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DIRECTOR OF STRATEGY,
PERFORMANCE AND
GOVERNANCE'S OFFICE
DIRECTOR OF STRATEGY, PERFORMANCE
AND GOVERNANCE
Paul Dodson

16 September 2020

Dear Councillor

You are summoned to attend the meeting of the;

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE

on **THURSDAY 24 SEPTEMBER 2020** at 1.00 pm.

Please note that this will be a **remote meeting** – Members to access the meeting via Microsoft Teams. Members of the press and public may listen to the live stream on the Council's website:

<https://democracy.maldon.gov.uk/ieListDocuments.aspx?CIId=284&MIId=2180>

A copy of the agenda is attached.

Yours faithfully



Director of Strategy, Performance and Governance

COMMITTEE MEMBERSHIP

CHAIRMAN

Councillor E L Bamford

VICE-CHAIRMAN

Councillor K W Jarvis

COUNCILLORS

B S Beale MBE
Mrs P A Channer, CC
M F L Durham, CC
M S Heard
J V Keyes
S P Nunn
N J Skeens
W Stamp
Mrs J C Stilts
C Swain
Mrs M E Thompson

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AGENDA
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
THURSDAY 24 SEPTEMBER 2020

1. **Chairman's Notices (please see overleaf)**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 5 - 12)

To confirm the minutes of the Committee held on 30 July 2020, (copy enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, other Pecuniary Interest or Non-Pecuniary Interests relating to items of business on the agenda having regard to paragraphs 6 – 8 of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interest as soon as they become aware should the need arise through the meeting.)

5. **Public Participation**

To receive the views of members of the public, of which prior notification in writing has been received (no later than noon on the Tuesday prior to the day of the meeting).

Should you wish to submit a question please complete the online form at:
www.maldon.gov.uk/publicparticipation.

6. **Internal Audit Reports - Progress; Follow-Up of Recommendations; Corporate Governance; and Flooding Risk Management** (Pages 13 - 60)

To consider the report of the Director of Resources, (copy enclosed).

7. **External Audit Fees Report 2019/20** (Pages 61 - 68)

To consider the report of the Director of Resources, (copy enclosed).

8. **External Audit Update - 2019/20 Audit** (Pages 69 - 94)

To consider the report of the Director of Resources, (copy enclosed).

9. **Quarterly Review of Corporate Risk** (Pages 95 - 104)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

10. **Quarter One Review of Corporate Performance** (Pages 105 - 126)

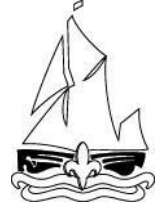
To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

11. **Any other items of business that the Chairman of the Committee decides are urgent**

NOTICES

Sound Recording of Meeting

Please note that the Council will be recording and publishing on the Council's website any part of this meeting held in open session. At the start of the meeting an announcement will be made about the recording.



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
30 JULY 2020**

PRESENT

Chairman	Councillor E L Bamford
Vice-Chairman	Councillor K W Jarvis
Councillors	B S Beale MBE, Mrs P A Channer, CC, M F L Durham, CC, A S Fluker, B E Harker, M S Heard, S P Nunn, W Stamp, Mrs J C Stilts, C Swain and Mrs M E Thompson
In Attendance	Councillors C Mayes and C Morris

1. CHAIRMAN'S NOTICES

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through some general housekeeping issues, together with the etiquette for the meeting and then asked Officers present to introduce themselves.

This was followed by a roll call of all Members present.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J V Keyes and N Skeens.

3. MINUTES OF THE LAST MEETING

RESOLVED

- (i) That the minutes of the meeting of the Performance Governance and Audit meeting held on 25 June 2020 be received.

Minute 1019 refers - Verbal Update On the Audit of the Statement of Accounts

That '31 **My** 2020' in the second paragraph under the above item be amended to read '31 **May** 2020'.

RESOLVED

- (ii) That subject to the above typographical amendment the minutes of the Performance Governance and Audit Committee held on 25 June 2020 be agreed.

4. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

Councillor M F L Durham, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

5. PUBLIC PARTICIPATION

No requests had been received.

7. EXTERNAL AUDIT - AUDIT PLANNING REPORT

As the Internal Audit representatives were experiencing difficulties joining the remote meeting the Chairman proposed that the Committee consider Agenda Item 7. first, External Audit-Audit Planning Report.

The Committee considered the report of the Director of Resources and appendix 1, the Audit Planning report, designed to help the Council meet its governance responsibilities in relation to external audit. The Chairman called on Craig Wisdom, the External Auditor from Deloitte LLP, to present the report.

The External Auditor took the Committee through the report starting with an update on the annual audit currently underway. He drew Members' attention to the scope of the audit which was in line with last year, in accordance with the Code of Audit Practice and guidance from the National Audit Office (NAO). He took the Committee through the four key risk areas covered in the report:- 1) Management override of controls; 2) Valuation of Property, Plant and Equipment; 3) Pension Liability and 4) Assets on the balance sheets. He advised that uncertainty in valuation was normal but that this current year had the added complexity of the impact of COVID-19 on valuation of assets. As a result, in terms of the accounts, he advised Members that the Council would need to include additional narrative on the risks associated with COVID-19

On delivery of the audit he reported that whilst it was slightly more difficult remotely it would be delivered to timescale and that the audit had been significantly better this year. The finance team had responded positively to last year's recommendations and in his experience the audit was well ahead of schedule compared to other like organisations. The team was on track to complete within the next two/three weeks, by end of August 2020.

The Chairman thanked the External Auditor for the report and positive comments about staff. She reminded Members that the report was for noting only and that the external audit fee was scheduled to be discussed by the Chairman, the Director of Resources and the External Auditor on Friday 31 July 2020

The Chairman moved the recommendation which was duly seconded by Councillor Swain and agreed by the Committee.

RESOLVED that the External Audit Planning report as shown in appendix 1 be noted;

6. INTERNAL AUDIT REPORTS - PROGRESS, COMMUNITY SAFETY, WORKFORCE MANAGEMENT

The Committee considered the report of the Director of Resources and associated appendices that covered three reports from the Internal Auditors BDO LLP, the *Internal Audit Progress Report* - July 2020, the *Community Safety Audit* – July 2020 and the *Workforce Management Audit* – March 2020.

The Chairman introduced the reports and deferred to the Internal Auditor, Greg Rubins, to present them to the Committee. Addressing the *Progress Report* the Internal Auditor advised that the main progress had been making up lost ground on areas delayed by the impact of COVID-19. It was noted that the *Corporate Governance Audit* would be presented at the next Committee in September and that scoping work on the *Flood Risk Management Audit* was imminent. He concluded by saying that a number of other audits for 2020/21 were in outline stage and agreed changes to the audit plan, including follow-up from the Fraud Risk Assessment and work against the CIPFA (Chartered Institute of Public Finance & Accountancy) Code of Practice and Financial Management, were underway.

In response to questions and suggestions Officers reported the following:-

- That the *Workforce Management Audit* work was an important area for the Council and was multi-layered involving human resources and workforce elements. The audit on today's agenda focused on recruitment, the audit in August 2020 will cover other elements of workforce management.
- That the increase to 25 days, an increase of 5 days only, on Main Financial Systems was to cover both CV Grant Assurance work and follow-up from last year's review. This decision was also influenced by the requirement to meet changes in international areas of reporting standards.
- That the removal of both the *Corporate Plan and Priorities* and *Policy Review* audits from this year's plan was to allow for completion of key internal work on the Corporate Plan itself, delayed by COVID-19. This work included a comprehensive list of priorities and policies; key objectives and Key Performance Indicators (KPIs) for updating in a timely way. Once this internal work was complete and reviewed by Members the Corporate Plan and Priorities together with Policy Review, would form part of the Internal Audit Workplan for 2021.
- That decisions on work plan content were made between the Internal Auditors, BDO LLP and the Section 151 Officer, following discussions at the Extended Leadership Team meetings, with ultimate approval by the Performance Governance and Audit Committee (PGA).
- That a clear statement be provided in future Progress reports to explain all variations to the work plan going forwards.

The Internal Audit Manager, Ms Donnelly, then took the Committee through the *Community Safety Audit*. She reported that a comprehensive strategic community safety assessment had been undertaken with all strategic partners involved that identified 5 priorities for 2019/20. Each priority had an action plan, owners and timelines for

completion. The Overview and Scrutiny Committee, meeting as Crime & Disorder reviewed progress, with support provided by a monthly task force. It was noted that key roles and responsibilities for community safety were in place, including a Community Safety Manager with oversight of partnership work across two councils, namely Maldon District Council and Chelmsford Council.

The level of assurance on this audit was moderate on design and moderate on effectiveness. She advised that improvement could be made around more regular monitoring of finances through the Responsible Authority Group (RAG) in conjunction with Overview & Scrutiny Committee, together with assurance that the action plans were maintained up-to-date.

The Chairman then invited the Community Safety Manager to address the Committee. He acknowledged that the RAG had been unable to meet in accordance with its Terms of Reference for various reasons, including:- the impact of the Council's restructure, COVID-19 and the departure of the Chairman. A meeting was now scheduled for 8 September and recommendations would be reported to Overview & Scrutiny (C&D) in October 2020.

In response to issues raised he reassured Members that whilst the RAG had not met regularly Members had been able to scrutinise the work of the Community Safety partnership at Overview & Scrutiny (C&D) Committee and that to provide more transparency he would include the Maldon District Events budget in reports to Committee going forward. Furthermore, an annual report on spend was submitted to the Police, Fire and Crime Commissioner (PFCC) for review. Following the RAG meeting on 8 September the group would continue to meet on a quarterly basis. He concluded by saying that he would raise the issues of police station advisory signage (Wants Rd./Warwick Crescent) and the location of the emergency telephone in the Council Offices with the Chief Inspector, Steve Scott-Haines.

The Internal Audit Manager then took the Committee through the *Workforce Management Audit*. She reported that the level of assurance was substantial on design and moderate on effectiveness. This audit focused on recruitment process and procedures which were found to be strong, underpinned by a checklist for all parts of the process. The Workforce Development strategy in place reflected the corporate priorities and all human resource staff were appropriately trained and suitably qualified. She recommended that a HR KPI Dashboard be developed, together with ensuring an up-to-date record of all applicant qualifications.

The Chairman thanked the Internal Audit Manager for the report and called on the Resources Specialist Services Manager to comment further. She informed the Committee that a process was already in place to ensure applicant qualification records were up-to-date going forward and that work on KPIs was underway. In response to queries raised she said that gaps in qualification records were as a result of testing candidates' skills in different ways and that a KPI would be developed, informed by relevant feedback from the staff survey, to track issues around staff wellbeing and engagement.

The Chairman moved the recommendations in the report, seconded by Councillor Channer. The Chairman then put the recommendations to the Committee and they were agreed.

RESOLVED that the Committee considered, commented and approved the:

- (i) Internal Audit Progress Report - July 2020 at appendix 1;
- (ii) Community Safety Audit - July 2020 at appendix 2; and
- (iii) Workforce Management Audit – March 2020 at appendix 3.

8. CODE OF CORPORATE GOVERNANCE REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance that provided a revised Code of Corporate Governance for adoption, in line with best practice.

The Chairman introduced the report and called on the Programmes, Performance and Governance Manager to present it to the Committee. The Manager reported that the Code of Corporate Governance document hadn't been updated since 2009 and given that revised measures of good governance had since been introduced by CIPFA it was timely to update now. She advised the Committee that the document highlighted the Council's working principles around governance and underpinned the annual governance review/provided a framework for the Annual Governance Statement in line with CIPFA guidance. The document also linked to policies and working practices that underpinned and demonstrated good governance at Maldon District Council (MDC).

In response to a query from Councillor Stamp regarding governance and the makeup of working groups the Programmes, Performance and Governance Manager advised that the code did not cover that level of detail, it focused on mechanisms, working practices and management structures. A discussion ensued around the setup process, types of Working Groups (WGs) and membership of those WGs currently in operation. It was noted that there was imbalance in respect of membership, a lack of appropriate WGs and that given this was within the Terms of Reference of this Committee a more formal recommendation on WGs be brought back to a future Performance Governance and Audit (PGA) committee for consideration. It was acknowledged that quarterly reports on Governance was a welcome addition to the PGA agenda.

In response to questions raised the Programmes, Performance and Governance Manager responded as follows:-

- That the code covered all governance procedures, including those within the remit of the Monitoring Officer.
- That the balanced score card monitored the Council's internal performance document where service based delivery was recorded. The Corporate Governance Working Group had reviewed the results, including areas of non-delivery and discussed reporting mechanisms to PGA. Recommendations from the working group were due to be approved by Council.

The Chairman reassured Members that all performance was ultimately received by this Committee, therefore, Members would have the opportunity to comment/change as appropriate. She then moved the recommendations in the report, seconded by Councillor Jarvis.

A separate vote was called for on each of the three recommendations and Councillor Heard reported that he would abstain from voting on the first recommendation as he felt this was not being adhered to. It was noted that Councillors Channer and Fluker had left the meeting at this point and that Councillor Durham would not vote on this item due to connectivity issues. This was in accordance with Section 4, paragraph 4.7 of the Remote Meeting Protocol (May 2020).

The Chairman put the first recommendation to a vote and there being an equality of votes she exercised her casting vote and the recommendation was carried. Following a vote on the remaining two recommendations, they too, were carried.

RESOLVED

- (i) To adopt the draft code of corporate conduct provided as appendix A;
- (ii) That the Performance, Governance and Audit Committee use this framework as a way to monitor progress of actions set out in the Annual Governance Statement;
- (iii) That a quarterly report of Annual Governance Actions be provided for Performance, Governance and Audit committee review.

9. ANNUAL GOVERNANCE STATEMENT REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance and appendix 1 that provided an Annual Governance Statement for review and adoption.

The Chairman introduced the report, noting the revised template, and called on the Programmes, Performance and Governance Manager, to present. The Manager took the Committee through the statement presented on a new template to reflect CIPFA best practice guidance. She informed the Committee that the reason the statement was being considered separate to the statement of accounts was to highlight the importance of governance and the Council's analysis of governance arrangements over the 2019/20 financial year. Furthermore, the template had been updated to comment on Maldon District Council's position against the seven principles of good governance identified by CIPFA and SOLACE (Society of Local Authority Chief Executives) in 2016. She drew Members' attention to the action table for the next year that set out a recommendation to receive quarterly reports at Performance Governance and Audit Committee, providing a tangible means to track governance matters. She concluded by saying that COVID-19 impacts would be dealt with in next year's statement.

As there were no Members wishing to speak on this item the Chairman moved the recommendations in the report and they were duly seconded. The Chairman put the recommendations to the Committee and they were agreed by assent.

It was then noted that due to technical delays Councillor Swain had indicated a wish to speak. The Programmes, Performance and Governance Manager responded to his queries as follows:-

- That a Project Management Office existed, albeit virtual, with input from a number of Officers. The Project Administrator role sat with the Programmes,

Performance and Governance team and administered a monthly Extended Leadership Team Board that met to review the corporate project list, missed opportunities log and lessons learned log.

- That the introduction to the report was written by BDO LLP and the remainder by Council Officers.
- That the Peer Review was available through the Local Government Association (LGA). This had not been put into practice as yet but may result in a recommendation through the action plan.
- That the Council consults regularly with a range of stakeholder groups and the public as appropriate to ensure openness and transparency.

In addition to the above the Chairman advised that the External Auditor also reviewed the Annual Governance Statement in tandem with the Statement of Accounts.

Following this clarification Councillor Swain wished it recorded that he abstained from the Committee's general assent agreement on the recommendations.

RESOLVED

- (i) That the Annual Governance Statement at appendix 1 be approved;
- (ii) That the Performance, Governance and Audit Committee monitored the progress of the action plan;
- (iii) That a quarterly report of Annual Governance actions be provided for Performance, Governance and Audit committee review.

10. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

The meeting closed at 2:32pm.

E L BAMFORD
CHAIRMAN

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REPORT of DIRECTOR OF RESOURCES

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020

INTERNAL AUDIT REPORTS – PROGRESS; FOLLOW-UP OF RECOMMENDATIONS; CORPORATE GOVERNANCE AND FLOODING RISK MANAGEMENT

1. PURPOSE OF THE REPORT

- 1.1 To present for consideration, comment and approval by the Committee the following reports issued by BDO LLP, the Council's internal audit service provider
- Internal Audit Progress Report - September 2020 at **APPENDIX 1**;
 - Follow-up of Recommendations Report – February 2020 at **APPENDIX 2**;
 - Corporate Governance Audit – September 2020 at **APPENDIX 3**;
 - Flooding Risk Management Audit – March 2020 at **APPENDIX 4**.

2. RECOMMENDATIONS

That the Committee considers, comments and approves the:

- (i) Internal Audit Progress Report - September 2020 at **APPENDIX 1**;
- (ii) Follow-up of Recommendation Report – February 2020 at **APPENDIX 2**;
- (iii) Corporate Governance Audit – September 2020 at **APPENDIX 3**;
- (iv) Flooding Risk Management Audit – March 2020 at **APPENDIX 4**.

3. SUMMARY OF KEY ISSUES

- 3.1 BDO LLP are the Council's contracted Internal Audit Service provider. The Partner, Mr. Greg Rubins, fulfils an equivalent role to that of Head of Internal Audit.
- 3.2 The Internal Audit Service is there to provide assurance to the Director of Resources, Management and Members of the adequacy of internal controls and checks in the organisation and to highlight any risks that the Council may be exposed to in its overall and day to day operations.
- 3.3 As such, Internal Audit is independent of Management and operates, performs to and is measured against The UK Public Sector Internal Audit Standards (PSIAS) issued

by the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition CIPFA has also issued a Statement on the Role of the Head of Internal Audit.

- 3.4 The reports attached in the three appendices will be presented to the Committee and discussed by Mr. Greg Rubins or his representative on his behalf.

4. CONCLUSION

- 4.1 This report together with the reports attached as Appendices allows the Committee to fulfil its remit of overseeing governance.

5. IMPACT ON STRATEGIC THEMES

- 5.1 Internal Audit cuts across the delivery of all the Strategic Themes of the Council.

6. IMPLICATIONS

- (i) **Impact on Customers** – any impact on customers will be highlighted with the reports in the appendices.
- (ii) **Impact on Equalities** – any impact on equalities will be highlighted with the reports in the appendices if it is within the scope of the audit work carried out.
- (iii) **Impact on Risk** – Any risks identified as a result of the findings of the internal audit work are highlighted with the individual reports and summarised in the Progress Update and Follow Up of recommendations reports.
- (iv) **Impact on Resources (financial)** – Same comment applies here as for Impact on Risk above.
- (v) **Impact on Resources (human)** – Same comment applies here as for Impact on Risk above.
- (vi) **Impact on the Environment** – Same comment applies here as for Impact on Risk above.

Background papers: None.

Enquiries to: Chris Leslie, Director of Resources, Maldon District Council
Greg Rubins (BDO LLP)
Emma Donnelly (BDO LLP)

INTERNAL AUDIT PROGRESS REPORT

MALDON DISTRICT COUNCIL

SEPTEMBER 2020

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2020/21 WORK

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2019/20 and 2020/21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

As a result of the impact of Covid-19 there have been some delays to completion of the 19/20 plan and start of the 20/21 plan. We have been working with officers to minimise these and to agree audits that can be done remotely by our team. We have agreed timings on all remaining audits and our work has recommenced accordingly. The 20/21 Audit Plan will need to be flexible to accommodate new risks resulting from Covid-19; we will agree any proposed changes with the Director of Resources and the Audit Committee.

Remaining 2019/20 Internal Audit Plan

The following audits have been issued in final since the last Committee:

- Corporate Governance
- Flooding Risk Management

We have also completed work on the Fraud Risk Assessment. Counter fraud resources from BDO delivered Fraud Awareness, anti-Bribery and conflicts of interest training sessions to key council staff throughout August. These sessions have also been made available online to Council staff. Further work is also in progress to develop the other aspects of the fraud plan as what needs to be done in relation to the Fraud Risk Assessments across key Council service areas. We have also prepared one page training documents for the Council intranet.

We have also agreed a programme of work with the Council to support its implementation of IFRS16 on lease accounting. There will be no audit report as a result of this work.

2020/21 Internal Audit Plan

The following audits are in the fieldwork stage:

- CIPFA FM Code Preparedness
- Safeguarding

The following audits are scheduled (confirmed with management):

- Workforce Management (fieldwork scheduled 22 September 2020)
- Information Management (fieldwork scheduled 16 October 2020)

Other Reports for this Committee

- Follow Up of Internal Audit Recommendations

REVIEW OF 2020/21 WORK

Audit Area	Audit Days	Planning	Original Fieldwork	Revised date (due to CV19)	Reporting	Design	Opinion Effectiveness
Financial Systems	15	✓	Q2	Q3	TBC		
Main Financial Systems - Follow up	10	✓	Q4	Q4	March 2021		
Customer Service- CRM Post Implementation	20		Q2	Q2	November 2021		
Communications & Stakeholder Management	20	✓	Q1	Q4	March 2021		
Information Management	15	✓	Q1	Q3- w/c 16 th October	Jan 2021		
Workforce Management	15	✓	Q2	Q2- w/c 22 nd September	November 2021		
Safeguarding	15	✓	Q1	Q2- 24 th July 2020	September 2021		
Knowledge Management & Transfer	15		Q4	Q2- w/c 10 th August	November 2021		
Management of Property	15		Q4	Q3	February 2021		
Housing Needs and Affordable Housing	15		Q4	Q4	March 2021		

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

Councils could need additional £6bn to balance Covid-19 spend

The organisation analysed returns councils submitted to the Ministry of Housing, Communities and Local Government on the financial impact of the pandemic earlier this month. The LGA found that the two emergency tranches of £3.2bn allocated by the government covered costs and income losses so far, but around £2bn more is likely to be needed to cover further costs of responding to the pandemic. An additional £4bn may be needed to deal with the impact of lost income from sources such as council tax, business rates and sales, fees and charges, the LGA said - stressing these figures were based on the assumption that things return to normal in July. "Vital emergency funding from government has helped meet extra cost pressures and lost income in the past three months, James Jamieson, LGA chairman said. "Concerns remain about the ongoing financial pressures ahead. Councils will need further funding and financial flexibilities in the weeks and months ahead to meet ongoing Covid-19 pressures and to keep services running normally. "Certainty around this is desperately-needed so councils can balance their budgets this year and take vital decisions about how to pay for vital local services next year."

<https://www.publicfinance.co.uk/news/2020/05/councils-could-need-additional-ps6bn-balance-covid-19-spend>



Coronavirus: LGA statement on local government funding crisis

"Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far." Cllr Richard Watts, Chair of the Local Government Association's Resources Board, said:

"Local government continues to lead local efforts to beat this virus but is being stretched to the maximum. Many councils continue to face spiralling cost and demand pressures at the same time as seeing a huge drop in income. This is unsustainable. "Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far. We are working with councils to provide the most robust evidence to government on the financial challenges they face. Their latest monthly returns should show the impact of a full month of cost pressures and income reductions and the impact of lower council tax and business rates collection rates.

<https://www.local.gov.uk/coronavirus-lga-statement-local-government-funding-crisis>



Spelthorne receives 90% of commercial rent despite Covid disruption

The council has gained attention over recent years for its investment strategy, which relies on borrowing significant sums from the Public Works Loan Board to invest in commercial property. In a report on its economic response to the pandemic, the council said of the 10% outstanding rent, all but 3.6% has been addressed through rent deferral plans agreed between the council and the tenants. The council's most high-profile venture was the purchase of a £360m business park in Sunbury-on-Thames in 2016, for which it took out 50 separate PWLB loans. The report said that the council's property portfolio is valued at £1bn, and that the income is critical in funding services and tackling the Covid-19 pandemic.

"As a result of our investments, we have improved the financial resilience of and increased service delivery resources in areas such as homelessness and independent living," the report said. "This has enabled the council to pro-actively and rapidly move in response to COVID-19 to meet the needs of its vulnerable communities without reliance on government funding in advance." The council redeployed staff to almost exclusively focus on maximizing rent receipts in order to ensure rental income was received, spending around 75% of their time in March and April on the task, the report said.

<https://www.publicfinance.co.uk/news/2020/05/spelthorne-receives-90-commercial-rent-despite-covid-disruption>



Council deploys tech to identify fraud

St Albans City and District Council says it is making "good progress" in tackling fraud, after adopting new technology to identify residents who are potentially abusing council tax discounts for single occupancy. Last year, the council subscribed to a government service that pinpoints properties where suspect claims are being made, and has since begun investigating an "unusually high number" of people claiming the single person's discount of 25% for council tax. It's doing so by matching discount claims with other financial and personal data that public bodies are entitled to hold. During the first three months of this year, 139 people were identified as high risk and were sent letters stating they were in receipt of single-occupancy reduction that they were not entitled to, according to a report given to a council audit committee last week. Further investigations will begin after the coronavirus pandemic passes.

"Already, more than 100 people suspected of incorrectly claiming a council tax discount have been identified along with four council homes where there may be tenancy fraud. We will look to recover any money which the council is owed and free up properties that are in the wrong hands."

<https://www.publicfinance.co.uk/news/2020/05/council-deploys-tech-identify-fraud>



Local government has done pretty well in cyber defence, but the model only works well if you are not the first to be attacked. So, as the internet of things takes off in care and other areas of our communities, it's clear that the current reactive model to cyber defence will be severely tested. There are already some powerful lessons to be learned from other countries. It is now possible to put cyber defence on the front foot; you don't need to have seen the type of attack before to trap it and kill it.



<https://www.lgcplus.com/services/health-and-care/how-councils-can-collaborate-to-harness-the-power-of-social-care-data-05-02-2020/>

PWLB Future Lending Terms

A recent report by the National Audit Office (NAO) highlights how a minority of local authorities have started using low-cost loans from the Public Works Loan Board (a public body that lends to local authorities for capital projects) to buy investment property primarily for rental income.

The case for this 'debt-for-yield' activity can be compelling for the individual local authority. But it introduces risks locally and nationally. At the local level, it exposes ratepayers to the risk that the income does not materialise, leaving the local authority with an inflexible commitment to keep up with the repayments on their loans. Within the wider public sector, it diverts money from core services such as schools, hospitals, and roads. And, because local authorities can often access debt more cheaply than the private sector, it becomes hard for businesses to compete. In the wider economy, it could crowd out public investment, and risks distorting property markets.

The government has launched this consultation to work with local authorities, sector representatives, and wider stakeholders to develop a targeted intervention to stop this activity while protecting the crucial work that local government does on service delivery, housing, and regeneration. The government's overall aim in this is to secure the effective operation of the prudential system for local councils, taxpayers and for all of us that rely on local services.

Alongside the publication of this consultation, the government is cutting the interest rate on new loans for social housing and has offered over £1 billion of discounted lending for high-value local infrastructure projects. The government intends to cut the interest on all new loans from the PWLB, subject to market conditions, following the development and implementation of a robust lending framework co-designed with the sector through this consultation.



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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

MALDON DISTRICT COUNCIL

SEPTEMBER 2020

IDEAS | PEOPLE | TRUST



Summary

2018/19

	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
18/19. Fraud Risk Assessment	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	100%
18/19. Budgets and Performance Management	4	-	1	3	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Main Financial Systems	2	-	1	1	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Safe and Clean Environment	6	-	5	1	5	-	4	-	-	-	-	-	-	-	1	80%
18/19. Transformation Programme	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Local Development Plan	3	-	2	1	2	-	2	-	-	-	-	-	-	-	-	100%
18/19. Building Control	5	2	3	-	5	1	3	-	-	-	-	-	-	-	1	80%
	20	3	13	6	16	2	12	-	-	-	-	-	-	-	1	

2019/20

	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
19/20. GDPR Compliance	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	100%
19/20. Risk Maturity Assessment	5	-	5	-	5	-	5	-	-	-	-	-	-	-	-	100%
19/20. Procurement & Contract Management	6	1	3	2	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. IT Disaster Recovery	4	1	3	-	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Key Financial Systems	9	2	7	-	9	2	7	-	-	-	-	-	-	-	-	100%
19/20. Workforce Management	3	-	1	2	1	-	1	-	-	-	-	-	-	-	-	100%
19/20. Network Security	7	1	3	3	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Community Safety	2	-	2	-	2	-	-	-	-	-	-	-	-	-	2	0%
	39	5	27	7	32	5	25	-	-	-	-	-	-	-	2	

Summary

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and we report to the Performance, Governance & Audit Committee. We request commentary by responsible officers on the progress towards implementation of our recommendations and for high and medium priority recommendations we verify the progress to source evidence and conclude either that the recommendation is complete or incomplete. This information is collected via the Sharepoint portal. This report represents the status of all internal audit recommendations as at 26 August 2020.

2018/19 Recommendations

3 high and 13 medium recommendations have been raised in 2018/19. The current position of these recommendations is as follows:

- 13 are considered implemented as previously reported relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation), Safe and Clean Environment (4 recommendations), Transformation Programme (1 recommendation), Local Development Plan (2 recommendations) and Building Control (4 recommendations)
- Safe & Clean Environment- 1 recommendation is now overdue.
- 1 is now complete relating to Fraud Risk Assessment
- The below recommendations are not yet due for follow up:
 - Building Control- One high recommendation not yet due.

2019/20 Recommendations

32 high and medium recommendations have been raised in 2019/20, 30 of which are now considered implemented. One recommendation has been implemented since the last PGA relating to the Risk Maturity Assessment (1 medium recommendation) and two further medium recommendations are not yet due for implementation (Community Safety, due October 2020).

Recommendations: Completed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Fraud Risk Assessment				
The Council should commission external resource to develop the risk assessment further and carry out an annual programme of work to address risks around fraud and corruption.	High	Interim s151 Officer	June 2020	<p>Counter fraud resources from BDO delivered Fraud Awareness, anti-Bribery and conflicts of interest training sessions to key council staff throughout August. These sessions have also been made available online to Council staff.</p> <p>Further work is also in progress to develop the other aspects of the fraud plan as what needs to be done in relation to the Fraud Risk Assessment and the calculations. We have also prepared one page training documents for the Council intranet.</p>
2019/20- Risk Management				
Identify KPIs in order to measure the effectiveness of risk management activity at the Council. This can include the proportion of risks operating at the target level and/or the overall effectiveness of risk management (current risk versus target risk etc).	Medium	Cheryl Hughes	28 May 2020	Balance scorecard is now being produced which includes a risk tolerance KPI. This is also supported by the Risk management framework and Corporate reporting.

Recommendations: Overdue

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Safe and Clean Environment				
Create and environmental and waste management strategy.	Medium	Shirley Hall	Request to push target completion date back until 31st March. Revised implementation date required	<p>Waste Strategy has been replaced by a Climate change strategy has been taken over by the new lead community officer to finalise draft version. Performance measures of the strategy are being discussed. Once Draft strategy finalised this will be presented to S&R to approve/adopt. This is also being tracked as part of corporate performance reporting.</p> <p><u>IA comments:</u></p> <p>We will request a copy of the Climate Change Strategy once approved to ensure this closes off the recommendation appropriately.</p> <p>Whilst there have been some updates made to the draft Climate Strategy, since the adjusted working arrangements there has been no further progress with the Climate Strategy.</p>

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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT - FINAL

CORPORATE GOVERNANCE
SEPTEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	4
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DISTRIBUTION	
Name	Job Title
Paul Dodson	Director of Strategy, Performance and Governance and Returning Officer
Cheryl Hughes	Programmes, Performance and Governance Manager

REPORT STATUS LIST	
Auditors:	Chris Andre
Dates work performed:	9 June - 24 June
Draft report issued:	6 July 2020
Final report issued:	27 August 2020

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II)

High	0
Medium	3
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 5

BACKGROUND:

An annual review of corporate governance feeds into the production of the Council's Annual Governance Statement. Effective corporate governance should equip the Council with a mechanism for ensuring that the focus of activities supports the achievement of its strategic aims.

Good corporate governance extends from policy setting through to control objectives and is based on the people, ethos and culture established within the organisation. Governance processes can be more narrowly defined as comprising committee structures, schemes of delegation, higher level strategies, policies and processes.

GOOD PRACTICE:

- Following the transformation at the Council and the revised Committees and structure, updated terms of reference and frameworks have been established
- Schemes of Delegation have been reviewed and updated in line with changes with work still progressing in some areas
- Gifts and Hospitality registers are in place within the Council with Officers seen to use these when required resulting in a positive ethos and culture
- The Council maintains a Your Right to Know page on its website, allowing for key requirements relating to the Local Government Transparency Code 2015 to be satisfied
- A review of the committee structure as well as review of the Redmond Review has resulted in recommendations being made to improve the make-up of the committees in line with best practice and this is due to go to Council in September 2020 for approval
- Improvement in areas such as methods of performance and governance reporting have been noted, such as dashboards for HR and the development of a balanced scorecard

KEY FINDINGS:

- There is a lack of regular governance related oversight at the Performance, Governance and Audit Committee whilst performance is focused only on strategic themes on a quarterly basis and does not include oversight of internal Service KPIs (**Finding 1 - Medium**)
- Overview and Scrutiny Committee is not meeting regularly and satisfying its purpose and remit as per its Terms of Reference (**Finding 2 - Medium**)
- Member Induction Programmes have not been formalised whilst there are no scheduled plans for Member refresher training to be delivered on an annual basis nor for Officers who are progressing up through the Council (**Finding 3 - Medium**)
- Annual performance reviews of committees have not been embedded within their Terms of References with no planned self-assessment against their objectives (**Finding 4 - Low**)
- Scheme of Delegation refers to the Interim Director of Resources who is no longer in place (**Finding 5 - Low**)

CONCLUSION:

Our review found that the Council has governance structure in place and is supported with key processes, controls and documentation. However, the effectiveness of committees and the breadth of their oversight is not sufficient in all cases. Additionally, induction and training for both Members and Officers has not been formalised whilst performance of committees is not reviewed on a regular basis. This has led to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness with steps already taken to mitigate the findings and establish new controls.

DETAILED FINDINGS

RISK: THE CURRENT GOVERNANCE AND COMMITTEE STRUCTURES ARE NOT DISCHARGING THEIR RESPONSIBILITIES AS DEFINED BY THE CONSTITUTION AND TERMS OF REFERENCE

Ref	Significance	Finding
1	Medium	<p>The Performance, Governance and Audit Committee (PGA) has three clear areas of oversight and assurance within its remit. However, there is insufficient discussion and reporting to it in terms of both governance and performance.</p> <p>As per its terms of reference (ToR), PGA is required to scrutinise performance of the Council and service delivery. A Corporate Performance report is provided to the committee on a quarterly basis and focuses on the three strategic themes developed as part of the 2019 Corporate plan, these being: Place, Community and Prosperity. However, despite the ToR indicating oversight of performance in relation to service delivery, no reporting of service level performance is undertaken. Dashboards are able to be developed at service level, such as a detailed one for HR that has recently been produced and includes information such as sickness, starters and leavers and recruitment figures.</p> <p>Additionally, there is a lack of discussion and reporting on governance items. The Corporate Risk Report is presented quarterly, however, through review of minutes there were no other governance items presented. A Corporate Governance Working Group (CGWG) established by Council, and made up of Members and Officers, is in place and meets on an ad hoc basis when requested by Council. However, as a working group of Council, it reports directly to it so that discussions and decisions made are not seen by PGA.</p> <p>There is an increased risk that PGA does not have sufficient oversight of all aspects included within its remit resulting in a lack of assurance and non-adherence to the ToR and the Constitution.</p>

RECOMMENDATION:

- A) Service level performance should be challenged at PGA on a regular basis
- B) PGA should have increased level of oversight of Governance matters

MANAGEMENT RESPONSE:

- A) An internal 'Balance Scorecard' is in development for Extended Leadership Team review, and we will be reviewing how we then report up performance where KPIs are not met or there is a risk to delivery, as part of a meeting of the CGWG
- B) An overhaul of the Annual Governance Statement format, should it be approved at PGA committee, will include tracking of governance matters on a quarterly basis.

Responsible Officer: Cheryl Hughes

Implementation Date: A) 31st August 2020
 B) 30th September 2020

RISK: THE CURRENT GOVERNANCE AND COMMITTEE STRUCTURES ARE NOT DISCHARGING THEIR RESPONSIBILITIES AS DEFINED BY THE CONSTITUTION AND TERMS OF REFERENCE

Ref	Significance	Finding
2	Medium	<p>The Overview and Scrutiny Committee's (O&S) remit includes reviewing and scrutinising decisions made in connection with the discharge of Council functions, reviewing corporate policy and identifying good practice and developing learning. However, there is a lack of understanding over the role of the committee with meetings being cancelled and insufficient items on the committee's work programme despite training on its purpose having been provided.</p> <p>Since December 2019, O&S has only met once with two of the five having been cancelled due to a lack of items to discuss, whilst the others were cancelled due to Covid. Additionally, scheduled meetings due to take place in July and September 2020 have also been cancelled. As per its ToR, it is required to prepare and agree a work programme annually which contains items put forward by other Committees, Members and Corporate Leadership Team. However, of the six items on the programme, four have been recommended due to a lack of areas to scrutinise whilst the remaining two only relate to actions in place in order to identify potential areas of scrutiny.</p> <p>Due to the Committee structure in place at the Council, O&S is not strictly required. In its current guise, it is not fulfilling its requirements as per the Constitution, increasing the risk of insufficient scrutiny as well as inefficient use of Member and Officer time and resource.</p>

RECOMMENDATION:

The role of Overview and Scrutiny should be reviewed with, either its work programme more appropriately tailored to its role and items referred to it more regularly or disband the committee with its remit subsumed by other standing committees

MANAGEMENT RESPONSE:

The Corporate Governance working group have also recently considered this matter, and are providing a recommendation to August Council that the committee continues but with training and a clear remit, and additionally members serving on the programme committees cannot serve on overview and scrutiny, to be implemented following Statutory Annual council.

Responsible Officer: Cheryl Hughes

Implementation Date: 31st October 2020

RISK: MEMBERS AND SENIOR STAFF DO NOT POSSESS THE APPROPRIATE MIX OF SKILLS AND DO NOT RECEIVE REQUIRED TRAINING AND DEVELOPMENT TO FULFIL THEIR ROLES.

Ref	Significance	Finding
3	Medium	<p>All Members have an induction after their appointment with areas such as committee structures discussed as well as training on topics such as Planning. However, the induction process has not been formalised and is not comprehensive. Additionally, there is no scheduled training plan in place, nor an Officer training plan to support them as they progress through the Council.</p> <p>Inductions have previously been led by either the CEO or the former Director of Resources (neither of which are still with the Council) with limited numbers of other staff involved and no evidence of the previous induction process able to be provided. Whilst it covered topics such as Member roles, expected behaviours and committees, it did not provide information for Members on how to liaise with their constituents and how to access documents online, with these having to be picked up through discussion with other, more established, Members.</p> <p>With no Member training plan in place, refresher training is not scheduled. Similarly, whilst ad hoc training is in place for Officers, a specific training plan has not been established once they are, for example, a tier two manager. This training should include information on items such as Committees, Members, budget responsibilities etc.</p> <p>With insufficient inductions and a lack of formalised training plans in place, there is a risk that Officers and Members are not fully equipped with the knowledge to fulfil their roles.</p>

RECOMMENDATION:

- A) Formalised induction process should be established including involvement from each Director to ensure all aspects of the Council are understood
- B) Discussions should be undertaken with Members to identify training they feel would be advantageous
- C) Officer training plan developed based on progression through the Council

MANAGEMENT RESPONSE:

- A) The members on-boarding process is currently being reviewed as part of the wider process improvement work, and this will be factored into this
- B) In training run September 2019, we did encourage members to identify training needs, and Chairs to identify training specific to their committee. We will create a form to complete and advertise this to members to scope a 'continual' development plan
- C) In March 2020, we ran training for Tier 2 managers on committee processes, and we will look to roll this out to other staff and include in the wider staff induction process

Responsible Officer: Cheryl Hughes

Implementation Date: 30th September 2020

RISK: MEMBERS AND SENIOR STAFF DO NOT POSSESS THE APPROPRIATE MIX OF SKILLS AND DO NOT RECEIVE REQUIRED TRAINING AND DEVELOPMENT TO FULFIL THEIR ROLES. PERFORMANCE OF GOVERNANCE STRUCTURES ARE NOT REGULARLY REVIEWED TO IDENTIFY WAYS TO ENHANCE THEM FOR THE FUTURE

Ref	Significance	Finding
4	Low	<p>Following the transformation project at the Council and the implementation of the new committee structure, a six-month review was due to be undertaken to assess its effectiveness. Whilst COVID has delayed this, a draft paper has been produced and was provided to Members in June 2020 for comment. However, no further, more regular, reviews of the performance of committees are due to take place or have been written into their ToRs.</p> <p>Annual reviews of performance allow for committees to ensure they are operating in line with the remit stated in their ToR and are achieving the objectives required. Templates for committee self-assessments are included at appendix I.</p> <p>Without reviewing the performance of committees there is the increased risk that they are not operating effectively and fulfilling their objectives resulting in a lack of effective governance</p>

RECOMMENDATION:

Annual committee self-assessments should be developed and tailored to the individual committees with this written into their ToRs and all issues actioned.

MANAGEMENT RESPONSE:

This can be accommodated, but the officer capacity to support this and make these changes will need to be reviewed. We will look to implement this suggestion alongside the newly appointed committee chairs following Statutory Annual Council

Responsible Officer: Cheryl Hughes

Implementation Date: 30th November 2020

RISK: THERE IS INAPPROPRIATE DELEGATION OF DECISION-MAKING AND TRANSACTIONAL AUTHORITY TO DIRECTORS AND STAFF

Ref	Significance	Finding
5	Low	<p>The Council's Scheme of Delegation has been updated following the transformation and is published on the Council's website. However, it still refers to the Interim Director of Resources who is no longer in place.</p> <p>The Scheme of Delegation divides responsibilities between the three Directors as well as other key roles and if roles are not correctly recorded there is the risk that instances of delegation are incorrect.</p>

RECOMMENDATION:

Review the Scheme of Delegation to confirm all job titles are correctly recorded and ensure no temporary delegations were recorded during the period of change at the Council.

MANAGEMENT RESPONSE:

These updates are currently in progress as part of wider constitutional housekeeping exercises

Responsible Officer: Cheryl Hughes

Implementation Date: 31st August 2020

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Cheryl Hughes	Programmes, Performance and Governance Manager
Paul Dodson	Director of Strategy, Performance and Governance and Returning Officer
Richard Holmes	Director of Service Delivery and Head of Paid Service
Chris Leslie	Director of Resources
Eloise Howard	Specialist: Performance
Simon Quelch	Lead Legal Specialist and Monitoring Officer
Stuart Jennings	Corporate Governance Project Officer and Deputy Monitoring Officer

APPENDIX I - COMMITTEE SELF-ASSESSMENT

The Good Practice Questions below form an Audit Committee self-assessment developed by CIPFA which can be tailored to Performance, Governance and Audit Committee. Below that is an example of a more general committee self-assessment which can be utilised for other standing committees.

1. Audit Committee Self-Assessment

	Good Practice Questions	Yes	Partly	No	Comments
Audit Committee Purpose and Governance					
1	Does the authority have a dedicated audit committee?				
2	Does the audit committee report directly to full council? (Applicable to local government only.)				
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?				
4	Is the role and purpose of the audit committee understood and accepted across the authority?				
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?				
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?				
Functions of the Committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?				
	- Good governance				
	- Assurance framework				
	- Internal audit				
	- External audit				
	- Financial reporting				
	- Risk management				
	- Value for money or best value				
	- Counter-fraud and corruption				
	- Supporting the ethical framework				

2. Committee Self-Assessment

Ref.	Statement	1 - Strongly Disagree	2	3	4	5 - Strongly Agree
1	Goals or Purpose of Committee					
A	All committee members understand the goals and purpose of our committee.					
B	The committee members agree on the goals and purpose of the committee.					
C	There is alignment between our goals and purpose and the actions taken and/or the decisions made by the committee.					
2	Support for the Committee					
A	Our committee has adequate resources (for example, budget, people) to support its function					
B	Our committee has the respect and support of key stakeholders within our organization.					
3	Time and Location of Meetings					
A	Our meetings are held regularly and with appropriate frequency.					
B	Our meetings begin and end as scheduled.					
C	The length of our meetings is appropriate and respectful of the agenda.					
D	We receive the meeting agenda and materials in advance of the meeting to allow for appropriate review and preparation.					
E	We consistently use our meeting time well. Issues get the time and attention proportionate to their importance.					
F	The location where our meetings are held is conducive to positive group interaction and discussion.					
4	Attendance					
A	Attendance at our meetings is consistent and members arrive on time.					
B	Attendance at our meetings is evaluated as a criterion for continued membership on the committee.					
5	Recording / Minutes					
A	The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members.					
6	Membership					
A	Our membership represents the talent and skill set required to fulfil the goals and purpose of the committee					
B	Our members treat each other with respect and courtesy.					

C	Our members come to meetings prepared and ready to contribute.					
D	As a general rule, when I speak I feel listened to and that my comments are valued.					
7	General Comments					
A	What works well in the meetings					
B	What I would like to see improve at our meetings					
C	What areas should the committee focus on in the future?					

APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the Council's corporate governance arrangements to ensure they comply with best practice and help deliver the outcomes required by the District.

KEY RISKS:

- The current governance and committee structures are not discharging their responsibilities as defined by the Constitution and Terms of Reference
- The governance structures are not supported by adequate policies, terms of reference and frameworks to support effective operation
- Members and senior staff do not possess the appropriate mix of skills and do not receive required training and development to fulfil their roles.
- There is inappropriate delegation of decision-making and transactional authority to directors and staff
- There is not an appropriate culture and ethos within the Council to demonstrate a commitment to applying appropriate standards of business and compliance with the Local Government Transparency Code 2015.
- Performance of governance structures are not regularly reviewed to identify ways to enhance them for the future

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review whether an effective council, committee and reporting structure is in place that enables decisions to be taken whilst engaging Members and the public.
- Confirm that committee roles are appropriate through Terms of Reference for each committee and group and having clear role descriptions for Lead Members.
- Confirm workplans are maintained for Executive / Committees through minuting and action tracking.
- Review the annual governance statement and confirm that it is compliant with the Code of Corporate Governance
- Confirm if the Council has sought to put into place good practice ahead of the recommendations from the Redmond review
- Confirm that Members and Senior staff possess the appropriate mix of skills and receive any required training and development to fulfil their roles.
- Confirm if decision-making and transactional authority to directors and staff has been made appropriately through Financial Regulations, Scheme of Delegation, etc.
- Confirm if governance arrangements support an appropriate culture and ethos within the Council through policies relating to codes of conduct, gifts and hospitality, fraud and corruption, whistleblowing, etc and therefore demonstrate a commitment to applying appropriate standards of business and compliance with the Local Government Transparency Code 2015.
- Confirm if there is regular review of the performance of the governance structures (which may be via self-assessment) to identify ways to enhance them for the future.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

FOR MORE INFORMATION:**Greg Rubins**

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

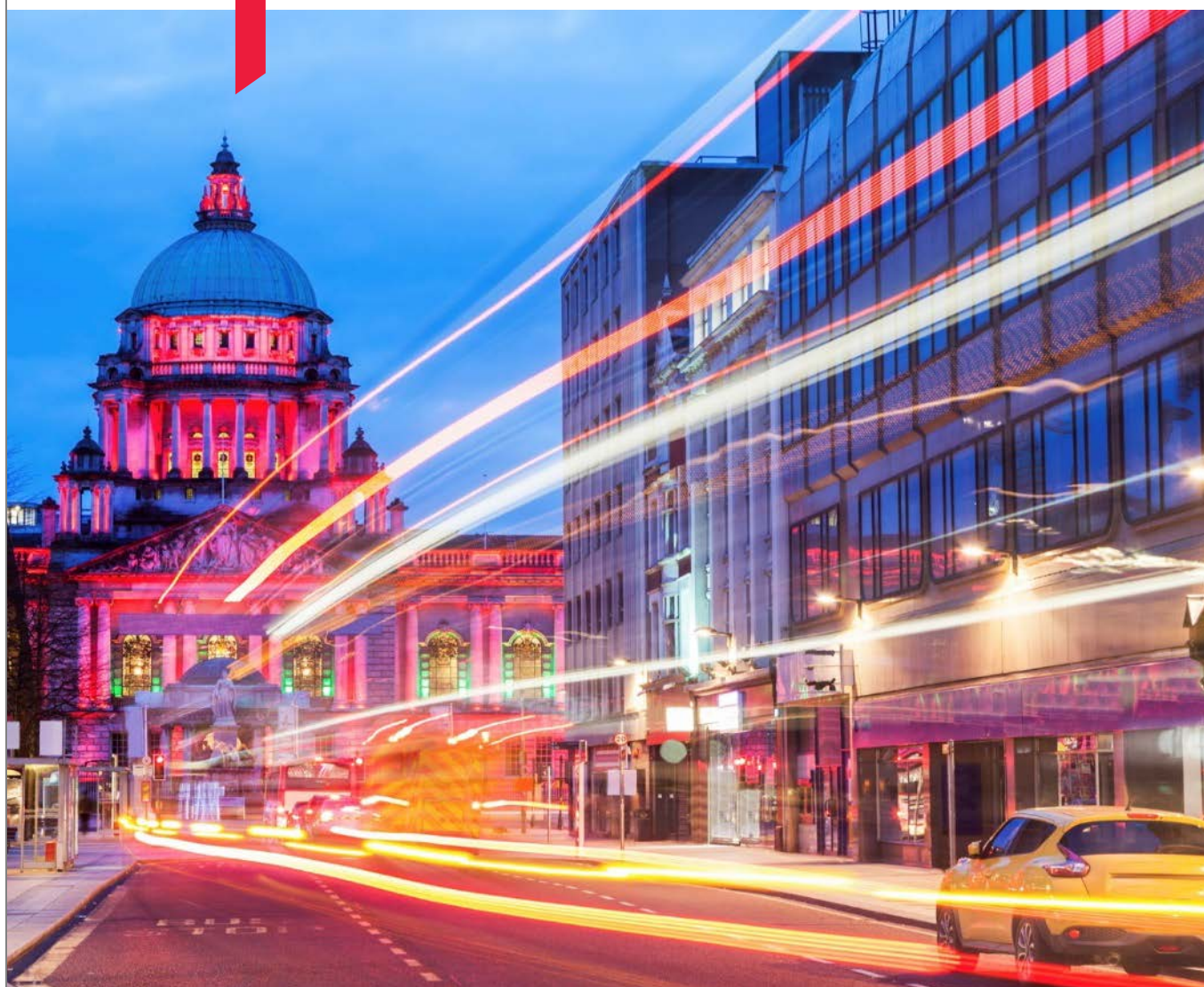
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MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

FLOODING RISK MANAGEMENT - FINAL REPORT
SEPTEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

EXECUTIVE SUMMARY	2
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DISTRIBUTION

Richard Holmes	Director of Service Delivery
Damien Ghela	Lead Specialist Community

REPORT STATUS LIST

Auditors:	Bamo Abraham - Internal Auditor
Dates work performed:	3 rd - 7 th August 2020
Draft report issued:	20 August 2020
Final report issued:	15 September 2020

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	4
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 4

BACKGROUND:

The Department for the Environment, Food and Rural Affairs (DEFRA) leads on flood and coastal erosion risk management in England. The Environment Agency has a strategic overview of all sources of flooding and is responsible for risk management activities on main rivers and the coast, regulating reservoir safety and working in partnership with the Met Office to issue flood forecasts and warnings. Essex County Council is the Lead Local Flood Authority.

Local Authorities work closely with Lead Local Flood Authorities and other Risk Management Authorities to perform flood risk management work that provides a reflection of the local knowledge around land drainage and flooding risks in the District.

As per DEFRA guidance local planning authorities should carry out a strategic flood risk assessment (SFRA) for their area. The SFRA will help various parties consider flood risk when making planning decisions about the design and location of any:

- development
- flood risk management features and structures

All SFRAs, should assess the risk from all sources of flooding, the cumulative impact that development or changing land use would have on the risk of flooding and the effect of climate change on risk. Furthermore, all SFRAs should identify opportunities to reduce the causes and impacts of flooding and any land likely to be needed for flood risk management.

We conducted interviews to establish the controls in place around the Council's strategic ownership of flooding responsibilities to highlight any areas where the controls might be improved.

GOOD PRACTICE:

- The Council has two internal flooding risk committees in place, the Flood & Coastal Group and the Flood & Coastal Projects & Maintenance, whose members meet bi-annually.

- Maldon District Strategic Flood Projects and Maintenance group was set up in May 2018 to bring together partners to review current flood projects and maintenance work on a half yearly basis. Partners consist of The Environment Agency, Essex County Council, Anglian Water, Maldon District Council (Facilitator) and Private Sector Partners including land owners as appropriate and if schemes being considered would benefit from their input. The aim of the group is to explore opportunities for flood mitigation measures in Maldon district and to work together to seek the most appropriate funding for delivery of such schemes in a planned and coordinated way.

KEY FINDINGS:

- The new lead officer for flood risks has yet to undertake any relevant training Finding 1 - Medium
- Maldon's strategic flood protection plan and associated actions have not been updated since 2018-19 - Finding 2 - Medium
- No formal meetings on flooding, both internally and externally, have taken place during 2020 due to Covid-19. - Finding 3 - Medium
- The Council does not have clear guidance on roles and responsibilities for sustainable urban drainage systems (SUDS)- Finding 4 - Medium

CONCLUSION:

Overall, we provide the Council with moderate assurance over both the design of controls and the effectiveness of the control framework in place for managing flooding risks. The Council has a sufficiently designed control framework in place to monitor and report on flooding risks, however, due to the restructure of the organisation in 2019 and the Covid-19 pandemic during the year, there has been insufficient focus on this area in recent months.

DETAILED FINDINGS

RISK: FLOODING RISKS WITHIN THE DISTRICT, AND RESPECTIVE ROLES AND RESPONSIBILITIES FOR FLOOD RISK MANAGEMENT, ARE NOT CLEARLY UNDERSTOOD BY THE COUNCIL LEADING TO INADEQUATE RESPONSE BY COUNCIL DEPARTMENTS

Ref	Significance	Finding
1	Medium	<p>Maldon District Council has recently undergone a transformation exercise. This has led to changes in management structures and staff. As such, there are new officers across the Council who are dealing with Maldon flooding work streams for the first time. Work in relation to Maldon's flood risk was led by the flooding risk lead up until the end of Q3 2019/20, when this officer left their post at the Council. Since then, flooding risk management has been passed on to a new community lead specialist.</p> <p>The new 'flood risk' lead for Maldon has yet to undertake any formal training. This is due to only being in post since January 2020, the impacts of Covid-19 on the organisation and the refocusing of work streams. Since the organisation has undergone the restructure, new officers are in place across all streams but there has been no formal training provided for these officers to understand flooding risks and how to incorporate these into delivery of their service.</p> <p>There is a risk staff across the Council do not hold the appropriate knowledge and skills to ensure flooding risks are managed effectively and safely for the District and surrounding areas.</p>

RECOMMENDATION:

The Council should ensure all staff across the Council work-streams involved in managing flooding risks undertake and complete training on flooding risk management. The Council should consider involvement and representation from external flooding agencies to lead on specific training as required.

MANAGEMENT RESPONSE:

Maldon District Council underwent a large-scale transformation programme in 2019. As such, we acknowledge our new members of staff require training in various aspects of flood risk management.

The previous Flood Risk expert has recently returned to Maldon on a temporary basis. It is our intention to use her expertise to identify suitable training, pass on knowledge and re-establish partnership links with our new Officers.

Responsible Officer: Damien Ghela | Lead Specialist Community

Implementation Date: September 2021

DETAILED FINDINGS

RISK: FLOODING RISKS WITHIN THE DISTRICT, AND RESPECTIVE ROLES AND RESPONSIBILITIES FOR FLOOD RISK MANAGEMENT, ARE NOT CLEARLY UNDERSTOOD BY THE COUNCIL LEADING TO INADEQUATE RESPONSE BY COUNCIL DEPARTMENTS

Ref	Significance	Finding
2	Medium	<p>Maldon District Strategic Flood Projects and Maintenance group was set up in May 2018 to bring together partners to review current flood projects and maintenance work on a half yearly basis. Partners consist of The Environment Agency, Essex County Council, Anglian Water, Maldon District Council (Facilitator) and Private Sector Partners including land owners as appropriate and if schemes being considered would benefit from their input.</p> <p>The aim of the group is to explore opportunities for flood mitigation measures in Maldon district and to work together to seek the most appropriate funding for delivery of such schemes in a planned and coordinated way.</p> <p>The action plan details the projects being taken forward on a rolling twelve month basis and is reviewed at the half yearly meetings. Determination of the projects to be included is undertaken by each partner agency based on their own risk assessment (for example Environment Agency funding is prioritised based on the number of properties at risk whereas Anglian Water prioritise their funding based on number of recorded flooding incidents).</p> <p>The latest version of the plan is dated 2018-19 and has not been updated since the departure of the Council's previous flooding risk lead.</p> <p>There is a risk the strategy and action plans are outdated and unsuitable for the District. There is also a risk the Council are not up to date with the latest flooding risks.</p>

RECOMMENDATION:

The Council should, with its partners, review and update the Strategic Flood Protection Plan and create a flooding management risk register detailing the key risks, controls and action owners.

MANAGEMENT RESPONSE:

As the work stream for Flood Risk management is refocused the associated risk register and list of associated projects will be updated within the Flood Risk Master Plan.

This work will begin following the next Coastal & Flood Risk Group meeting in Sept 20.

Responsible Officer: Damien Ghela | Lead Specialist Community

Implementation Date: March 2021

DETAILED FINDINGS

RISK: GOVERNANCE STRUCTURES, INCLUDING MEMBER INVOLVEMENT, AND RELATED COMMUNICATION AND INFORMATION FLOWS ARE NOT EFFECTIVE IN ENABLING THE COUNCIL TO MEET ITS RESPONSIBILITIES AND TO GAIN ASSURANCE OVER THE IMPLEMENTATION OF PREVENTATIVE MEASURES

Ref	Significance	Finding
3	Medium	<p>The Council has two internal flooding risk committees in place, the Flood & Coastal Group and the Flood & Coastal Projects & Maintenance, whose members meet bi-annually. MDC also attends the Essex Flood Board and the Executive Officers Group for externally held meetings in relation to flood risk. The Council also works closely with Essex County Council, The Environment Agency and Anglian Water to name a few of the partnering organisations.</p> <p>No formal flooding meetings, both internally and externally, have taken place during 2020. The last Flood & Coastal Group meeting took place in December 2019 and the Flood & Coastal Projects and Maintenance Group last met in April 2019. Since the appointment of a new flood lead, no formal meetings have been held with the lead and the key flooding partners.</p> <p>There is a risk the Council are unaware of their key flooding responsibilities and are unable to implement preventative measures to ensure the safe and effective management of flooding within the District.</p>

RECOMMENDATION:

1. The newly appointed community lead specialist should contact the key members from each organisation and members within the Council to discuss flooding risks in the short term and ensure the Council are well placed to manage potential risks. Due to the Covid-19 pandemic, if formal face-to-face meetings cannot take place, virtual meetings should be held.
2. Discussion should be held with external bodies on the training support they may be able to provide (Finding 1) and discussions should also be held with the service delivery officers on the elements they would like covered in training.

MANAGEMENT RESPONSE:

The Lead Specialist - Community has maintained contact with key partners, working with them to finalise reports that will go on to form the basis of future flood management plans. In addition to these contacts, we will be re-establishing links with other partners that were lost because of staff changes.

Plans are already begun to involve other Service Delivery Officers in aspects of Flood Risk Management work. This will be tied into additional training on the subject as well as streamlining of our documentation and record keeping process.

Responsible Officer: Damien Ghela | Lead Specialist Community

Implementation Date: Sept 21

DETAILED FINDINGS

RISK: RESPONSIBILITIES FOR SUSTAINABLE URBAN DRAINAGE SYSTEMS (SUDS) ARE NOT CLEAR, LEADING TO INADEQUATE CONSIDERATION OF IMPACT ON SURFACE WATER FLOODING OF NEW DEVELOPMENT AT THE PLANNING APPLICATION AND POST DECISION STAGES

Ref	Significance	Finding
4	Medium	<p>SUDS are drainage systems that are considered to be environmentally beneficial, causing minimal or no long-term detrimental damage. They are often regarded as a sequence of management practices, control structures and strategies designed to efficiently and sustainably drain surface water, while minimising pollution and managing the impact on water quality of local water bodies.</p> <p>The Council does not have clear guidance on roles and responsibilities for SUDS across the Council. There is a detailed SUDS folder that has a collection of reports and documents. It does not seem to contain a list of responsible officers. There are ad-hoc meetings regarding flood projects which support the overarching bi-annual meetings but these are not regular calendared meetings, or formally arranged.</p> <p>Given the Council have undergone a restructure, there is a risk roles and responsibilities with regards to SUDS have not been defined and the Council are not considering the impact of surface water flooding at planning and post decision stages.</p>

RECOMMENDATION:

The Council should design and implement a formal SUDS strategy that includes the designated responsibilities and formal governance arrangements to manage and monitor SUDS. Training should be provided where necessary potentially incorporating this as part of the wider flooding risk management training (finding 1)

MANAGEMENT RESPONSE:

A SUDS strategy including governance and process arrangements will be added to the overarching MDC Flood Risk strategy document.

The document will be drafted with input from the returning Flood Risk expert and wider partners.

Responsible Officer: Damien Ghela | Lead Specialist Community

Implementation Date: Sept 21

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Damien Ghela

Lead Specialist Community

APPENDIX I - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW

The purpose of this review is to consider the design and effectiveness of the controls in place around the Council's strategic ownership of flooding responsibilities to highlight any areas where the controls might be improved.

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Flooding risks within the District, and respective roles and responsibilities for flood risk management, are not clearly understood by the Council leading to inadequate response by Council departments
- Governance structures, including Member involvement, and related communication and information flows are not effective in enabling the Council to meet its responsibilities and to gain assurance over the implementation of preventative measures
- There is not effective communication with the Lead Local Flood Authority (Essex County Council) in the management of surface water flooding risk in the District
- There is not effective communication with other organisations (including Anglian Water, the Environment Agency and developers) in the management of surface water flooding risk in the District
- Responsibilities for Sustainable Urban Drainage Systems (SUDS) are not clear, leading to inadequate consideration of impact on surface water flooding of new development at the planning application and post decision stages.

SCOPE OF REVIEW

The following areas will be covered as part of this review:

- Confirm if the Council is aware of its responsibilities, and those of other relevant organisations, and provides training and information to Members on flood risks roles and responsibilities
- Confirm if the responsibility for dealing with flood related matters is assigned appropriately within the Council and various Council Committees oversee aspects of flooding response
- Confirm if the Council communicates with ECC at an agreed level and provides ECC with details of initial flooding investigations
- Confirm if the Council has appropriate mechanisms for completion and monitoring of agreed actions arising from its partnership flood mitigation plans
- Confirm if there is appropriate communication with Members, Partnerships (including AW, EA and developers) and flood boards regarding the Councils responsibilities for flood risk
- Confirm that Council has identified flooding as corporate risk, and has implemented flood risk management into relevant working practices e.g. planning decisions.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

EXCLUSIONS

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

REQUIREMENTS

Outlined below is an initial information request relating to this audit. Timely receipt of this information is critical to ensure that the objectives of the audit are met and that the work is completed on time. We have provided an overview of what we require from you and when we require each piece of information. We have tried to be specific wherever possible however, please do contact us as soon as possible if you are unsure about any of the information required.

Please note that this is an initial request and is not exhaustive - further information requiring your attention (including meetings) will be required at the time of our fieldwork.

REQUIREMENT	DETAILS	RESPONSIBLE PERSON	REQUIRED BY
Key flooding risk management documents	<ul style="list-style-type: none"> Details of roles and responsibilities for surface water flood risk management within the Council Any related strategies, policies, plans and procedures, including those relating to Planning and consideration of SUDS Outline of Terms of Reference and communication arrangements with ECC and other partner organisations for the purpose of surface water flood risk management. 	Shirley Hall, Lead Specialist Community	Start of fieldwork

While we always aim to minimise the impact of our fieldwork, we estimate that we will require a minimum of two hours per day with all key personnel.

In delivering this audit, we may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. We will not require this information to be sent to us and our records of testing will be limited to anonymised records e.g. case numbers / employee numbers.

Access to information/staff:

Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you.

Where control weaknesses are identified during our review we may require access to additional information, or need to undertake extended sample testing. This may also result in additional fees to cover this work.

Any such charges would be notified to you and agreed at the time the issue is identified.

Timing changes and cancellation:

In accepting this Terms of Reference document you are agreeing to the timing of this audit (specified on p.5). We will make every effort to accommodate timing changes or cancellation of the audit however any changes within three weeks of the start of the fieldwork may result in fees being charged in respect of the audit. Changes with more than three weeks' notice will be accommodated at no charge.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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REPORT of DIRECTOR OF RESOURCES

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020**

EXTERNAL AUDIT FEES 2019/20

1. PURPOSE OF THE REPORT

- 1.1 This report is to inform the Performance, Governance and Audit Committee of the audit fee for Deloitte LLP, the Council's External Auditor for the audit of the 2019/20 financial year.

2. RECOMMENDATION

- 2.1 That the content of this report be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 The audit and certification work that Deloitte LLP will be undertaking for the 2019/20 financial year at Maldon District Council includes:
- Audit of the financial statements;
 - Value for money conclusion; and
 - Whole of Government accounts.
- 3.2 The external audit fee payable by the Council as per the letter received on the 24 August 2020 is expected to be £54,762. The fee letter is included at **APPENDIX 1**.

4. EXTERNAL AUDIT FEES 2019/20

- 4.1 In July 2020 the Council received an initial fee proposal of £78,581 from the external auditors for the 2019/20 audit. Since then the Council has worked to negotiate a reduction to this fee given the substantial increase from the original scale fee of £37,942 advised by Public Sector Audit Appointments Ltd (PSAA). Although PSAA did advise that those fees were likely to require amendment. The final increase in the scale fee relates to two areas; COVID-19 (£7,700) and asset valuations (£9,120).
- 4.2 The audit letter sets out the additional audit work that has been required due to COVID-19 including the potential increase in control risks and risk profiles. No

issues were identified because of COVID-19 in the audit. The following table details the additional time that was spent in relation to COVID-19.

Table 1 – COVID-19 Related Audit Time

Staff Grade	Hours	Rate (£/hr)	Cost (£)
Partner	4	215	860
Director	8	185	1,480
Manager	32	105	3,360
Assistant Manager	16	80	1,280
Associate	16	45	720
Total	76		7,700

- 4.3 External auditors are now required to use specialists to review asset valuations, which has led to increased costs and scrutiny around these areas. Due the auditors identifying a material manual error in both the 2018/19 and 2019/20 valuations, made by the Council's external valuer, the risk level relating to valuations has been increased. This has led to the additional testing being required. The following table details the additional time that was spent in relation to asset valuations.

Table 2 – Asset Valuations Related Audit Time

Staff Grade	Hours	Rate (£/hr)	Cost
Partner	8	215	1,720
Director	24	185	4,440
Manager	16	105	1,680
Assistant Manager	16	80	1,280
Total	64		9,120

- 4.4 Following a manual error by the valuers in two consecutive years the Council has discussed the issue and potential actions with the external auditors and the valuers' relationship manager. No issues have been identified with the current valuer's valuation methodologies, which can be a complex area. Therefore, controls to strengthen the checks are proposed to avoid a reoccurrence in future years. Mitigations include:
- Review of the resources deployed by the valuer;
 - Improved reviewing of the valuations internally by the valuers before they are issued to the Council;
 - Regular client meetings with the valuers to discuss progress;
 - Earlier issue of the valuations to allow checks by the Council.

5. EXTERNAL AUDIT FEES 2020/21

- 5.1 An indication of the audit fees for the 2020/21 financial audit has been provided in the attached letter, which is a substantial increase on 2019/20. Fees are currently being

negotiated with the auditors as the Council has raised concerns with the proposed fee levels. Ultimately PSAA have the final say in setting the fees and will contact the Council to hear any concerns first hand so they can be considered as part of their determination.

6. CONCLUSION

- 6.1 The external audit fees for the 2019/20 audit are expected to be £54,762.

7. IMPACT ON STRATEGIC THEMES

- 7.1 Financial management underpin all strategic themes.

8. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – The budget for the external audit fees are £51,100, creating an overspend of £3,662.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Chris Leslie, Director of Resources (chris.leslie@maldon.gov.uk).

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24 August 2020

Christopher Leslie
Section 151 Officer
Maldon District Council
Council Offices
Princes Road
Maldon
Essex
CM9 5DL

Our Ref: CW/AS/2020

Dear Chris,

Audit fee for 2019/20 & 2020/21

Further to our meeting on 31 July I have reflected on comments and challenges made by Cllrs Bamford and Jarvis on additional fees for the 2019/20 audit and I will be restricting my request strictly to costs incurred due to additional work that was required in response to the impact of Covid 19 on my audit along with the additional time required to investigate and resolve the valuation issues. A summary of the additional work required in both these areas is included in my Report to the Performance, Governance and Audit Committee on the audit which will be presented at the next meeting. The additional costs in these areas are summarised below:

<u>2019/20 fee</u>	£ (excluding VAT)
Original scale fee for 2019/20	37,942
<u>Additional non-recurring items:</u>	
Impact of Covid 19	7,700
Impact of review and resolution of asset valuation errors	9,120
Total proposed 2019/20 fee	54,762

For completeness I have also included below my fee proposal for the 2020/21 audit. As discussed previously, a letter was sent by Public Sector Audit Appointments Ltd (PSAA) on 30 April 2020 to all section 151 officers and Audit Committee Chairs noting that the original scale fees were likely to require amendment and those amendments are to initially be discussed and agreed between auditors and authorities. The letter sets out a summary of some of the factors that are impacting on the cost of these audits and a key extract from that letter is:

"... However, the immediate impact is clear - significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations."

Having completed two years of our contract for the audit of the authority we have developed our understanding of the council and we have a better basis upon which to determine the costs of delivering the audit for 2020/21.

In the table below, we have set out our proposed fees for 2020/21, together with a summary of the factors that have had an impact on these fees. Once you have had an opportunity to review the details in this letter, please could we arrange to meet again with Cllrs Bamford and Jarvis to discuss them. Following our meeting we would seek formal approval, or further comments, from the authority on the level of fees for 20-19/20 and 2020/21. Following this response, we will proceed to seek approval from PSAA.

Council proposed audit fees⁶

2020/21 fee	£ (excluding VAT)
Original scale fee for 2020/21	37,942
Change to scale fee to reflect increased audit costs and nature of the council ¹	32,938
Change in scope of value for money work ²	10,000
Expenses ³	5,000
Proposed scale fee for 2020/21	85,880
<u>Additional non-recurring items:</u>	
Estimated impact of Covid 19 ⁴	7,700
Impact of IFRS 16 transition ⁵	6,000
Total proposed 2020/21 fee	99,580

Notes

- 1** A number of factors have contributed to an increase in audit costs since the contract was tendered in 2017, including:
 - The scale fees as currently set are based on a number of very dated assumptions that do not appropriately take into account the size and complexity of Council audits or the in the current environment. As referenced in the letter from PSAA, we are now required to do substantially more work in order to respond to changes in requirements from stakeholders and regulators. We have used knowledge gained about of the council and the finance team from auditing the 2018/19 financial statements to calculate the base increase needed in the 2018/19 audit fee
 - We are now required to use specialists to a far greater degree to support our audit work and in particular where specialist input relates to a significant audit or VFM risk. Where specialists are required, for example an actuarial specialist on the pension scheme reports and a property expert for valuation of assets, this is included here. This has been calculated on a specialist hours multiplied by agreed rate basis specific to your audit context.
 - Changes to our quality control and assurance arrangements.

We have therefore taken into consideration the actual time required to complete the audit in 2018/19 and 2019/20 as the basis of the change. This time, and the associated costs, accurately reflect the complexity and scale of the council.
- 2** Following the National Audit Office's release of Auditor Guidance Note 03 in April 2020, the requirements of auditors with respect to authorities' value for money arrangements have changed. The new requirements apply for 2020/21 onwards. The changes to these requirements are significant, and include changes to the scope of our work and the way in which our work is reported (including the introduction of a new narrative report).
- 3** The current scale fees do not appropriately take account of the different level of expenses required for some audits. Expenses are based on travel and accommodation costs incurred in the 2018/19 audit. This is an estimate and we will only charge actual expenses incurred.
- 4** Covid 19 impacts upon audit costs in a number of ways including changes in the risk profile of audits and the audit quality control arrangements we put in place; changes in the timetable for authorities' preparation for the audit and responsiveness to audit queries; and changes to the scope of our work and specific audit procedures that we are required to perform. We also note that, in 2020/21, the authorities' arrangements with respect to Covid 19 will be in the scope of our review under our value for money responsibilities. We have included an estimate of the additional costs in respect of these matters and we will reassess the impact on 2020/21 closer to the time of the audit.
- 5** IFRS 16 is a new accounting standard relating to leases. Whilst the standard is effective for 2021/22, disclosures of the impact of the standard on opening balances are required in 2020/21. Additional audit procedures are required in respect of the implementation of this new accounting standard.
- 6** Our fee estimates are provided on the basis of the assumptions set out in the appendix to this letter.

Yours faithfully

Deloitte LLP

Deloitte LLP

(Engagement Lead contact: Craig Wisdom)

Appendix

Fee assumptions

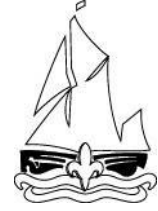
Our fee estimates and our ability to meet your timetable are based on the authority meeting its responsibility to provide draft statement of accounts, detailed audit schedules and other specified information (the 'Schedules') in accordance with our agreed timetable. To the extent that the authority does not provide the Schedules within the agreed timetable, or the schedules are not free from non-trivial misstatements, we will seek additional fees from the authority, for additional time incurred, in accordance with our contract with PSAA. This includes situations where:

- We change the timing of our work from the agreed timetable at your request. Changes to the timing of the engagement usually require reassignment of our personnel in the performance of services. Costs may include the cost of individuals originally booked to work on your audit(s) who cannot be booked to other engagements, or replacement staff available at the new agreed time being of a different grade or less familiar with the audit.
- All requested information is not (a) provided by you on the date requested, (b) completed in a format acceptable to us, (c) mathematically correct, or (d) in agreement with the appropriate accounting records (e.g., general ledger accounts, completed trial balance).
- There are delays in responding to our requests for information, such as reconciling variances, providing requested supporting documentation (e.g., invoices, contracts, and other documents), or responding to our inquiries of management.
- There is a deterioration in the quality of the accounting records during the current period in comparison with the prior period.
- A completed trial balance, referenced to supporting schedules and financial statements, is not provided to the agreed timescale.
- Draft financial statements, free from misstatements other than those which are clearly trivial, with appropriate supporting documentation are not prepared accurately and on a timely basis by you.
- Electronic files in an appropriate format and containing the information requested are not provided by you by the date requested for our use in performing file interrogation.
- Deficiencies or weaknesses in the design or operating effectiveness of the internal control over financial reporting are identified during our audit that result in an expansion of our audit procedures on the related financial statement accounts.
- There are proposed adjustments identified during our engagement.

Changes from the prior year which were not discussed with us in determining our original fee, which may include:

- Changes in accounting policies or practices from those used in prior years.
- Unusual events or transactions.
- Changes in your financial reporting process or information technology systems.
- Changes in your accounting personnel, their responsibilities, or their availability.
- Changes in applicable financial reporting standards, auditing standards and/or laws and regulations which could not reasonably have been known to us at the time we agreed our original fee.
- Changes in scope caused by events that are beyond our control.

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REPORT of DIRECTOR OF RESOURCES

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020

EXTERNAL AUDIT UPDATE – 2019/20 AUDIT

1. PURPOSE OF THE REPORT

- 1.1 This report is to provide the Performance, Governance and Audit Committee with an audit update from Deloitte LLP, the Council's External Auditor, for the audit of the 2019/20 financial year, attached at **APPENDIX 1**.

2. RECOMMENDATION

- 2.1 That the content of this report be noted.

3. SUMMARY OF KEY ISSUES

- 3.1 The audit and certification work that Deloitte LLP undertook for the 2019/ 20 financial year at Maldon District Council attached at **APPENDIX 1** includes:
- Status of the Audit;
 - Conclusions from testing;
 - Financial Sustainability and Value for Money; and,
 - Narrative Report & Annual Governance Statement;

4. IMPACT ON STRATEGIC THEMES

- 4.1 Financial management underpins all strategic themes.

5. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.

(v) **Impact on Resources (human)** – None.

(vi) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Chris Leslie, Director of Resources (chris.leslie@maldon.gov.uk).



Maldon District Council

Draft Report to the Performance, Governance and Audit Committee on the audit for the year ended 31 March 2020

Draft issued on 09 September 2020 for the meeting on 24 September 2020

01 Our final report

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The key messages in this report

I have pleasure in presenting our report to the Performance, Governance and Audit Committee of Maldon District Council (the Council) for the 2019/20 audit. The scope of our audit was set out within our planning report presented to the committee in 30th July 2020.

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

Status of the audit

Our audit is at an advanced stage at the date of issue of this report with the following key matters still outstanding:

- evaluation of information from Pension Fund auditors;
- full review of final, updated financial statements;
- receipt and evaluation of the impact assessment in relation to adjusting, post balance sheet events in relation to national rulings regarding local government pensions schemes (namely McCloud and Goodwin – see page 12 for detail);
- receipt of the desktop valuation report;
- completion of internal quality assurance procedures;
- receipt of signed management representation letter; and
- our review of events since 31 March 2020 through to signing.

We will provide an oral update on these matters including an update regarding the status of the audit at the meeting.

We have included a section in this report providing observations arising from the work we have so far carried out on the areas of significant risk and other areas of audit focus reported to you in our audit planning report. We have increased our risk on property valuations from higher risk to significant risk due to errors identified in the current year and the previous year.

Conclusions from our testing

- We have not identified any significant uncorrected audit adjustments or disclosure deficiencies. The version of the accounts presented to this committee has been amended for our proposed changes. As our audit work is ongoing, further misstatements may be identified through the completion of our remaining work. We will provide an oral update regarding any such matters in the meeting.
- We have summarised any audit adjustments on page 20.
- We have considered the impact of the Covid-19 pandemic on our work – we include details on pages 6 to 9. We did not identify any new financial statement or value for money significant risks as a result of the impact of the pandemic
- We identified findings or internal control deficiencies which have been included on page 16-17.
- As detailed in our work on the valuations set out on page 10, management's expert – DVS – included a material uncertainty clause in their valuation report. This is common to 31 March 2020 valuations in the sector. This wording is reflected in the financial statements and we draw attention to it in our draft auditor's report. Note that this is not a qualification of our opinion.
- Based on the current status of our audit work, we envisage issuing an unmodified audit opinion, with no reference to any matters in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.

The key messages in this report (continued)

Financial Sustainability and Value for Money

- In the CIES, following agreed adjustments, the Council reported an accounting surplus of £1.8m for the year (2018/19: £2.2m) which included net gains of £0.07m in respect of property revaluation (2018/19: net gain of £0.5m) and gains due to remeasurement of the pension liability of £2.3m (2018/19: £3.4m). At the provision of service line the Council showed a net deficit of £0.6m (2018/19: net deficit £1.7m). At year end the Council had usable reserves of £11.9m (31 March 2019: £10.5m) and unusable reserves of £13.7m (31 March 2019: £11.4m).
- Cash and cash equivalents held by the Council increased to £12.1m from £7.9m as at 31 March 2019.
- We did not identify any significant risk related to Value for Money and we do not anticipate reporting any matters within our audit report in respect of the Council's arrangements for securing the economy, efficiency and effectiveness of the use of resources.

Narrative Report & Annual Governance Statement

- We have reviewed the Council's Annual Report & Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.
- At the date of this report, we have no significant matters to raise with you in respect of the Narrative Report which has been updated for our proposed adjustments to ensure appropriately detail in relation to Covid-19 has been included. We also have no significant matters in respect of the Annual Governance Statement. We have received an updated version back from the Council that we are checking complies with all the relevant requirements. We will update you in the meeting if any changes arise from this.

Duties as public auditor

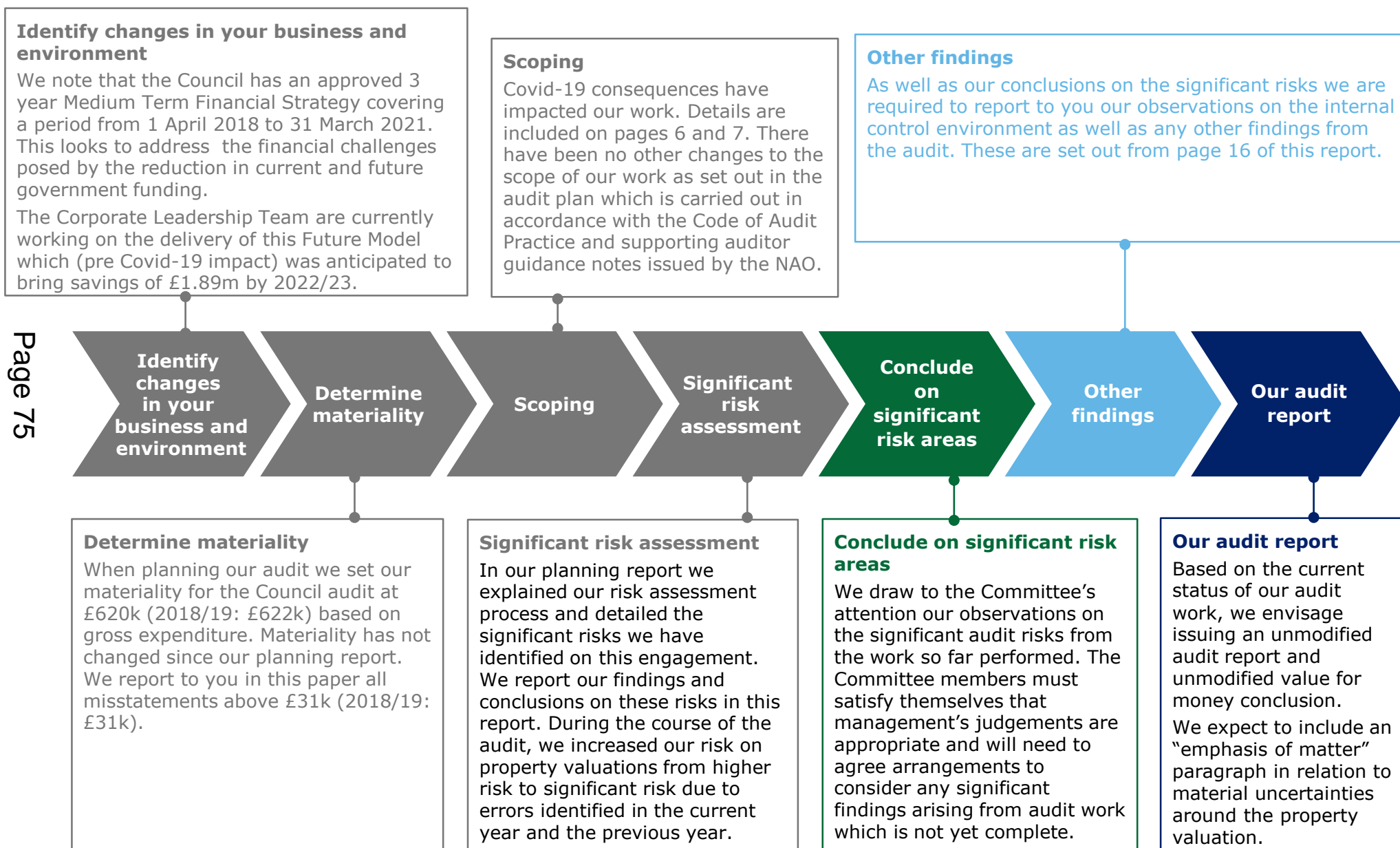
- We did not receive any formal queries or objections from local electors this year.
- We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

Whole of Government Accounts

- The Council continues to be below the threshold for WGA reporting.

Our audit explained

We tailor our audit to your organisation



COVID-19 pandemic and its impact on our audit.

Requirements

CIPFA has issued guidance highlighting the importance of considering the impact of COVID-19 in preparation of the 2019/20 financial statements, including communicating risks and governance impacts in narrative reporting. This is consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of COVID-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of COVID-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

As well as the effects upon reserves, financial performance and financial position, examples of areas highlighted by CIPFA include the impact on service provision, changes to the workforce and how they are deployed, impacts upon the supply chain, cash flow management, and plans for recovery. Risks highlighted include those relating to subsidiaries and investments, capital programmes, and resilience of the community including partner organisations and charities.

Actions

A thorough assessment of the current and potential future effects of the COVID-19 pandemic is required including:

- A detailed analysis across the council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position and reserves;
- The economic scenario or scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios);
- Any material uncertainties relating to the council's financial position, the financial sustainability of the Council, and the potential requirement for a section 114 notice; and
- The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible

Impact on the Council	Impact on annual report and financial statements	Impact on our audit
<p>We have considered the key impacts on the business such as:</p> <ul style="list-style-type: none"> • Interruptions to service provision. • Supply chain disruptions. • Unavailability of personnel. • Reductions in income. • The closure of facilities and premises. 	<p>We have considered the impact of the outbreak on the annual report and financial statements, discussed further on the next slide including:</p> <ul style="list-style-type: none"> • Principal risk disclosures • Impact on property, plant and equipment • Valuation of commercial or investment properties • Impact on pension fund investment measurement and impairment • Financial sustainability assessment • Events after the reporting period and relevant disclosures • Bad debts provision policy • Narrative reporting • Impairment of non-current assets • Allowance for expected credit losses 	<p>We have considered the impact on the audit including:</p> <ul style="list-style-type: none"> • Resource planning • Timetable of the audit • Impact on our risk assessment • Logistics including meetings with entity personnel.

Potential Impact on annual report and financial statements

Audit response

Impact on property, plant and equipment

The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements.

The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations the Council considered with their valuers the impact that COVID-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020.

The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.

Valuation of commercial or investment properties

Following the COVID-19 pandemic, the fair value measurements for financial instruments and investment properties held by the Council needed to be reviewed against the conditions and assumptions at the measurement date. This presents some difficulties because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs. This required additional consideration in our work on year-end valuations.

The material uncertainty noted above also includes Investment Properties.

Impact on pension fund investment measurement

As a result of the COVID-19 pandemic pension fund investments have been subject to volatility.

We engaged early with the Pension Fund auditor to not only gather information for year-end measurements but to also understand any estimation techniques and any changes to those techniques that may be needed to measure the financial instruments. Where such volatility exists it may mean that the inputs used in the fair value measurement may change and may require a change of measurement technique, and consideration of the level of uncertainty in valuations where there is significantly more estimation.

At the date of this report, we have had the response from the Pension Fund auditor and we are currently evaluating the work to conclude on this matter.

Expected credit losses

The Council has considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.

No issues in relation to this have arisen from our audit work.

	Potential Impact on annual report and financial statements	Audit response
Covid related income received pre year end	<ul style="list-style-type: none"> There was one main receipt of income related to Covid-19 that were received pre 31 March 2020 <ul style="list-style-type: none"> Covid-19 LA Support grant. This was the first tranche of £1.6bn passed out to Councils by MCHLG on March 27 2020. The Council received £0.7m. This grant was unringfenced and without conditions and therefore should be recognised in income with any unspent amounts carried in reserves. 	<ul style="list-style-type: none"> We note that after discussion and reference to guidance these have been treated correctly in the updated statement of accounts. The remaining Covid related income receipts received after the year end will be considered as part of the 2020/21 audit.
Narrative and other reporting issues	<p>The following areas need to be considered by councils as having being impacted on by the COVID-19 pandemic.</p> <ul style="list-style-type: none"> Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability. Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities 	<p>We note that the narrative report adequately discloses matters related to Covid-19, including risks, potential impacts and other issues. The report is compliant with the guidance in this area.</p> <p>We have received a further updated version back from the Council that we are checking complies with all the relevant requirements. We will update you in the meeting if any changes arise from this.</p>

Significant risks

Management override of controls

Risk identified

In accordance with ISA 240 (UK) management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

The Council's results throughout the year did project both positive and negative divergences from budgets in operational areas. This was closely monitored and whilst some areas projected overspends, the underlying reasons were understood.

- Senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Journals

We have performed design and implementation testing of the controls in place for journal approval.

We have used Spotlight data analytics to risk assess journals and select items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest.

We have tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting. No issues were noted.

Accounting estimates

We have performed design and implementation testing of the controls over key accounting estimates and judgements.

The key judgements in the financial statements are those selected as significant audit risks and other areas of audit interest: valuation of the Council's estate and the valuation of the pension liability, as discussed elsewhere in this report.

We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the areas more subject to estimation in the period were balanced and did not indicate a bias to achieve a particular result.

We tested accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

Deloitte view

We have not identified any significant bias in the key judgements made by management based on work performed.

We have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed.

We noted that not all individual journals have evidence of review, and have raised a control recommendation on page 16

Valuation of property assets

Risk identified

The Council is required to hold property assets within Property, Plant and Equipment ("PPE") and Investment Properties at valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value. In our planning paper this risk was not classified as a significant risk, however as detailed below, during the course of our work we identified material errors in the valuation. As this is the second year in a row that we have identified material errors in the valuation we elevated this to a significant risk.

Key judgements and our challenge of them

The Council held £30.7m of property assets at 31 March 2020, an increase of £1.4m, relating to a revaluation gain. The Council also held £2.8m of investment properties at year end with a revaluation gain of £0.1m.

The Council's material assets are reviewed annually as at 31 December, these are the Council offices and 2 leisure centres.

For the remainder of the operational assets, the financial year to 31 March 2020 represented year three of a five year rolling programme in which 20% of the portfolio was revalued. The land and buildings have been revalued on a 5 year rolling basis, at 20% (by number, not value) as at the 31 December 2019.

The Council's valuer had advised there had been no material change in value between the 31 December 2019 and 31 March 2020 and a letter of assurance was issued on 5th June 2020.

The investment properties are all revalued annually as at 31 December.

Deloitte response

- We tested the design and implementation of key controls in place around the property valuation.
- We obtained an understanding of approach adopted to the valuation, including assessing the valuer's qualifications, objectivity and independence and reviewing the methodology used.
- We tested a sample of inputs to the valuation.
- We used our valuation specialists, Deloitte Real Estate, to review and challenge the appropriateness of the assumptions used in the valuation of the Council's property assets including considering the assumptions made of movements between the valuation being performed at earlier stages in the year and the year-end.
- We tested a sample of revalued assets and re-performed the calculation of the movement to be recorded in the financial statements to check correctly recorded.
- We considered the impact of uncertainties relating to Covid-19 and the UK's exit from the EU upon property valuations in evaluating the property valuations and related disclosures.
- Given, we have identified errors in the valuation in the last 2 years, we have challenged management on assets not valued in previous 2 years and a desktop valuation is currently being performed on a sample of those assets by the valuer.

Deloitte view

During the course of our testing we noted the following:

- We identified a componentisation error on the Council Offices valuation amounting to an overstatement of £1.4m which has subsequently been corrected by management. This error has not been identified by the DVS quality control procedures.
- There were inconsistencies identified between the input data used in the valuation and that held by the Council. This indicated an issue with the quality of data held by the Council.

We have made recommendations in relation to these findings on page 16.

Our work on assets not valued in previous 2 years is still in progress.

Significant risks (continued)

Valuation of property assets – Material Uncertainty due to Covid-19

Material Uncertainty due to Covid 19

The Council's valuer has included disclosures in relation to Covid 19 in their report including the extracts below:

In relation to the recent outbreak of the Novel Coronavirus (COVID-19) and the fact that the valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.

This is a common feature of valuation reports prepared to 31 March 2020

Impact on Audit Opinion

An "emphasis of matter" is required to be included in our audit opinion to draw attention to management's disclosure:

"We draw attention to note 4, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Council's property portfolio. As noted by the Council's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter."

Impact on Statement of Accounts

The Council is required to disclose the existence of this material uncertainty in the Statement of Accounts. This can be seen in Note 4 to the accounts, an extract of which is included below:

As at the valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes and DRC valuations, to inform opinions of value. Indeed, the current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement. Their valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution – should be attached to their valuations than would normally be the case.

Other matters

Defined benefits pension scheme

Background

The Council participates in the Essex Pension Fund Local Government Pension Scheme, administered by Essex County Council.

The net pension liability has decreased from £25.5m at 31 March 2019 to £24.9m at 31 March 2020 primarily as a result of movements in asset values and some changes in discount rate and inflation assumptions. This total includes the impact of the McCloud adjustments.

The Council's pension liability continues to be affected by the McCloud legal case in respect of potential discrimination in the implementation of transitional protections following changes in public sector pension schemes in 2015. The 31 March 2020 position as currently calculated includes an element of the impact of McCloud however there continues to be a discussion with the scheme actuary on a potential further amendment to this figure. We awaiting a response from the scheme actuary and we will assess this using our pension specialist team.

In the current year there was an additional legal case - the Goodwin judgement - that has an impact on the scheme. The judgement is in respect of a Teacher's Pension case where there was deemed to be discrimination in spousal transfer on death of the member (where a male widower was deemed to be discriminated against through receiving a different level of benefits than a female widow). We have received a response from the scheme actuary and are currently assessing this using our pension specialist team.

Deloitte response

We obtained a copy of the actuarial report produced by Barnett Waddingham, the scheme actuary, and agreed in the disclosures to notes in the accounts.

- We assessed the independence and expertise of the actuary supporting the basis of reliance upon their work.
- We reviewed and challenged the assumptions made by the actuary, including benchmarking as shown the table opposite.

- We obtained assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary.
- We assessed the reasonableness of the Council's share of the total assets of the scheme with the Pension Fund financial statements for the year.
- We have challenged the calculation of the impact of the McCloud case on pension liabilities.
- We reviewed the disclosures within the accounts against the Code.

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.35%	2.15% - 2.60%	Reasonable
Consumer Price Index (CPI) Inflation rate (% p.a.)	1.90%	1.70%	Reasonable, slightly prudent
Salary increase (% p.a.) (over CPI inflation)	2.90%	Council specific	Reasonable
Pension increase in payment (% p.a.)	1.90%	1.70%	Reasonable
Pension increase in deferment (% p.a.)	1.90%	1.70%	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 65)	21.80	21.80	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 45)	23.20	23.20	Reasonable

Deloitte view

Our work is continuing in relation to pension liabilities and assets and we are therefore not yet able to conclude in this area. We will provide an update to the Performance, Governance and Audit Committee meeting.

Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources

Background

Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work. We note that the NAO guidance indicates a low likelihood that Covid-19 forms a risk area impacting the assessment of arrangements for 2019/20. Rather this will form part of the risk assessment and evaluation for 2020/21. The response to Covid-19 is described as an "emerging risk" in this guidance (rather than a significant risk) unless clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the 2019/20 financial year.

Our risk assessment

We set out the risk assessment procedures we had performed and our further planned procedures in our audit planning report including discussion with relevant officers and review of Council documentation including internal audit reports. We did not identify any further significant risks from our remaining risk assessment procedures.

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Deloitte view

Based on the current status of our audit work, we envisage issuing an unqualified "value for money conclusion".

The expected form of our conclusion is as follows:

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020 we are satisfied that, in all significant respects, Maldon District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the financial statements

We anticipate that our opinion on the financial statements will be unmodified.



Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

We include details on the other matter paragraph in relation to property valuations on page 10 of this report.

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Our value for money conclusion

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

We anticipate that our conclusion on the Council's arrangements will be unmodified.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

We anticipate that our conclusion in this area will be satisfactory.

Your annual report

We are required to report by exception on any issues identified in respect of the Annual Governance Statement. We are still in the process of reviewing the final draft of the statement of accounts.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"> - Organisational overview and external environment; - Governance; - Operational Model; - Risks and opportunities; - Strategy and resource allocation; - Performance; - Outlook; and - Basis of preparation - Future sustainability and risks to this posed by Covid-19. 	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We note that the Narrative Report was updated for the implications of COVID-19.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit. No issues were noted from our review.</p>

Other significant findings

Internal control and risk management

During the course of our audit we have identified a number of internal control and risk management findings, which we have included below for information.

Area	Observation	Priority
Review of property valuations	<p>We identified a componentisation error on the Council Offices valuation amounting to an overstatement of £1.4m which has subsequently been corrected by management. This error has not been identified by the DVS quality control procedures.</p> <p>We recommend management revisit the engagement letter and related instructions issued to the valuer to ensure that there is clarity on the expected process and reporting.</p>	High Priority
Review of property valuation inputs	<p>We identified inconsistencies between the input data used in the valuation and that held by the Council.</p> <p>We recommend that data supplied to the valuer for use in the valuation is checked back to source data held by the council before being issued.</p>	Medium Priority
Approval of journals	<p>The Sage finance system does not enforce approval of journals by a second member of staff and not all journals are individually approved.</p> <p>We note that most journals are not approved but there are mitigating controls implemented by management such as control account reconciliations and budget v/s actual variance analysis which help mitigate this risk.</p> <p>We recommend that all journals should be subject to review and approval even if this is on a batched basis.</p>	Medium Priority
Fully Depreciated Assets	<p>We have identified around £6.5m of fixed assets at year end which are fully depreciated and which are still recorded in the general ledger at cost and accumulated depreciation. It is not clear whether all these assets are still in use by the Council.</p> <p>We recommend the Council:</p> <ul style="list-style-type: none"> • Completes a review of asset lives. • Annually ensures that the information on asset lives given in the accounts is consistent with the lives actually assigned within the fixed asset register. • That fully depreciated assets be assessed and written off if necessary to ensure an accurate reflection in the general ledger 	Medium Priority

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Low Priority


Medium Priority

High Priority

Other significant findings

Internal control and risk management

During the course of our audit we have identified a number of IT control findings, which we have included below for information.

Area	Observation	Priority
User Access Reviews	Failure to review the appropriateness of access rights may mean that privileges are no longer valid or are beyond a user's current need. If unnecessary access privileges are not removed, there is a risk of unauthorised access to systems and data. It was noted that there are no formal user access reviews performed.	
	In addition, where a review to identify whether user accounts for employees that have left the council has not been performed, there is a risk that unremoved leavers accounts may be compromised by current employees.	
	We recommend management consider establishing formal periodic reviews of all user accounts. This should include the following checks: <ul style="list-style-type: none">- No user IDs exist for members of staff who have left the council;- User permissions should be appropriate for staff job functions; and- Those user IDs that have not been used for a significant period (for example 30 days) should be investigated and deleted or disabled, where appropriate.	
	Business managers should be involved in this review to ensure that they are aware of the level of access assigned to an employee in the application. The review and any resulting actions should be documented, approved and retained.	

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Performance, Governance and Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The scope of our work

Our observations are developed in the context of our audit of the financial statements. We described the scope of our work in our audit plan and again in this report.

This report has been prepared for the Performance, Governance and Audit Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

We welcome the opportunity to discuss our report with you and receive your feedback.

for and on behalf of Deloitte LLP
09 September 2020

Appendices

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Audit adjustments

Corrected misstatements

All the misstatements identified up to the date of this report have been corrected by officers.

Disclosures

Disclosure misstatements

No further uncorrected disclosure misstatements have been identified since our earlier report to this committee. Disclosure misstatements identified in that report have been corrected.

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Council and its group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified capitalisation of expenditure and management override of controls as key audit risks for your organisation.

During course of our audit, we have had discussions with management and those charged with governance including the Head of Internal Audit.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements. We have reviewed the paper prepared by management for the on the process for identifying, evaluating and managing the system of internal financial control.

Concerns:

No significant concerns have been identified from our work

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2019/20, in line with the scale fee provided PSAA, is £37.9k as broken down below. We are in discussions with the Council on increases to the scale fee as a result of additional work due to Covid-19 and other matters.</p> <p>No other non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>

	Proposed £ (exc VAT) 2019/20	Actual £ (exc VAT) 2018/19
Code audit fee	37,942	37,942
Total audit	37,942	37,942
<i>Additional costs due to change of scope due to COVID and Asset Valuation errors resolution *</i>	16,820	-
<i>Additional costs in 2018/19</i>	-	37,000
Total fees	54,762	74,942

- * Please note that the additional fee is subject to approval by PSAA

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REPORT of DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020

QUARTERLY REVIEW OF CORPORATE RISK

1. PURPOSE OF THE REPORT

- 1.1 The Risk Management Policy requires this Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks are being managed effectively. **APPENDIX 1** is attached to the report for this purpose.

2. RECOMMENDATIONS

- (i) That Members note the change in scoring in this report, to reflect recent policy updates;
- (ii) That Members review the Corporate Risk Register in **APPENDIX 1** and provide comment and feedback for consideration;
- (iii) That Members are assured through this review that corporate risk and is being managed effectively;
- (iv) That Members challenge risk where the Committee feels that the Council's corporate goals may not be achieved.

3. SUMMARY OF KEY ISSUES

- 3.1 At the Performance, Governance and Audit Committee (PGA) on 28 November 2019, the Committee approved an updated Risk Management Policy to address internal audit recommendations, including moving to a five-point scoring scale. A copy of the current guidance can be found on Freshservice.

<https://maldon.freshservice.com/support/solutions/articles/50000007160-risk-management>. For clarity, **APPENDIX 1** also includes risk scoring criteria for the new five-point scale.

- 3.2 **APPENDIX 1** shows a table of the Corporate Risk Register, the latest ratings and officer commentary.

3.2.1 Summary of risk direction / changes since Quarter Four (Q4)

- There are three risks that have seen a decrease in score: R17 & R29.

- R17 & R22 has been recommended for closure.

3.2.2 There are three risks that have seen an increase in score: R7, R8, R10.

4. CONCLUSION

4.1 Overall, no major Corporate Risk Register concerns have been raised. Work continues to ensure risks are mitigated, and where possible, working towards their closure.

5. IMPACT ON STRATEGIC THEMES

5.1 It is important that risk is monitored and managed effectively, to ensure that Maldon District Council progresses towards and/ achieves its stated outcomes.

6. IMPLICATIONS

- (i) **Impact on Customers** – Those risks in the Corporate Risk Register are defined as having a wider impact on our customers and delivery. The monitoring and mitigation of these will reduce the impact on customers.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If risk is not managed effectively by the Council, it puts the Council's strategic delivery at risk and increases unnecessary exposure to potential, operational, reputational or regulatory consequences.
- (iv) **Impact on Resources (financial)** – All risk management is undertaken within existing planned budget. Exceptions being for a potential enactment of a recommendation outside of pre-defined resource.
- (v) **Impact on Resources (human)** – All risk and performance management is undertaken within existing planned budget. Exceptions being for a potential enactment of a recommendation outside of pre-defined resource.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: None.

Enquiries to: Paul Dodson, Director of Strategy, Performance and Governance.

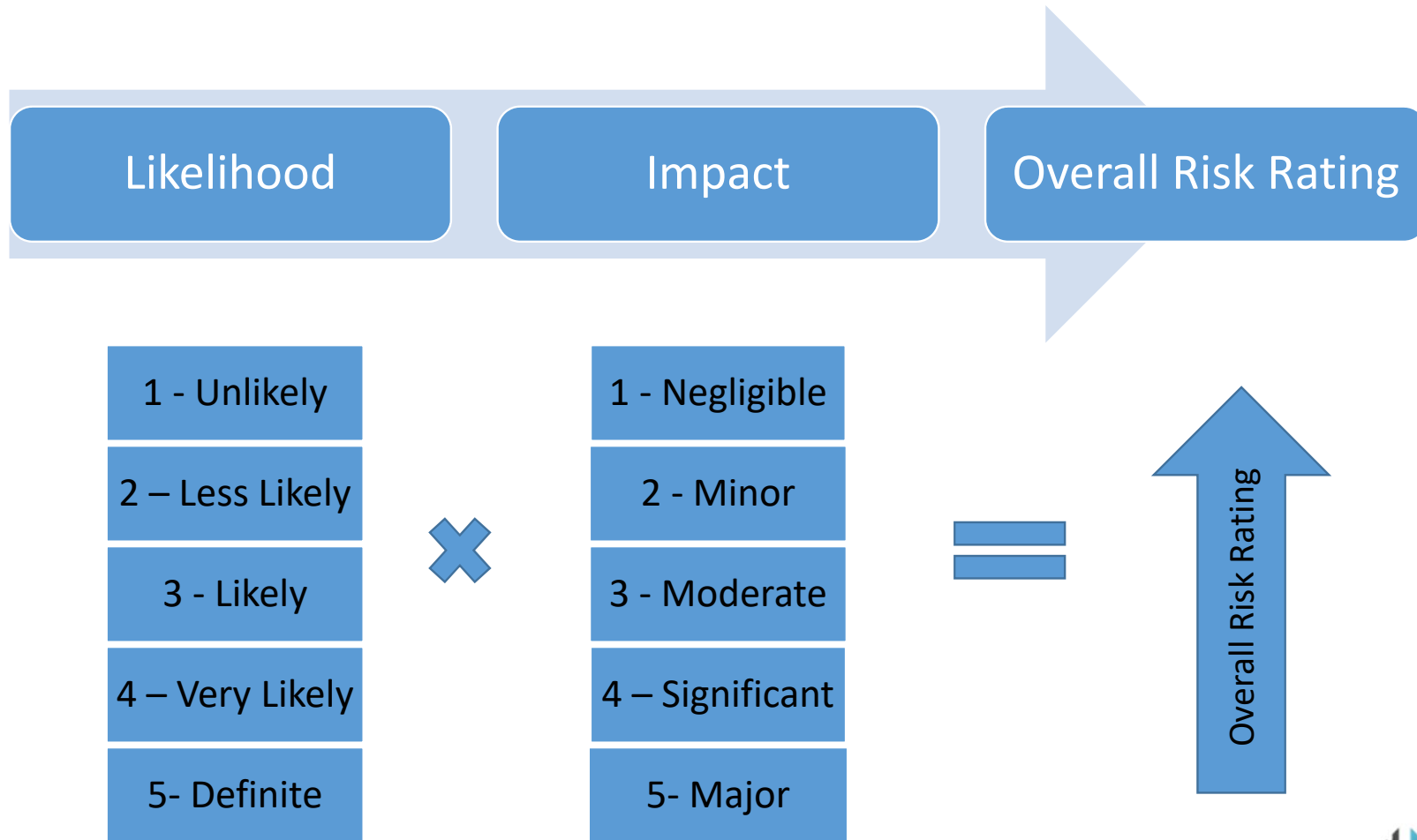
Corporate Risk Report Q1 – Appendix 1

22nd July 2020

Please note risks are sorted in 'Overall Risk Rating' descending order



Risk Assessment Scale



Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R15	Failure to plan and deliver balanced budgets over the medium term	4	5	20	Risk Unchanged	Q1 - The MTFS is constantly being updated and reported to Members. There is a significant in year impact of COVID-19 but sufficient reserves are in place. Further funding has been announced and work to address the medium term position is underway.
R7	Failure to maintain a 5 year supply of Housing Land	4	5	20	Risk Increased	Q1 - Target to meet 75% of homes delivered in LDP Housing Trajectory has not been met for last 3 consecutive years. An Action Plan to bolster the 5YHLS may be required.
R8	Failure to meet the affordable housing need	4	5	20	Risk Increased	Q1 - A strategic site has been refused by Members and could result in a delay in any affordable housing coming forward from that site. The refusal of the South Mallon Relief Road(SMRR) could impact on other strategic sites delivering affordable housing too. Report to Committee being drafted regarding supporting the provision.
R9	Failure to have a coordinated approach to supporting inward investment and maximising business rate growth	4	5	20	Risk Unchanged	Q1 - The full impact and implications of Covid-19 are not yet known but may have significant impacts on Maldon District businesses and future growth. The Covid-19 Economic Response and Recovery Plan has been created to help mitigate the impacts. In March 2020 Essex County Council ended the commission of Invest Essex, MDC's strategic partner for the promotion of employment land sites. Further progress been hampered owing to prioritising COVID response and recovery. The future delivery of inward investment work by ECC is not yet known. An alternative delivery approach is being developed by officers. The creation of an Enterprise Hub in Maldon District Council offices was not progressed and space has been leased on a commercial basis. The development of an Enterprise Centre is part of the approved Place Plan and linked to DCO engagement for Bradwell B. It remains under review and may be significantly impacted by Covid-19 Engagement with strategic partners to develop initiatives and actions to ensure we support inward investment and business growth is ongoing
R23	Financial resource and process issues	4	4	16	Risk Unchanged	Q1 - Process improvement work is underway with additional knowledge transfer having taken place and new knowledge now being built up. key roles have been recruited to resources required are being reviewed.

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R5	Failure to deliver the required infrastructure to support development arising from the LDP	4	4	16	Risk Unchanged	Q1 - S106 monitoring and negotiation continuing. Infrastructure Delivery Plan (IDP) Review underway.
R1	Failure to safeguard children and vulnerable adults	3	5	15	Risk Unchanged	Q1 - A new training package has been developed to allow delivery to staff via Team's in light of Covid-19 and the move to home working. The sessions will be interactive and run by the Community Safety Partnership for the Council. Front line staff will be offered training sessions throughout the remainder of 2020. Member training sessions will also be offered later this year. The above is in addition to mandatory e-learning for all staff. An audit of safeguarding arrangements will also be carried out this year and an action plan will look at any suggested improvements.
R3	Failure to target services/influence partners effectively to support identified housing needs of increasing aging population	3	4	12	Risk Unchanged	Q1 - There has been some early scoping discussions regarding the Housing Strategy and Policy. Progress on this will begin over the coming months. There has been no update in relation to site purchasing issues though discussions with partners remain outgoing.
R4	Failure to influence Community Safety partners to address the key areas of public concern (including rural crime) and the negative perception of crime	3	4	12	Risk Unchanged	Q1 - The Council continues to work in partnership to protect the community. The Council completed the upgrade of all CCTV systems at the end of June giving greater capability and access to Essex Police. Cameras can now be monitored 24 Hours in the Chelmsford City Council CCTV control room. This arrangement is made via an SLA funded by the Community Safety Partnership. A recent audit of the service encouraged greater strategic coordination between members. This need is recognised and plans to integrate the Responsible Authorities Group into wider strategic working has been held back by Covid-19 but will develop during 2020

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R10	Failure to develop jobs to support the growing population	3	3	9	Risk Increased	Q1 – The full impact of Covid 19 is not yet known. Estimates suggest it may take 3-4 year for national unemployment to return to 2019 levels. The Covid-19 Economic Response and Recovery Plan has been created to mitigate some impacts but some activity on hold to focus on response to COVID19. Engagement with strategic partners to develop initiatives and actions to ensure we support the creation of jobs for our growing population through investment and business growth are ongoing.
R14	Unable to recruit and retain staff with specific skills sets in specialist areas to meet the demands of the service(i.e.) Planners	3	3	9	Risk Unchanged	Q1 - Vacancies continue to be monitored by the Extended Leadership Team . Members have asked for starters and leavers information to still be reported to Members at Committee during 2020 and ongoing.
R11	Failure to protect personal or commercially sensitive data	2	4	8	Risk Unchanged	Q1 - Information Asset Registers have been reviewed and amended. Standard contracts clauses have been updated Data Privacy Impact Assessments and Data Sharing Agreements have been completed for a number of Covid-19 responses
R2	Failure to target services and influence partners with the aim of having an effective outcome on the identified (health and wellbeing) needs of the vulnerable population	2	4	8	Risk Unchanged	Q1 - Partnership working has been strong throughout enabling MDC and partners to target resource to support those vulnerable groups. Post-COVID-19 data is expected to be published by outside bodies which will aid the requirements and understanding of the health priorities for MDC going forward.
R25	Failure to deliver finances associated to transformation programme.	2	4	8	Risk Unchanged	Q1 - MTFS update being developed by finance, and will include a review of these areas
R26	Failure to deliver channel shift, through lack of customer engagement or undelivered processes	2	4	8	Risk Unchanged	Q1 - Website demand and channel shift continues to drive upwards as a result of the COVID working arrangements

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R29	Failure to deliver services as a result of COVID- 19	2	4	8	Risk Decreased	Q1 - The Council has continued to deliver the majority of services throughout the Covid-19 outbreak through remote working. Some face to face interactions (such as site/home visits) have not been possible but as lockdown eases this work is being looked at on a case by case basis. Complaints are monitored and if possible services are adjusted accordingly to prevent reoccurrence. The extended leadership team has developed a performance dashboard of services and has monitors performance on a weekly basis making interventions where necessary.
R13	Failure to manage impact of organisational change	2	3	6	Risk Unchanged	Q1 - No further change. The structure has normalised under current COVID operations
R18	Corporate policies not managed and reviewed	2	2	4	Risk Unchanged	Q1 - No change, and ELT discuss the strategic cycle and documents in their regular meetings
R15	A Committee structure which is not cost effective	1	3	3	Risk Unchanged	Q1 - GCWG paper for August Council to recommend further improvements based on the 6 month review of the committee structure, ahead of the Statutory Annual meeting
R22	Contracts not managed or owned and not providing Value For Money, out of contract on many across Council. Procurement Process not adhered to resulting in fines, loss of reputation	1	3	3	Risk Unchanged	Q1 - KPI to measure, monitor and progress this now part of Corporate Balanced scorecard. Recommended Closure
R24	Loss of key skills and knowledge across the organisation, and failure to embrace new working cultures.	1	3	3	Risk Unchanged	Q1 - No Change

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R17	Failure to maximise effectiveness of services through promotion and engagement	1	2	2	Risk Decreased	Q1 - Our Digital Communications Officer has developed our social media channels and we are actively and creatively promoting and engaging with the community in a very high profile way. Over the last qtr despite the Covid-19 work, we have been promoting the work of the waste team, community protection team amongst others. Our engagement and reach for both Twitter and Facebook has grown dramatically and we are now regularly engaging with our community. Recommended closure

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REPORT of DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE

to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020

QUARTER ONE REVIEW OF CORPORATE PERFORMANCE

1. PURPOSE OF THE REPORT

- 1.1 The Corporate Performance framework requires this Committee to undertake a quarterly review of the Thematic Strategies performance, as assurance that performance is being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2019 - 2023, and for recommended changes and improvements to be reported to the Strategy and Resources Committee in October 2020. **APPENDIX 1** of this report provides an overview of performance as of the end of Quarter 1 (April -June 2020).
- 1.2 Online versions are available to view on the Members SharePoint site using the following link: [Corporate Performance Report](#).

2. RECOMMENDATIONS

- (i) That Members review the information as set out in this report and **APPENDIX 1** with priority focus given to the Strategic Outcome level performance.
- (ii) That Members confirm they are assured through this review that corporate performance is being managed effectively.
- (iii) That Members ask Officers to prepare a report for the Strategy and Resources Committee setting out any recommended changes in light of impacts on outcome performance including Covid-19.

3. SUMMARY OF KEY ISSUES

- 3.1 Following the agreement of the Corporate Plan and Thematic Strategies in 2019, key outcomes, activities and priority measures have been identified for monitoring at a corporate level. All measures and associated targets are therefore subject to change. This is to ensure the Council is monitoring and progressing the correct activity for the associated outcome.
- 3.2 Since the strategies were adopted however, the Council has had to respond to the local impacts of the Covid-19 pandemic. At all levels in the organisation, this resulted in

redeployment and reprioritisation of resources to respond to the community's needs; many of which were not forecast to be priorities in 2019. This has already started to impact on some strategy short-term performance, however it is too early to identify medium-longer terms impacts.

3.3 All concerns affecting the corporate outcomes are set out in **APPENDIX 1** for the three Thematic Strategies. To summarise:

- **Community:** Overall the performance delivery is broadly on track, however it is envisaged that there are lot of outcomes and activities which will have been impacted by Covid-19, however no actionable concerns are reportable for Quarter One (Q1).

Outcome Stage	Frequency
On Track – All Elements	0
On Track – Conditional Elements	6
Under Review	0
At Risk	0
Not Started	0
Supporting Plan Stage	Frequency
On Track – All Elements	2
On Track – Conditional Elements	0
Under Review	3
At Risk	1
Not Started	0

- **Place:** Overall the performance delivery is broadly on-track, however some outcomes and activities which will be impacted by Covid-19, however no actionable concerns are reportable for Q1.

Outcome Stage	Frequency
On Track – All Elements	0
On Track – Conditional Elements	12
Under Review	0
At Risk	0
Not Started	0
Supporting Plan Stage	Frequency
On Track – All Elements	1
On Track – Conditional Elements	6
Under Review	2
At Risk	1
Not Started	1

- **Prosperity:** Overall the performance delivery is broadly on track, however it is envisaged that there will be some outcomes and activities which will be impacted by Covid-19. The key indicators which show slippage in their delivery are (A) Delivery of strategic employment sites in accordance with the Local Delivery Plan and (B) Partnership working to provide an Enterprise Centre.

Outcome Stage	Frequency
On Track – All Elements	0
On Track – Conditional Elements	3
Under Review	1
At Risk	1
Not Started	0
Supporting Plan Stage	Frequency
On Track – All Elements	0
On Track – Conditional Elements	3
Under Review	2
At Risk	0
Not Started	0

3.4 The following indicators have been annotated as 'At Risk' for Q1:

Community Thematic Strategy	<ul style="list-style-type: none"> • Customer Evaluation Survey (for private sector housing grants / loans). • Maldon District Council (MDC) assistance to use digital services/online payment at the Council offices. • Parishes covered by community weight management sessions.
Place Thematic Strategy	<ul style="list-style-type: none"> • Local Volunteering activity facilitated/organised by MDC. • Keeping Britain Tidy Green Flag Award (for well managed parks and open spaces). • To monitor delivery of the agreed 2019 Maldon District Strategic Flood Projects and Maintenance Plan and maximise grant opportunities towards local coastal defenses.
Prosperity Thematic Strategy	<ul style="list-style-type: none"> • % of Strategic sites promoted through partners. • Occupancy in the Enterprise hub.

4. CONCLUSION

- 4.1 Most of the reported performance measures at Q1 were illustrating a positive direction of travel. Where hindrances and data gaps are being experienced, solutions will be explored by officers to enable work to progress towards achieving the Corporate Plan outcomes.

5. IMPACT ON STRATEGIC THEMES

- 5.1 It is important that performance is monitored and managed effectively, to ensure that Maldon District Council progresses towards and/ or achieves its stated outcomes.

6. IMPLICATIONS

- (i) **Impact on Customers** – Performance management covers the monitoring of corporate outcomes. The Corporate Plan includes delivery for our customers.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If performance is not managed effectively by the Council, it puts the Council's corporate outcomes' delivery at risk and increases unnecessary exposure to potential, operational, reputational or regulatory consequences.
- (iv) **Impact on Resources (financial)** – All performance management is undertaken within existing planned budgets.
- (v) **Impact on Resources (human)** – All performance management is undertaken within existing planned budgets.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: None.

Enquiries to: Paul Dodson, Director of Strategy, Performance and Governance.

Corporate Performance Report Q1 – Appendix 1

22nd July 2020



Appendix Context

- The following slides detail the performance of each corporate outcome, supported by the individual measures agreed in the Thematic Strategies
- An overhaul of the performance measures reported has taken place, to ensure that we are only reporting performance related to the corporate plan
- Focus should begin at the outcome level summary, which leads to individual indicator level detail if required.
- The narrative against each outcome indicates if the measures are illustrating the correct direction of travel.
- Where challenges or concerns have impacted the outcomes performance, this will be highlighted in the outcome summary, along with any supporting action if required.

Visual Key

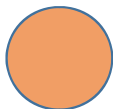


On Track or On Track – All Elements

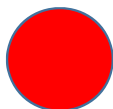


On Track – Conditional Elements

Note: Conditional elements of `On Track` meaning not all data received due to frequency, or progress happening but awaiting data conformation



Under Review



At Risk



Not Started

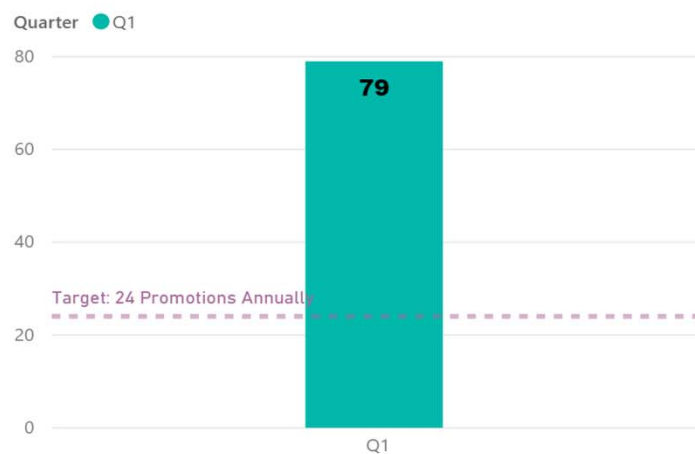
Community Strategic Performance

Community Outcomes

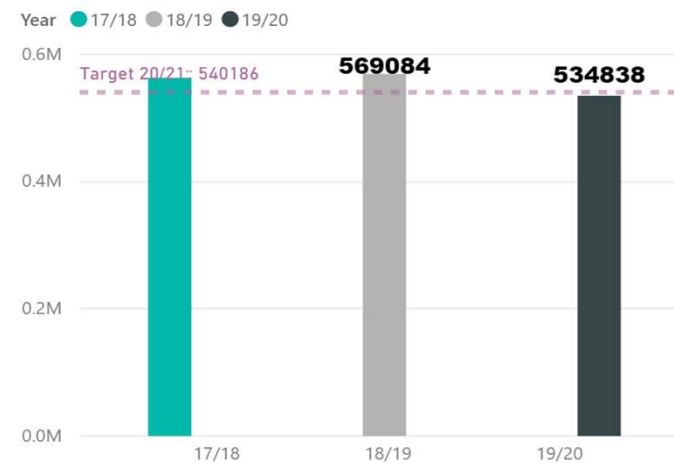
Reference	Title	Status	Commentary
A	Working with communities and partners to support our health and wellbeing priorities: Obesity	Ontrack - Conditional Elements	Q1 - We have continued to exceed our physical activity promotion targets. This has not been effected by COVID-19, although some promotions may have had to change. Participation at Blackwater Leisure Centre will be at risk of not meeting its target due to Government guidelines on leisure centres, however, with the reopening of the leisure centre, residents will begin to use it once again. There is also no ambition from the commissioner at ECC to increase the number of sessions in the District, they are hoping to maintain the current sessions instead. Both the blackwater participation and the weight management target will need to be reviewed at End of Year.
B	Working with communities and partners to support our health and wellbeing priorities: Mental Health	Ontrack - Conditional Elements	Q1 - Due to COVID-19 work has had to be put on hold which would insure progression towards this outcome. However, throughout COVID-19 there has been huge amounts of work outside of the corporate plan which has seen us work towards and meet our corporate outcomes.
C	Working with communities and partners to support our health and wellbeing priorities: Social Isolation & Loneliness	Ontrack - Conditional Elements	Q1 - Although a large majority of the work in the corporate plan has been put on hold due to COVID-19, there has been huge amounts of work which has been done via the Community Coronavirus response to reduce social isolation and loneliness during this time. Therefore, it will be important to consider this whilst work has been halted in the interim.
D	Working with communities and partners to support our health and wellbeing priorities: Older peoples health	Ontrack - Conditional Elements	Q1 - Due to COVID-19 work towards this objective in the corporate plan has had to be put on hold. However, there has been huge amounts of work that have been done towards supporting older people's health throughout the pandemic. Therefore, this should be taken in to account.
E	Partnership working to safeguard vulnerable adults, children & families	Ontrack - Conditional Elements	Q1 - Work towards this corporate outcome continues to perform and progress well.
F	Effective engagement to support strong and resilient communities	Ontrack - Conditional Elements	Q1 - A large majority of work to support this outcome has been put on hold throughout COVID-19. As outcomes, A/B/C&F will have not been operating throughout this time, and therefore, customer evaluation surveys will not have been completed. However, a large majority of the COVID work which has been carried out over the last Quarter will certainly support the corporate outcome of effective engagement to support strong and resilient communities.

Community Performance MeasuresA) Obesity

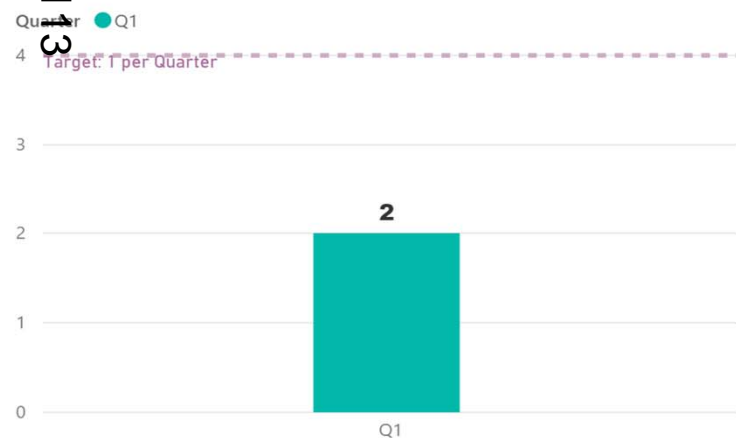
No. of physical activity promotions



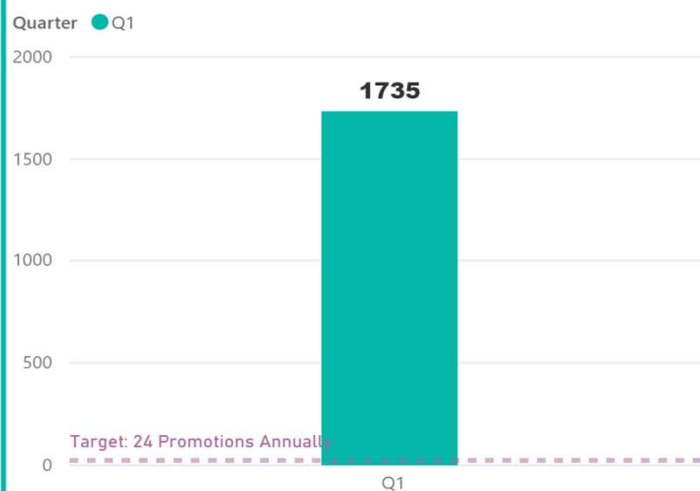
Participation at Maldon leisure centres

B) Mental Health

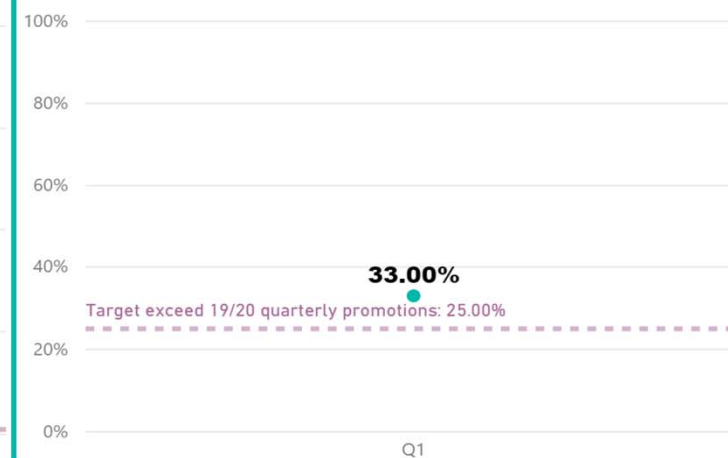
Targeted MAC* (Multi Agency Centres) supporting vulnerable residents

C) Social Isolation/Loneliness

Promotion of social isolation initiatives

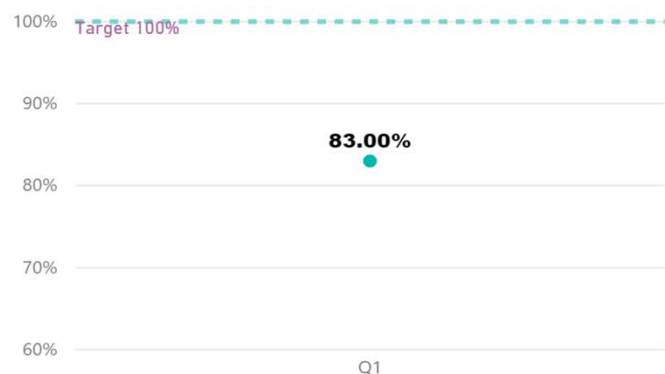
D) Older Health

% of known Maldon District dementia friendly groups/ services promoted



E) Partnership working to safeguard

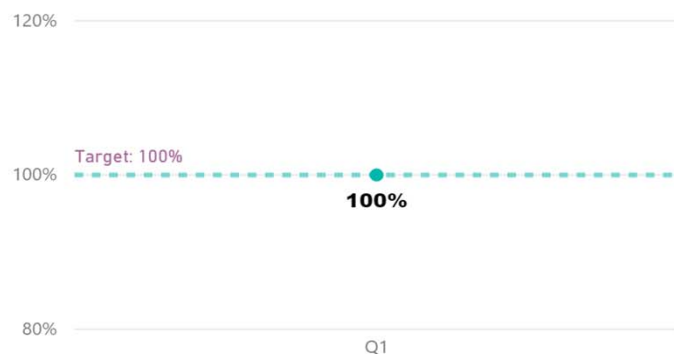
% of customer facing staff who have received MECC* training



Staff completion of e-learning modules on Safeguarding and GDPR



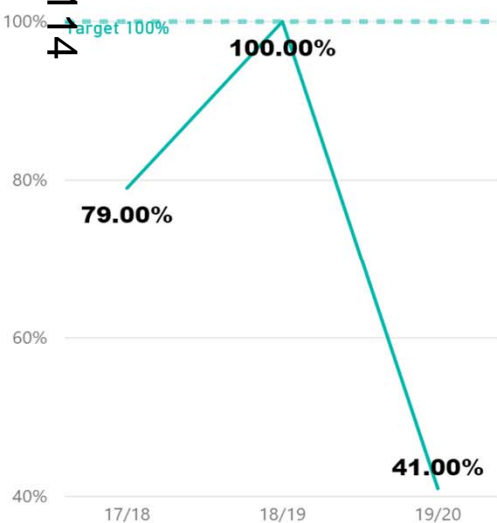
% of safeguarding cases are dealt with in accordance of Southend, Essex and Thurrock (SET) guidelines for adults and children



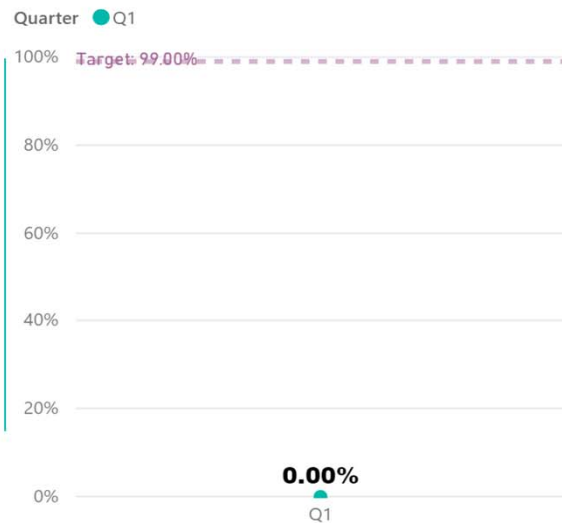
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F) Community Engagement

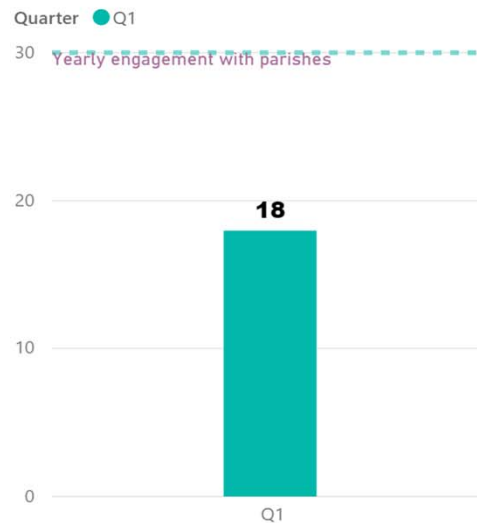
Annual Better Care Fund spend



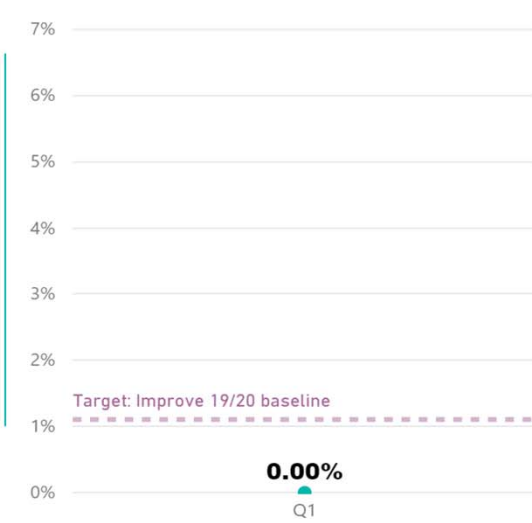
Customer evaluation survey (MDC) – private sector housing grants/ loans









No. of Parish and Town Council engagements by Community team



MDC assistance to use digital service/ payment at Council Offices



Community Supporting Plans

Supportive Outcome	Community Actions Plans	Status	Highlights/Low Lights	Target
A) Support health and wellbeing priority: Obesity	Parishes covered by community weight management sessions	At Risk 	Q1 - The ACE Weight Management face to face services have been suspended due to the guidelines and restrictions of COVID19. A number of these sessions have been running virtually throughout phone and online however there is no ambition from the lead commissioner of ACE at ECC to increase the number of sessions, they are just hoping to maintain the current sessions. Instead, MDC have offered extensive healthy lifestyle promotion to encourage healthy weight maintenance throughout covid19 e.g daily healthy eating / physical activity social media comms for 2 months and updates on the MDC website.	Support existing weight management sessions
A) Support health and wellbeing priority: Obesity	Campaign delivery for physical activity	Target Met 	Q1 - MDC supported the Essex 30:30 campaign in June 2020 and delivered 'Stay At Home, Grow Your Own' campaign which encouraged gardening as a light form of physical activity.	2 Campaigns per year
B) Support health and wellbeing priority: Mental Health	Primary Schools supported by MDC Y6 transition template	Under Review 	Q1 - Due to COVID-19 this work has had to be postponed, as Officers who were working on this piece of work were seconded to working on the COVID-19 community response for MDC.	To onboard 2 new schools per year
C) Support health and wellbeing priority: Social isolation/loneliness	The number of intergenerational projects in the District	Under Review 	Q1 - These programmes are face to face and therefore have been suspended due to the regulations of COVID19. When schools and care homes open and resume BAU, MDC will look to establish this programme. It is anticipated that this will not be for some time due to the high vulnerability of the demographic involved in this work.	1 new school participating in intergenerational projects per year
C) Support health and wellbeing priority: Social isolation/loneliness	Campaign delivery for social isolation	Target Met 	Q1 - MDC supported carers week and volunteers week campaigns on social media. In addition, MDC delivered the book drop programme and stay at home grow your own which targeted socially isolated residents. Plus, MDC produced weekly community pack which included extensive information on social isolation support, and one officer was seconded to the CVS to conduct personal contact to the most vulnerable residents in the district (classified as Category A) through multiple telephone calls and letters.	1 Campaign per year
D) Support health and wellbeing priority: Older people's health	Health drop-ins for older people's groups provided	Under Review 	Q1 - This service is face to face and has therefore been suspended due to the regulations of COVID19. However safe and well checks were undertaken by the CVS with support from MDC officers, for elderly residents. Plus, referrals have been undertaken to support older people in CVS calls. In addition, the weekly community pack produced by MDC included a variety of health improvement and promotion information, similar to what would be provided in a health drop in for older people.	To increase older health drop in sessions, 1 per quarter





Place Strategic Performance

Place Outcomes

Reference	Title	Status	Commentary
A	A clean and tidy District	Ontrack - Conditional Elements	Q1 - Further increase in fly tipping whilst public waste disposal sites closed during Q1 reporting period but clean up exceeded target.
B	Reduced Household waste	Ontrack - Conditional Elements	Q1 - Increase in recycling rate and decrease in residual waste. On Track
C	Our open spaces maintained for the enjoyment of all	Ontrack - Conditional Elements	Q1 - Volunteering activity for open spaces suspended throughout Q1 with zero hours completed due to COVID 19. Management Plans required to improve on Baseline for public satisfaction rate. Green Infrastructure Projects included in IDP Review and linked to BrB requirements.
D	Improved air quality	Ontrack - Conditional Elements	Q1 - Action Plan prepared and accepted. Implementation actively progressing.
E	Partnership working to protect our countryside and coastline	Ontrack - Conditional Elements	Q1 - On track and progressing.
F	Sound and tested environmentally friendly initiatives delivered	Ontrack - Conditional Elements	Q1 - Alternative support campaigns to Covid-19 response in Q1. Environment & Climate Change Strategy highlighted to progress through BrB and aligned environmental initiatives.
G	A five -year housing land supply maintained	Ontrack - Conditional Elements	Q1 - Initial concerns for Housing Delivery Test (HDT) 20/21 annual target due to COVID 19 site shutdown in Q1
H	Strategic sites delivered in accordance with the Local Development Plan bought forward	Ontrack - Conditional Elements	Q1- 3 consecutive years have not met the 75% target of homes delivered. Partial Review of LDP triggered. Infrastructure delivery progressing prior to Covid-19 site shutdowns.

Place Strategic Performance

Place Outcomes

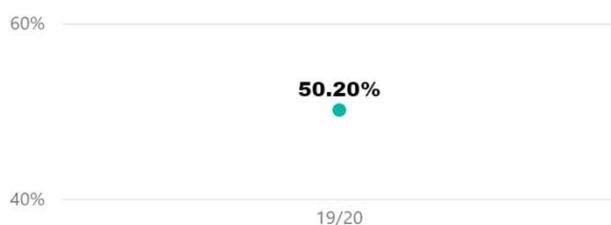
Reference	Title	Status	Commentary
I 	Affordable housing targets in the Local Development Plan achieved	Ontrack - Conditional Elements	Q1 - Site shutdowns during Q1 may affect annual target for 20/21.
J 	Section 106 planning agreements are effectively discharged	Ontrack - Conditional Elements	Q1 - Progressing with re-opening of sites and communicating with developers and monitoring with infrastructure providers.
K 	Partnerships are developed to maintain coastal defences	Ontrack - Conditional Elements	Q1 Back on track and progressing individual projects and partnership funding.
L 	Improved access to Superfast Broadband across the District	Ontrack - Conditional Elements	Q1 On track and progressing.

Place Performance Measures

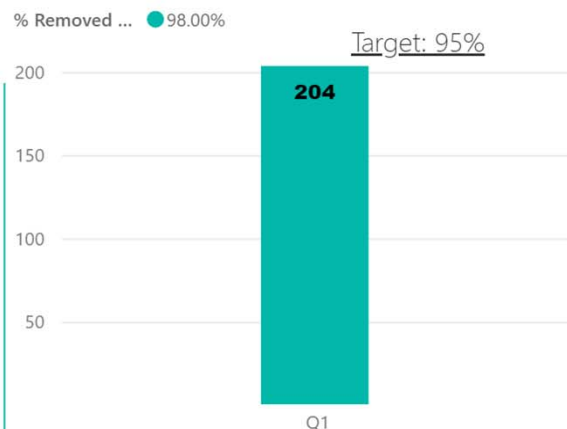
A) Clean and Tidy District

Public satisfaction to cleanliness & tidiness of the District

Target: Improve baseline

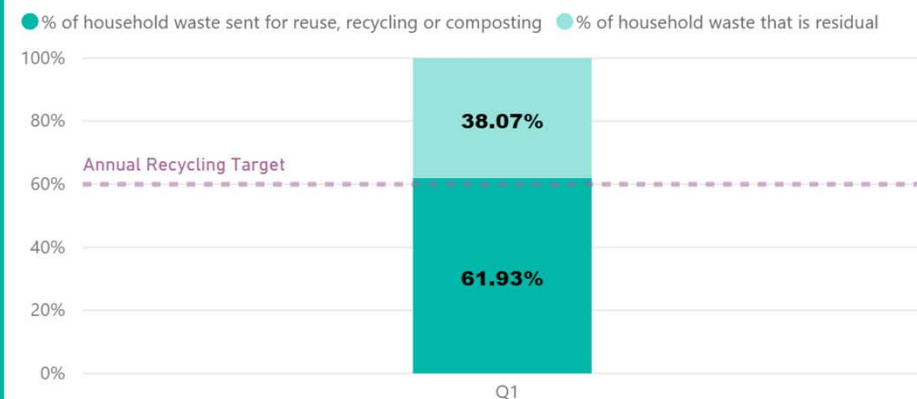


Fly tipping incidents and & Removed in 24rs



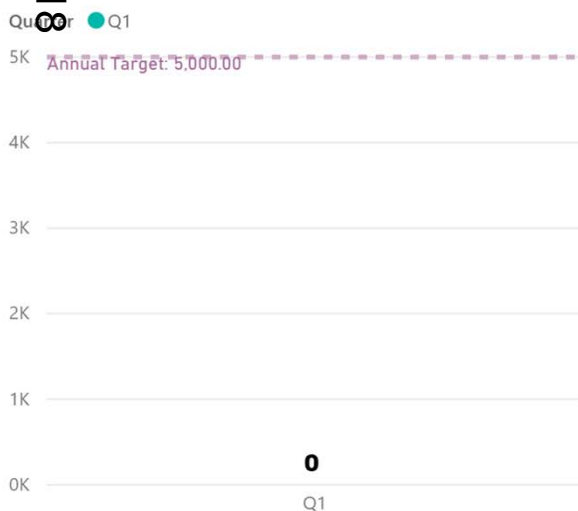
B) Household Waste Reduction

Residual Waste V Recycled Waste

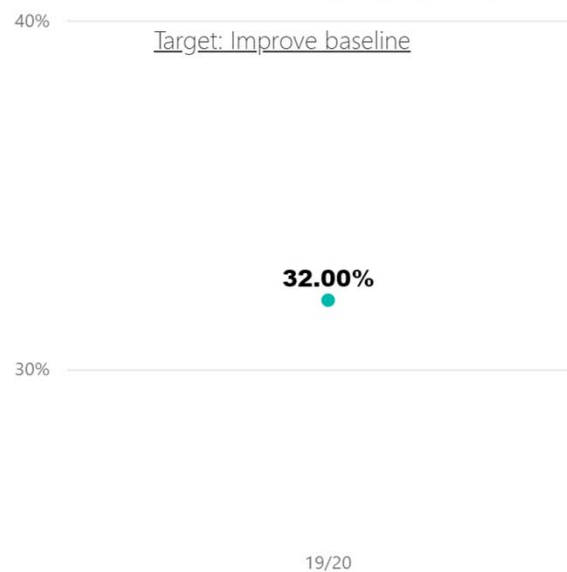


C) Open Spaces

Local volunteering activity facilitated/organised by MDC(Hrs)

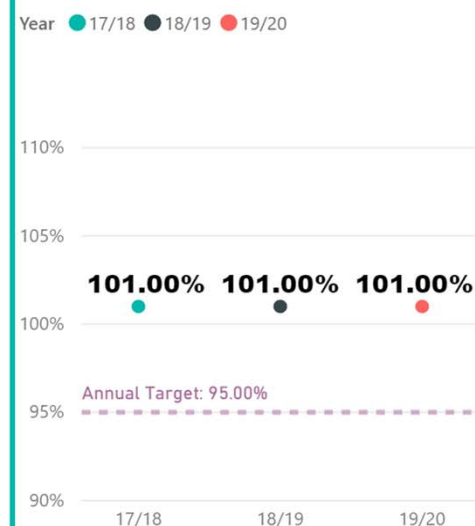


Public satisfaction to Flagship open spaces



G) Housing Land Supply

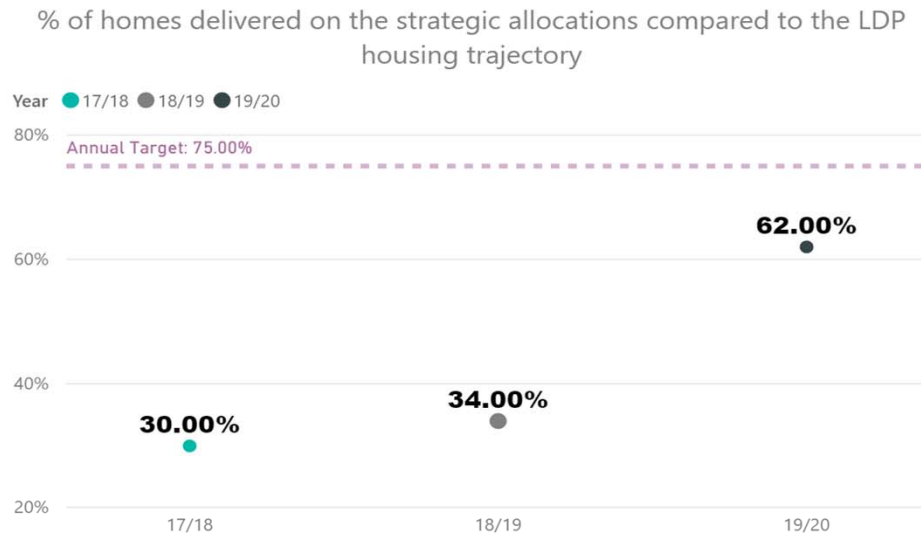
Housing Delivery Test (HDT*) result



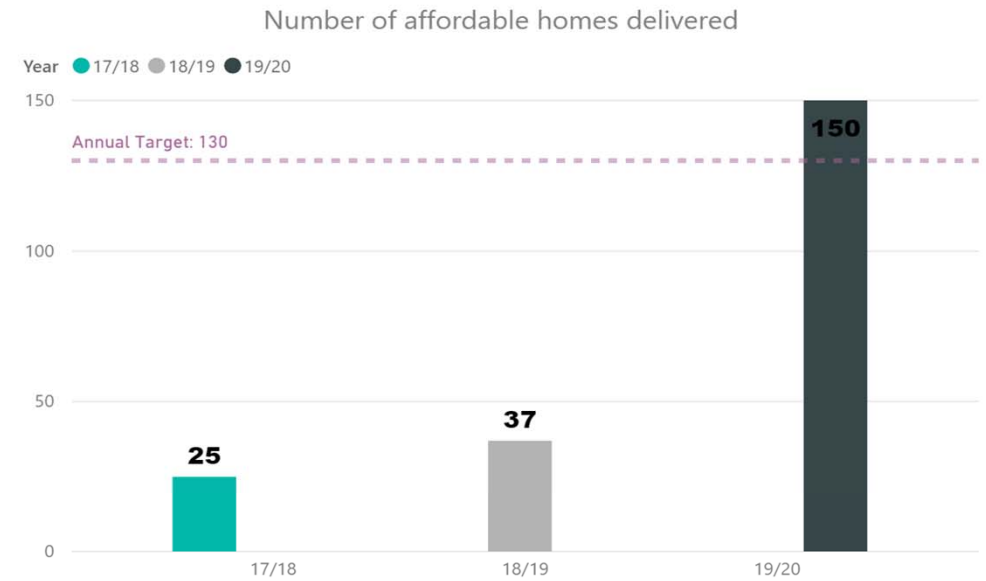
5Yr housing land supply









H) Strategic Site Development








I) Affordable Homes



Place supporting plans

Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
C) Maintaining open spaces	Keep Britain Tidy 'Green Flag' award (well managed parks and open spaces)	Not Started 	Q1 - Service priority has been focussed on Covid-19, emergency planning and BAU.	Two applications submitted
C) Maintaining open spaces	Progress implementation of the Green Infrastructure Strategy [GINS] findings / projects - adopted by Council May 2019	On Track 	Q1 - Due to Covid-19, no further meetings in respect of GI Projects have taken place. CAMP update meeting has involved discussion of firmly tying GI projects into relevant Leisure quarter proposals; Meeting with National Trust to be re-scheduled in Q2 to discuss links to Northey Island; GI projects flagged for inclusion in Health & Wellbeing (and other) outputs in relation to BrB.	Progress priority approach to Green Infrastructure project delivery, with the support of Infrastructure Delivery Plan(IDP review/CIL funding)
D) Improved air quality	Development of AQMA Action Plan	Target Met 	Q1 - The Air Quality Action Plan has been drafted and accepted. Work has sped up with the introduction of the Covid High Street reopening work. As such, some of the proposals in terms of considering/applying for traffic control measures is actively being considered. We are now awaiting delivery of the ECC traffic modelling to be completed. However, this can only occur once traffic levels for Maldon returns to normal (expected around October2020). This needs to be fed into the final report.	Council adoption in 2020
D) Improved air quality	Implementation of AQMA Action Plan measures	On Track 	Q1- Officer continues to lead on the implementation the Air Quality Action Plan. As such, the public and member consultation has been completed The next phase of implementation included which topics will be pushed forward is to be agreed.	Implemented in accordance with agreed action plan time table.
E) Protect our countryside and coastline	Development of a Blackwater Nature Conservation Strategy	On Track 	Q1 - No meetings or discussions took place in Q1. Virtual meetings for Terrestrial and Marine work streams are both scheduled for 21st July	TBC
F) Environmental Initiatives	Successfully deliver promotional campaigns to support a sustainable Place	On Track 	Q1 - Although Covid-19 has paused many of the campaigns that we had planned and started, we have been actively supporting our Waste team on a local littering campaign and our Community Protection Team on issues of ASB and littering and the general promotion of what is available in our parks and open spaces.	Deliver three campaigns annually

Place supporting plans

Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
F) Environmental Initiatives	Develop and adopt an Environment and Climate Change Strategy	On Track 	Q1 - Work on the associated Climate Strategy hasn't progress beyond the previous update due to the shift in focus to Covid related work. However, it is still hoped that the strategy will be completed by Q4 2020	Submit draft Strategy to Committee by November 2020
H) Strategic sites development	Infrastructure delivered in relation to the strategic allocations in accordance with Policy S3 and S4 and the negotiated and signed S.106 agreements	Under Review 	Q1 - Following the period of lock down development monitoring is becoming a little easier as developer land agents return from furlough. The s106 Officer is party to ongoing discussions relating to delivery of the South Maldon Relief Road (SMRR) The discussions have been extended due to timing of delivery issues. Further Committee decisions will be needed in respect of the timing but the delivery of the SMRR is still on track. Other infrastructure payments - including those made direct to partner agencies - are under current review, as below.	Delivery in accordance with the Infrastructure Delivery Plan
J) Section 106 planning agreements effectively discharged	All s106's are monitored in accordance with the signed legal agreement	Under Review 	Q1 - The s106 Officer is establishing improved lines of communication with the main developers participating in the Maldon and Heybridge garden suburb projects. This will allow the Council to maintain a check on all possible trigger points for s106 payments, including those that may have been achieved during Q1 whilst site visits were not appropriate. The s106 Officer has also distributed requests for support from Essex County Council departments to ensure that those payments made direct to ECC have been made in accordance with agreements.	100% implementation
K) Maintaining coastal defences	To monitor delivery of the agreed 2019 Maldon District Strategic Flood Projects and Maintenance Plan and maximise grant opportunities towards local coastal defences.	At Risk 	Q1 - Officers have met with ECC who has now been advised on specific sites to focus his report on. We are awaiting final modelling of the sites and the associated report which will include maintenance recommendations and actions. This work continues to be delayed by Covid but is progressing slowly.	80% of works/maintenance projects put forward annually are completed in accordance with the project timescales
L) Improved access to Superfast Broadband	To work with Partners to accelerate and maximise the rollout of Superfast Broadband across premises in the District.	On Track 	Q1 - At the 4 June 2020 Superfast Essex Steering Group Meeting it is reported that Superfast Essex delivery progress has reached 95% in Maldon District. Phases 3 and 4 rollout has commenced. 99% coverage is projected to be achieved by December 2021.	99% superfast broadband coverage by December 2021.

Prosperity Strategic Performance

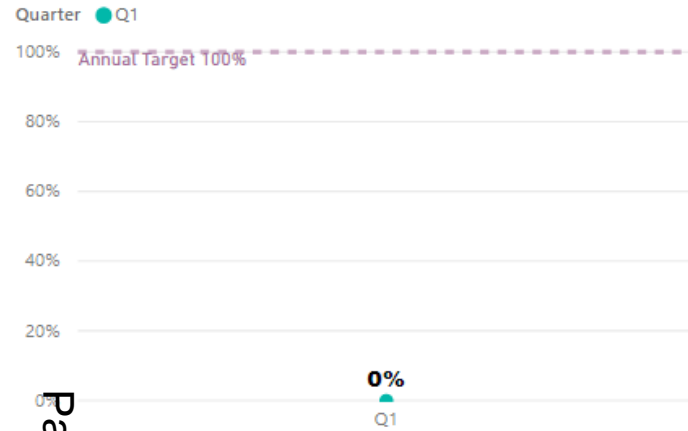
Prosperity Outcomes

Reference	Title	Status	Commentary
A	Delivery of strategic employment sites in accordance with the Local Development Plan	At Risk	Q1 - In March 2020 Essex County Council ended the commission of Invest Essex. Further progress has been hampered owing to prioritising COVID response and recovery. The future delivery of inward investment work by ECC is not yet known. An alternative delivery approach is being developed by officers
B	Partnership working to provide an Enterprise Centre	Under Review	Q1 - The Delivery of an Enterprise Centre is identified as part of the approved Sense of Place - Place Plan. It is also linked to other MDC commercial objectives and on going work with Bradwell B. Progress has been hampered by COVID which may also impact viability of a future (traditional) Enterprise Centre. The operating model and Business Plan by 2021 will need to be reviewed.
	Rural business and diversification supported	Ontrack - Conditional Elements	Q1 - The need to support rural/district businesses in the creation of the Bradwell B supply chain has been identified as part of BRB engagement and part of the approved Sense of Place - Place Plan. Activity on hold owing to response to COVID19
D	Tourism supported and encouraged	Ontrack - Conditional Elements	Q1 - Promotional activity is now on hold owing to response to COVID19
E	Efficient and effective engagement with businesses	Ontrack - Conditional Elements	Q1 - The Maldon Business Board was formed in May 2020 as agreed by the Place Board on 10th Feb and presented at the Maldon Business Hub and Lower High Street Group on 19th Feb. The Board strategically networks the Maldon District business groups via Sense of Place, linking local businesses to support the coordination Place Plan and Prosperity initiatives. Work is underway to develop the Maldon District Business Network via linked groups and social media. Progress has been slowed by COVID19 outbreak but will continue and will support economic recovery. Working is progressing with strategic and key partners, and business groups.

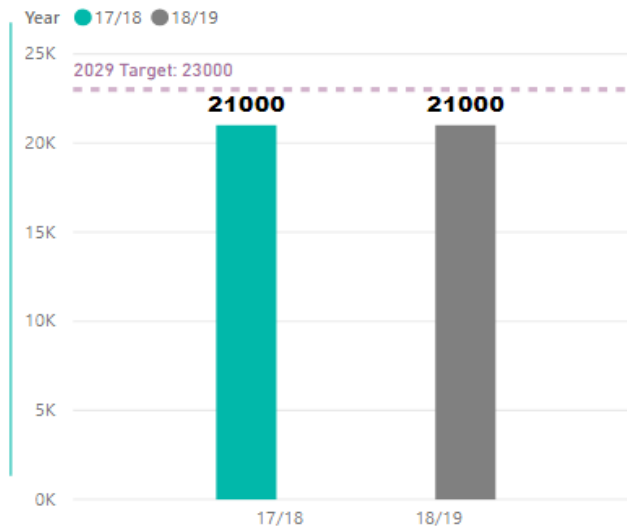
Prosperity performance measures

A) Delivery of strategic employment sites

% of identified sites promoted through partners



Employee Jobs (source: Nomis)



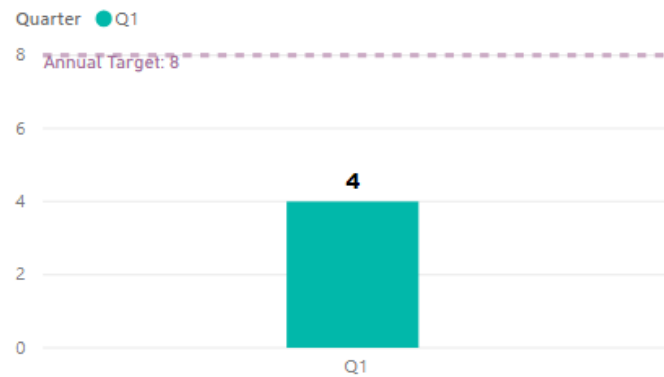
B) Partnership working to provide an Enterprise Centre

Occupancy in the Enterprise hub

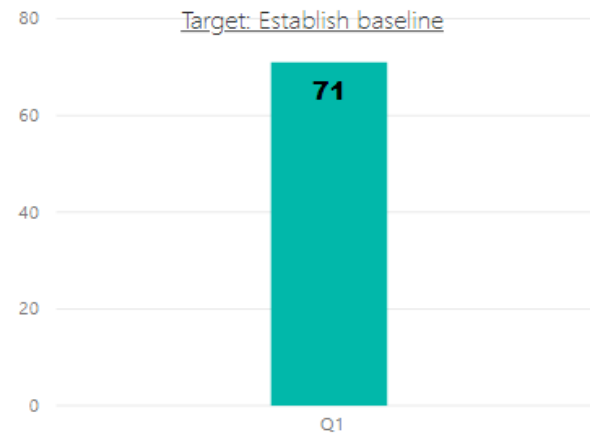


E) Efficient & Effective engagement with Businesses

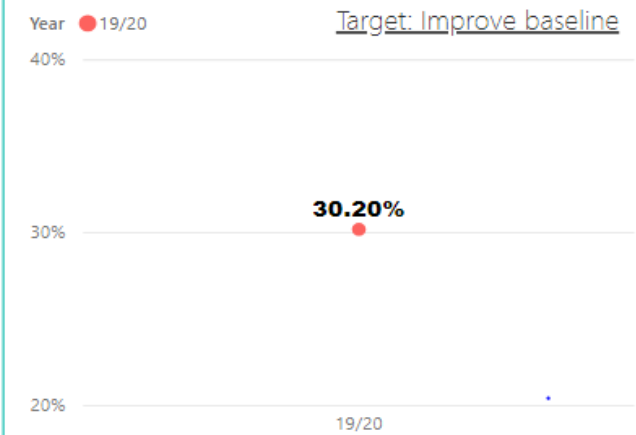
Number of business groups engaged and networked through Sense of Place



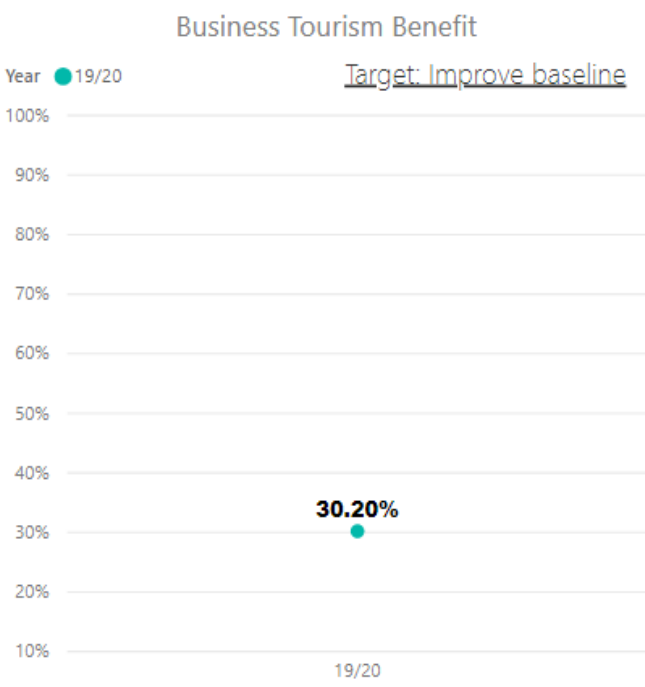
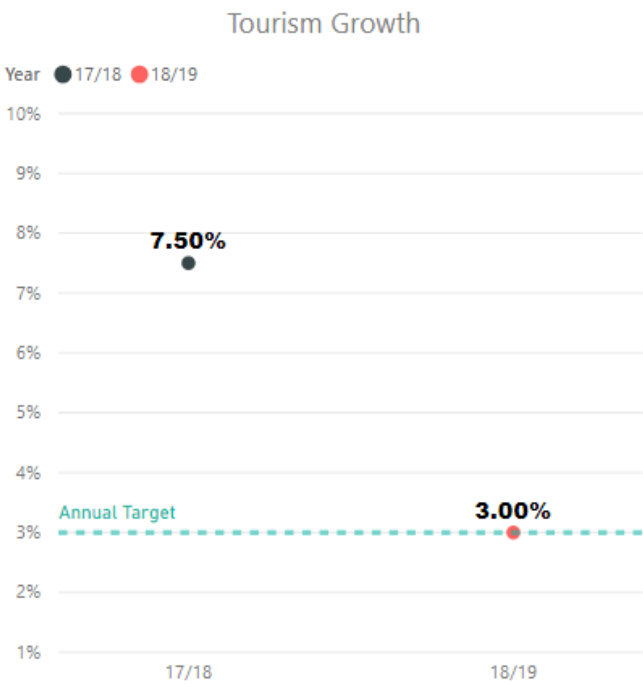
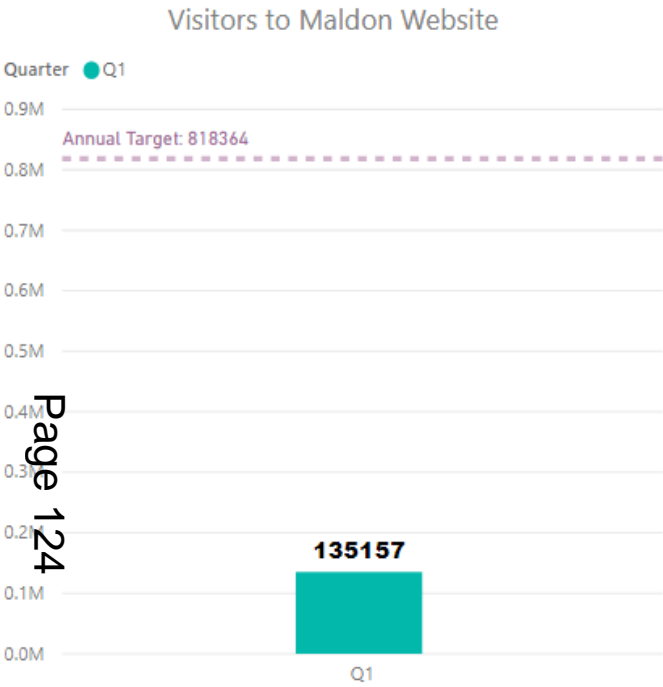
Members of the LinkedIn Maldon District - "Sense of Place" Business Group








Business satisfaction with MDC services



D) Tourism supported and encouraged



Prosperity supporting plans

Supportive Outcome	Prosperity Actions Plans	Status	Highlights/Low Lights	Targets
B) Partnership working to provide an Enterprise Centre	Deliver Enterprise Hub based in Maldon District Council's building	Under Review 	Q1 - Scope & Definition has not yet commenced for an enterprise centre within the district. This is likely to be further delayed whilst economic recovery from the health crisis of 2020 is fully understood	Enterprise Hub delivered by 2020
B) Partnership working to provide an Enterprise Centre	Deliver Enterprise Centre	Under Review 	Q1 - Scope & Definition has not yet commenced for an enterprise centre within the district. This is likely to be further delayed whilst economic recovery from the health crisis of 2020 is fully understood	Enterprise Centre delivered by 2025
C) Rural and coastal business supported	Establish Maldon Rural Business Growth Strategy	On Track 	Q1 - The Establishment of a Maldon District Rural Business Growth Strategy is identified for delivery as part of the Sense of Place - Place Plan which is now approved by the Place Board. Progress has been hindered by the response to Covid-19 and the delay in recruiting the SoP Coordinator, but remains on track.	Contractual SoP Objectives met
C) Rural and coastal business supported	Bradwell B project	On Track 	Q1 - A full response to BRBs Stage One Consultation (joint with Essex County Council) has been approved by Council. The socio-economic workstream is progressing on track and officers and Members remain engaged with BRB.	Engagement with BRB through the Bradwell B Development Consent Order process
D) Tourism supported & encouraged	Digital Tourism campaigns delivered	On Track 	Q1 - We have been supporting the Tourism businesses through the Covid-19 pandemic by providing support and advice. We used a video platform to promote what you can do in the District, waking and cycling etc and work has progressed on some new online walks in the District.	5 Campaigns annually

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