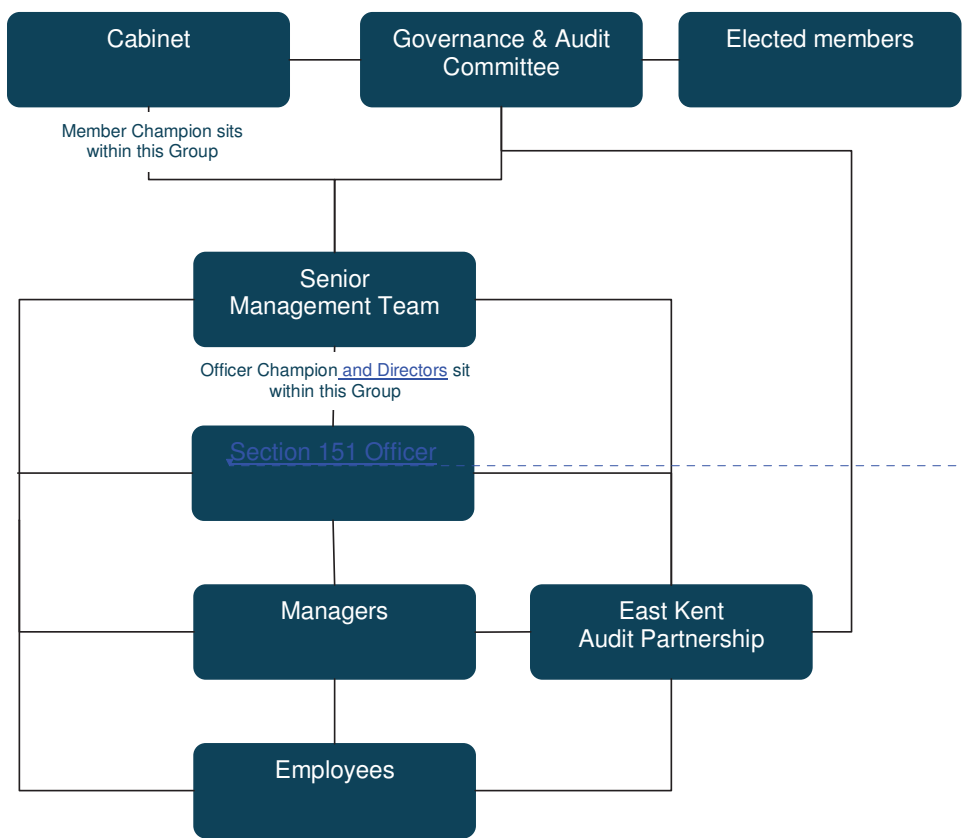


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Roles and Responsibilities

Responsibility for risk management should run throughout the council. Clear identification of roles and responsibilities will ensure the successful adoption of risk management and demonstrate that it is embedded in the culture of the council.

Everyone has a role to play in the risk management process.



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Thanet District Council – Risk Management Strategy

GROUP OR INDIVIDUAL	ROLE
Member Risk Management Champion	To understand the importance of risk management in all that the council does and to champion the cause of risk management.
Cabinet	Oversee the effective management of risk throughout the council, and gain an understanding of its benefits, ensuring officers develop and implement an all encompassing approach to risk management.
Elected Members	Gain an understanding and promote risk management and its benefits throughout the council.
Governance and Audit Committee	Provide independent assurance of the risk management framework and associated control environment, independent scrutiny of the council's financial and non-financial performance, <u>to the extent that it affects the authority's exposure to risk and weakens the control environment</u> , and to oversee the financial reporting process. <u>As stated in <i>Audit Committees: Practical Guidance for Local Authorities</i>, produced by CIPFA.</u>
Senior Management Team	Gain an understanding and promote the risk management process and its benefits, oversee the implementation of the risk management strategy and agree any inputs and resources required supporting the work corporately. Support the development of the risk management process, share experience on risk, and aid / advise in the review of risk management issues. Identify areas of overlapping risk and share good practice on all aspects of risk management.
Officer Risk Management Champion	Champion the risk management process throughout the council with both members and officers, ensuring the process is embedded and effective.
Section 151 Officer	Ensure that the risk management processes are considered as specified in the Finance Procedure Rules.
Directors	Ensure that the risk management process is promoted, managed and implemented effectively in their service areas within the organisation. Liaising with external agencies to identify and manage risk. Disseminating relevant information to service managers and employees.
Managers	Raise awareness, manage and implement the risk management process effectively in their service areas, recommending any necessary training for employees on risk management. Incorporating risk ownership through the appraisal scheme with employees and share relevant information with colleagues in other service areas.

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GROUP OR INDIVIDUAL	ROLE
Employees	Manage risk effectively in their jobs, liaising with their manager to assess areas of risk in their job. Identify new or changing risks in their job and feed these back to their line manager.
East Kent Audit Partnership	Challenge the risk management process, including the identification and evaluation of risk and provide assurance to officers and members on the effectiveness of controls.

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Links to Governance issues

Internal Control

Controls

Ensure that the processes and procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded, completeness and accuracy of records are secured and identifies and corrects when something has gone wrong.

Systems of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisations objectives;
- the facilitation of decision ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
- ensuring the economic, effective and efficient use of resources and ensuring continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- the financial management of the organisation and the reporting of financial management;
- the performance management of the organisation and the reporting of performance management.

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Thanet District Council – Risk Management Strategy

Managers will be responsible for ensuring that proper controls are in place to ensure that resources are used appropriately, to provide value for money and delivery of the council's objectives. The controls will be reported through the Annual Governance Statement, to ensure that the systems and services they are responsible for deliver consistent, predictable, effective results in or to meet service or corporate objectives.

An audit process exists which independently monitors the controls and procedures across the council to enhance value for money, ensure systems' reliance, minimise risk and act upon suspicion of fraud or corruption. External Audit relies on the audit processes in place in formulating their opinion of the council's control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives.

Performance Monitoring

Performance monitoring of risk management activity will ensure that the treatment of risk remains effective and the benefits of implementing risk control measures outweigh the costs of doing so. Performance monitoring is a continual review not only of the whole process, but also of individual risks or projects and of the benefits gained from implementing risk control measures. The section regarding the communications process includes reporting, which aids the achievement of performance monitoring.

Project Management

Ensuring that we are capable of delivering major and complex projects across many of our services is key to achieving the council's objectives. Achievement of these projects is only possible because good managers take the time to plan, organise and manage their projects well. A project management toolkit has been established for the council, which draws on many areas of good practice that already exist across the council and provides a practical reference point for managers and staff embarking on projects. This tool includes provision for undertaking and continually reviewing the risk management process throughout the life of the project.

Data Quality

The council needs to ensure that the data we use for performance monitoring and to inform decision making is accurate, reliable and fit for purpose. If the information is misleading, decision making may be flawed, resources may be wasted, poor services may not be improved and policy may be ill-founded. These could represent significant risks to the council. There is also a danger that good performance may not be recognised and rewarded. The council has a Data Quality framework which sets out the measures in place to ensure that data is fit for purpose.

Anti-Fraud and Corruption

The council has an anti-fraud and corruption framework, which will direct the council towards ensuring a professional and ethical approach to combating fraud. The council has adopted a strategic approach in order to minimise the risk of losses through fraud and corruption.

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Thanet District Council – Risk Management Strategy

To further ensure a comprehensive approach to tackling fraud and corruption, it is paramount that the full range of action is taken, integrating all the different strands. The council recognises that this is an ongoing process, with each element building and feeding back to others in a continuous improvement cycle.

Whistleblowing

Thanet District Council is committed to the highest possible standards of propriety and accountability in the conduct of its activities for the community. Employees are often the first to realise that something wrong may be happening within the council. The Whistleblowing Code is intended to help employees who have concerns over any potential wrong-doing within the council.

Anti Bribery

The council is committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti bribery compliance 'business as usual', rather than as a one off exercise.

Money Laundering

The council's policy is to do all that it can to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The council must ensure risk management processes are applied throughout the business continuity lifecycle.

Reporting

The structure for reporting risk management effectively is as follows:-

Timeframe	Description	Involvement from
Annually March	Review of the Corporate Risk Register	Cabinet
Annually September	Review of the risk management strategy and process document to identify and agree major changes	Governance & Audit Committee Cabinet

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Thanet District Council – Risk Management Strategy

<p>Quarterly June September December March</p>	<p>Risk Register reports to Governance & Audit Committee with responsibility for risk management</p>	<p><u>Member Risk Management Champion</u> Governance & Audit Committee</p>
<p>Ad hoc</p>	<p>Risk / Opportunity reviews</p>	<p>Risk / Control measure owners</p>

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Document History

Version	Date	Agreed by	Minute ref
V1	18 Oct 2004 1 Nov 2004 9 Nov 2004	Corporate Risk Management Group Heads of Service Management Team	CRMG 31 201/04-05 222/04-05
V2	1 Mar 2006 24 Jan 2006 7 Feb 2006 23 Feb 2006	Corporate Risk Management Group Finance, Best Value and Performance Review Panel Cabinet Council	CRMG 63 R186 2005/06 C/05 2005/06 66 2005/06
V3	6 Feb 2007 22 Feb 2007	Cabinet Council	C/07 2006/07 67 2006/07
V4	27 Sep 2007 1 Nov 2007 18 Dec 2007	Governance and Audit Committee Cabinet Council	R114 C11 61
V5	18 August 2008 24 September 2008 6 November 2008	Governance Group Governance and Audit Committee Cabinet	GOV08 R115 CR6
V6	1 September 2009 29 September 2009 5 November 2009	Governance Group Governance and Audit Committee Cabinet	GOV05 36. 126
V7	6 September 2010 28 September 2010 11 November 2010	Governance Group Governance and Audit Committee Cabinet	GOV04 102. 66.
V8	29 September 2011 17 November 2011	Governance and Audit Committee Cabinet	182. 165.
V9	23 August 2012 25 September 2012 8 November 2012	Senior Management Team Governance and Audit Committee Cabinet	2. 251. 28
V10	21 November 2013 11 December 2013 21 January 2014	Managers Forum Governance and Audit Committee Cabinet	N/A <u>324.</u> <u>128.</u>
<u>V11</u>	<u>24 September 2014</u> <u>13 November 2014</u>	<u>Governance and Audit Committee</u> <u>Cabinet</u>	

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Business Support and Compliance Manager

Support the council and its services in the effective development, implementation and review of the council's risk management processes. Identify and communicate risk management issues to services, and assist in undertaking risk management activity through training or direct support.

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Risk Management Process

Version ~~8~~
~~September~~ 2014

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1. Introduction

Risk management is both a statutory requirement and an indispensable element of good management. As such, its implementation is crucial to the council and essential to its ability to discharge its various functions.

This risk management process has been designed to support members and officers in ensuring that the council is able to fully discharge its risk management responsibilities in a consistent manner. The Risk Management Strategy outlines the objectives, benefits and approach to the process to ensure that risks, both positive and negative, are successfully managed.

Risk management in Thanet District Council is about improving our ability to deliver outcomes for the community by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing activities.

Risk management is a key part of corporate governance. Corporate governance is the way an organisation manages its business, determines strategy and objectives and goes about achieving those objectives. Good risk management will help identify and deal with key corporate risks facing the organisation in the pursuit of its goals and is a key part of good management, not simply a compliance exercise.

To help with the process, this guidance document describes a simple methodology working through the following questions:

- Are your objectives SMART?
 - Specific
 - Measurable
 - Achievable
 - Realistic
 - Time bound
- What could go wrong?
- How likely is it to happen?
- What would be the impact of it happening?
- What should be done to reduce the risk?
- Who owns the risk?
- What else do you need to do about it?

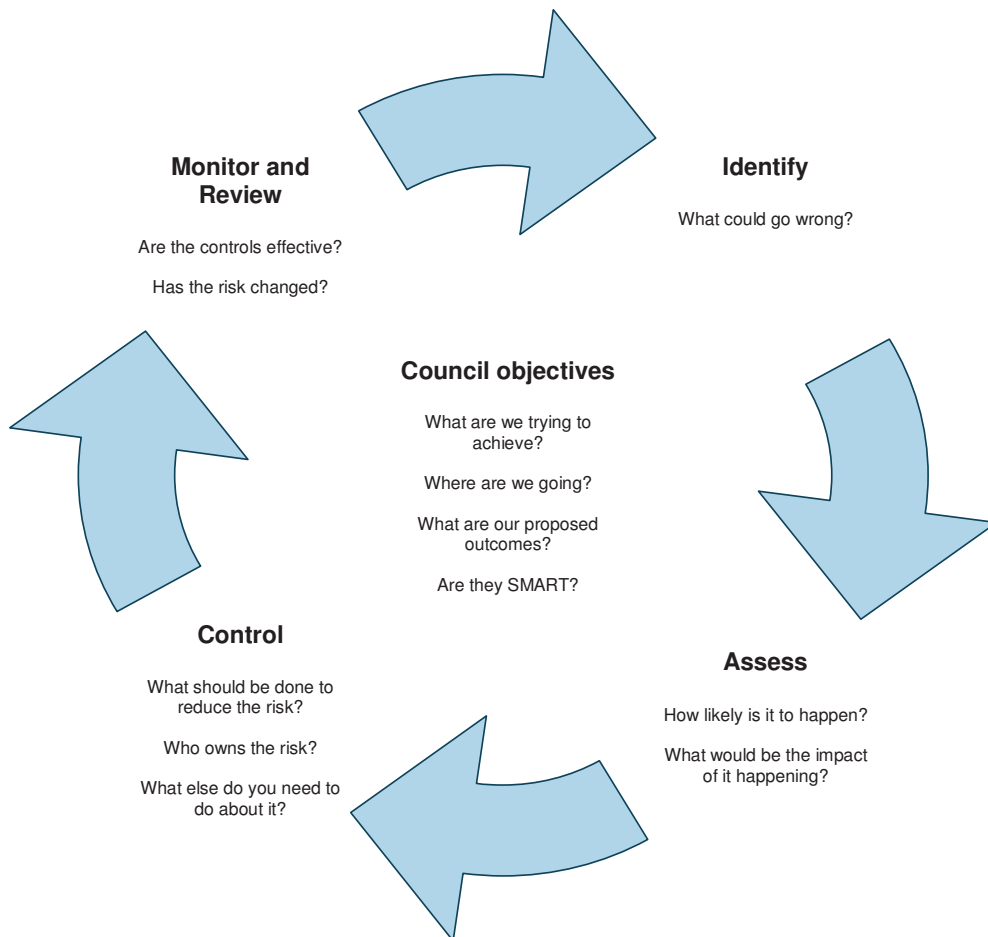
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2. Risk Management Process

The starting point for risk management is a clear understanding of what the organisation is trying to achieve. Risk management is about managing the threats that may hinder delivery of our priorities and core service provisions, and maximising the opportunities that will help to deliver them. Therefore, effective risk management should be clearly aligned to the following processes:

- Strategic planning
- Financial planning
- Policy making and review
- Performance management
- Project management
- Partnership working

and should take into account the environment within which the council operates.



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2.1 Identify

Identify the potential risks or opportunities that may arise. Where taking risks that may benefit the organisation, managing these opportunities increases the chance of success and reduces the possibility of failure. By managing our opportunities well, we will be in a better position to provide improved services and better value for money. Opportunities may also be referred to as outcomes or benefits, particularly when planning projects.

It may help to use the following structure to describe risks and opportunities “If then”.

For example:

“If we do not review and manage our budget, then there is a risk that we will overspend.”

“If the implementation of the new system is achieved according to the action plan, then the overall process will be more effective.”

Risks will be considered under the following headings:

- **Corporate** - those which could impact across the whole council including those relating to partnerships. These should be assessed by the Senior Management Team and the Member Risk Management Champion and then reported to the Governance and Audit Committee on a regular basis.
- **Service** - those resulting from the council's activities focusing on risks arising from the people, systems and processes through which we operate. These are considered within the council's service plans. In some instances operational risks may escalate to become corporate.
- **Project risks** - those associated with achieving a project within the required time, costs and resources, regardless of its size. Risks and opportunities associated with the project must be clearly identified and managed. (Further information can be obtained from the Project Management Toolkit).

Each risk needs to be allocated an owner who will be responsible for and lead on the management of that risk, taking forward any required action to minimise the risk.

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<#>**Partnership** - those associated with achieving the outcomes set by the partnership. It is essential that the risks the council may face when entering into a partnership are clearly identified and managed prior to the partnership being initiated. ¶

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2.2 Assess

Having identified the risks, it is then necessary to assess which are going to pose the greatest threat or opportunity, by looking at both the **probability** of the risk occurring and the **impact** that might result, producing the overall **risk rating**. These scores are not intended to provide precise measurements of risk but to provide a useful basis for identifying vulnerabilities or opportunities, ensuring that any necessary actions are undertaken.

Developing a standard methodology to score risks is intended to help ensure consistent, meaningful scores that can be used to assess risks.

The risk rating needs to be regularly reviewed to check that existing controls are effective and to assess any changes should new controls be established and the score should be amended to reflect this.

Table 1 - Probability

Rating	Score	
Very likely	4	<ul style="list-style-type: none"> More than a 75% chance of occurrence. Regular occurrence. Circumstances frequently encountered.
Likely	3	<ul style="list-style-type: none"> 41% - 75% chance of occurrence. Likely to happen at some point in the next 3 years. Circumstances occasionally encountered.
Unlikely	2	<ul style="list-style-type: none"> 10% - 40% chance of occurrence. Only likely to happen once every 3 or more years. Circumstances rarely encountered.
Remote	1	<ul style="list-style-type: none"> Less than a 10% chance of occurrence. Has never happened before. Circumstance never encountered.

Comment [AH1]: This table has been amended to remove the column for scoring opportunities, leaving only guidelines for scoring risks. This is because it implied that TDC will score all opportunities, and include them on a risk register. This is something which the council does not do and does not intend to introduce. The council manages opportunities in a different way. They are either identified within service plans, where managers are expected to list actions which would help them maximise the opportunity, or within project management where benefits/outcomes are assessed and measured.

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Thanet District Council – Risk Management Process

Table 2 - Impact

Rating	Score	
Major	4	<ul style="list-style-type: none"> • Major loss of service for more than 5 days. • One or more fatalities. • Major financial variation of more than £300k. • Major national news item. • Major impact on time / costs / resources. • Affect the whole council.
Serious	3	<ul style="list-style-type: none"> • Loss of service for 3 to 5 days. • Major injury to an individual / several people. • Financial variation between £150k and £300k. • Major local news / professional press item. • Serious impact on time / costs / resources. • Affect many service areas of the council.
Significant	2	<ul style="list-style-type: none"> • Loss of service for 2 to 3 days. • Severe injury to an individual / several people. • Financial variation of £50k to £150k. • Local news / minor professional press items. • Controllable impact on time / costs / resources. • Affect 1 or few service areas of the council.
Minor	1	<ul style="list-style-type: none"> • Brief disruption to service for less than 1 day. • Minor injury to an individual. • Financial variation of less than £50k. • Minimal news / press impact. • Minimal impact on time / costs / resources. • Affect Project Team only.

Comment [AH2]: As above this table has been amended to remove the column for scoring opportunities, leaving only guidelines for scoring risks. This is because it implied that TDC will score all opportunities, and include them on a risk register. This is something which the council does not do and does not intend to introduce. The council manages opportunities in a different way. They are either identified within service plans, where managers are expected to list actions which would help them maximise the opportunity, or within project management where benefits/outcomes are assessed and measured.

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Table 3 – Risk Matrix

	Very likely (4)	Medium-Low (4)	Medium-High (8)	High (12)	High (16)
	Likely (3)	Medium-Low (3)	Medium-High (6)	Medium-High (9)	High (12)
Probability	Unlikely (2)	Low (2)	Medium-Low (4)	Medium-High (6)	Medium-High (8)
	Remote (1)	Low (1)	Low (2)	Medium -Low (3)	Medium-Low (4)
		Minor (1)	Significant (2)	Serious (3)	Major (4)
					Impact

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2.3 Control

This stage of the process is to decide on a course of action to address the risks identified, to ensure that they do not develop into an issue, where the potential threat is realised. There are four approaches that can be taken to address the risks that have been identified and assessed, these being terminate, transfer, treat and tolerate

Table 4 – Risk Appetite

Level of Risk	Level of Concern	Recommended review pattern	Approach option(s) available	Other actions required
High	Very concerned	1 – 2 months	Terminate Transfer Treat	Report to Governance and Audit Committee
Medium-High	Concerned	3 – 4 months	Terminate Transfer Treat	
Medium-Low	Tolerate	5 – 6 months	Terminate Transfer Treat Tolerate	If accepted, must have contingency plans in place
Low	Content	7 – 8 months	Tolerate	Treat, if cost effective

The approach taken for all risks listed in the council's Corporate Risk Register is to treat them.

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Table 5 – Risk control approaches

APPROACH	DESCRIPTION
Terminate	A decision is made not to undertake the activity that is likely to trigger the risk. Where the risks outweigh the possible benefits, terminate the risk by doing things differently and thereby removing the risk.
Transfer	Share the exposure, either totally or in part, with a partner or contractor, or through insurance. Any partnership will need to be carefully monitored as it may not be possible to transfer all risks and certain aspects may remain, such as loss of reputation.
Treat	The most common approach is to introduce preventative actions <u>(called control measures)</u> to reduce the probability or impact if the risk occurs and maximise the potential for success.
Tolerate	The ability of an effective action against some risks may be limited or the cost of taking such action may be disproportionate to the potential benefits gained.

Control measures are the actions taken to reduce the probability or impact of a risk, not wholly to terminate or transfer. Two types are recognised within the risk register: those that are established and ongoing (often referred to as business as usual or BAU) and those that are timebound (sometimes referred to as timebound control actions).

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2.4 Monitor and Review

Few risks remain static. New issues and risks are likely to emerge and existing risks may change. Having identified the risks, assessed them and put control measures in place, it is essential that they are routinely monitored. (See table 4 – recommended review pattern).

Risk management needs to be seen as a continuous process. It is essential that the incidence of risk be reviewed to see whether it has changed over time. Risk management is a dynamic process – new risks will be identified, some will be terminated and control measures will need to be updated in response to changing internal and external events. The assessment of probability and impact will also need to be reviewed, particularly in light of our own management actions.

Monitoring progress and regular reviews provides:

- Assurance that progress is being made towards controlling risks
- Assurance that controls are effective
- Knowledge of any changes to the risk brought about shifting circumstances or business priorities.

When undertaking the monitor and review process, guidance is given below on the sorts of questions that should be taken into account:

- Are the risks still relevant?

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Thanet District Council – Risk Management Process

- Has anything occurred that could impact on them?
- Are performance indicators appropriate?
- Are the controls in place effective?
- Have risk scores changed, and if so are they decreasing or increasing?
- If risk profiles are increasing, what further controls might be needed?
- If risk profiles are decreasing, can controls be relaxed?

The monitoring and review process should be integrated into existing business processes so that it adds value and supports the successful achievement of objectives and is not just seen as a 'bolt on'. Where objectives have not been achieved or are not on course to be achieved, the cause(s) should be investigated to inform and improve the risk assessment process.

3. Categories of risk

Categories are widely used to identify sources of risk, some will be of greater concern at the corporate level and some at the operational level, however there is no clear distinction and all levels of management should be concerned, to varying degrees, with the majority of categories.

These risks can be categorised as follows: -

CATEGORY	DESCRIPTION	INDICATIVE GUIDELINES (given as examples)
Political	those associated with a failure to deliver either local or central government policy.	<ul style="list-style-type: none"> • Not meeting government agenda • Too slow or failure to modernise • Decision based on incorrect information • <u>Individuals fail to comply with agreed standards</u> • <u>Conflicts of interest</u> • <u>Decision or action taken which contradicts corporate priorities,</u>
Economic	those affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance or the consequences of proposed investment decisions.	<ul style="list-style-type: none"> • General/regional economic problems • Missed business and service opportunities • Failure of major projects • Failure to prioritise, allocate appropriate budgets and monitor • Inadequate control over expenditure or income • Inadequate insurance cover • Susceptibility to fraudulent activity
Social	those relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to deliver its objectives.	<ul style="list-style-type: none"> • Failing to meet the needs of disadvantaged communities • Failures in partnership working • Problems in delivering life-long learning

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Community planning oversight / errors

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CATEGORY	DESCRIPTION	INDICATIVE GUIDELINES (given as examples)
		<ul style="list-style-type: none"> • Impact of demographic change • Crime and disorder
Technological	those associated with the capacity of the council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the council's ability to deliver its objectives.	<ul style="list-style-type: none"> • Breach of confidentiality • Failure in communications • Insufficient disaster recovery for key data/systems • Failure of big technology related project • Breach of security of networks and data • Failure to comply with IT Security Policy
Legislative	those associated with current or potential changes in national or European law.	<ul style="list-style-type: none"> • Not meeting statutory duties/deadlines • Failure to implement legislative change • Misinterpretation of legislation • Exposure to liability claims e.g. motor accidents, wrongful advice • Breach of confidentiality / Data Protection Act
Environmental	those relating to environmental consequences of progressing the council's corporate objectives (e.g. in terms of energy, efficiency, pollution, recycling, etc).	<ul style="list-style-type: none"> • Impact on sustainability initiatives • Impact of planning & transportation policies • Noise, contamination and pollution • Crime & Disorder Act implications • Inefficient use energy and water • Incorrect storage/disposal of waste
Competitive	those affecting the competitiveness of the service (in terms of cost of quality) and / or its ability to deliver best value.	<ul style="list-style-type: none"> • Take over of services by government • Failure of bids for government funds • Failure to show value for money • Accusations of anti-competitive practices
Customer / Citizen	those associated with the failure to meet the current and changing needs and expectations of customers and citizens.	<ul style="list-style-type: none"> • Lack of appropriate consultation • Poor public and media relations • Ineffective communication with customers and citizens
Reputation	those relating to public confidence and failure to recruit high calibre staff.	<ul style="list-style-type: none"> • Adverse media attention • Policies misunderstood or misinterpreted • Negative implications identified by other which have not been previously considered • Failure to keep partners on side

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CATEGORY	DESCRIPTION	INDICATIVE GUIDELINES (given as examples)
		<ul style="list-style-type: none"> • Breach of confidentiality • Lack of business continuity plan • Failure to maintain and upkeep land and property • Reputational damage caused by fraudulent / corrupt activities
Partnership	those associated with working in partnership with another organisation.	<ul style="list-style-type: none"> • Non compliance with procurement policies • Poor selection of partner • Failure of partner to deliver • <u>Inadequate contract documentation,</u> • <u>Inadequate service level agreements</u> • Bad management of partnership working

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4. Risk Register

It is good governance for the council to maintain and review a register of its corporate and operational risks assigning named individuals as responsible officers. The Corporate Risk Register is a tool for capturing important information about corporate, and strategic risks to the council, and is to be reviewed on an ongoing basis. New risks will be identified, some will be terminated, control measures will need to be updated in response to changing internal and external events. The council also maintains a separate project risk register which lists identifies each project and the levels of risk associated with the project.

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The data contained within the risk register will be used to inform our performance reporting process. Also, as detailed within the risk management strategy, the Governance and Audit committee will be regularly informed on the content of the corporate risk register.

To meet this requirement, the council has a database in place (INPHASE) to hold this information, which is linked to the corporate objectives. This database is available via the Intranet.

5. Summary

This guidance document is intended to provide a simple methodology to help with the risk management process. It may be helpful to understand how managing risk through this process fits in with the overall approach to managing risk throughout the council. Details of this can be found in the 'Risk Management Strategy'.

Risk management is not the responsibility of just a few specialists, it must be seen as a responsibility for all members and officers.

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Thanet District Council – Risk Management Process

For any further advice or assistance, please contact:

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6. Document History

Version	Date	Agreed by	Minute ref
V1 (RMS)	18 Oct 2004 1 Nov 2004 9 Nov 2004	Corporate Risk Management Group Heads of Service Management Team	CRMG 31 201/04-05 222/04-05
V2 (RMS)	1 Mar 2006 24 Jan 2006 7 Feb 2006 23 Feb 2006	Corporate Risk Management Group Finance, Best Value and Performance Review Panel Cabinet Council	CRMG 63 R186 2005/06 C/05 2005/06 66 2005/06
V3 (RMS)	6 Feb 2007 22 Feb 2007	Cabinet Council	C/07 2006/07 67 2006/07
V1 (RMP)	27 Sep 2007	Governance and Audit Committee	R114
V2	18 August 2008 24 September 2008	Governance Group Governance and Audit Committee	GOV08 R115
V3	1 September 2009 29 September 2009	Governance Group Governance and Audit Committee	GOV05 36.
V4	6 September 2010 28 September 2010	Governance Group Governance and Audit Committee	GOV04 102.
V5	29 September 2011	Governance and Audit Committee	182.
V6	23 August 2012 25 September 2012	Senior Management Team Governance and Audit Committee	2. 251.
V7	21 November 2013 11 December 2013	Managers Forum Governance and Audit Committee	N/A 324
V8	24 September 2014	Governance and Audit Committee	

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TREASURY MANAGEMENT UPDATE FOR QUARTER 1, 2014

To: **Governance and Audit Committee – 24 September 2014**

Main Portfolio Area: **Finance**

By: **Capital & Treasury Finance Officer**

Classification: **Unrestricted**

Summary: This report is to update the Governance and Audit Committee with the Treasury Management activity that has occurred for the quarter ended 30th June 2014.

For Decision

1.0 Introduction and Background

1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (TMSS, annual and mid year reports). This report therefore ensures this council is implementing best practice in accordance with the Code.

2.0 Economic Background for the Quarter Ended 30 June 2014 (issued by the Council's treasury advisor, Capita Asset Services (Capita), on 3 July 2014)

2.1 After strong UK Gross Domestic Product (GDP) growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, and 0.8% in Q1 2014, it appears very likely that strong growth will continue into 2014 as forward surveys are very encouraging. There are also positive indications that recovery is starting to broaden away from reliance on consumer spending and the housing market into construction, manufacturing, business investment and exporting. This strong growth has resulted in unemployment falling much faster through the threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, now broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. Accordingly, markets are expecting a first increase around the end of 2014.

2.2 Also encouraging has been the sharp fall in the Consumer Price Index measure of inflation (CPI), reaching 1.5% in May, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly 1%. The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn

Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed in this quarter.

- 2.3 In June, the Federal Reserve continued with its monthly \$10bn reductions in asset purchases, which started in December 2014. Monthly asset purchases have now fallen from \$85bn to \$35bn and are expected to stop by Q3 2014, providing strong economic growth continues this year. First quarter GDP figures were depressed by exceptionally bad winter weather, but growth rates since then look as if they are recovering well.
- 2.4 The Eurozone (EZ) is facing an increasing threat from deflation. In May, the inflation rate fell further, to reach 0.5%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the European Central Bank (ECB) did take some rather limited action in June to loosen monetary policy in order to promote growth.

3.0 Capita's Interest Rate Forecast (issued by Capita on 3 July 2014)

- 3.1 The Council's treasury advisor, Capita Asset Services (Capita), has provided the following forecast:

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%
10yr PWLB rate	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.40%	4.40%
25yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%
50yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%

- 3.2 Capita Asset Services undertook a review of its interest rate forecasts in May, after the Bank of England's Inflation Report. However, more recent developments to the Bank of England's forward guidance have necessitated a second updating in this quarter carried out on 30 June. This latest forecast now includes a first increase in Bank Rate in quarter 1 of 2015 (previously quarter 4 of 2015).

4.0 Capita's Summary Outlook (issued by Capita on 3 July 2014)

- 4.1 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded during 2013 and the first quarter of 2014 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are currently very positive in indicating that growth prospects are also strong for the rest of 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to

be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy has been that wage inflation has been significantly below CPI inflation, so disposable income and living standards were being eroded, (although income tax cuts had ameliorated this to some extent). However, recent falls in inflation have created the potential for the narrowing of this gap and it could narrow further during this year, especially if there is also a recovery in growth in labour productivity (leading to increases in pay rates). With regard to the US, the main world economy, it faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although labour force participation rates remain lower than ideal.

- 4.2 As for the Eurozone, concerns subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

5.0 Capita's forward view (issued by Capita on 3 July 2014)

- 5.1 Capita would remind clients of the view that it expressed in its previous interest rate revision newflashes of just how unpredictable Public Works Loan Board (PWLB) rates and bond yields are as we are experiencing volatility which is highly correlated to geo-political developments.
- 5.2 As there remain the threat of potential risks from a number of sources caution must be exercised in respect of all interest rate forecasts at the current time. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is predicted to remain unchanged, as market fundamentals will focus on the improved UK economic performance as well as issues such as the sheer volume of UK gilt issuance (and also US Treasury issuance) and the price of those new debt issues. Negative (or positive) developments on the geo-political front as well as any fresh issues regarding an EZ-related sovereign debt crisis could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from Capita's central forecasts.
- 5.3 Capita's interest rate forecast is based on an initial assumption that we will not be heading into a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and, therefore, has the potential to dampen UK growth, as the EU is our biggest export market.

5.4 Capita's PWLB forecasts are based around a balance of risks. However, Capita would flag up the potential for upside risks, especially for longer term PWLB rates, as follows:-

- A further surge in investor confidence that robust world economic growth is firmly expected, causing a greater flow of funds out of bonds and into equities.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

5.5 Downside risks currently include:

- The situation over Ukraine poses a major threat to EZ and world growth if it was to deteriorate into "economic warfare" between the West and Russia, where Russia resorted to using its control over gas supplies to Europe. Heightened political risks in the Middle East and East Asia could also trigger safe haven flows back into bonds.
- A failure to rebalance UK growth towards exporting and business investment causing a weakening of overall economic growth beyond 2014.
- A resurgence of the EZ sovereign debt crisis caused by on-going deterioration in government debt to GDP ratios.
- Recapitalising of European banks requiring more government financial support.
- Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which still face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- There are also increasing concerns about the reluctance of western economies to raise interest rates significantly for some years. This plus the huge quantitative easing (QE) measures which remain in place (and may be added to by the ECB in the near future), has created potentially unstable flows of liquidity searching for yield and therefore heightened the potential for an increase in risks in order to get higher returns. This is a return of the same environment which led to the 2008 financial crisis.

6.0 Annual Investment Strategy

6.1 The Treasury Management Strategy Statement (TMSS) for 2014/15, which includes the Annual Investment Strategy, was approved by the Council on 6 February 2014. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

6.2 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash

flow needs, but also to seek out value available in periods up to 370 days with highly credit rated financial institutions, using Capita's suggested creditworthiness approach including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita.

6.3 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2014. This is on the understanding that the country restrictions on banks/investments (no more than £4m to be placed with any non-UK country which must have a minimum sovereign long term rating of AAA) do not apply to money market funds (including enhanced money market funds). The Council only invests in sterling denominated money market funds (including enhanced money market funds); there being nine such funds that the Council currently uses.

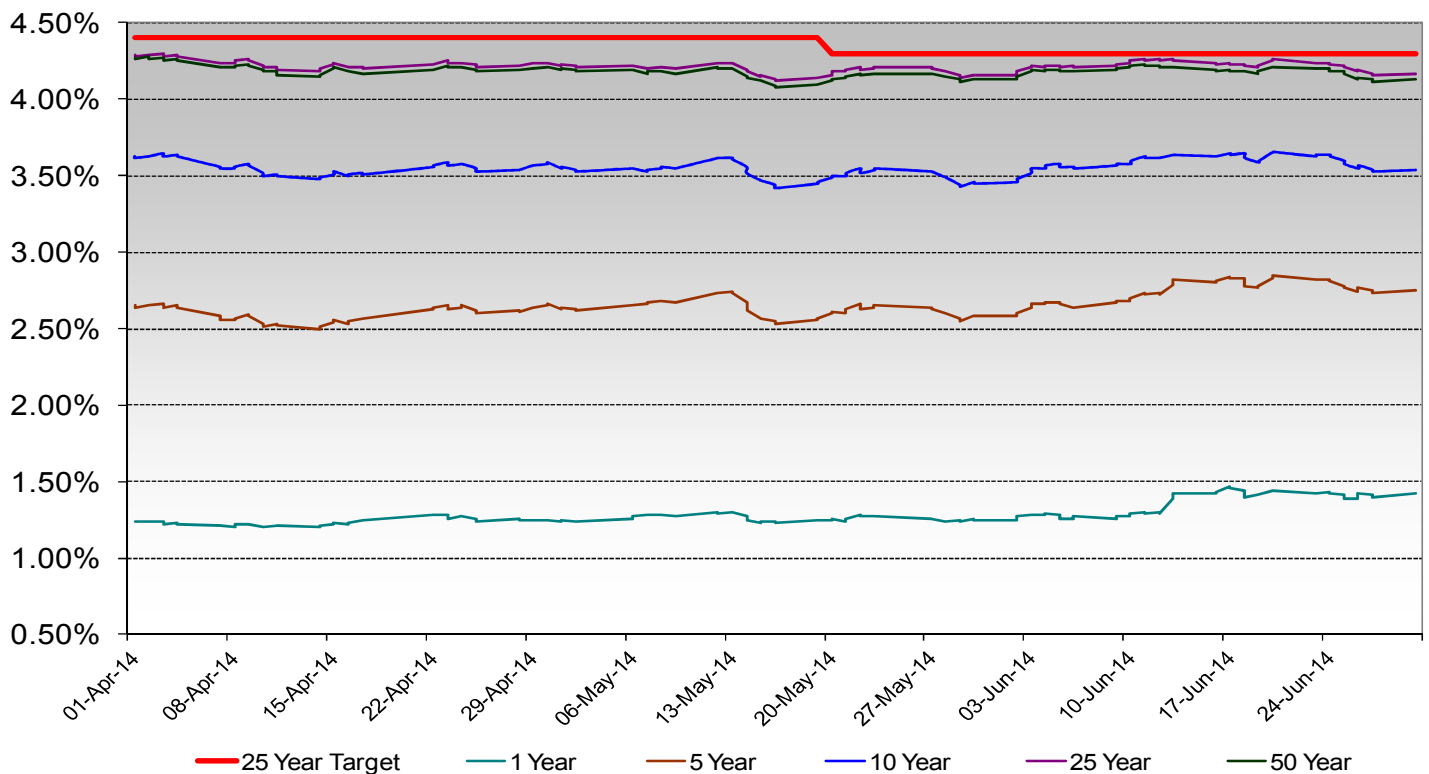
6.4 In July 2014 the Council opened an additional account with Santander UK plc (90 day notice account) to provide extra yield, subject to security and liquidity considerations as per section 6.1 above.

7.0 New Borrowing and Debt Rescheduling

7.1 Capita's target rate for the 25 year PWLB certainty rate for new long term borrowing for the quarter remained at 4.40% until 19 May when it fell to 4.30%. No new borrowing was undertaken during the quarter by the Council.

PWLB certainty rates, quarter ended 30th June 2014

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.20%	2.50%	3.42%	4.12%	4.08%
Date	08/04/2014	14/04/2014	16/05/2014	16/05/2014	16/05/2014
High	1.47%	2.85%	3.66%	4.30%	4.28%
Date	17/06/2014	20/06/2014	20/06/2014	03/04/2014	02/04/2014
Average	1.29%	2.66%	3.56%	4.22%	4.18%



7.2 To minimise investment risk, the Council has reduced the overall debt liability by repaying £196k of external debt. This relates to loans which are repayable by equal instalments of principal (EIP) over the lives of these loans.

7.3 This Council has not borrowed in advance of need during the quarter ended 30th June 2014 and has not borrowed in advance in all of 2013/14.

7.4 Debt rescheduling opportunities have been limited in the current economic climate and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30th June 2014, no debt rescheduling was undertaken by the Council.

8.0 Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

8.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.

9.0 Options

9.1 That the Governance and Audit Committee approves this report.

10.0 Corporate Implications

10.1 Financial and VAT

10.1.1 There are no financial or VAT implications arising directly from this report.

10.2 Legal

10.2.1 There are no legal implications arising directly from this report.

10.3 Corporate

10.3.1 This report is being brought before Members of the Governance and Audit Committee as recommended by the CIPFA Code of Practice as being best practice.

10.4 Equity and Equalities

10.4.1 There are no equality or equity issues arising directly from this report.

11.0 Recommendation

11.1 That the Governance and Audit Committee approves this report.

12.0 Decision Making Process

12.1 As per section 11.1 above.

13.0 Disclaimer

13.1 This report is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. Neither Thanet District Council nor any of its officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document.

Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Contact Officer:	Paul Cook, Interim Director of Corporate Resources & s151 officer extn 7617
Reporting to:	Sue McGonigal, CEx

Annex List

None	N/A
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Corporate Consultation Undertaken

Finance	N/A
Legal	N/A

External Funding and Grants Protocol

To: **Governance & Audit – 24 September 2014**

Main Portfolio Area: **Corporate**

By: **External Funding Officer**

Classification: **Unrestricted**

Ward: **All**

Summary: To present the new External Funding and Grants Protocol
For Decision

1.0 Introduction

1.1 The purpose of this paper is to introduce the revised external funding protocol.

2.0 Background

2.1 The original External Funding Protocol put in place robust procedures to prevent breaches of external funding grant conditions and possible repayment of grants as a result.

3.0 Current Position

3.1 The protocol was previously approved by Governance and Audit on 13th December 2011 and is regularly reviewed. This revised version reaffirms the procedures, but in addition strengthens further the payment of grants to third parties and in the applying of external funding.

3.2 The revised External Funding and Grants Protocol is presented at **Annex 1**.

4.0 Corporate Implications

4.1 Financial

4.1.1 There are no direct financial implications; the approval of the protocol ensures that potential financial risks are considered prior to, during and after grant drawdown to avoid adverse impact on the Council's finances.

4.2 Legal

4.2.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, this is the Interim Director of Corporate & Regulatory Services (S151 Officer), Paul Cook, and this report is helping to carry out that function.

4.3 Corporate

- 4.3.1 Corporate priorities rely in part on the success of external funding applications. The protocol assists the Council in applying and managing the risk associated with external funders requirements.

4.4 Equity and equalities

- 4.4.1 There are no equity or equality issues arising from this report.

5.0 Recommendation

- 5.1 That Governance and Audit approve the adoption of the revised External Funding and Grants Protocol.

Contact Officers:
Clive Bowen, Tel. (01843) 577225



External Funding and Grants Protocol

Thanet District Council



1.0 Introduction

- 1.1. External funding is an important source of income to the Council, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.
- 1.2. Grants provided by the Council help to deliver corporate priorities and outcomes, but it is important that these grants are managed responsibly and offer value for money.
- 1.3. There is a need for a protocol that standardises processes relating to external funding and the payment of grants to ensure consistency and clarity and to protect the Council from unidentified risks.

2.0 Objectives of the Guidance Notes

- 2.1. The objectives of these guidance notes are to ensure that:
 - Corporate Plan/Council priorities are considered when seeking external funding and bids concentrate on these areas, rather than bidding for funds that divert internal resources to non priority areas.
 - Before taking on external funding due consideration is given to the funder's conditions and rules.
 - Issues that may arise from the funding are identified and considered appropriately e.g. legal, VAT and capacity issues.
 - Exit strategies are considered and identified where appropriate.
 - All financial implications arising from external funding are identified e.g. match funding requirements and ongoing unsupported revenue costs etc.
 - Members are involved appropriately in approving funding bids.
 - Thanet District Council, its Members and staff are protected through the keeping of correct records.
 - The correct authorisation is obtained to enter into an agreement for external funding for a project.
 - All funding in respect of the project is received and properly accounted for.
 - All claims for funds are made by the due dates.
 - The project progresses as approved.
 - Monitoring takes place in a timely manner.
 - All expenditure is properly incurred and recorded.
 - All project outcomes, outputs and results are achieved.
 - There are procedures in place for any grants made from the project.
 - There is an audit trail for all expenditure and income relating to the project.
 - Any requirements from external funders are met.
 - Any significant changes to the project are notified to the external funder as soon as they become apparent.
 - Equality and diversity aspects of externally funded projects are considered.
 - Grants are paid to sustainable organisations.

- Expenditure and outputs in relation to grants provided are monitored to ensure the grant has delivered value for money.
- Grants paid to organisations over £1,000 have a grant offer letter (**Annex 4**).

2.2. Application of the guidance set out may vary from project to project and information on particular requirements for project monitoring and record retention is likely to be provided by individual funders. It is of vital importance that the funder's guidance is followed.

3.0 Definition of External Funding and Grants

3.1. This protocol applies to external funding/contributions and grants paid to third parties that are as follows:

	Grants/Contributions paid to / received equal to or in excess of	Definition
External Funding received by the Council	>=£0	Any grant that carries conditions, where several outcomes or regular returns are required to be reported to the funder.
External Funding received by the Council	>=£5,000	Any grant that carries only one outcome e.g. the writing of a report or the monitoring of the number of participants in an event.
Un-ring-fenced grants and contributions received by the Council	>=£10,000	Any sum received in excess of £10k, un-ring-fenced means a sum received that has no conditions placed upon it and does not result in a specific outcome.
Grants paid by the Council to third parties	>=£5,000	Any grant paid to third parties however funded.

3.2. This protocol does **not** apply to the following grants that pose low or no risk to the authority:

	Grants/Contributions paid to / received	Definition
External Funding received by the Council	£0-£4,999	Any grant that carries only one outcome
Un-ring-fenced grants and contributions received by the Council	£0-£9,999	Any sum received in excess of £10k, un-ring-fenced means a sum received that has no conditions placed upon it and does not result in a specific outcome.
Grants paid by the Council to third parties	£0-£4,999	Any grant paid to third parties however funded, however all grants over £1,000 require a grant offer letter

- 3.3. Grants or funding under these levels should not disregard this protocol and should still use it as guidance, should any grants under £5,000 carry a single outcome the project manager should still ensure that the grant conditions are adhered to as required.
- 3.4. The levels have been set to balance the safeguarding of external and internal funds against the level of administration required in protecting the authority.
- 3.5. All grants paid to third parties over £1,000 should have a grant offer letter, a standard agreement is contained at **Annex 4**.

4.0 General Guidance on different types of external funding

- 4.1. External funding can take many forms and as such it is not possible to write guidance on all of them as part of the protocol which is why each grant needs to be appraised individually.
- 4.2. However, there are a number of key funders and this section is designed to give grant applicants an idea as to which funding sources are likely to be easier to apply to.
- 4.3. **European Funding**
- 4.4. European funding now takes several forms, funding can be paid through the Local Enterprise Partnerships coming from central government (i.e. ERDF/ESF), directly from a lead partner (i.e. Interreg) or a managing authority (i.e. European Fisheries Fund).
- 4.5. Grant rates vary considerably through every programme and again each requires detailed analysis particularly around match funding and audit requirements.
- 4.6. As these Audit requirements are complex, they require a lot of officer time by the project team (including central services) to ensure compliance.
- 4.7. Any bid for European funding under £50,000 must have financial sign off before a bid is drafted, as the financial benefits of the bid are unlikely to outweigh the officer time required to administer the funders required process.
- 4.8. In addition, programmes such as Interreg require a lot of overseas meetings which also involves a lot of officer time.
- 4.9. **Heritage Lottery Fund (HLF)**
- 4.10. Over the last few years the HLF have had a larger pot of money to distribute due to an increase in lottery ticket sales and a higher percentage allocation of those sales compared to other lottery organisations.
- 4.11. This has resulted in a large grant pot to which heritage focused projects can bid into which for Thanet with its historic background provides an excellent opportunity to finance large regeneration schemes.

- 4.12. The HLF programmes typically operate in one of two ways. For the smaller programmes a one stage bidding process with a quick outcome for smaller grants or a two stage bidding process for larger grants.
- 4.13. Stage one of the two stage process involves the grant applicant bidding for development funding to assist with work up costs of a scheme such as surveys and designs, with the stage 2 bid then being for the actual physical development.
- 4.14. Although the lottery schemes are not as difficult to audit compared with the European programmes for larger schemes the two stage process will lead to a delay from project initiation to project completion.
- 4.15. Claims are typically quarterly, unless large enough to warrant monthly returns which generally makes monitoring of the schemes easier.
- 4.16. **Other funders**
- 4.17. The remainder of other funders including HCA, DCLG, KCC etc. will all have their own funding conditions which will need to be abided by and these will need to be carefully assessed with the External Funding Officer assisting in their assessment.

5.0 Roles and Responsibilities

- 5.1. For any projects where the Council is the applicant for the external funding, the Council is normally ultimately responsible for everything that happens during the lifetime of the project. This may mean that if conditions are breached by a third party benefitting from the funds, the Council will have to repay any clawback of funds even though it may not be possible to reclaim this from the third party.
- 5.2. In addition should grants be paid to third parties, these grants should only be paid if value for money can be guaranteed and that evidence is provided to support what the grant was used for.
- 5.3. The **Section 151** Officer has overall responsibility for external funding and grants and is specifically required to:
 - Maintain and review of the Council's External Funding and Grants Protocol.
 - Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
 - Ensure that the match-funding requirements are considered prior to entering into agreements and that future capital/revenue budgets reflect these requirements.
 - Ensure that all claims for funds are made by the due date, where he/she is specifically responsible for submitting grant claims.
 - Arrange and maintain adequate insurance cover for the project in accordance with Council's policy.
 - Ensure that audit requirements are met.
 - Ensure that grants paid to third parties offer value for money.

5.4. **Second Tier Managers** are required to:

- Consult with the Section 151 Officer on any application for external funding prior to its submission to SMT.
- Ensure that the proposed project meets the funder's criteria.
- Organise appropriate training of relevant staff involved in the project.
- Ensure that appropriate internal records are kept particularly by the Project Manager.
- Determine how long to keep the records of each project in conjunction with the external funder and S151 Officer.
- Ensure that all claims for funds are made by the due date, where he/she is specifically responsible for submitting grant claims.
- Ensure that the project progresses in accordance with the agreed project plan, conditions and project outcomes and that all expenditure is properly incurred and recorded.
- Maintain adequate supporting documentation to enable claims for funding to be fully evidenced and maximised.
- Prepare reports for Members and Senior Management Team as appropriate on externally funded projects in their service area.
- Comply with the External Funding and Grants Protocol.
- Consult with SMT/S151 Officer/Accountancy prior to the awarding of a grant to a third party.

5.5. For each scheme, a **Project Manager** will be designated. Where the project manager is external to the Council a designated officer or Second Tier Manager should ensure that all the requirements of the project manager have been fulfilled. The Project Manager is responsible for:

- Delivering the project and liaising with partners, staff and the external funder(s),
- Preparing delivery plans for approval.
- Ensuring that capital and revenue income and expenditure is identified correctly in conjunction with the S151 Officer/Accountancy and ensuring that the correct coding in eFinancials is adhered to.
- Identifying any 'timing' rules on funding particularly for any roll forwards to future periods.
- Arranging for the drawing up of any contract/grant/service level agreement with partners so that each partner knows what is expected of them, this is particularly important when paying grants to third parties.
- Ensuring that financial checks of grant recipients are carried out so that any grant provided is not put at risk should the company go into liquidation.
 - Financial checks should be undertaken as a matter of course should grants be paid up front in advance of expenditure being undertaken, a financial check may not be required if the grant is being provided to offset expenditure already incurred and evidenced by the third party.

Should a check be required on an individual rather than a company, the Council should seek their written permission to perform this.

- That grants are paid prudently (e.g. stage payments linked to work that has or will be undertaken) to ensure that no funds are put at risk in line with the grant/service level agreement. All grants over £1,000 must have a grant offer letter; a draft is included in **Annex 4**.
- Ensuring that any organisation that will receive any element of the external funding, either as a partner of the Council, or as a grant recipient, has a diversity policy that is compatible with the Council's policy.
- Identifying insurance needs for the project and ensuring that these are in place, in conjunction with the S151 Officer.
- Liaising with the Council's VAT Officer to consult about any potential VAT issues.
- Keeping the internal records for the project in accordance with advice from the Head of Service, External Funding Officer and S151 Officer.
- Monitoring the records kept by any partners and subcontractors in relation to the project and ensuring that these meet the funders requirements.
- Undertaking a periodical check to ensure that no conditions attached to the grants for the project have been breached.
- Comply with the External Funding and Grants Protocol.

5.6. **Accountancy** has the responsibility for:

- Setting up, safekeeping and maintaining a main file for each project/ funding source.
- Create and inform managers of appropriate coding within eFinancials for all external funding.
- Co-ordinating and monitoring the progress of all projects that are externally funded.
- Where required preparing and submitting external funding returns in conjunction with the Project Manager.
- Assessing the impact of new external funding bids in line with the External Funding and Grants Protocol.

6.0 Authorisation

- 6.1. Before any application is made for external funding, the application form or proposal for an application, including the application form to be completed should be sent to the External Funding Officer.
- 6.2. The External Funding Officer will examine the application and report to SMT the main points of the application and any comments they might have.
- 6.3. Once SMT have made a decision to approve or refuse the application for funding, this will be reported back to the author of the application by the External Funding Officer.

- 6.4. Any grants that are to be paid to third parties should also receive approval by SMT prior to be awarded.
- 6.5. Should there be the need for an urgent decision on an external funding bid or grant award, the S151 or deputy S151 officer will have authority to approve these prior to them being reported to SMT.

7.0 Records

- 7.1. Records need to be kept to demonstrate the progress and delivery of the project. Where records are to be kept electronically the funders approval to this must be sought.
- 7.2. Records should not just be kept on internal expenditure, but where the project and funders conditions dictate, also external providers of services or receivers of grant.
- 7.3. Expenditure and outcome records should be obtained from any grant recipient that receives a grant either externally funded or from internal funds, to ensure they have used the grant for the purposes for which it was given.
- 7.4. Records must show:
 - A sufficient audit trail which should be traceable right back to the original document, demonstrating, for example, the expenditure, an invoice and bank statement.
 - Exact evidence of expenditure.
 - Internal staff costs – salary records, detailed timesheet (to show time allocated to the project) and any apportionment methodology.
 - External staff costs – invoices, detailed timesheets.
 - Other costs – invoices, payment receipts, apportionment methodology, copies of leasing/hire agreements, source documents for overheads.
 - Records of eligible beneficiaries and steps taken to discern their eligibility.
 - Evidence of proper procurement.
 - Evidence of any auditable, accountable match funding.
 - Compliance with any publicity, equal opportunities and environmental requirements.
 - Clear records of any businesses supported for state aid purposes.
 - Evidence to support the output measures that as a minimum meet the funder's requirements e.g. this may be national insurance numbers for jobs created.
 - Evidence of insurance documents for third party grant recipients to be reviewed by the Council's insurance officer, e.g. a grant being provided for an event.
- 7.5. The core documentation required to be kept on the project file is:
 - The report seeking SMT approval of the application, and the minute approving the project, or the minute of the management meeting/ portfolio holders written agreement in the event that special powers are invoked due to urgency.

- The funding application.
 - The offer letter from the external funder and any subsequent revisions.
 - Copies of any correspondence with the external funder.
 - Copies of any agreed changes and variations to the project.
 - Copies of all claim forms.
 - Working papers showing how the claims have been calculated.
 - File notes of any issues relating to the project. These file notes must be signed and dated by the originator.
 - Documentation to support the outputs achieved.
- 7.6. For the purchase of fixed assets including second hand equipment an inventory should be maintained if required by the funder, please see **Annex 3** for details on records to be maintained. Where the purchase of an asset exceeds £10k then the project will become a capital project and the project should have had a capital bid form completed for it prior to submitting an application for external funding.
- 7.7. For procurement, the Council's Financial Procedure Rules, Contract Procedure Rules, Procurement Strategy and Procurement Code of Practice will apply as a minimum. The external funder may make some additional requirements. Copies of quotations/ tender documents must be kept.
- 7.8. Records of any match funding or income must be kept showing:
- Details of match funding.
 - Details of any match funding in kind.
 - Details of any income received.
 - Bank statements
 - Audited accounts
 - Working papers
 - Details of any match funding in the form of volunteer time provided it is eligible, supported with the required evidence (e.g. timesheets, hourly rate calculations).
- 7.9. The external funder may require that some additional project specific records are kept. This should be checked with the external funder.

8.0 Claiming the External Funds

- 8.1. The offer letter from the external funder is likely to be the contract by which the external funder provides funds to the Council. It should set out amongst other things:
- Start and end dates for the project
 - The expected outputs /outcomes/results.
 - The total eligible expenditure.
 - The maximum amount of grant and the grant rate.
 - Start dates for eligible expenditure.
 - Date of financial completion.
 - Timing of payments of funds to the Council.

- Dates for submitting grant claims and any final claims or other required documentation.
 - Definitions, for example, of what constitutes eligible expenditure for grant purposes
- 8.2. Standard claims must be submitted in the required form and method by the due dates and accompanied by any supporting documentation required by the external funder. Usually this will be details of the actual progress of the project compared with that expected and set out in the offer letter.
- 8.3. Usually the external funder will require a progress report at regular intervals even if no claim for grant is made.

9.0 Receipt of Grant

- 9.1. The Project Manager should ensure that any grant claimed is paid to the Council by the due date(s) and traced to the correct code in the financial ledger. Any non-receipt of grant must be reported to the External Funding Officer or S151 Officer immediately.
- 9.2. Accountancy should be notified promptly of details of grant payments expected for cash flow purposes.

10.0 Notifying Significant Changes

- 10.1. No matter how well a project is planned and managed, there may still be unforeseen circumstances in the way the project is delivered.
- 10.2. Where a change to a project is considered to be “significant” and impacts on the original funding bid, it is essential to notify the external funder and seek written approval to change the project before any changes are made. The definition of a “significant” change must be obtained from the external funder before the commencement of the project.
- 10.3. Changes can be financial or non-financial i.e. outputs, outcomes or results.

11.0 Monitoring the Project

- 11.1. Monitoring is the core of good project management and is useful to identify strengths and weaknesses that can be improved or built upon. It is also essential to ensure that the project is proceeding as planned to avoid possible claw back of grant paid to the Council and to ensure that grants paid to third parties deliver value for money.
- 11.2. A monitoring system must be set up for each project.
- 11.3. The monitoring system should comprise:
- The use of key baseline working documents based on the objectives of the project or grant provided, the desired outcomes and the projected spend. These are likely to be a time bound baseline plan for achieving the outcomes consistent with the approved project and a financial profile linked to outputs.

- The record keeping system set up to record the data that provides information for interim and final reports and project evaluation. Examples might include:
 - A project specification that demonstrates the need for the project and details the aims and specific objectives of the project.
 - Details of participants/beneficiaries, materials and reports.
 - Time records for staff working on the project detailing their activity.
 - Agreed milestones in relation to output delivery.
- The projects financial records which are the spreadsheets and schedules detailing expenditure and income relating to the project. These are the basis of the grant claims and must identify the costs incurred in the delivery of the project, both direct and apportioned. Separate cost codes may need to be set up but these must be linked to the Council's main financial records in order to provide the audit trail, and backed up by source documentation (invoices, petty cash claims, travel expense claims and remittance advices for income).
- The non financial records which need to be coherent and designed in such a way as to collect all relevant data required to prove eligibility of activity and link to other documents.

11.4. Separate systems will be required for internal and external monitoring. External monitoring will involve the monitoring of partners whose roles and responsibilities, activities and organisational systems may be very different to the Council's.

11.5. Monitoring of scheme expenditure, outputs, outcomes and results must take place at regular quarterly intervals or such more regular times as determined by the external funder.

12.0 Standard of Evidence Needed to Support the Outputs/ Results Claimed

12.1. This is a vital part of the monitoring process and there must be clear evidence established to back up any outputs achieved. There must also be explanations as to why any outputs claimed are different to those set out in the approved project.

10.2. Below are some examples of actual supporting evidence required by funders and TDC to support expenditure. As can be seen, the requirements may be quite onerous but it is vital that funder's requirements are met or value for money is assured, in order to prevent a breach of conditions and/or a potential repayment of external funding. These are only examples and it is important to identify the appropriate requirements, including that of any relevant funder(s).

- New Business Start Ups:
 - ✓ Location of new business.
 - ✓ Letters of incorporation, initial bank set up, rental or purchase agreements for premises.

- ✓ Evidence of the ownership of the new company in order to prove that it is not a new branch subsidiary or joint venture of an existing company.
- Companies Receiving Substantive Support:
 - ✓ Location of company.
 - ✓ The needs analysis for the support.
 - ✓ A statement showing the type of support received.
 - ✓ Time sheets for each element of support received and supported by diary entries.
 - ✓ If the support has been given in cash, actual defrayal will be required. Evidence will need to be provided which will link the cash received to a payment within the period of the claim for support.
- Number of Marketing Initiatives:
 - ✓ The needs analysis for the intervention and the type of activity undertaken.
- Number Entering Self Employment:
 - ✓ Names and addresses of beneficiaries, copies of business stationary, utility bills, and any business plan.
 - ✓ A declaration from the beneficiary explaining how the intervention has directly resulted in the output.
- Brownfield Land Reclaimed:
 - ✓ Location of site
 - ✓ Evidence that the land is not of potential economic use without the support.
 - ✓ A surveyor's report, which identifies the actions, required to bring the site up to an acceptable standard.
 - ✓ Evidence to show that there is a potential economic use for the site if it was to be decontaminated.
- Jobs Created:
 - ✓ Location of job, address of employee and national insurance number.
 - ✓ Job description and recruitment advertising.
 - ✓ Employment dates and hours worked.
- Safeguarded Jobs:
 - ✓ Location of job, address of employee and national insurance number.
 - ✓ Evidence of the potential threat to the position due to redundancy or other reason. This could be in the form of letters to the employee, management discussion minutes, formal announcements etc.

10.3 If the funder does not automatically specify what supporting evidence is required then a request should be made as to the required documentary form before the commencement of the project.

13.0 Post Completion of a Project

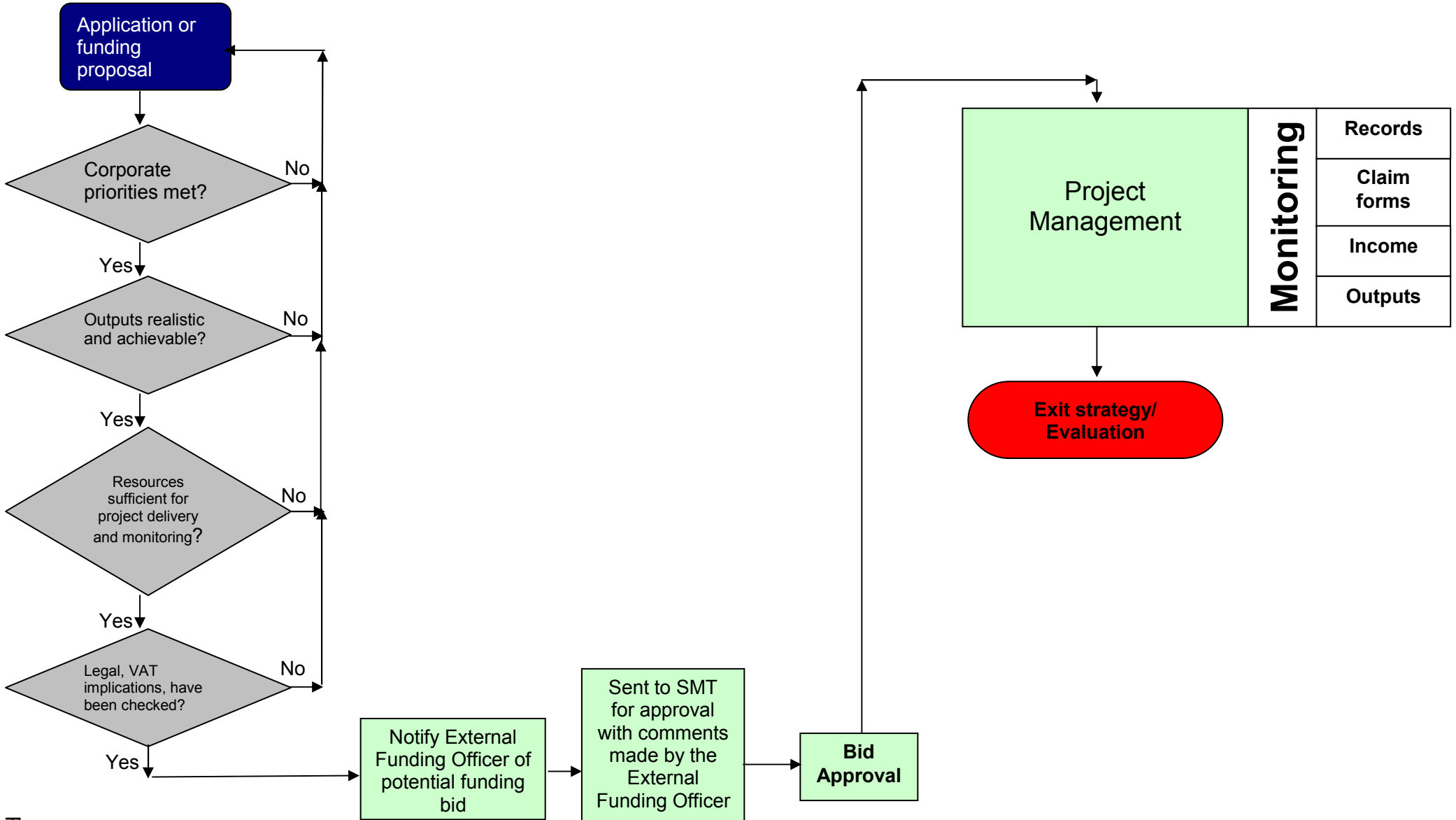
13.1. Any final audited statement of grant expenditure required by the external funder should be submitted by the due date together with any "end of project" report required.

- 13.2. Records should be retained as set out in the funder's requirements or in accordance with statute where this exceeds the funder's requirements.
- 13.3. Funder's output conditions should continue to be monitored to ensure that any breaches are identified in a timely manner and appropriate action should be taken to ensure that external funding repayments are minimised.
- 13.4. Before disposing of any assets either fully or partially financed from external funding, any relevant conditions should be identified and considered.
- 13.5. Where appropriate the approved exit strategy should be followed.
- 13.6. Where a grant has been provided to a third party a summary of what has been achieved by the project, its outcomes and expenditure evidence of the whole project should be reviewed to ensure the grant has achieved its original aims.

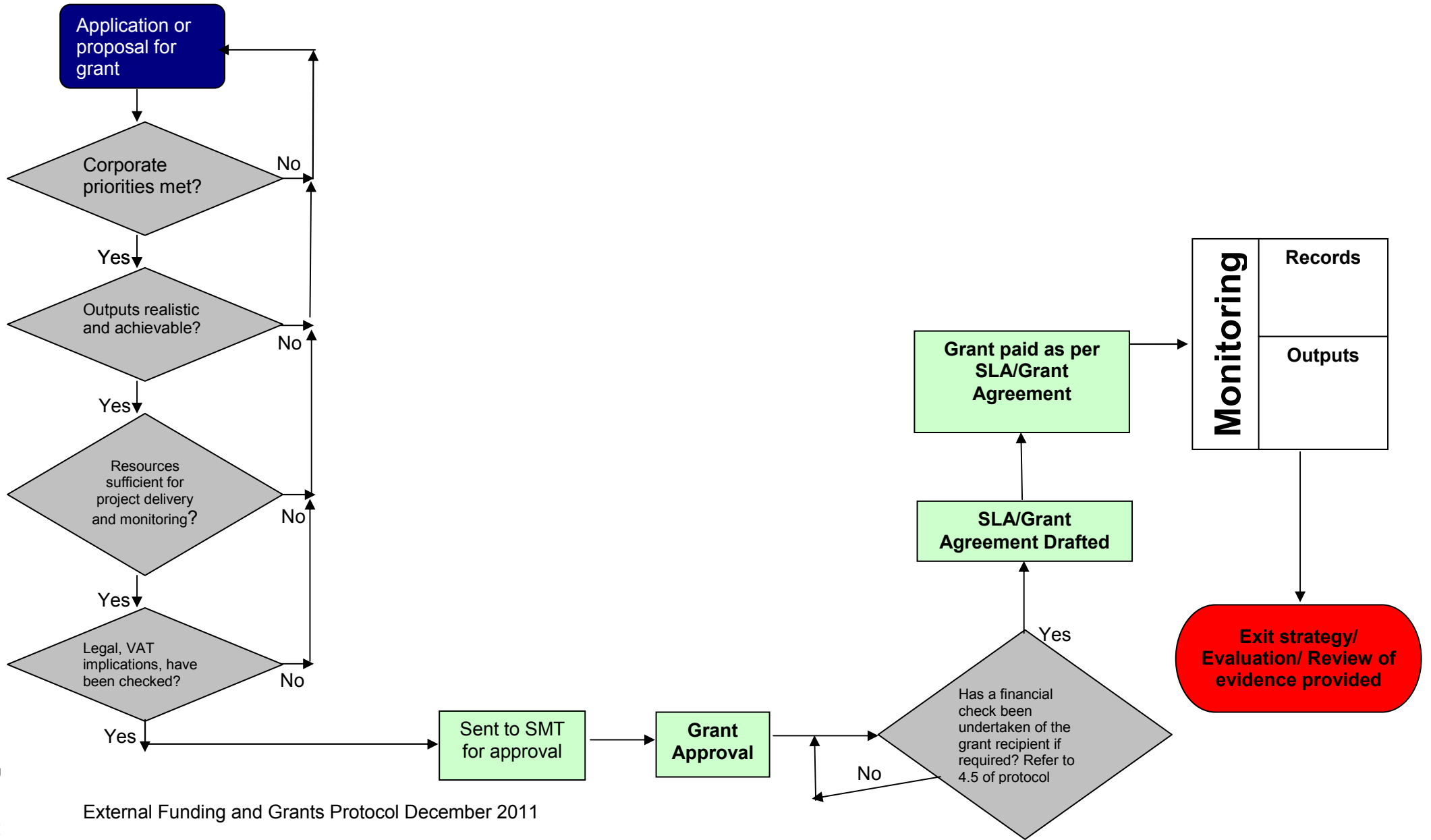
14.0 Summary/Conclusion

- 14.1. Although external funding may sound somewhat daunting, by ensuring that the background work is carried out initially there can be long term benefits.
- 14.2. It is important that the proposed project fully meets the funder's criteria and that the funder's rules and regulations are fully identified, clearly understood and that they can be met.
- 14.3. The Council's External Funding and Grants Protocol should be followed, and if approved, the project needs to be closely monitored and any necessary action should be timely. Acceptable records need to be maintained during the project lifetime and retained in line with TDC/funder's requirements and statute whichever is the longer period.
- 14.4. Flow charts detailing the process for external funding and the payment of grants to third parties can be seen in **Annex 1** and **Annex 2**.
- 14.5. External funding and grants are important to the Council for delivering the Corporate Plan improvements and the Council's priorities. In order to achieve these objectives, processes around external funding and grants need to be well managed and by following the External Funding and Grants Protocol those involved in external funding and the payment of grants will be able to meet these requirements.

Process for External funding / contributions in excess of £10k



Process for payment of grants to third parties



Purchase of fixed assets

For second hand equipment the following must be kept:

- A declaration by the seller that it has not been purchased within the last 7 years with the aid of national or EEC grant.
- Proof that it does not exceed the market value or cost of similar new equipment.

For all fixed assets bought, built or improved using external funding an inventory must be kept showing:

- Date of purchase
- Description of asset
- Price paid net of recoverable VAT
- Amount and source of external funding used
- Location of asset and of any title deeds
- Serial or identification numbers
- Date of disposal
- Sale proceeds net of VAT

ADDRESS OF RECEIPIENT HERE

Dear ,

Grant Agreement between Thanet District Council and Grant Recipient

Project Title: Project Title

1. APPROVAL

This letter is to inform you that Thanet District Council ('TDC') has approved the above Project, on the terms and conditions referred to in this letter.

Please read this letter carefully and return a signed copy within 14 days from the date hereof to:

Officer Name,
Officer Job Title,
Thanet District Council,
PO Box 9,
Cecil Street,
Margate,
Kent,
CT9 1XZ

By signing this agreement on behalf of Company Name, the Company is agreeing to deliver the outputs specified for the funding level agreed within the timescale shown and to abide by the conditions included within this letter.

2. DETAILS OF GRANT OFFER

- 2.1 The grant level over the lifetime of the Project is expected to be £Grant Sum.
- 2.2 TDC has approved a grant of £Grant Sum for the delivery period from Delivery dates.
- 2.3 Please read and check Appendix 1 carefully as it is part of the offer contained in this letter setting out the conditions that Company Name is agreeing to perform. **Any failure to meet the conditions and terms shown may result in the grant being reduced, withdrawn, suspended or repaid.**

3. MONITORING REQUIREMENTS

- 3.1 Payment is made in advance/arrears (adjust as appropriate) and will be paid as per the below agreed cash flow:

January	£x
February	£y
March	£z
	£Grant Sum

- 3.2 Grant payments will be made in **advance/arrears (adjust as appropriate)** based on a profile of expenditure to be incurred **in the quarter following payment (adjust as appropriate)**; this must be profiled against the headings detailed in **Appendix 1**. It is the responsibility of **Company Name** to maintain accurate financial records that prove defrayal and to supply copies when required to TDC, **funders name if externally funded**, Audit Commission or other partner auditors who will inspect these records as part of a regular verification process and open to audit at any time.
- 3.2 **Company Name** will report to TDC **in line with regular reports to funders name (if externally funded)**, expenditure milestones and key indicators. Evidence of the achievement of outputs and financial records (originals) must be kept and be available for inspection by TDC, **funders name if externally funded** and/or auditors. They may also be subject to regular audit and/or monitoring visits of the Project on the same basis, as above.
- 3.3 **Company Name** must comply with any other visits, inspections or Project evaluation assessments required by TDC or **external funder**.

4. STANDARD GRANT CONDITIONS FOR DELIVERY PROJECTS

- a) **Company Name** must maintain details of assets acquired, built or improved, wholly or partly using the grant worth more than £2,500 and provide details of such assets on a quarterly basis to TDC who will maintain an asset register. Any assets falling within this sub-paragraph which have been disposed of shall be similarly recorded.
- b) Records of expenditure must be kept until notified by TDC that they can be destroyed.
- c) If there has been a failure by **Company Name** to comply with the requirements set out in this letter TDC may reduce, suspend or withhold payments and/or require all or part of the grant to be repaid in particular where:
- 1) the Company has failed to keep and maintain the records as specified in this letter;
 - 2) any attempt is made to transfer or assign any rights, interests or obligations created under this offer letter, or to substitute any person in respect of any such rights, interests or obligations without the written agreement, in advance of TDC;
 - 3) the composition of the Project changes or ceases to exist as a result of insolvency or dissolution or otherwise.
- d) TDC may also reduce, suspend, or withhold grant payment and/or require all or part of the grant to be repaid, if it has reason to believe that:
- 1) the grant or any part thereof has not been used for the purpose for which it was given; or
 - 2) insufficient measures are being taken by **Company name** to investigate and resolve any reported irregularity;
 - 3) **External funder (if appropriate)** may withdraw or reduce the grant award to the Council, or has done so.

- e) Grants cannot be used for any political or religious purpose.
- f) **Company name** must acknowledge financial support from **external funder** and TDC in publicity/promotional material and in any annual reports.
- g) TDC will expect that any contracts entered into by **Company name** as part of the Project, will be by tender in line with HLF requirements. TDC will require a copy of any competitive tender procedures to be used by the **Company name**. If these are not appropriate, or if **Company name** does not have any such procedures, then TDC's procedures shall be adopted. If it is not intended to tender a contract, TDC must be informed and the reasons provided prior to any award.

5. SPECIAL CONDITIONS

- 5.1 The terms and conditions, annexes, appendices and requirements are deemed to be additional to and an integral part of the terms and conditions detailed within this Letter of Offer.
- 5.2 **Company name** must give 7 working days prior written notice to TDC if it plans to dispose of, or change, the use of any capital asset.
- 5.3 **Company name** must be aware of its legal responsibilities as an employer and, in particular, comply with and adhere to relevant legislation on Equal Opportunities and Health and Safety. Accordingly, **Company name** will indemnify Thanet District Council against any costs, claims, demands and liability arising directly or indirectly out of any breach or non-observance thereof.
- 5.4 **Company name** must have employers' liability insurance [for no less than [£5,000,000]] to cover any claims by staff, including disease or injury caused in the workplace, and will produce a copy of such policy to TDC as and when required to do so.
- 5.5 In addition, **Company name** will effect insurance to cover public liability and any grant aided equipment [for no less than [£5,000,000]] and shall provide evidence of such policy to the Council as detailed in 5.4 above.
- 5.6 Publicity and information about the Project must be freely and regularly available and in accordance with **funders** guidance.
- 5.7 All relevant statutory permissions and regulations shall be applied for and acted upon, including planning permission, fire precautions and Health and Safety legislation, by and at the cost of **Company name**.
- 5.8 TDC shall have a right to terminate this Agreement and to require repayment of the grant forthwith by notice in writing if **Company name** shall have offered or given or agreed to give any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining of this Agreement or grant or other agreement with TDC or for showing or forbearing to show favour or disfavour to any person in relation to this Agreement or any other agreement with TDC or if the like acts shall have been done by any person employed by it or acting on its behalf (whether with or without the knowledge of **Company name**) or if in relation to any contract with TDC **Company name** or any person employed by **Company name** or acting on behalf of **Company name** shall have committed any offence under the Bribery Act 2010 or shall have

given any fee or reward the receipt of which is an offence under Section 117 (2) of the Local Government Act 1972.

5.9 Funder name may monitor the Project for up to 10 years after its completion at intervals of one, five and ten years adjust as appropriate. TDC may request additional information from Company name in order to comply with these funders name monitoring checks whereupon Company name shall provide the same in a timely manner.

5.10 Documents must be retained by Company name for 25 years from the permission to start date or the date of this agreement, whichever is the later.

Please sign both copies of the Offer Letter in Section A below, retain one copy and return one copy to Officer Title at TDC.

Yours sincerely

Officer name
Officer title

SECTION A

Company name hereby agrees and undertakes to adhere to the grant terms and conditions contained and/or referred to in this Offer Letter.

Signed by (name of duly authorised signatory) on behalf of **Company name**

Signed

Print Name

Position

Date

Conditions of Grant Appendix 1

1. Project Delivery

The Grant recipient shall be:

Company name, Registered No. **0000000**

2. Funding, Outputs and Milestones Profile

Project outputs and milestones for the Project, to be completed by **project completion date** shall be as follows:

Funding funder / TDC	
Outputs e.g. Assist in providing signage and interpretation throughout the site.	✓
Milestones Engage people, particularly young people	✓

4. Reporting and Monitoring

Company name shall provide regular reports on progress to TDC at regular intervals and as otherwise required

Company name shall provide any further documentation and supporting evidence required by TDC or **funder** forthwith upon request.

5. Payments

The total maximum grant value shall be £**Grant sum**.

Invoices should be submitted to TDC **in line with the eligible categories for funder (if appropriate)**, subject to agreement on eligible expenditure and provision of agreed evidence. (Expenditure on any one category is not allowed to exceed that stated below without prior agreement and only up to a maximum of £**Grant sum** in total):

Cost Heading	Amount
Heading 1	£x
	Grant sum

THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
 - exercises functions of a public nature; or
 - is directed to charitable purposes; or
 - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

Gifts, Benefits and Hospitality

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £100 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services and Scrutiny Manager well in advance of the meeting.

DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY

MEETING.....

DATE..... AGENDA ITEM

DISCRETIONARY PECUNIARY INTEREST

SIGNIFICANT INTEREST

GIFTS, BENEFITS AND HOSPITALITY

THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:

.....
.....
.....

NAME (PRINT):

SIGNATURE:

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.

