

# AUDIT, GOVERNANCE AND STANDARDS COMMITTEE MEETING

Date: Monday 14 November 2022  
Time: 6.30 p.m.  
Venue: Town Hall, High Street, Maidstone

## Membership:

Councillors Bartlett (Chairman), Bryant, Coulling (Parish Representative), Cox (Vice-Chairman), Forecast, Jeffery, Khadka, Knatchbull, Titchener (Parish Representative), Trzebinski and D Wilkinson

*The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.*

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<b><u>AGENDA</u></b>	<b><u>Page No.</u></b>
1. Apologies for Absence	
2. Notification of Substitute Members	
3. Urgent Items	
4. Notification of Visiting Members	
5. Disclosures by Members and Officers	
6. Disclosures of Lobbying	
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information	
8. Minutes of the meeting held on 27 September 2022	1 - 8
9. Question and Answer Session for Local Residents (if any)	
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**Issued on Friday 4 November 2022**

**Continued Over/:**



**Alison Broom, Chief Executive**

## **INFORMATION FOR THE PUBLIC**

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## MAIDSTONE BOROUGH COUNCIL

### AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

#### MINUTES OF THE MEETING HELD ON 27 SEPTEMBER 2022

##### Present:

<b>Committee Members:</b>	<b>Councillor Bartlett (Chairman) and Councillors Cox, Forecast, Garten, Jeffery, Khadka, Knatchbull, Titchener (Parish Representative), Trzebinski and D Wilkinson</b>
<b>External Attendee:</b>	<b>Mr Paul Dossett (Grant Thornton, External Auditor)</b>

26. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Bryant.

27. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Garten was substituting for Councillor Bryant.

28. URGENT ITEMS

There were no urgent items.

29. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

30. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

31. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

32. EXEMPT ITEMS

**RESOLVED:** That the items on the agenda be taken in public as proposed.

33. MINUTES OF THE MEETING HELD ON 26 JULY 2022

**RESOLVED:** That the Minutes of the meeting held on 26 July 2022 be approved as a correct record and signed.

34. QUESTION AND ANSWER SESSION FOR LOCAL RESIDENTS

There were no questions from local residents.

35. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members.

36. COMMITTEE WORK PROGRAMME 2022/23

The Committee considered its work programme for the remainder of the 2022/23 Municipal Year.

In response to a question, the Senior Legal Adviser, Corporate Governance, said that he had no update on the production of a new Kent Code of Conduct for Members at this stage.

**RESOLVED:** That the Committee work programme for the remainder of the 2022/23 Municipal Year be noted.

37. COMPLAINTS RECEIVED UNDER THE MEMBERS' CODE OF CONDUCT

The Senior Legal Adviser, Corporate Governance, introduced his report providing an update on complaints under the Members' Code of Conduct previously reported as under consideration and received during the period 1 March to 31 August 2022. It was noted that:

- At the meeting of the Committee on 14 March 2022, it was reported that five Parish Councillor complaints were being considered. These had now been concluded. In two cases no breaches were established. In the other cases, breaches were established, and the Monitoring Officer had concluded that the complaints should be resolved by way of informal resolution with actions recommended.
- Since the last report to the Committee, four new complaints had been received against Parish Councillors. These had now been considered by the Monitoring Officer and concluded. In two cases no breaches were established. In one case, a breach was established, and the Monitoring Officer had concluded that the complaint should be resolved by way of informal resolution with actions recommended. The fourth complaint was withdrawn by the complainant and no further action was taken. Currently, there were no outstanding complaints.

In response to questions, the Senior Legal Adviser, Corporate Governance, advised the Committee that:

- Where breaches had been established, the Monitoring Officer had recommended training and mediation which seemed to have had a positive impact since no new complaints had been received since April this year.
- He would raise with the Monitoring Officer the possibility of including within future reports a table with a running total of complaints covering a period of six to twelve months and identifying whether they related to Borough or Parish Councils and the type of allegations to enable trends to be identified. If a pattern did emerge, this would be investigated by the Monitoring Officer.
- The Kent Secretaries Group had produced a draft Kent Code of Conduct for Members of Town and Parish Councils. Once the documentation was finalised,

the options for Parish Councils would be to continue with their existing Codes, adopt the new Kent Code, or adopt their own bespoke Codes of Conduct. The Monitoring Officer could encourage Parish Councils to adopt the same Code for consistency but did not have the power to compel them to do so. The question would be raised with the Monitoring Officer as an issue for consideration.

**RESOLVED:** That subject to the points raised in the discussion, the report be noted.

38. AUDIT, GOVERNANCE AND STANDARDS COMMITTEE ANNUAL REPORT 2021/22

The Interim Head of Internal Audit presented the Committee's Annual Report 2021/22. It was noted that:

- The production and presentation of an Annual Report was required by the Committee's Terms of Reference. The purpose of the report was to outline where the Committee had gained assurance during the year, particularly over areas of governance, risk management, Standards, and internal control.
- The report concluded that based on the activity during the year, the Audit, Governance and Standards Committee could demonstrate that it had appropriately and effectively fulfilled its duties during 2021/22. The Committee had continued to work in partnership with the Council's Internal and External Auditors and to receive support from Officers. This had provided robust and effective independent assurance to the Council on a wide range of risk, governance and internal control issues
- The Committee's terms of reference in relation to the promotion and maintenance of high standards of Councillor and Officer conduct had been inadvertently omitted from the report but would be included in the version to be reported to the Council.

During the discussion, it was suggested and agreed that:

A paragraph should be included within the Chairman's introduction to the report expressing the Committee's disappointment with the failure of Grant Thornton, the External Auditor, to complete the audit of the 2020/21 accounts, on which their opinion remained outstanding as at September 2022; and

The Parish Representatives should be included in the final paragraph of the Chairman's introduction to the report to thank them for their support over the last year.

In response to a question, the Interim Head of Internal Audit undertook to include reference to Members who had substituted at meetings of the Committee in future Annual Reports.

**RESOLVED:** That subject to:

The inclusion within the Chairman's introduction to the report of a paragraph expressing the Committee's disappointment with the failure of Grant Thornton, the External Auditor, to complete the audit of the 2020/21 accounts, on which their opinion remained outstanding as at September 2022;

The addition of the Parish Representatives to the final paragraph of the Chairman's introduction to the report to thank them for their support over the last year; and

The inclusion of the Committee's terms of reference in relation to the promotion and maintenance of high standards of Councillor and Officer conduct,

the Audit, Governance and Standards Committee Annual Report to Council 2021/22, which demonstrates how the Committee discharged its duties during 2021/22, be approved for submission to the Council.

39. EXTERNAL AUDIT 2020/21

The Director of Finance, Resources and Business Improvement introduced his report providing an update on progress with the audit of the 2020/21 financial statements. It was noted that:

- In an audit findings report presented to the Committee in November 2021, Grant Thornton stated that their work was substantially complete, they had identified no material adjustments that would impact upon the Council's General Fund Balance, and they anticipated issuing an unmodified audit report.
- Grant Thornton noted in their audit findings report that the cost of assets under construction at Brunswick Street and Union Street should be reclassified from Property, Plant and Equipment to Inventory. This represented a change in classification which would have no overall impact on the accounts. The Council agreed to reclassify the assets as requested and an updated version of the Statement of Accounts was subsequently sent to Grant Thornton.
- The Council was told that Grant Thornton anticipated giving an audit opinion by 31 January 2022. This did not happen and other dates that were provisionally agreed with Grant Thornton then slipped. At the last meeting of the Committee, it was reported that Grant Thornton had raised further queries that had been answered and it was hoped that they would be able to issue their opinion in time for this meeting.
- Earlier this month there had been a few queries regarding, in particular, Note 31 to the accounts relating to the Capital Financing Requirement. Information had been received the previous day from Grant Thornton about how it was proposed the Council should word the Note and this had been accepted. Grant Thornton had now indicated that they anticipated issuing a signed audit opinion the following week.

Mr Paul Dossett of Grant Thornton advised the Committee that he anticipated that the 2020/21 audit would be signed-off the following week. The 2020/21 audit also required a Value for Money piece of work. This work had been completed and would be brought back to the Committee alongside the formal finalisation of the audit process. To give wider context, approximately 55% of 2020/21 accounts had been signed-off across the sector.

In response to questions, Mr Dossett explained that:

- There were no plans to undertake more technical consultations or audit work. It was anticipated that a signed audit opinion would be issued the following week. The only things that could impact on this would be if the Council identified a problem when completing the outstanding work or if problems were identified when the accounts were rechecked by Grant Thornton. There would be a change of approach to ensure that accounting issues did not delay the 2021/22 audit.
- The delay in completing the 2020/21 audit had not been intentional or wilful and was not uncommon. If Members were unhappy with the situation, they could contact Public Sector Audit Appointments (PSAA). However, there was a significant shortage of audit firms willing to undertake local authority audits.

**RESOLVED:** That the report be noted and that the Committee's disappointment regarding the delay in completing the 2020/21 audit be recorded.

40. EXTERNAL AUDITOR'S AUDIT PLAN 2021/22

The Senior Finance Manager (Client) introduced his report setting out Grant Thornton's planned approach to completing the audit of the 2021/22 financial statements and Value for Money Conclusion. It was noted that:

- The report from Grant Thornton covered several areas including significant risks identified in their work to date, accounting estimates and the materiality limit they were planning to adopt for the audit this year.
- The report also included details of the anticipated audit fee which was £64,666 (£41,666 for the scale audit fee set by Public Sector Audit Appointments Ltd (PSAA), £14,000 to cover the impact of revised accounting standards and requirements and £9,000 for the Value for Money work). The amounts above and beyond the scale fee were subject to agreement by PSAA, and the Council would be given the opportunity to make representations about the additional charges.

Mr Paul Dossett of Grant Thornton advised the Committee that:

- The Audit Plan for 2021/22 covered the risks identified and Grant Thornton's responsibilities, and it was very similar to last year's Audit Plan and to those of other local authorities. Grant Thornton was required to set the materiality limit, which had risen slightly to reflect changes in expenditure in year, and to highlight the risks. For local government audits, the main risks related to investment property valuations and management over-ride of controls which involved the auditing of estimates and journals.
- The Audit Plan also covered Grant Thornton's approach to the Value for Money work for 2021/22. The 2020/21 Value for Money assessment did not identify any significant weaknesses. Auditors were required to consider whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- The only new piece of work this year related to International Standards on Auditing (UK) 315 which required Grant Thornton to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement.

In response to questions:

Mr Dossett advised Members that:

- In terms of tasks, timelines and staffing levels, a lot of the background planning had been done. The second main task was to audit the financial statements which required audit and sample testing. Grant Thornton had started some of the 2021/22 audits, but none had been signed-off yet. The 2021/22 audits were proving to be more difficult than previously, not just in terms of audit resources but in terms of accounts being prepared in time. From a resources point of view, there would continue to be challenges. To complete an audit to the level and depth that was now required was very time-consuming on the part of Grant Thornton. The aspiration was to proceed with the work as soon as possible, but no guarantees could be given as to when it would be completed. Even since work commenced on the first round of audits for this year at the beginning of July, there had been a significant turnover in staff and replacing them took time. All other firms in the market were experiencing the same problems.
- Detailed requests for samples, journals and invoices etc. would be sent to the Officers and timelines for responding agreed with them. The detail of that would not normally be included in the Audit Plan. The process was iterative by nature.
- The deadline for completion of the audit was 30 November 2022. Grant Thornton might not necessarily meet that deadline but would try to progress the audit as soon as possible. A detailed timetable could be provided once the audit had started.
- In terms of the risks associated with the valuation of the Council's pension fund liability, the processes identified in the Audit Plan for responding to the risks would be carried forward for 2022/23. He was the auditor of the Kent Pension Fund and he had completed the work necessary for Maidstone already and there would not be any delays with it.
- The Value for Money Conclusion was a statutory requirement which had to be completed every year for every audited body. If no significant issues were identified as part of the planning process or execution, the time taken to complete the assessment would be less than it would otherwise be with consequential cost implications.
- The Audit Plan was based on a combination of statutory requirements such as the Value for Money Conclusion work and International Standards on Auditing requirements such as the identification of significant risks. Most Audit Plans would look very similar. The Committee could make comments and suggestions, but as an independently appointed auditor, Grant Thornton had to execute the Plan in accordance with statutory requirements and the International Standards on Auditing.

The Director of Finance, Resources and Business Improvement advised Members that:

- The contractual arrangement Grant Thornton had was with PSAA, the appointing body, which held the firm to account in delivering the audit. The Council paid the audit fee, but PSAA was the body that procured the audit. If there was a dispute about the audit fee, the Council could make representations to PSAA, but it was PSAA that set the fee.

**RESOLVED:** That the External Auditor’s Audit Plan, attached as Appendix 1 to the report of the Senior Finance Manager (Client), be noted with disappointment that the document already has a timeline that it appears will slip.

#### 41. BUDGET STRATEGY - RISK ASSESSMENT UPDATE

The Director of Finance, Resources and Business Improvement introduced his report highlighting the risks faced by the Council in delivering the budget. The Director of Finance, Resources and Business Improvement advised the Committee that:

- Since the report was written, the position had changed. At the time of writing, there were two additional heightened risks. Firstly, a very substantial overspend was anticipated on the cost of providing temporary accommodation which it might not be possible to offset through savings elsewhere. Secondly, the effects of inflation. The assumption was that the Council Tax referendum limit would remain at 2%. With inflation running at 10%, this would create a large budget gap requiring substantial savings.
- The Government’s mini budget also had implications for the Council. Firstly, the cost of borrowing from the Public Works Loan Board had gone up to over 5% which had implications for the funding of the Capital Programme. Secondly, the Bank of England appeared to envisage a risk of increased inflation because of the measures contained in the mini budget.
- In addition, the Chancellor had announced that the existing three year spending review would be retained which, in real terms with inflation running at 10%, meant a cut in funding which would be challenging.

In response to questions, the Director of Finance, Resources and Business Improvement advised the Committee that:

- The number of households requiring temporary accommodation had almost doubled from 100 to 180. It was necessary to deliver a balanced budget, but, at the same time, it was recognised that some employees might be struggling financially. The Council would meet its obligation to pay the national living wage, but it was a balancing exercise.
- The Capital Programme and the viability of schemes given the increased cost of borrowing would be reviewed as part of the annual budget process. The agreement with Aviva Life and Pensions UK Ltd to forward borrow £80m at an agreed rate of 2.89% over a 50-year term was a firm commitment.
- The additional pressures associated with the increase in the numbers presenting as homeless and requiring temporary accommodation were encapsulated in risk A (Failure to Contain Expenditure within Agreed Budgets) but could be a separate risk.

During the discussion, serious concerns were expressed about the implications for the Council of the current economic situation particularly in terms of the impact of higher levels of inflation on the revenue budget and the funding of the Capital Programme and the Council's pension liability. The Director of Finance, Resources and Business Improvement undertook to reflect on these concerns when updating the Budget Strategy Risk Register and Risk Matrix.

**RESOLVED:** That the updated risk assessment of the Budget Strategy be noted subject to the points raised in the discussion which will be reflected upon by the Director of Finance, Resources and Business Improvement when updating the Budget Strategy Risk Register and Risk Matrix.

42. DURATION OF MEETING

6.30 p.m. to 8.05 p.m.

Note: The meeting adjourned from 6.45 p.m. to 7.05 p.m. for technical reasons.

## 2022/23 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Annual Governance Statement Mid-Year Update	AGS	16-Jan-23	Governance	Yes	Angela Woodhouse	Angela Woodhouse
Update on Kent Model Code of Conduct	AGS	16-Jan-23	Officer Update	No	Claudette Valmond	Robin Harris
Housing Benefit Subsidy Claim 2021/22	AGS	16-Jan-23	Governance	No	Georgia Hawkes	Zoe Kent
Fraud and Compliance Team Update	AGS	16-Jan-23	Officer Update	No	Georgia Hawkes	Zoe Kent
Treasury Management Mid-Year Review 2022/23	AGS	16-Jan-23	Governance	No	Mark Green	John Owen
Treasury Management, Investment and Capital Strategies 2023/24	AGS	16-Jan-23	Strategy Update	No	Mark Green	John Owen
External Auditor's Annual Audit Letter	AGS	16-Jan-23	Governance	No	Mark Green	Paul Holland
External Auditor's Progress Report and Sector Update	AGS	16-Jan-23	Governance	No	Mark Green	Paul Holland
Budget Strategy Risk Assessment Update	AGS	16-Jan-23	Officer Update	No	Mark Green	Mark Green
Code of Conduct Matters - Six Month Update	AGS	13-Mar-23	Officer Update	No	Claudette Valmond	Gary Rowland
Annual Risk Management Report 2022/23	AGS	13-Mar-23	Governance	Yes	Alison Blake	Alison Blake
Internal Audit Charter Update	AGS	13-Mar-23	Governance	No	TBA	TBA
Internal Audit and Assurance Plan 2023/24	AGS	13-Mar-23	Governance	No	TBA	TBA
External Audit Plan 2022/23	AGS	13-Mar-23	Governance	No	Mark Green	Paul Holland
External Auditor's Progress Report and Sector Update	AGS	13-Mar-23	Governance	No	Mark Green	Paul Holland

**2022/23 WORK PROGRAMME**

	<b>Committee</b>	<b>Month</b>	<b>Origin</b>	<b>CLT to clear</b>	<b>Lead</b>	<b>Report Author</b>
Budget Strategy Risk Assessment Update	AGS	13-Mar-23	Officer Update	No	Mark Green	Mark Green

## AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

**14 November 2022**

### Information Governance Report – Annual Report

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Head of Service/Lead Director</b>	Angela Woodhouse Director of Strategy, Insight & Governance
<b>Lead Officer and Report Author</b>	Anna Collier Corporate Insight Communities and Governance Manager and Georgia Harvey Senior Information Governance Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

The Information Governance Team oversees the management of complaints, information requests (Freedom of Information (FOI) & Environmental Information Regulation Requests (EIR)), subject access requests (SAR), information sharing requests as well as handling data breaches. This report provides performance data on the management of information governance to ensure corporate oversight and minimise risk to the Council.

#### **This report makes the following recommendations to this Committee:**

To note the report.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance and Standards Committee	14 November 2022

# Information Governance Report – Annual Report

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims as good information governance ensures that the Council learns from customer experience and develops services to deliver all objectives	Anna Collier Insight, Communities and Governance Manager
<b>Risk Management</b>	This report is presented for information only and has no risk management implications.	Anna Collier Insight, Communities and Governance Manager
<b>Financial</b>	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.	Mark Green Director of Finance, Resources & Business Improvement
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Anna Collier Insight, Communities and Governance Manager
<b>Legal</b>	This report provides a review of information	Anna Collier Insight, Communities

	governance including complaint handling. There is no statutory duty to report regularly to Committee on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.	and Governance Manager
<b>Privacy and Data Protection</b>	The recommendations will not have an impact on the processing of personal data, and there is no need for a Data Protection Impact Assessment.	Anna Collier Insight, Communities and Governance Manager
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Anna Collier Insight, Communities and Governance Manager
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Anna Collier Insight, Communities and Governance Manager
<b>Crime and Disorder</b>	No impact	Anna Collier Insight, Communities and Governance Manager
<b>Procurement</b>	No impact	Anna Collier Insight, Communities

		and Governance Manager
<b>Cross Cutting Objectives</b>	The report recommendation supports the achievements of all cross-cutting objectives, by ensuring data is well managed and lessons learnt from customer feedback are implemented.	Anna Collier Insight, Communities and Governance Manager
<b>Biodiversity and Climate Change</b>	There are no implications on biodiversity and climate change.	Anna Collier Insight, Communities and Governance Manager

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. Annual reports have historically been presented to this Committee separately on complaints and data protection. To provide greater oversight on Council wide information governance, these reports have now been combined. This reflects the work of the Information Governance team and Council services and provides Members with a clearer oversight, as well as identifying overlapping key themes.
- 1.2. The Information Governance Team is part of the wider Corporate Insight, Communities and Governance team. The team consists for 3 FTE posts:
  - Senior Information Governance Officer,
  - Information Governance Officer, and
  - Information Governance Assistant which is currently a job share
- 1.3. The Information Governance Team are responsible for managing:
  - The complaints process including unreasonable and unreasonably persistent persons,
  - Logging and responding to information requests (also known as Freedom of Information - FOI and Environmental Information Regulation - EIR),
  - Data protection (including subject access requests, CCTV requests, data protection impact assessments, data sharing, and records of processing activities),
  - Records management, and
  - Correspondence with members of parliament.
- 1.4. Performance data can be seen at Appendix 1.

### Information Requests

- 1.5. The term 'information requests' covers both Freedom of Information (FOI) and Environmental Information Regulation (EIR).
- 1.6. The time limits for responding to these requests are set out in statute as 20 working days, subject to qualifying criteria. If the council doesn't hold the information requested or doesn't believe it should be shared, then an exemption (FOI) or exception (EIR) can be applied to all or part of the request.
- 1.7. If the requestor doesn't agree with the Council's decision, then they can appeal via internal review, and these are reviewed by Legal Services. The requestor can further complain to the Information Commissioner's Office (ICO), who will make the ultimate decision.
- 1.8. The total number of FOI and EIR requests received in 2021-2022 was 901 (467 FOI requests and 434 EIR requests).
- 1.9. The Council receives more FOI requests than EIR, but there has been a shift towards a greater number of EIR requests since Q2 2020-2021. The primary reason for this is a significant increase is the number of requests received

by Land Charges for information concerning properties being purchased in the Borough.

- 1.10. A target of 100% of responses sent on time is set to reflect the requirements by law, however it is highly ambitious and has only been achieved on two occasions. The ICO accept that Councils won't always achieve this and concentrates its investigations and penalties on those organisations with backlogs. This target, less 10% tolerance which we would consider good performance, has not been met on one occasion, with 10.40% in Q4 2021-2022. This reflects the training required for the newly formed team.

### Complaints

- 1.11. The Council operates an internal two stage complaints process:

1. All stage 1 complaints will be investigated by the service manager and responded to within 10 working days.
2. Customers have the right to take the complaint to stage 2 for an independent assessment by the Information Governance Team. The Information Governance team will then undertake an assessment of the complaint, within 5 working days, in order to determine whether a full investigation would be able to add anything to the stage 1 response and/or achieve the desired outcome. If the assessment concludes that further investigation is warranted, then a full response is sent within 20 working days.

- 1.12. If, after following our complaints process, customers are still unhappy, they can contact the Local Government and Social Care Ombudsman (LGO), an independent service set up by the Government to investigate complaints about most council matters. The Ombudsman will not investigate complaints until they have been through both stages of the Council's complaints process.

- 1.13. The total number of stage 1 complaints received in 2021-2022 was 679. The number of complaints received dropped in 2020-2021 and has not yet risen above the number recorded for 2019-2020.

- 1.14. The target of 100% of responses sent in time has only been met once however it is consistently met within 10% tolerance, except on one occasion, Q4 2021-2022 with 14.95%.

- 1.15. The number of stage 2 complaints has increased over the past year, from 59 to 95. The average number of complaints per year since 2017 is 99. This increase can be attributed to a rise in waste complaints from 29 to 64.

- 1.16. The target for stage 2 assessment to be completed within 5 working days is 100%. The completion time stands at 96% for 2021-2022. This is an increase from previous years, which were 93% for both 2019-2022 and 2020-2021.

- 1.17. Household Waste continues to receive the most complaints at both stage 1 and stage 2. The Waste Team provide a service that affects every household in the Borough, so it is expected that this service will receive more complaints than others by nature of its size alone.
- 1.18. To further understand the cause of household waste complaints, data in 2022-2023 is analysed by the type of waste (refuse, recycling, garden etc) and location in real time to a more proactive approach to be taken when responding to complaints. As a result, the Council is better placed to identify localised trends that are impacting waste collections.
- 1.19. Each year the Local Government Ombudsman (LGO) produces statistics for each local authority showing how many complaints it received, what they were about and how they were resolved. The report provides insight about how we approach to complaints and the findings from the LGO. The 2021/22 annual letter from the LGO is enclosed in Appendix 2.
- 1.20. As a summary the Council has had only six complaints that were fully investigated by the LGO, of these we were required to take further action in four cases. This equates to 0.008810573% of our overall complaints from 2021-2022.

#### Data Incidents

- 1.21. A personal data breach is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.
- 1.22. All potential breaches are investigated by the Information Governance team and must be completed within 72 hours in case they need to be reported to the ICO. All breaches are signed off by the Data Protection Officer or Deputy Data Protection Officer and are reported to the Information Management Group, which meets quarterly.
- 1.23. The total number of data incidents reported in 2021-2022 was 29. Of these, 26 were found to be data breaches and 2 were found to have no risk as no data breach has not occurred.
- 1.24. The Council has fostered a culture whereby employees actively report data breaches. This approach means that employees report data breaches as soon as they are aware, which in turn enables the Council to react quickly to mitigate the impact.
- 1.25. Most data breaches are caused by human error, with no intended malice, resulting in a loss of confidentiality. This is typically as a result of by post or e-mails being sent to the wrong person.

#### Data Subject Rights Requests

- 1.26. There are seven types of rights requests including: subject access requests and erasure requests. All requests must be processed by the Information Governance team as the request for information must be validated by identification of the individual requesting it.

1.27. The number of requests for each right is shown in the table below:

<b>Financial Year</b>	<b>Access</b>	<b>Erasure</b>	<b>Objection</b>	<b>Total</b>
2018-2019	20	0	0	20
2019-2020	12	0	0	12
2020-2021	34	0	0	34
2021-2022	39	1	1	41
<b>Total</b>	<b>105</b>	<b>1</b>	<b>1</b>	<b>107</b>

1.28. Between 2018 and 2022, 98% of rights requests received were subject access requests (SARs). These entitle individuals to have copies of all information we hold about them. The timeframe from responding to subject access requests is one calendar month. Subject access requests can be extremely time consuming, due to the need to source and review all personal data to identify what information is in scope of the request before redacting any exempt data. In 2021-2022, the average number of days taken to respond to a DSAR was 16.2 days.

#### Information Sharing Requests

1.29. Information sharing requests are requests for personal data where there is a legal basis to request it. In the main these are processed via the Information Governance team though some information requests are processed within other teams.

1.30. Over the past two years there has been an increase from 234 to 317 in the number of requests received. The majority of requests are received from the police, followed by requests from insurance companies, predominantly for CCTV.

1.31. Information sharing training was being provided to departments in June 2022. The training was tailored to each department and covered real life scenarios to ensure that employees are compliant when sharing personal information while empower departments to deal with partner organisations around data sharing.

#### Data Protection Action Plan

1.32. The Council has worked proactively to improve how we manage and hold personal data in-line with the Data Protection Act. Whilst there have been additional burdens in terms of the work required to meet the Act the actions taken have improved how the Council operates and how we manage and use personal data. Colleagues across the Council have been receptive to change and training to increase understanding and awareness of data protection and effective data management across the Council. The Action Plan provides an update on key changes and points of note, progress against the action plan and highlights the areas where further work is required. The Action Plan is enclosed at Appendix 3.

1.33. The Government has announced legislative changes to the UK, publishing the Data Protection and Digital Information Bill in July 2022. The Bill plans

to reform the UK Data Protection regime following Brexit. The Bill can be accessed here at <https://bills.parliament.uk/bills/3322>.

1.34. The ICO is increasing using its powers to issue fines and one Notice of Intent under GDPR. Recent examples include:

- [£4.4 Million GDPR Fine for Construction Company](#)
- [ICO Takes Action Against GDPR Subject Access Delays](#)
- [£1.35 Million GDPR Fine for Catalogue Retailer](#)
- [TikTok Faces a £27 Million GDPR Fine](#)

#### Key Projects and Future activities in Information Governance

1.35. The next projects for Information Governance Team are:

- Publishing information on the website to answer frequent FOI requests. For example, we frequently receive requests for information about council tax, temporary accommodation and CCTV. Responses to these requests will be added to the website to enable to public to easily find the information. This in turn will reduce the burden on departments needing to respond to FOI and EIR requests.
- Working with departments updating the data protection information on the website to address common queries and to review privacy notices to ensure the information reflects changes in data collection and it's uses. Where possible we will work with Digital to implement on demand privacy notices to highlight key information to customers at the point information is collected.
- Reviewing all current DPIAs to assess whether updates are needed.
- To combine police information requests from all aspects of the Council into one central location. This includes working with Kent Police to implement a revised process for sharing CCTV footage.
- Implement the actions identified from the CCTV review conducted in 2021. The review identified a number of actions that need to be taken to address risks in the governance arrangements surrounding CCTV, the key recommendations were:
  - Security, Storage and Viewing – This is the most prevalent issue with common themes including password management and Data Processing Agreements in place which are not compliant.
  - Reviews & Documentation – Varied retention periods, which need to be documented and justified. Support departments in assessing whether purpose is still lawful, justified, necessary and proportionate. All surveillance systems require DPIAs to be re-written to ensure compliance.
  - Disclosing and Sharing – Implement a consistent process across all departments for disclosing footage.
  - Training and Awareness - Provide tailored training to the Information Governance team, and any other relevant staff, on how data protection relates to surveillance systems.

### **3. AVAILABLE OPTIONS**

3.1 To note the report.

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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

4.1 To note the report.

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### **5. RISK**

5.1 This report is presented for information only and has no risk management implications.

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### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

6.1 None

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### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

7.1 The next annual report will be provided for year 2022-2023.

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### **8. REPORT APPENDICES**

- Appendix 1: Information Governance Report – Annual Report 2021-2022
  - Appendix 2: LGO Annual Letter 2021-2022
  - Appendix 3: Data Protection Action Plan
- 

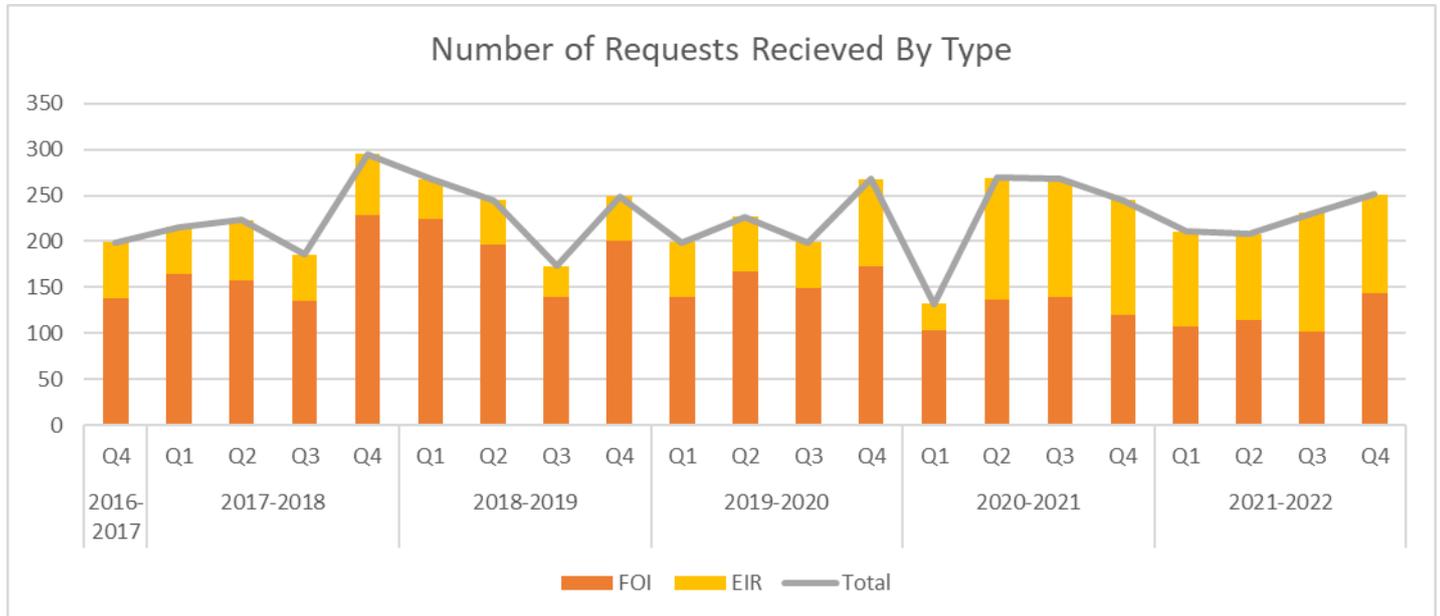
### **9. BACKGROUND PAPERS**

9.1 None

# **Information Governance Annual Report 2021/2022**

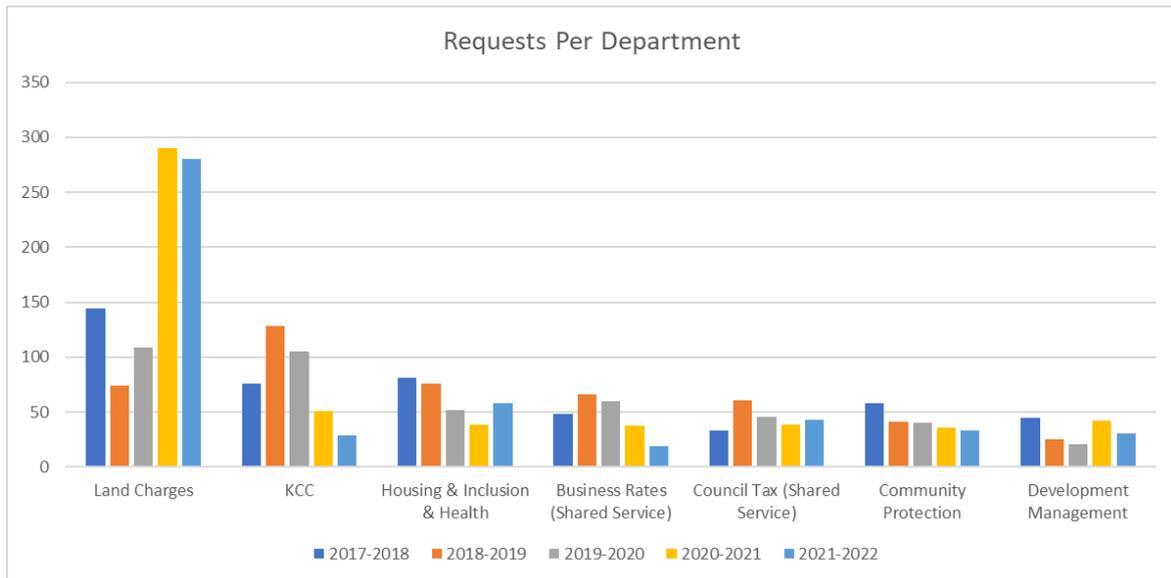
# Information Requests

## REQUESTS



- There is no consistent discernible trend for the number of information requests received per quarter. The closest commonality is that for three out of the past five years, quarter 4 has been the busiest period.
- The Council receives more FOI requests than EIR, but there has been a shift towards a greater number of EIR requests since Q2 2020-2021. The primary reason for this is a significant increase in the number of requests received by Land Charges for information concerning properties being purchased in the Borough.
- A target of 100% of responses sent on time is set to reflect the requirements by law, however it is highly ambitious and has only been achieved on two occasions: Q3 and Q4 2019-2020. The ICO accept that councils won't always achieve this and concentrates its investigations and penalties on those organisations with ongoing backlogs. This target, less 10% tolerance, has not been met on one occasion, with 10.40% in Q4 2021-2022.
- There is a distinction between types of requests, with FOIs typically more likely to not meet the deadline than EIRs.
- The average number of requests not completed on time each quarter is 14, this equates to an average of 50 per year. In Q4 2021-2022, the total of number of requests not sent on time was 35, out of a total of 250.
- The average number of requests received each year is 912. This dropped to 885 in 2019-2020 but returned to normal levels in the subsequent years.

## Information Governance Report 2021-2022

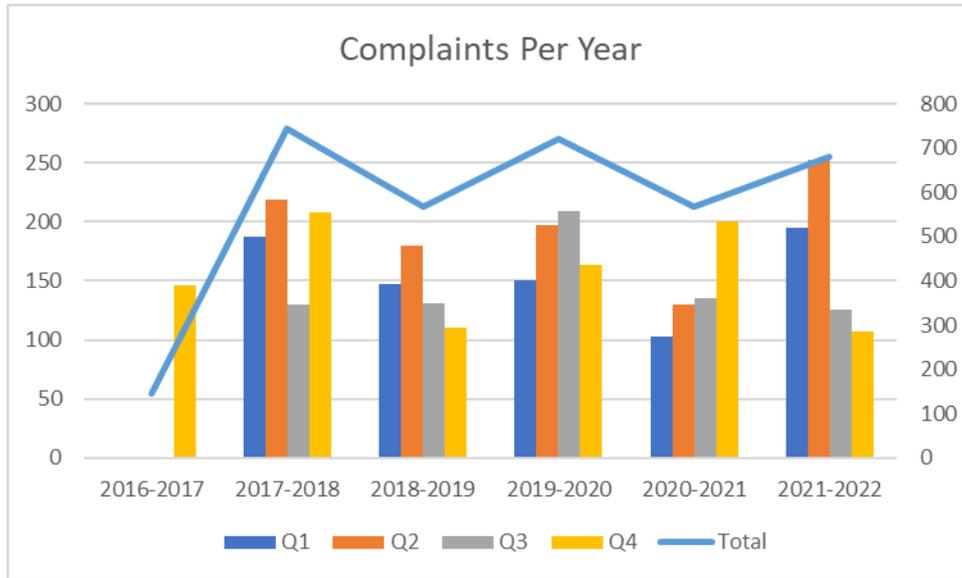


- The following departments received the largest volume of requests across all years: 1. Land Charges, 2. KCC, 3. Housing & Inclusion & Health, 4. Council Tax (Shared Service), 5, Business Rates (Shared Service).
- Whilst the five departments receiving the most requests remain consistent between 2017 and 2020, Development Management and Finance are within the top five in 2020-2021, replacing Business Rates.
- There was a shift again in 2021-2022, with Strategic Planning and Community Protection replacing KCC and Business Rates.

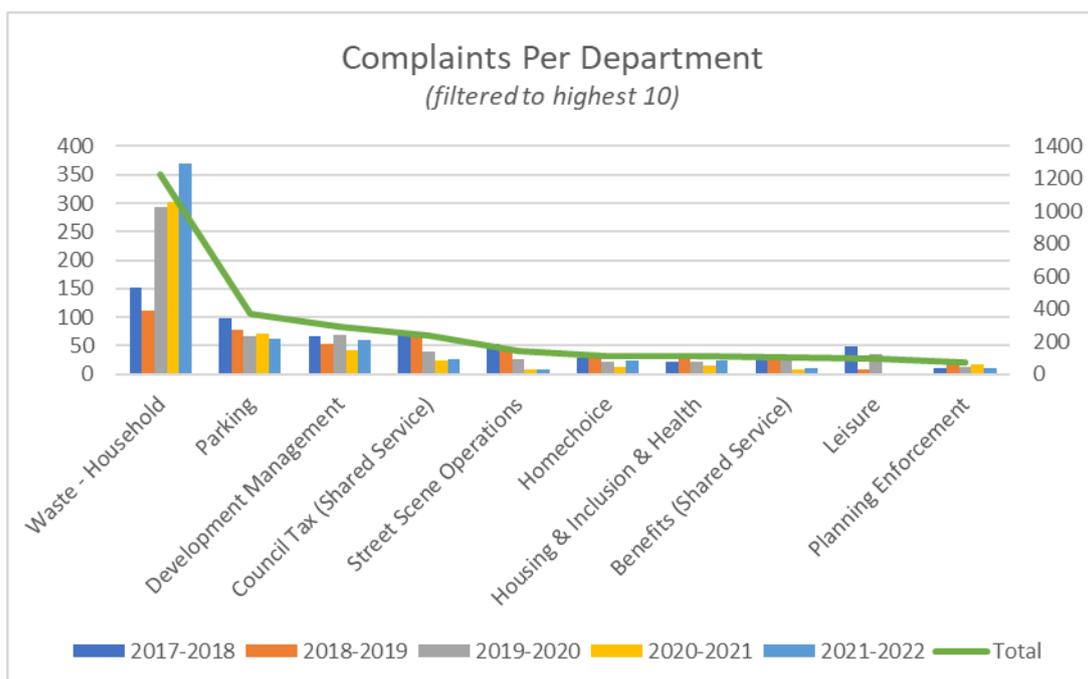
# Complaints

## CURRENT PROCESS

### STAGE 1

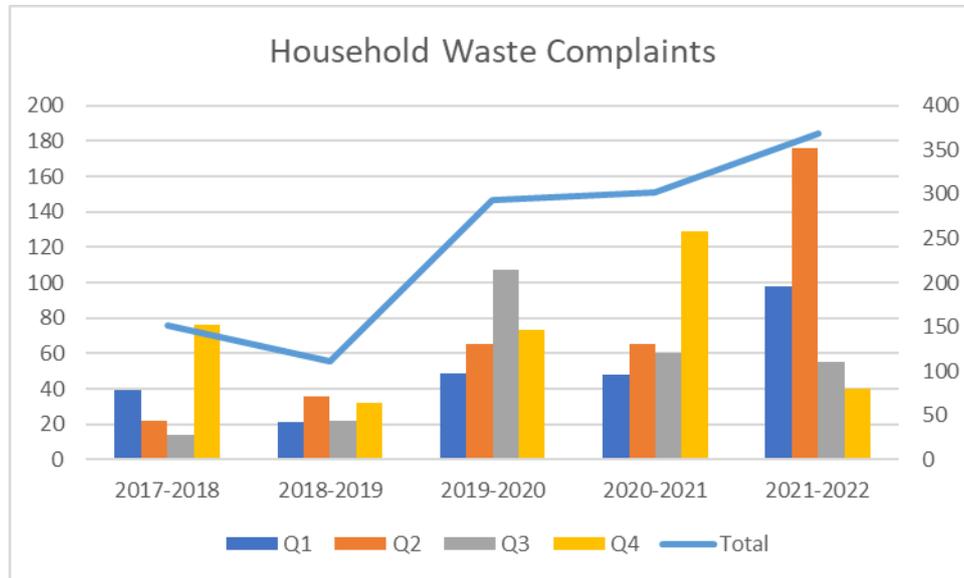


- The average number of complaints received per year is 656. The numbers of complaints received dropped in 2020-2021 and has not yet risen above the number recorded for 2019-2020.
- There is no consistent discernible trend for the number of complaints received per quarter. The closest commonality is that for three out of the past five years, quarter 2 has been the busiest period for complaints.
- The target of 100% of responses sent on time was in Q3 2017-2018. This target, less 10% tolerance, has not been met on one occasion, Q4 2021-2022 with 14.95%.



## Information Governance Report 2021-2022

- The following departments received the largest volume of requests across all years: 1. Waste – Household, 2. Parking, 3. Development Management, 4. Council Tax (Shared Service) and 5. Street Scene Operations.
- Whilst the four departments with the most complaints have consistently remained the same, fifth place has differed for the past three years as follows: Street Scene was replaced by: Leisure in 2019-2020, Planning Enforcement in 2020-2021, and by HomeChoice in 2021-2022.

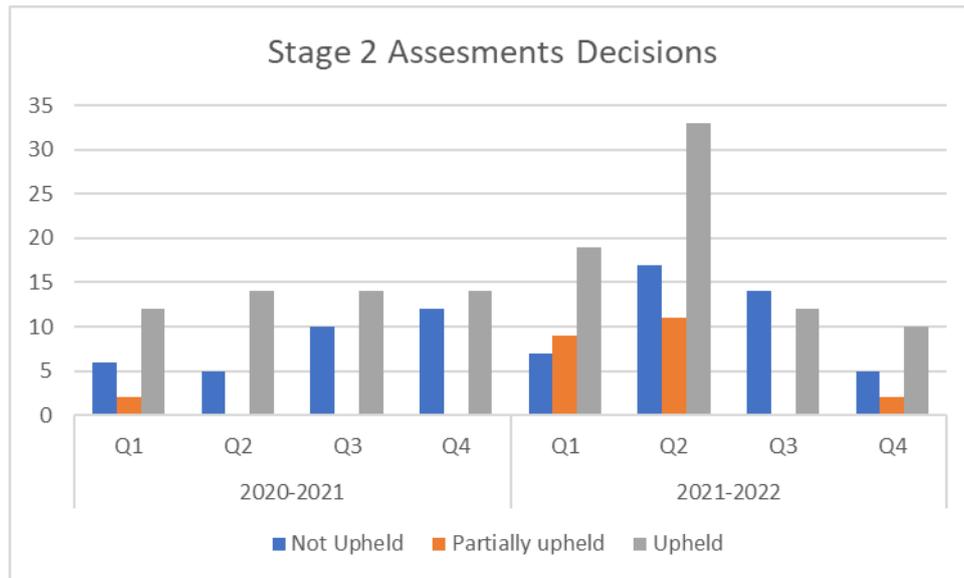


- Waste - Household received the most complaints per quarter than any other department. Q1 2022-2023 alone Waste have received 5 times as many complaints than the second largest department. This has been significantly more noticeable since 2019-2020. The majority of these concern general waste but this is based on our recollection of the data, opposed to the data collected. To allow us to assess this going forwards, the type of waste the complaints relate to is also being recorded.

**Information Governance Report  
2021-2022**

**STAGE 2 ASSESSMENTS**

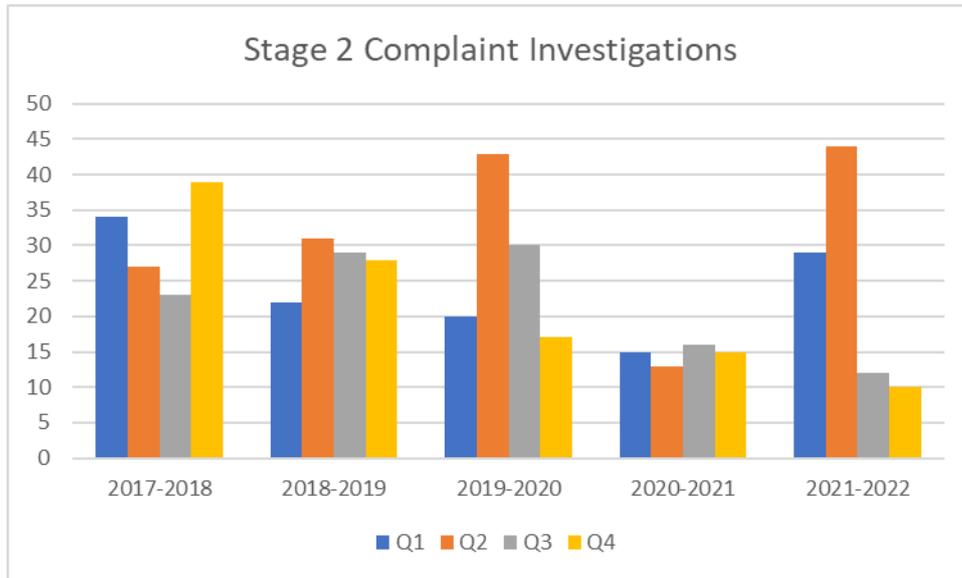
- The data for stage assessment has not been collected in the current form prior to mid-year 2019. Therefore, the historical data for trends is limited.
- The number of stage 2 assessments has increased over the past three years. However, if Household Waste is removed from these statistics, the number of stage 2 assessments over the past two years has remained the same (55 and 56 respectively).
- The target of 100% of assessments to be completed on time stands as 93.18% for 2020-2021 and 96% for 2021-2022.



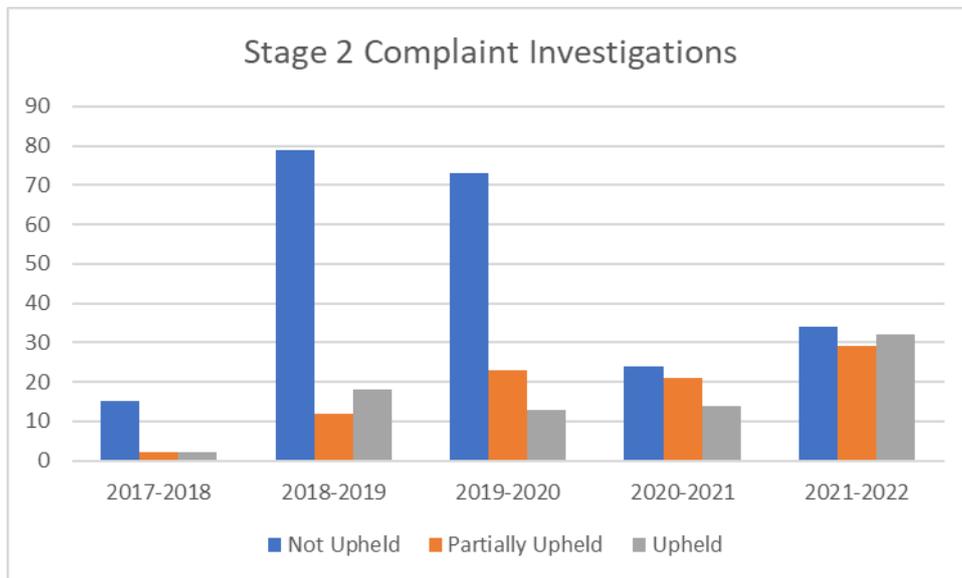
- At the stage 2 assessment, in all quarters, over 50% of complaints are upheld or partially upheld. The three departments with most stage 2 assessments are Household Waste, Development Management and Parking, respectively. Requests to escalate complaints for Development Management are upheld/partially held in 50% of cases. Meanwhile, requests to escalate complaints for Household Waste were upheld/partially held in 82% of cases. Parking complaints were upheld in 42% of cases.

## Information Governance Report 2021-2022

### STAGE 2



- The number of stage 2 complaints has increased over the past year, from 59 to 95. The average number of complaints per year since 2017 is 99.
- The target of 100% of assessments to be completed on time stands as 95% across all years. The target was achieved on the following occasions: Q2 and Q3 2017-2018, Q1 2019-2020, Q3 2020-2021, Q3 and Q4 2021-2022. This target, less 10% tolerance, has not been met on four occasions.



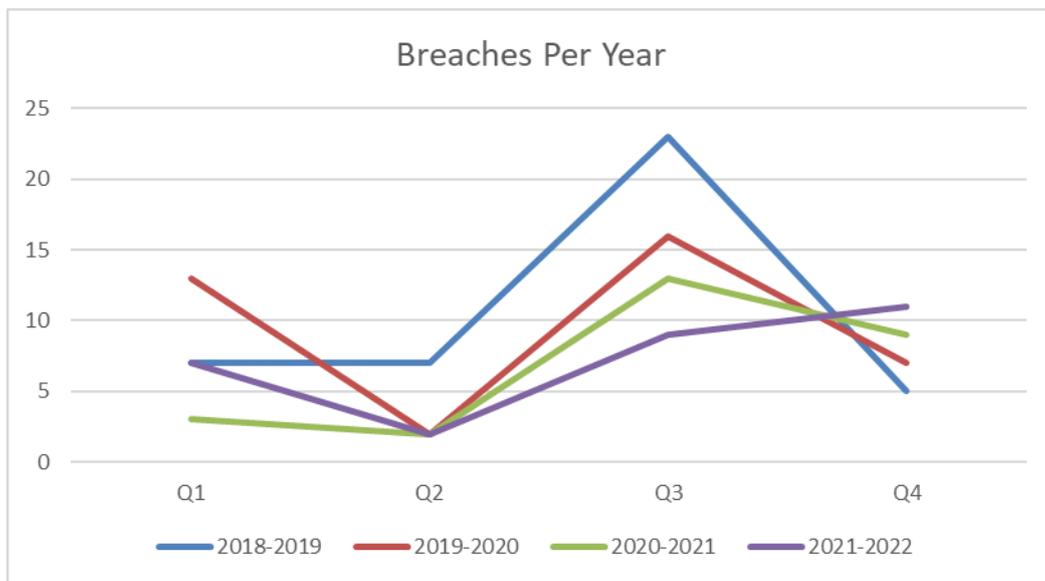
- The number of complaints upheld/partially upheld has increased in the past year, going from 59 to 95.
- The department with the highest number of upheld complaints is Household Waste. The number of complaints for Household Waste exceeds all others and when removed from the statistics the data shifts towards majority of stage 2 complaints not being upheld.

# Data Breaches

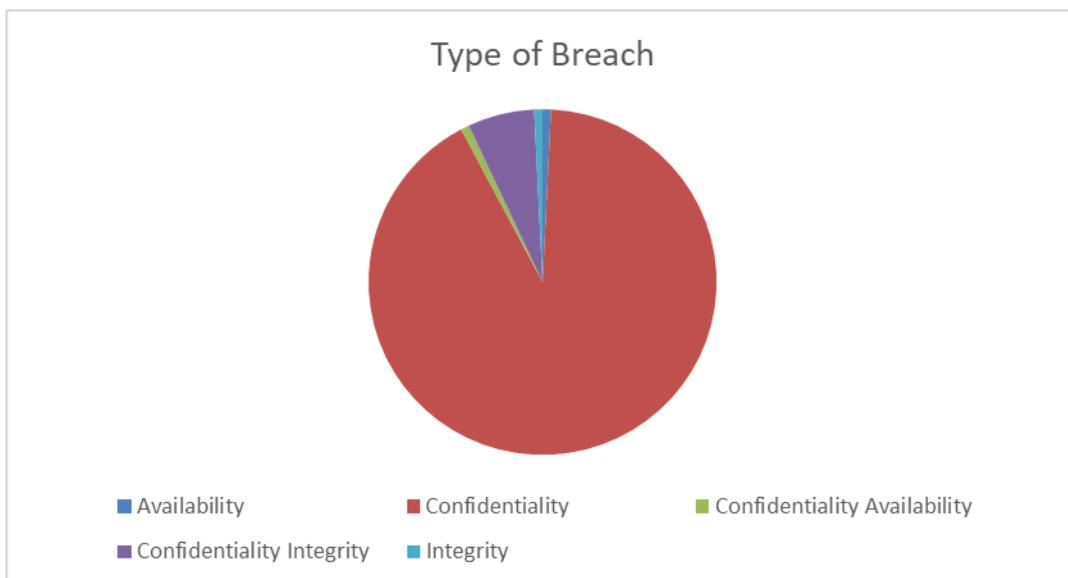
## PROCESS

- A personal data breach is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.
- Breaches are reported to the Information Management Group quarterly.

## BREACHES



- The number of data breaches has largely decreased year on year since 2018. Quarter 3 is the most common period for breaches occurring, with November being the busiest month. However, there are no discernible causes that attribute the number of breaches to a particular time of year.



- The most common cause for breaches is a loss of confidentiality. This is typically caused by post or e-mails being sent to the wrong person.

**Information Governance Report  
2021-2022**

**What is the overall level of residual risk after taking additional measures?**

**Start Date** 01/04/2021 **End Date** 31/03/2022

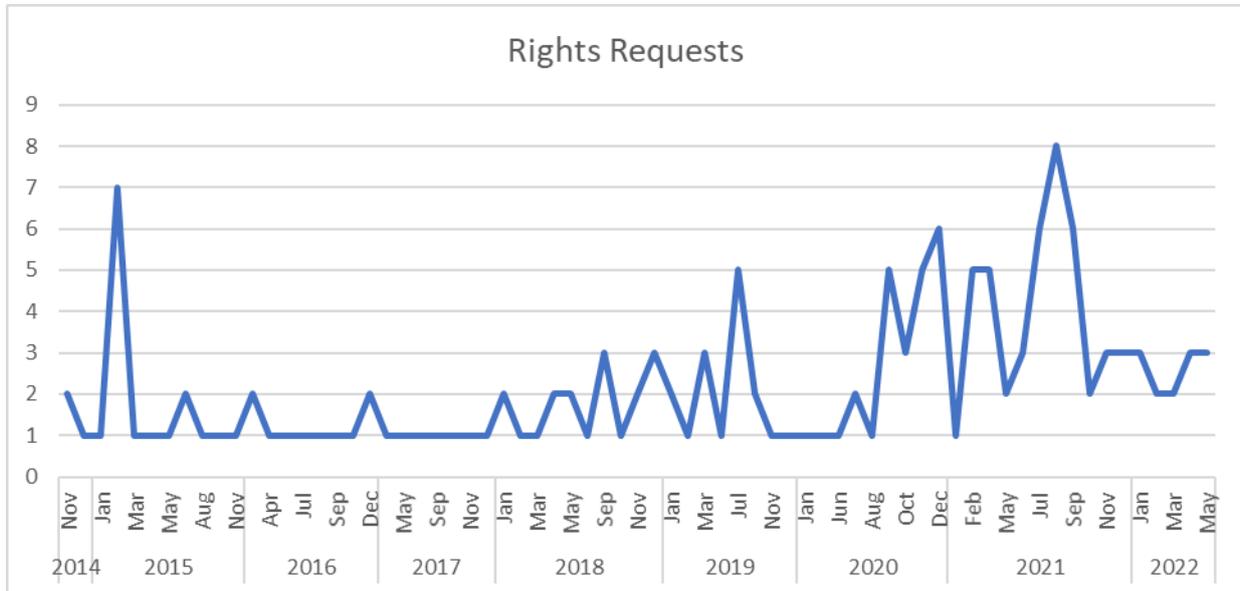
<b>3</b>	<b>No risk - no data breach has not occurred.</b>
----------	---

<b>SEVERITY OF IMPACT</b>	<b>Serious Harm</b>	Medium Risk <b>0</b>	High Risk <b>1</b>	High Risk <b>0</b>
	<b>Some Impact</b>	Low Risk <b>17</b>	Medium Risk <b>0</b>	Medium Risk <b>0</b>
	<b>Minimal Impact</b>	Very Low Risk <b>7</b>	Low Risk <b>1</b>	Low Risk <b>0</b>
		<b>Remote</b>	<b>Reasonable Possibility</b>	<b>More Likely Than Not</b>
		<b>LIKELIHOOD OF HARM</b>		

29	Count of breaches on matrix.
29	Total number of breaches.
<b>Match</b>	Check total breaches matches date range.

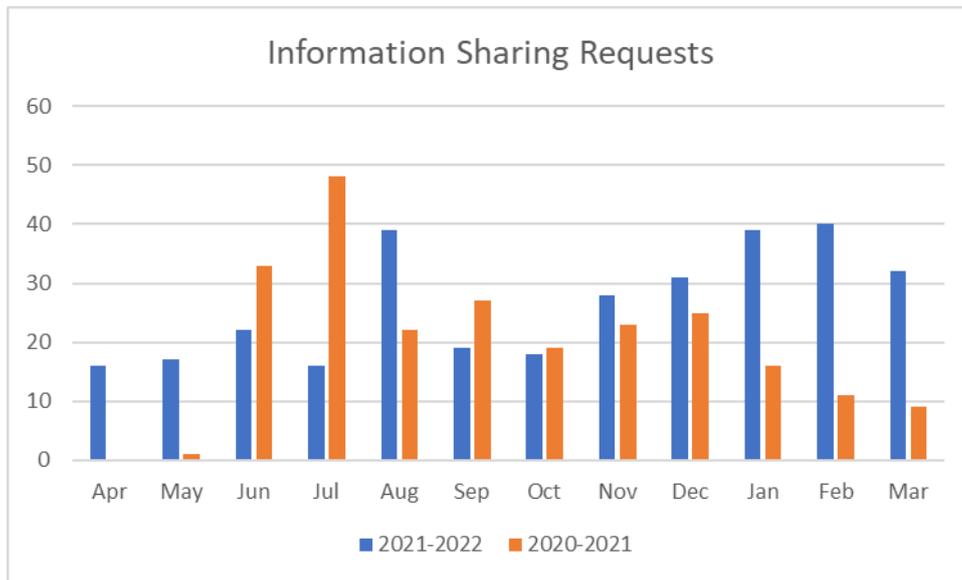
- Breaches are assessed on a risk matrix, based on severity against likelihood of harm. The majority of Council breaches are low risk.
- For the past year, the breaches have followed the current trend of low risk, falling under Some Impact, Remote Harm. On three occasions employees reported incidents that were not considered to be data breaches after the investigation has been completed.

# Rights Requests

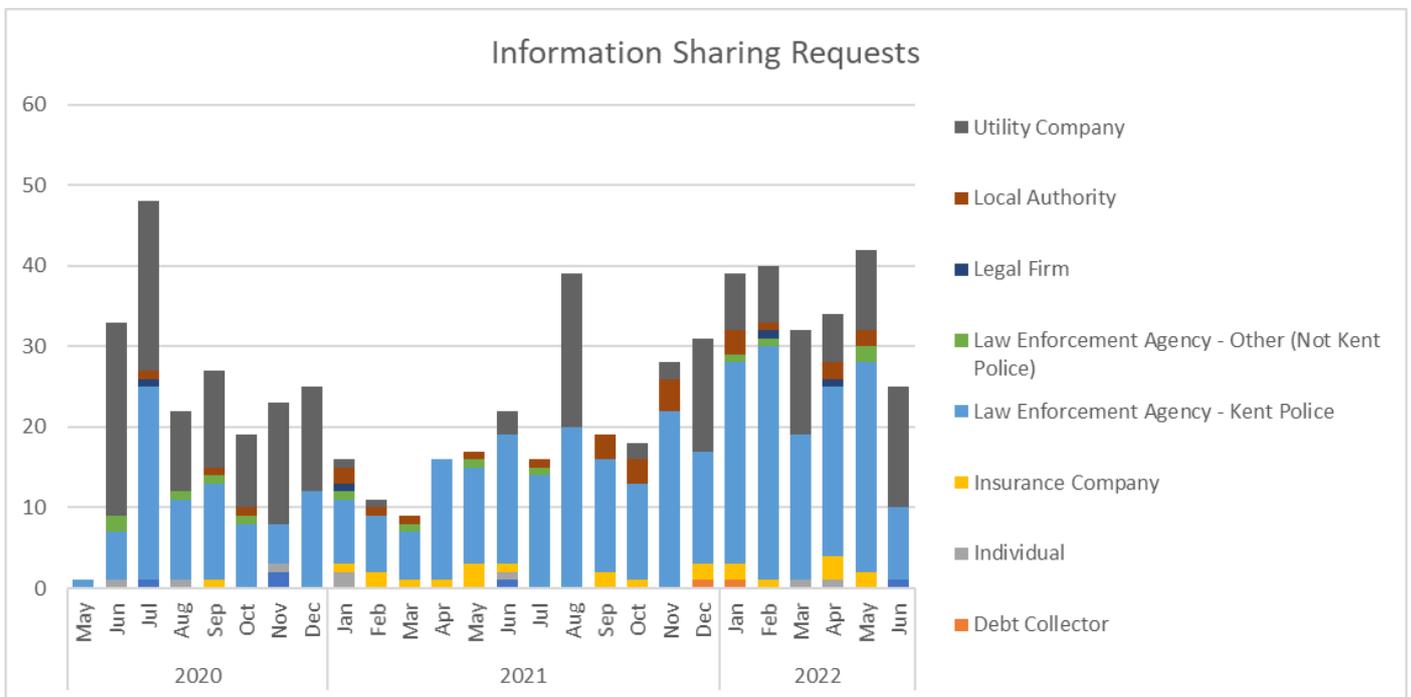


- There are 7 types of rights requests including: subject access requests and erasure requests.
- The number of requests for these have steadily been increasing since the implementation of GDPR in May 2018.
- July typically sees an increase in requests compared to other months but no underlying cause for this has been identified.

# Information Sharing Requests



- The format for data collection on information sharing requests was changed in 2020 so the current data only goes back two years.
- Over the past two years there has been an increase from 234 to 317 in the number of requests received. The majority of requests are received from the police, followed by requests from insurance companies, predominantly for CCTV.



- The total number of information sharing request received since May 2020 is 652 requests. In total the Council has received 366 requests from Kent Police and 13 from other law enforcement agencies. Of the 366 requests from Kent Police, 356 have been for CCTV footage. This equates to 55% of all information sharing request received and 97% of the requests from Kent Police. Of the 13 from other law enforcement agencies, 4 have been for CCTV footage. This equates to 2%

**Information Governance Report  
2021-2022**

of all information sharing request received and 31% of the requests from other law enforcement agencies.

20 July 2022

*By email*

Ms Broom  
Chief Executive  
Maidstone Borough Council

Dear Ms Broom

### **Annual Review letter 2022**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

**Compliance with recommendations** - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your

Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

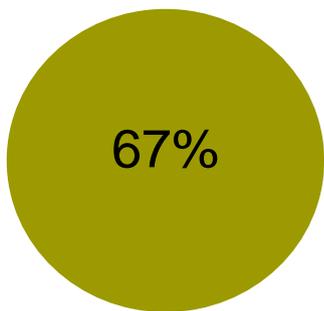
We were pleased to deliver an online complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

### Complaints upheld



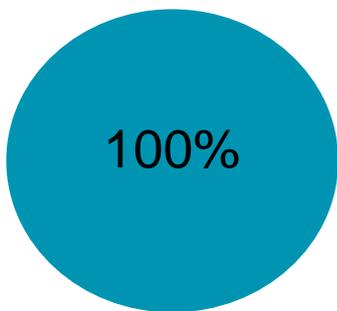
**67%** of complaints we investigated were upheld.

This compares to an average of **51%** in similar organisations.

**4**  
upheld decisions

Statistics are based on a total of **6** investigations for the period between 1 April 2021 to 31 March 2022

### Compliance with Ombudsman recommendations



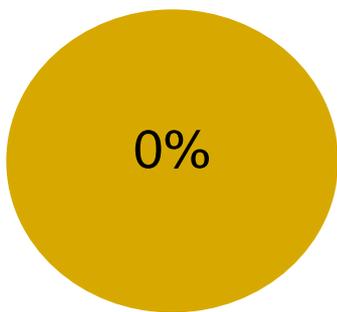
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **2** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **20%** in similar organisations.

**0**  
satisfactory remedy decisions

Statistics are based on a total of **4** upheld decisions for the period between 1 April 2021 to 31 March 2022

**Maidstone Borough Council**  
**Data Protection Action Plan**

Last Updated: 03 November 2022

Ref No.	Action	ICO Description	Priority (RAG)	Start Date	End Date	Responsible	Status	Commentary November 2021	Commentary November 2022
DP01	All data protection, records management and information security policies need to be reviewed and updated.	Policies should: clearly outline roles and responsibilities, be easily available and sign posted, have a clear review date. Review use of consents information sharing, information risk, data breaches, DPIAs.	High	17/11/2020	31/12/2020	Data Protection Officer	Complete	Policies reviewed. DPAS carrying out review as part of CCTV. Refer to ICO Self Assessment.	All policies have been reviewed and arrangements are in place to review these every three years. The next review will be in 2023. This action has now been marked as complete.
DP02	Operational guidance and procedures needs to be reviewed and updated.	Procedures should clearly outline roles and responsibilities, internal and external transfer of data be easily available and sign posted, have a clear review date, introduce new procedures around method of recording individual's right to dispute Whilst privacy notices and statements are updated processes aren't in place to update customers in these circumstances. Review consents, review information sharing, DPIAs, data breaches.	High	17/11/2020	31/12/2020	Data Protection Officer	Complete	Guidance and procedures updated and published on the intranet.	All guidance has been reviewed and arrangements are in place to review these every three years. The next review will be in 2023. This action has now been marked as complete.
DP03	Promote updated policies and guidance for staff.		Medium	04/01/2021	31/01/2021	Deputy Data Protection Officer	Complete		Included as part of Data Protection Week in January 2022. This action has now been marked as complete.
DP04	Explore ways of recording that staff have read policies and procedures.		Medium	01/12/2020	31/12/2020	Data Protection Officer	In Progress	System is currently being explored which would allow for recording.	Two systems have been reviewed, however currently the cost outweighs the benefit to the organisation. Alternative creative activities could be explored, to allow staff to test and engage their knowledge from policies.
DP05	Data protection pages to be made more visible.		Medium	04/01/2021	31/01/2021	Information Governance Officer	Complete		
DP06	Job descriptions for MG, AW, AC, OS and LC need to be updated.		Medium	16/11/2020	30/11/2020	Senior Information Risk Owner	Complete		Completed during restructure in 2021. This action has now been marked as complete.
DP07	Create dashboard to monitor data protection activity.		Medium	01/11/2020	31/03/2020	Data Protection Officer	Complete		
DP08	Review Logs to ensure best practice - Rights Requests, Information Sharing, DPIA and Data Breach need to be reviewed.		High	17/11/2020	30/11/2020	Deputy Data Protection Officer	Complete	System is currently being explored which would allow for recording. DPAS is looking at information sharing.	All logs have been reviewed and updated to reflect best practice. This action has now been marked as complete.
DP09	Recording Processes to be reviewed to ensure they can be handed over to new staff or other team members if required.		Low	17/11/2020	31/12/2020	Information Governance Officer	Complete		Standard operating procedures have been produced and shared with the Information Governance Team. This action has been marked as closed.
DP10	Rolling agenda to be introduced for Operational Data protection meetings.		Medium	07/10/2020	07/10/2020	Data Protection Officer	Complete		
DP11	Action Points of operational meetings to be kept and reviewed each meeting.		Medium	22/10/2020	22/10/2020	Information Governance Officer	Complete		
DP12	Develop data protection training programme including specialist training, induction training, eLearning, managers briefings, team talks and adhoc team briefings.	Training should: Cover individuals rights, DPIA, consents, information sharing, privacy, information security, data breaches. Be developed with Learning and Development Mgr. Cover a mixed learning approach. Be signed off by WLT. Roles where training should be specialist should be identified, If you obtain personal data from a source other than the individual it relates to, privacy information is provided to individuals within a reasonable period no later than one month of obtaining the data.	High	04/01/2021	31/03/2021	Deputy Data Protection Officer	Complete	eLearning is in place, speciality training for information sharing.	An external consultant delivered specialist information sharing training to departments between May-July 2022. A bespoke session on keeping personal data safe was delivered in house in January 2022, to align with Data Protection Day. Refresher training on information governance, tailored to departments, has been on-going since May 2022. The training is scheduled to be completed by December 2022. This action has now been marked as closed.
DP13	Undertake programme of information audits.	Audits should include: an audit of all forms to ensure privacy statement is correct, an audit of privacy notices, an audit of all systems to review progress in erasure, anonymisation, introduce regular survey as part of the programme of ongoing audits. Review use of consents, and audit of the asset register, and agreements with any third parties used to transfer business information between your organisation and third parties. Audits should added to the agenda for operational meetings and information management group, the ROPA should be updated alongside the audits .	Low	01/01/2023	31/12/2023	Deputy Data Protection Officer	Not Started	Postponed. Looking at next year for this to cover physical and electronic data.	The project plan for this is being currently being produced. The plan will be finalised and presented to the Data Protection Operational Team in December 2022, in preparation for commencement in 2023. Start and end dates revised to reflect this.
DP14	Redesign privacy notice.	Design of Privacy Notices should consider: User testing, Electronic and hard-copies, using a combination of appropriate techniques, such as a layered approach, icons and mobile and smart device functionalities.	High	07/12/2020	28/02/2021	Deputy Data Protection Officer	Complete		A new template for privacy notices was agreed by the Data Protection Operation Team June 2022. As data protection review are completed departments will be moved over to the new format. This action has now been marked as closed.
DP15	Audit Privacy Notices.	Privacy Notices should be: held in a structured way, including log of former Privacy notices. Review use of consents	Medium	01/01/2023	31/12/2023	Data Protection Officer	Not Started		This will be combined with the programme of information audits. Start and end dates revised to reflect this. Refer to action DP13.

Ref No.	Action	ICO Description	Priority (RAG)	Start Date	End Date	Responsible	Status	Commentary November 2021	Commentary November 2022
DP16	Introduce new measures in leadership team to ensure projects with Data Protection Risks are identified.		High	07/11/2020	31/01/2021	Senior Information Risk Owner	Complete		Information Governance Reports are provided to CLT mid year and annually.
DP17	Develop regular programmed points of review of the ROPA in line with audits and survey of officers.		Medium	01/01/2023	31/12/2023	Data Protection Officer	Not Started		This will be combined with the programme of information audits. Start and end dates revised to reflect this. Refer to action DP13.
DP18	Review Procurement and Data Protection risks.		Medium	TBC	TBC	Data Protection Officer	Not Started		External advice being sought.
DP19	Develop information Risk Register.		Low	16/11/2020	28/02/2021	Data Protection Officer	Not Started	External advice being sought. Include in corporate risk register.	Project delayed due to change in staff in Mid Kent Audit. Project hasn't been revisited due to reprioritisation of work. Re timetabled for mid/late 2023.
DP20	Project documentation should be updated to include reference to DPIAs.		Medium	TBC	TBC	Data Protection Officer	Complete	To be undertaken as part of transformation review.	Completed however more work is required as part of culture change activities to ensure staff consider DPIA at earliest opportunity
DP21	Publish DPIAs on website.		Low	01/11/2022	31/03/2024	Deputy Data Protection Officer	Not Started		New DPIA templated agreed in October 2022. All current DPIAs are scheduled to be reviewed by 31/03/2022. Arrangements for publishing DPIAs, including criteria, process and format is planned for 2023-2024. Start and end dates updated to reflect this.
DP22	Introduce programme of data quality reviews.		Low	17/11/2020	31/12/2020	Deputy Data Protection Officer	Not Started		Delays due to issues recruiting to data analytics team and then issues recruiting maternity cover. Discussions with Audit as featured as part of their review of performance management, that the reviews will need to be overstaffed as the data quality reviews are time consuming. Agreed reviews will be implemented across Information Governance and Data analytics when both teams are full staffed in early 2023.
DP23	Retention schedule review.		Medium	01/01/2023	31/12/2023	Data Protection Officer	Not Started	Undertake alongside information audits.	This will be combined with the programme of information audits. Start and end dates revised to reflect this. Refer to action DP13.
DP24	Introduce retention review programme.		Medium	01/01/2023	31/12/2023	Data Protection Officer	Not Started		This will be combined with the programme of information audits. Start and end dates revised to reflect this. Refer to action DP13.
DP25	Review log of access to systems holding data.		Medium	01/01/2023	31/12/2023	Data Protection Officer	Not Started		This will be combined with the programme of information audits. Start and end dates revised to reflect this. Refer to action DP13.
DP26	Develop a social media policy.		Low	TBC	TBC	Data Protection Officer	Complete		
DP27	Clear desk policy.		Low	01/01/2022	31/12/2022	Deputy Data Protection Officer	Complete	To be implemented when return to office.	Clear Desk Policy already in place from May 2019. This action has been marked as complete to reflect this.
DP28	Develop page on website to provide to residents in cases of breach or if have privacy concerns.		Low	01/11/2022	31/12/2022	Information Governance Officer	Not Started		To be completed when updating the data protection information on the website to address common queries. Start and end dates revised to reflect this.
DP29	Develop advice sheet to provide to residents in cases of breach or if have privacy concerns.		Low	04/01/2021	31/03/2021	Deputy Data Protection Officer	Complete		Information provided during Data Protection Week in January 2022 via social media. This action has now been marked as complete.
DP30	Ensure data protection and Information management is routinely on audit plan.		Low	02/02/2021	31/03/2021	Senior Information Risk Owner	Complete		
DP31	Ensure that performance indicators are added to Information management agenda.		Medium	01/11/2020	30/11/2020	Information Governance Officer	Complete		
DP32	Complete CCTV Review.		High	15/11/2022	31/03/2023	Data Protection Officer	In Progress		Tender completed. Work due to commence in November 2022. End date revised according to project plan.

# Agenda Item 13

## **Audit, Governance and Standards Committee**

**14 November 2022**

### **Internal Audit Interim Report 2022-23**

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Head of Service</b>	Alison Blake – Interim Head of Internal Audit
<b>Lead Officer and Report Author</b>	Alison Blake – Interim Head of Internal Audit
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

This report summarises the work towards completing the 2022/23 Audit & Assurance Plan agreed by this Committee in March 2022. It also gives updates on changes within the Mid Kent Audit Partnership.

#### **Purpose of Report**

Noting

#### **This report makes the following recommendations to this Committee:**

1. That work completed so far on the 2022/23 Audit & Assurance Plan be noted.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance and Standards Committee	14 <sup>th</sup> November 2022

# Internal Audit Interim Report 2022-23

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Alison Blake – Interim Head of Audit Partnership
<b>Cross Cutting Objectives</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Alison Blake – Interim Head of Audit Partnership
<b>Risk Management</b>	The report introduces no risks that require separate description in the Council’s risk registers, nor materially impacts any currently described.	Alison Blake – Interim Head of Audit Partnership
<b>Financial</b>	The report author confirms that remaining work will be completed within agreed budgets and within agreed staffing levels.	Section 151 Officer & Finance Team
<b>Staffing</b>	Remaining work will be completed within agreed budgets and within agreed staffing levels.	Alison Blake – Interim Head of Audit Partnership
<b>Legal</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Interim Team Leader (Contentious and Corporate Governance)
<b>Privacy and Data Protection</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Policy and Information Team
<b>Equalities</b>	The report is for noting only, providing Members an update on progress. It seeks no new decisions and makes no new proposals. An EqIA will not be required.	Equalities & Communities Officer
<b>Public Health</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Public Health Officer

<b>Crime and Disorder</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Alison Blake – Interim Head of Audit Partnership
<b>Procurement</b>	The audit support contracts mentioned in the report are being progressed in consultation with the shared procurement service.	Alison Blake – Interim Head of Audit Partnership
<b>Biodiversity and Climate Change</b>	The report is for noting only, providing to Members an update on progress. It seeks no new decisions and makes no new proposals.	Biodiversity and Climate Change Manager

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 This Committee approved the 2022/23 Audit & Assurance plan in March 2022. This report summarises progress towards delivering the plan up to 31 October 2022 and sets out the path towards completing the plan over the next 6 months. It also provides updates on staffing within the service.
- 2.2 The new Head of Audit Partnership will update Senior Management and Members once she starts in December as to whether the service holds sufficient resource to accumulate enough evidence to support a year end opinion.

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## **3. AVAILABLE OPTIONS**

- 3.1 We present the report for Member information and for noting.

---

## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 We present the report for Member information and for noting.

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## **5. RISK**

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

6.1 We present the report for Member information and for noting. There has been no formal consultation, but its content has been discussed with the Director of Finance, Resources and Business Improvement.

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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

7.1 We present the report for Member information and for noting.

---

## **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: Internal Audit Interim Report 2022/23
- 

## **9. BACKGROUND PAPERS**

Various referenced background papers and guidance documents are included as hyperlinks within Appendix 1

**MID KENT AUDIT**

# **Interim Internal Audit & Assurance Report**

**November 2022**

**Maidstone Borough Council**



# MID KENT AUDIT

## Introduction

1. The Institute of Internal Audit gives the mission of internal audit: to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
2. The mission and its associated [code of ethics](#) and [Standards](#) govern over 200,000 professionals in businesses and organisations around the world. Within UK Local Government, authority for internal audit stems from the [Accounts and Audit Regulations 2015](#). The Regulations state services must follow the [Public Sector Internal Audit Standards](#) – an adapted and more demanding version of the global standards. Those Standards set demands for our reporting.

## Audit Charter

3. This Committee approved our *Audit Charter* in September 2021, and it remains in place through this audit year. A revised Audit Charter will be presented to the Audit Committee once the new Head of Audit Partnership is in place.

## Independence of internal audit

4. Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. A Shared Service Board including representatives from each council supervises our work based on our collaboration agreement.
5. I confirm we have worked with full independence as defined in our Audit Charter and Standard 1100. On no occasion have officers or Members sought or gained undue influence over our scope or findings.

## Management response to risk

6. We include the results of our work in the year so far later in this report. In our work we often raise recommendations for management action. During the year so far, management have agreed to act on all recommendations we have raised. We report on progress towards implementation in the section titled *Agreed Actions Follow Up Results*.
7. There are no risks we have identified in our work that we believe management have unreasonably accepted.

# MID KENT AUDIT

## Resource Need

8. We reported in our plan presented to this Committee in March 2022 an assessment on the resources available to the audit partnership for completing work at the Council. That review decided:

*MKA has the skills and expertise to deliver the 2022/23 Audit Plan and it is confirmed that planned audit work will enable a Head of Audit opinion for 2022/23 to be delivered in Spring 2023.*

9. Since March 2022 we have experienced further change within the audit team:
- One of our apprentices left for a more senior role elsewhere. While we're always pleased to support development, their loss has left a notable gap in the team that we have not yet recruited to.
  - The Interim Audit Manager Julie Hetherington is due to leave at the end of November 2022, and the Interim Audit Manager Andy Billingham is due to leave the end of January 2023.
  - The Deputy Head of Audit post has been deleted.
  - The new Head of Audit Partnership (Katherine Woodward) will start on 5 December 2022.
10. The result is the team currently has 2 vacancies and will shortly have another. The new Head of Audit Partnership will decide on a new structure once in post.
11. To fill the staffing gap, we prepared a market tender to seek contractor support in completing the 2022/23 audit and assurance plans. This contract was recently awarded for work to take place from November to April.
12. Despite all this change we continue to make progress through the Audit Plan although overall delivery of the plan has been impacted.

# MID KENT AUDIT

## Audit Plan Progress: Closing 2021/22

13. In July, there was one audit engagement, relating to Planning Performance Agreements, approaching completion that did not finish in time for Committee deadlines. See Appendix I for our summary findings for this remaining engagement. The results of this audit will now feed into the Head of Audit Partnership annual assurance opinion for 2022/23.

## Audit Plan Progress: Beginning 2022/23

14. The table below shows current and expected progress through the engagements described in the 2022/23 Audit Plan:

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
			Property Acquisition and Disposal					
			Crematorium					
			Business Continuity					
						Subsidiary Company Governance		
						Property Income (Commercial)		
						Facilities Management		
							Capital Projects Funding	
							Member Development	
							CCTV Monitoring	
							Theatre Operations	
			Workforce Planning*					
			IT Project Management*					
			Discretionary Housing Payments *					
			Waste Contract Tendering *					
							Food Safety *	
							Private Water Supply *	

\* shared service audit, work will include all authorities included in the shared service

15. The Property Acquisition & Disposal and Crematorium audits have been finalised and Appendix II contains a summary of our findings for these engagements.

# MID KENT AUDIT

16. The audit plan included completion of all High priority engagements and a minimum of seven Medium priority engagements. The following table lists the audits currently unallocated due to resource constraints – these will be reviewed by the new Head of Audit once they are in post.

Audit	Risk Rating
Economic Development	High
IT Back-Up & Recovery	High
Network Security	High
Residential Property Repairs & Maintenance	High
Asset Register	Medium
Budgetary Control	Medium
Building Control	Medium
Complaint Handling	Medium
Electoral Registration	Medium
Garden Waste	Medium
Health Team	Medium
Markets	Medium
Planning Enforcement	Medium
Staff Performance Management	Medium

## Other work and overall progress

17. Our work on overseeing, updating, and reporting on risk has continued during the year in line with the Risk Management Framework. As well as the routine cycle of work we have put in place a risk management software package called JCAD. Implementation of this software is allowing us to further settle and develop risk management across the Council. Audit, Governance & Standards Committee will receive a detailed report on the risk management framework in March 2022.
18. We have supported the Council in reviewing two specific areas. Firstly, we reviewed Residential Statutory Safety checks to ensure the Council has appropriate processes in place to complete and record statutory checks of its properties. Secondly, we reviewed overtime arrangements within the Environmental Services & Public Realm service. We have no significant concerns to raise from either review.

# MID KENT AUDIT

19. The table below also summarises (up to 31<sup>st</sup> October) current days on audit plan progress.

Plan Area	Plan Days	Actual to 31-Oct-22
Risk Based Audits	280	109
Following up of agreed actions	30	10
Consultancy & Member Support	70	34
Risk Management	58	29
Planning	24	6
Counter Fraud & Governance Support	28	17
<b>Total</b>	<b>490</b>	<b>205</b>

20. We will keep the plans under review to maximise delivery of high-risk audit work. Once the new Head of Audit is in post, they will review progress and anticipated overall delivery of the audit plans.

## Agreed Actions Follow Up Results

21. Our approach to agreed actions is that we follow up each as it falls due in line with the plan agreed with management when we finish our reporting. We report progress on implementation to Corporate Leadership Team each quarter. This includes noting any matters of continuing concern and where we have revisited an assurance rating (typically after addressing key actions). In total, we summarise in the table below the current position on following up agreed actions:

	Total	High Priority	Medium Priority	Low Priority
Actions brought into 2022/23	6	0	4	2
New actions agreed in 2022/23	64	7	27	30
<b>Total Actions Agreed</b>	<b>70</b>	<b>7</b>	<b>31</b>	<b>32</b>
Fulfilled by 31 October 2022	23	2	6	15
<b>Actions cfwd past 31 October 2022</b>	<b>47</b>	<b>5</b>	<b>25</b>	<b>17</b>
Not Yet Due	34	2	20	12
Delayed but no extra risk*	13	3	5	5
Delayed with risk exposure	0	0	0	0

\* this includes actions due by the 31<sup>st</sup> October 2022, but for which follow up had not be completed at the time of reporting

# MID KENT AUDIT

## Code of Ethics

22. This Code applies specifically to internal auditors, though individuals within the team must comply with similar Codes for their own professional bodies. The Standards also direct auditors in the public sector to consider the Committee on Standards in Public Life's [\*Seven Principles of Public Life\*](#) (the "Nolan Principles").
23. We have included the Code within our Audit Manual and training for some years. We also have policies and guidance in place on certain specifics, such as managing and reporting conflicts of interest.
24. We can report to Members we remain in conformance with the Code.

## Acknowledgements

25. We achieve these results through the hard work and dedication of our team and the resilience that comes from working a shared service across four authorities.
26. As a management team in Mid Kent Audit, we wish to send our public thanks to the team for their work through the year so far.
27. We would also like to thank Managers, Officers and Members for their continued support as we complete our audit work during the year.

# MID KENT AUDIT

## Appendix I

### Planning Performance Agreements (October 2022)

28. As part of our review and to understand the processes and controls in place for the application of Planning Performance Agreements (PPAs) at Maidstone Borough Council (the Council), we requested and confirmed that there is adequate procedural guidance in place that covers key areas such as: logging PPAs, different types of PPAs, the associated fees chargeable, and the agreement term of a PPA
29. To test a sample of PPAs and to inform an opinion over the operating effectiveness of the procedural guidance outlined above, we requested supporting information, but due to the limited amount of documentation received during fieldwork we were unable to complete testing and cannot provide assurance over all areas identified in the original Audit Brief. Therefore, an assurance rating has not been attributed to this review.
30. Given the execution of PPAs by the Council is a non-statutory and non-mandatory service, our inability to offer an opinion does not impair the assurances over wider Planning Service processes. This context is important when considering this report.
31. From the interviews held with staff and review of the documents which were received, we identified improvements to support the Council in evidencing its budget income and resource requirements for the PPA service are adequately monitored. This will enable the Council to demonstrate appropriately accounting for timescales when delivering PPAs and income targets for each financial year. In addition, we found further improvements are needed to monitor training within the Team to ensure staff have sufficient knowledge to carry out their duties.
  - **Finding Summary:** 4 x Medium priority.

# MID KENT AUDIT

## Appendix II

### 1. Property Acquisition and Disposal (October 2022)

32. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives in Property Acquisition & Disposal.
34. Our testing found the Constitution is easily assessable and outlines the delegation/responsibilities in respect of acquisitions and disposals. We found officers are suitably qualified and/or hold the relevant experience with which to perform the role/responsibilities required. Likewise, our testing found the rationale for acquisitions is clearly documented and evidence is retained to support valuations and condition surveys are undertaken prior to acquisition approval being granted.
35. We have identified some specific areas which could be improved including: -
  - Introducing a unified acquisition and disposal policy/strategy adopted across all council services involved in property acquisition/disposal. We found the current Acquisition & Disposal Strategy and Asset Management Plan (2018-2023) are only used by the Corporate Property team.
  - Procurement of a property management system. We found that at present Corporate Property and Economic Development teams do not have a property management system, although we acknowledge the Corporate Property team are in the process of implementing one.
36. We were unable to test the disposal of property as none has been undertaken in recent years.
  - **Finding Summary:** 2 x Medium priority.

### 2. Crematorium (October 2022)

37. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives in respect of the Crematorium.
38. We found officers are suitably qualified and/or hold the relevant experience with which to perform the role/responsibilities required, cremation paperwork is completed in accordance with legislation, and effective controls are in place to prevent equipment failure. We also found that the fees and charges are correctly

# MID KENT AUDIT

publicised on the Council's website and an effective budget monitoring process is in place.

39. However, we have identified some areas which could be improved including updating procedure/guidance notes, ensuring Funeral Director invoices and memorial sales balance, retaining paperwork in respect of the collection of recyclable metals and ensuring fees/charges approved by Members reconcile to the BACAS system.

- **Finding Summary:** 2 x Medium priority. 3 x Low Priority.

# Agenda Item 14

## **Audit, Governance & Standards Committee**

**14 November 2022**

### **Progress Report on External Audit**

<b>Final Decision-Maker</b>	Audit, Governance & Standards Committee
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager (Client)
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

This report provides the Committee with an update on progress with the audit of the 2020/21 and 2021/22 financial statements.

A representative from Grant Thornton will be in attendance at the meeting to respond to questions.

#### **Purpose of Report**

Noting

#### **This report makes the following recommendations to this Committee:**

1. That progress on the external audits for 2020/21 and 2021/22 be noted.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	14 November 2022

## Progress Report on External Audit

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The status of external audit work does not materially affect achievement of corporate priorities. However, timely financial reporting is part of good governance.	Director of Finance, Resources and Business Improvement
<b>Cross Cutting Objectives</b>	The contents of this report do not have any material impact on the cross-cutting objectives.	Director of Finance, Resources and Business Improvement
<b>Risk Management</b>	This report is presented for information only and has no decisions which give rise to risk management implications.	Director of Finance, Resources and Business Improvement
<b>Financial</b>	Provision is made within the budget for the external audit fee.	Director of Finance, Resources and Business Improvement
<b>Staffing</b>	No implications identified.	Director of Finance, Resources and Business Improvement
<b>Legal</b>	The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities.	Director of Finance, Resources and Business Improvement
<b>Privacy and Data Protection</b>	None identified.	Director of Finance and Business Improvement

<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment.	Equalities And Communities Officer
<b>Public Health</b>	No implications identified.	Director of Finance, Resources and Business Improvement
<b>Crime and Disorder</b>	No implications identified.	Director of Finance, Resources and Business Improvement
<b>Procurement</b>	No implications identified.	Director of Finance, Resources and Business Improvement
<b>Biodiversity and Climate Change</b>	There are no implications on biodiversity and climate change.	Director of Finance, Resources and Business Improvement

## **2. INTRODUCTION AND BACKGROUND**

2.1 This report sets out progress with the 2020/21 and 2021/22 audits. A representative from Grant Thornton will attend the Committee meeting to respond to questions.

### **2020/21 Statement of Accounts**

2.2 In accordance with Accounts and Audit Regulations, the Council was required to have its audited Statement of Accounts for the 2020/21 financial year approved by 30 September 2021. Accordingly, draft accounts were prepared by officers in time for the meeting of this Committee on 28 September 2021.

2.3 The external audit of the accounts by Grant Thornton was in progress at the time of publishing the agenda for the 28 September 2021 meeting. Unfortunately, after the agenda was published, officers were advised by Grant Thornton that although substantial progress had been made with the audit, it would not be possible to present an audit findings report to the Committee.

2.4 It was agreed by the Committee that approval of the accounts could be deferred to the next meeting of the Committee, scheduled to be held on 15 November 2021.

- 2.5 At the meeting of the Committee on 15 November 2021, the Statement of Accounts for 2020/21 was presented again. A number of minor amendments to the draft Statement that was presented in September had been incorporated in the Statement. None of these changes were significant and there had been no changes to the primary statements other than some presentational amendments. The Committee approved the accounts subject to the satisfactory resolution of outstanding issues referred to in Grant Thornton's Audit Findings report and delegated approval of any further non-material changes to the Director of Finance and Business Improvement in consultation with the Chairman of the Committee.
- 2.6 Grant Thornton had still not completed their audit work, but in their Audit Findings report, presented to the Committee, they stated that 'our work is substantially complete'. They also stated that they had identified no material adjustments that would impact the Council's General Fund balance, and they anticipated issuing an unmodified audit report.
- 2.7 At the next meeting of the Committee on 17<sup>th</sup> January 2022, Grant Thornton stated that they were engaging with the finance team to finalise work on outstanding testing and quality review queries. In their report to the Committee, Grant Thornton stated that they anticipated giving an audit opinion by 31 January 2022.
- 2.8 The audit opinion was not issued by 31 January 2022, but the Grant Thornton partner assured the Director of Finance and Business Improvement that the audit report would be ready for the next meeting of the Audit Governance and Standards Committee on 14<sup>th</sup> March 2022.
- 2.9 In the event, the audit report was not ready for the meeting on 14<sup>th</sup> March. The Grant Thornton partner, Paul Dossett, attended the meeting and described staffing issues that the firm was facing. He explained that the team which had started the audit of the Council's accounts was no longer working on local government audits, which had delayed progress with the audit.
- 2.10 It was hoped that the completed accounts could be brought to the Committee meeting on 27<sup>th</sup> July 2022, but in a communication with the Director of Finance and Business Improvement on 12<sup>th</sup> July, Grant Thornton stated: 'A number of amendments to the financial statements have been required in respect of the accounting treatment for the Brunswick Street and Union Street housing projects. We are currently discussing these amendments with the Council. Subject to completion of the outstanding work we anticipate giving an unqualified opinion on the 2020/21 financial statements'. The Council had in fact anticipated that the treatment of these projects might be subject to differing interpretations and had set out their proposed treatment in a note to Grant Thornton in August 2021, but Grant Thornton did not respond with their views at the time. The Council's position then, and subsequently, has always been that we are content to adopt whatever accounting treatment is agreed with Grant Thornton to be correct from a technical viewpoint.
- 2.11 Grant Thornton expressed an aspiration to complete the 2020/21 accounts audit in time for the meeting of this Committee on 27<sup>th</sup> September 2022. The signed audit opinion was not received by then, but Paul Dossett attended the meeting and stated that he was content that all outstanding issues had been resolved. He anticipated that the opinion would be issued by the end of the following week, ie by 7<sup>th</sup> October 2022.

2.12 The opinion was not issued then and had still not been issued at the time of writing this report. However, Grant Thornton have told the report author that they expect to be able to sign the accounts on 14<sup>th</sup> November 2022, ie the date of the Audit Governance and Standards Committee meeting, and an updated Audit Findings report will be provided at the same time. The Audit Findings report will be circulated to Members of the Committee as soon as it is available.

### **2021/22 Statement of Accounts**

2.13 In accordance with Accounts and Audit Regulations, the Council was required to have its audited Statement of Accounts for the 2021/22 financial year approved by the Audit, Governance and Standards Committee by 30 November 2022. The deadline was moved back from the end of September in recognition of the fact that very few 2020/21 audits were actually completed by the end of September 2021, so a September deadline is no longer realistic.

2.14 Draft accounts were prepared for Maidstone Borough Council by officers for the meeting of this Committee on 26 July 2022. Grant Thornton's original timetable was for the audit to be carried out in August 2022, which would have given a reasonable prospect of the audit being completed by the deadline of 30 November 2022.

2.15 In the event, the audit did not take place in August. At the last meeting of this Committee, Grant Thornton presented their Audit Plan for 2021/22. This stated that their final audit visit would start in October 2022 with audit work being completed by the end of December 2022. As at the time of writing this report, the final audit has not started, so unfortunately there is no prospect of meeting the 30 November deadline.

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## **3. AVAILABLE OPTIONS**

3.1 As the committee charged with responsibility for overseeing the financial reporting process, the Audit, Governance and Standards Committee is asked to note the position described in this report.

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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

4.1 The report is for noting only.

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## **5. RISK**

5.1 This report is presented for information only and has no decisions which give rise to risk management implications.

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## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

6.1 No consultation has been taken in relation to this report.

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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

7.1 Next steps will be outlined within the external auditor's Audit Findings report.

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## **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: External Auditor's Audit Findings report 2020/21 (to follow)
- 

## **9. BACKGROUND PAPERS**

None

# Agenda Item 15

## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

**14 November 2022**

### **Budget Strategy – Risk Assessment Update**

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Head of Service/Lead Director</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Lead Officer and Report Author</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

Current projections continue to indicate that the Council will remain within budget for the current financial year, with pressures such as the increase in the cost of providing temporary accommodation offset by savings elsewhere.

At the time of writing, the position for subsequent years is very unclear. Apart from the multiple sources of uncertainty in the external environment, particularly the future path of inflation, it is not known at this stage what the impact this Council will see from the measures to be outlined by the Chancellor on 17 November 2022 and the forthcoming local government finance settlement for 2023/24.

#### **This report makes the following recommendations to this Committee:**

That the Audit Governance and Standards Committee notes the updated risk assessment of the Budget Strategy provided at Appendix A.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance and Standards Committee	14 November 2022

# Budget Strategy – Risk Assessment Update

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Director of Finance, Resources and Business Improvement
<b>Cross Cutting Objectives</b>	The cross cutting objectives are reflected in the MTFS and the budget.	Director of Finance, Resources and Business Improvement
<b>Risk Management</b>	Matching resources to priorities in the context of the significant pressure on the Council's resources is a major strategic risk. Specific risks are set out in Appendix A.	Director of Finance, Resources and Business Improvement
<b>Financial</b>	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.	Director of Finance, Resources and Business Improvement
<b>Staffing</b>	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Director of Finance and Business Improvement
<b>Legal</b>	The Council has a statutory obligation to set a balanced budget and development of	Director of Finance, Resources and

	the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Business Improvement
<b>Privacy and Data Protection</b>	No implications.	Director of Finance, Resources and Business Improvement
<b>Equalities</b>	The Council's budgeted expenditure will have a positive impact as it will enhance the lives of all members of the community through the provision of resources to core services. In addition it will affect particular groups within the community. It will achieve this through the focus of resources into areas of need as identified in the Council's strategic priorities.	Director of Finance and Business Improvement
<b>Public Health</b>	None identified.	Director of Finance, Resources and Business Improvement
<b>Crime and Disorder</b>	None identified.	Director of Finance, Resources and Business Improvement
<b>Procurement</b>	None identified.	Director of Finance, Resources and Business Improvement
<b>Biodiversity and Climate Change</b>	None identified.	Director of Finance, Resources and Business Improvement

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The remit of the Audit Governance and Standards Committee includes consideration of risk. Members have requested that the Budget Risk Matrix and Risk Register be updated and reported to each meeting of the Committee, so that it continues to be fully briefed on factors likely to affect the Council's budget position.

### **Current financial position - Revenue**

- 2.2 The Council set a balanced budget for 2022/23, including an additional provision of £1.3 million for the expected impact of higher inflation on the Council's input costs.
- 2.3 Current financial monitoring indicates that a surge in the numbers presenting as homeless and requiring temporary accommodation will give rise to an additional pressure in 2022/23 of around £600,000. Inflationary pressures can be contained within the provision made in the budget and anticipated underspends elsewhere will offset the £600,000 pressure and allow the Council's budget to remain within balance overall.
- 2.4 The Council's balance sheet position remains strong. At the start of the financial year 2022/23, unallocated General Fund reserves amount to £9 million. Short-term investments – cash or equivalent – amounted to £41 million. Long term borrowing remained modest, at £9 million.

### **Current financial position – Capital**

- 2.5 The Council has an ambitious capital programme, amounting to £230 million over five years. This will largely be funded from external sources, so borrowing will increase rapidly from the current low levels. In anticipation of higher interest rates, the Council committed in April 2022 to forward borrowing of £80 million, which will be drawn down between 2024 and 2026. On current expenditure projections, this provides funding for the Council to complete those Housing Programme schemes for which land has already been acquired.
- 2.6 The cost of completing capital projects depends on the pattern of price increases, given that future schemes still have to be tendered. With construction cost inflation in the region of 10%, current projections for scheme costs are unlikely to be achievable and some prioritisation of schemes will be required.
- 2.7 Further site acquisitions will be required in order to deliver the overall 1,000 Affordable Homes Programme, and the cost of finance for these schemes will depend on the future path of interest rates. As an indication of the current volatility in interest rates, long term (50 year) Public Works Loan Board rates have climbed from less than 3% when the Council borrowed forward in April 2022 to 5% in the aftermath of the September 2022 'mini' budget, before falling to around 4% at the time of writing.
- 2.8 In summary, the Council has an ambitious capital programme, for which it has been able to manage funding risk, to an extent, by borrowing forward.

However, the cost of delivering the programme is threatened by the rate of inflation.

### **Future financial position**

- 2.9 The outlook for the UK economy is exceptionally uncertain. Following the initial recovery from the Covid recession, growth has slowed and the economy is likely to move into a recession, continuing into 2023. Growth thereafter will be very weak by historical standards. This reflects global factors including sharp rises in energy prices, but local factors mean that the UK economy is affected more severely and its performance lags behind that of other leading nations. The Bank of England projects negligible growth over the next two years and any subsequent recovery will be modest.
- 2.10 The state of the overall UK economy impacts the Council in numerous ways. It increases pressure on expenditure budgets, notably the cost of providing temporary accommodation (as already described). It also reduces income, if (for example) the volume of activity in the Town Centre falls and car parking income reduces, and if households and businesses have difficulty paying Council Tax and Business Rates. These risks are reflected in the risk register.
- 2.11 Stagnant economic growth will be accompanied, in the short term at least, by high inflation. Currently inflation is around 10% and the Bank of England forecasts that inflation will increase further. The subsequent fall in inflation may be slower and longer than previously thought.
- 2.12 Inflation poses a particular challenge for the Council because, whilst input costs like salaries and contract costs are subject to inflation (and in some cases are explicitly linked to inflation indices), there are constraints on the amount by which income can be increased, in particular the Council Tax referendum limit. This makes inflation one of the top risks for the Council.

### **Public Finances**

- 2.13 The financial markets' response to the 'mini budget' of September 2022 demonstrates that central government cannot address low economic growth without a credible medium term fiscal plan. At the time of writing, details of the government's plans have yet to emerge, but they are likely to involve constraints on public spending. This affects the Council's budgets, because the local authority funding framework set by government is a crucial determinant of the Council's future financial position. Specifically, central government restricts the amount by which Council Tax can be increased through the referendum limit, and it determines the share of business rates that can be retained locally.
- 2.14 Our financial planning seeks to address all the uncertainties described above by considering a number of different scenarios. A draft Medium Term Financial Strategy is currently being considered by the Policy Advisory Committees, which shows a budget gap of £2.5 million for 2023/24 on the most likely scenario, and proposes a number of steps for closing this gap. Given a requirement for budget savings of this level, the Council's ability to

deliver savings constitutes a significant risk. The Council has a good track record in this respect, both in delivering cost savings and in generating additional income, eg from investments such as Lockmeadow and Maidstone House. However, the scale of savings now required is very significant.

### External factors

2.15 The Covid-19 pandemic shows how vulnerable the Council is to external factors, although in the event the financial impact of Covid-19 has been mitigated through government support. The budget risk register has recognised this by including a risk entitled 'Financial impact from a resurgence of Covid-19'. In recognition of the fact that risks in this category are often very difficult to foresee, it is proposed to amend the risk description so that it encapsulates similar potential events to Covid-19.

2.16 As already indicated above, the overall performance of the economy impacts both the revenue budget and the capital programme. Rather than including this as a single generic risk, the risk register lists the ways in which this could impact the Council, eg failure to contain expenditure within agreed budgets, fees and charges fail to deliver sufficient income, etc.

2.17 In light of the risks described above, the following changes are proposed to the budget risk register.

Ref	Risk	Factor considered	Implications for risk profile
D	Planned savings are not delivered	The scale of the budget gap in 2023/24 will challenge the Council's capacity to deliver savings and/or increase income.	Impact – major (no change) Likelihood – possible (increased)
J	Capital programme cannot be funded	Interest rate risk and the high level of inflation mean that prioritisation of capital schemes will be necessary.	Impact – very substantial (increased) Likelihood – probable (increased)
P	Financial impact from major emergencies such as Covid-19 (amended description)	Covid-19 risks are increasingly being managed but other emergencies in this category may arise.	Impact – very substantial (no change) Likelihood – possible (no change)

2.18 Appendix A sets out the budget risks in the form of a Risk Matrix and Risk Register. Additionally, at the Committee's request, the possible monetary

impact of the risks has been indicated. Note that it is very difficult to quantify the financial impact of risks in precise terms. The information is provided simply to give an indication of the order of the risks' financial magnitude. The information is also set out in the form of a bar chart.

- 2.19 Members are invited to consider further risks or to propose varying the impact or likelihood of any risks.
- 

### **3. AVAILABLE OPTIONS**

- 3.1 Option 1 - The Committee may wish to consider further risks not detailed in Appendix A or vary the impact or likelihood of any risks. This may impact the Council's service planning and/or be reflected in the developing Medium Term Financial Strategy.
- 3.2 Option 2 - The Committee notes the risk assessment set out in this report and makes no further recommendations.
- 

### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Option 2 – It is recommended that the Committee notes the risk assessment.
- 

### **5. RISK**

- 5.1 Risk is addressed throughout this report, so no further commentary is required here.
- 

### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 Each year the council as part of the development of the MTFS and the budget carries out consultation on the priorities and spending of the council. A Residents' Survey is under way for the 2023/24 budget and the results will be reported to Members as part of the budget setting process.
- 

### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The Audit, Governance and Standards Committee plans to continue keeping the budget risk profile under review at subsequent meetings.
-

## **8. REPORT APPENDICES**

The following document is to be published with this report and forms part of the report:

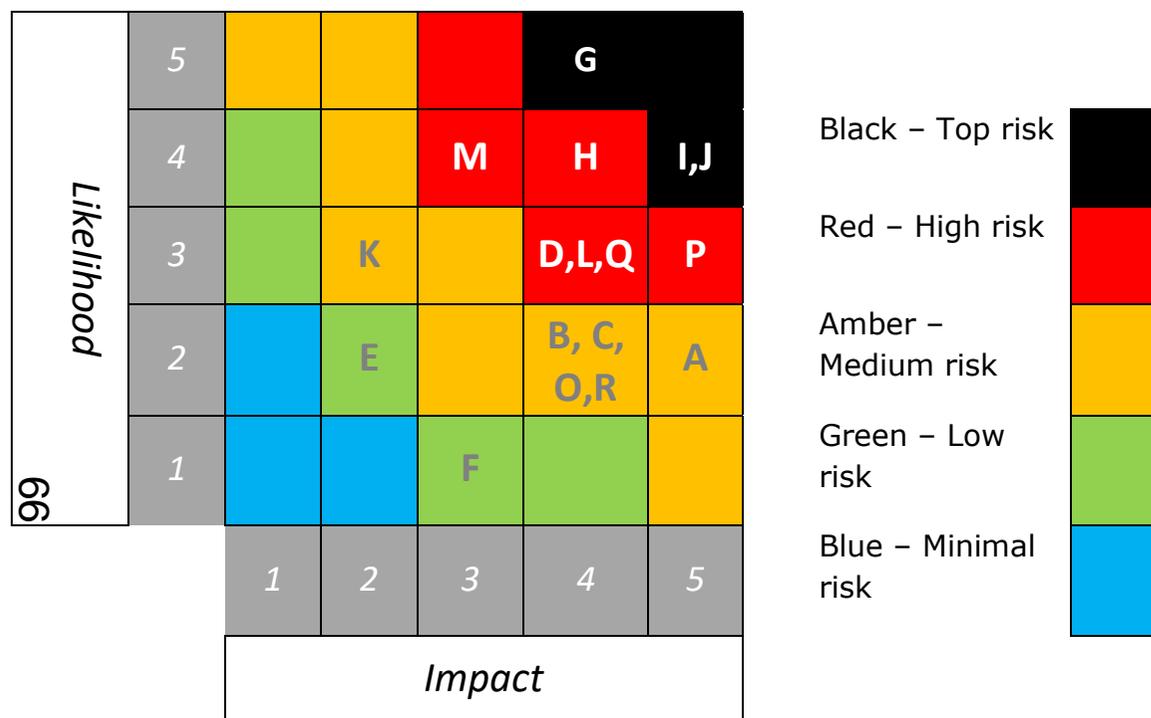
- Appendix A: Budget Strategy Risks
- 

## **9. BACKGROUND PAPERS**

None.

## Budget Strategy Risks

The risk matrix below provides a summary of the key budget risks. The risk register that follows provides more detail.

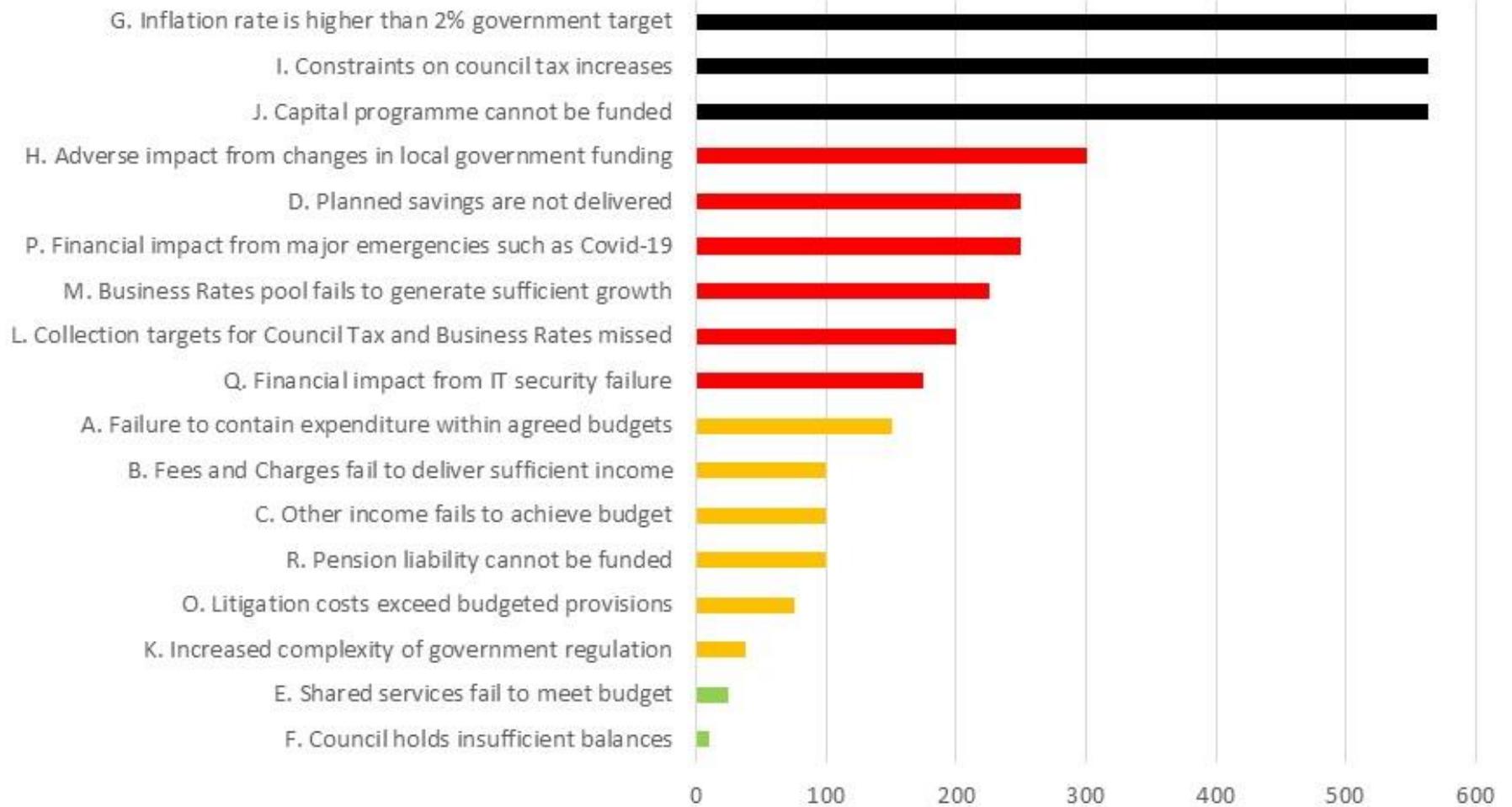


<b>A. Failure to contain expenditure within agreed budgets</b>	<b>J. Capital programme cannot be funded</b>
<b>B. Fees and Charges fail to deliver sufficient income</b>	<b>K. Increased complexity of government regulation</b>
<b>C. Other income fails to achieve budget</b>	<b>L. Collection targets for Council Tax and Business Rates missed</b>
<b>D. Planned savings are not delivered</b>	<b>M. Business Rates pool fails to generate sufficient growth</b>
<b>E. Shared services fail to meet budget</b>	<b>O. Litigation costs exceed budgeted provisions</b>
<b>F. Council holds insufficient balances</b>	<b>P. Financial impact from major emergencies such as Covid-19</b>
<b>G. Inflation rate is higher than 2% government target</b>	<b>Q. Financial impact from IT security failure</b>
<b>H. Adverse impact from changes in local government funding</b>	<b>R. Pension liability cannot be funded</b>
<b>I. Constraints on council tax increases</b>	

The budget risks may be ranked, based on the scores shown below, as follows:

Risk	Ranking	Financial impact (in any one financial year)				
		Lower £000	Upper £000	Mid-point £000	Likelihood %	Weighted £000
G. Inflation rate is higher than 2% government target	1	400	800	600	95	570
I. Constraints on council tax increases	2=	500	1,000	750	75	563
J. Capital programme cannot be funded	2=	500	1,000	750	75	563
H. Adverse impact from changes in local government funding	4	100	900	400	75	300
D. Planned savings are not delivered	5=	250	750	500	50	250
P. Financial impact from major emergencies such as COVID-19	5=	250	750	500	50	250
M. Business Rates pool fails to generate sufficient growth	7	150	450	300	75	225
L. Collection targets for Council Tax and Business Rates missed	8	200	600	400	50	200
Q. Financial impact from IT security failure	9	100	600	350	50	175
A. Failure to contain expenditure within agreed budgets	10	200	800	600	25	150
B. Fees and Charges fail to deliver sufficient income	11=	200	600	400	25	100
C. Other income fails to achieve budget	11=	200	600	400	25	100
R. Pension liability cannot be funded	11=	200	600	400	25	100
O. Litigation costs exceed budgeted provisions	14	100	500	300	25	75
K. Increased complexity of government regulation	15	50	100	75	50	38
E. Shared services fail to meet budget	16	50	150	100	25	25
F. Council holds insufficient balances	17	100	300	200	5	10

## Chart - Budget risks



## Budget Strategy Risk Register

The following risk register sets out the key risks to the budget strategy. The register sets out the consequences of each risk and the existing controls in place.

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
A	<p><b>Failure to contain expenditure within agreed budgets</b></p> <p>The Council overspends overall against its agreed budget for the year</p>	<p>Failure to meet the budget makes it more likely that the Council will have to rely on short term expedients to balance the budget from year to year, rather than following a coherent long term strategy.</p>	<ul style="list-style-type: none"> <li>- Embedded and well established budget setting process</li> <li>- Medium Term Financial Strategy</li> <li>- Balanced budget agreed by Council for 2022/23.</li> <li>- Strong controls over expenditure and established process for recovering from overspends</li> </ul>	5	2	10
B	<p><b>Fees &amp; Charges fail to deliver sufficient income</b></p> <p>Fee charging services may be affected if there is a downturn in the economy, resulting in Fees and Charges failing to deliver the expected level of income.</p>	<p>The total value of all Council income from fees and charges is around £20 million. A loss of income for service budgets will require restrictions on expenditure levels and delivery of all objectives may not be met.</p>	<ul style="list-style-type: none"> <li>- Fees and charges are reviewed each year, paying careful attention to the relevant market conditions</li> <li>- Where the Council is operating in a competitive market, the aim is to ensure price sensitivity does not lead to a loss of income.</li> <li>- Procedures are in place to ensure that fees and charges are billed promptly (or in advance) and that collection is maximised.</li> </ul>	4	2	8
C	<p><b>Other income fails to achieve budget</b></p> <p>In addition to fees and charges, the Council relies on other income from capital investment, which may not deliver the expected level of income.</p>	<p>The medium term financial strategy includes a contribution from investment opportunities, so any shortfall would have an impact on the overall strategy.</p> <p>Income generation from investment activities supports the revenue budget and is required in order to pay back capital investment.</p>	<ul style="list-style-type: none"> <li>- The Council set aside a provision of £0.5m against losses from activities that do not deliver. This provision is cash limited but available to cover short term losses.</li> <li>- Individual risks associated with specific projects within the capital strategy will be assessed, both as part of the project</li> </ul>	4	2	8

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
			appraisal process and during the course of delivering the projects.			
D	<p><b>Planned savings are not delivered</b></p> <p>Failure to deliver savings and / or failure to monitor savings means that the Council cannot deliver a balanced budget</p>	<p>The level of saving required to achieve a balanced budget is significant and non-delivery of these savings will have a major consequence on managing financial viability of the organisation.</p> <p>Not achieving savings will impact the overall delivery of the Medium Term Financial Strategy and would require appropriate action, which might include the suspension of some Council services, redundancies, etc.</p>	<ul style="list-style-type: none"> <li>- The risks associated with delivery of savings proposed in the current Medium Term Financial Strategy have been reviewed as part of the budget setting process.</li> <li>- Savings proposals are separately identified and monitored in the Council's general ledger.</li> <li>- The ability to achieve the targeted savings is monitored quarterly in budget monitoring reports to the Corporate Leadership Team and to Service Committees.</li> </ul>	4	3	12
70 E	<p><b>Shared Services</b></p> <p>Shared services, which are not entirely under the Council's control, fail to perform within budgeted levels.</p>	<p>Failure of a shared service to manage within the existing budget will have the same consequences as for any overspending budget, ie it would require appropriate action, which might include the suspension of some Council services, redundancies, etc.</p>	<p>The arrangements governing shared services include a number of controls that minimise the risk of budget overspends and service failure, including quarterly reporting to a Shared Service Board comprising representatives of the authorities involved. The shared services are required to report regularly on financial performance and key indicators.</p>	2	2	4
F	<p><b>Insufficient Balances</b></p> <p>Minimum balance is insufficient to cover unexpected events</p> <p>OR</p> <p>Minimum balances exceed the real need and resources are held without identified purpose with low investment returns</p>	<p>Additional resources would be needed which would result in immediate budget reductions or use of earmarked reserves.</p> <p>The Council would not gain best value from its resources as Investment returns are low in the current market.</p>	<ul style="list-style-type: none"> <li>- The Council has set a lower limit below which General Fund balances cannot fall of £4 million.</li> <li>- At the beginning of the 2022/23 financial year unallocated General Fund reserves stood at £9 million.</li> </ul>	3	1	3
G	<p><b>Inflation rate is higher than 2% government target</b></p>	<p>Unexpected rises will create an unbudgeted drain upon resources and the Council may not achieve its objectives without calling upon balances.</p>	<ul style="list-style-type: none"> <li>- Allowances for inflation are developed from three key threads:</li> </ul>	4	5	20

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
	Actual levels are significantly above or below target	Services have supported the budget strategy through savings. Levels below those expected would result in an increase in balances or unused resources that could be used to achieve strategic priorities.	<ul style="list-style-type: none"> <li>○ The advice and knowledge of professional employees</li> <li>○ The data available from national projections</li> <li>○ An assessment of past experience both locally and nationally</li> </ul> <p>- MTFS core inflation projections are based on the government's 2% inflation target but an additional contingency of £1.3 million is included in the 22/23 budget</p>			
71 H	<p><b>Adverse impact from changes in local government funding</b></p> <p>The financial implications of the new local government funding regime, now unlikely to be introduced until 2022/23, remain unclear.</p>	The Council no longer receives Revenue Support Grant (RSG), but the amount of Business Rates that it retains depends on the funding regime set by central government.	<p>- The Medium Term Financial Strategy to 2026/27 includes an adverse scenario which allows for a significant impact on the Council's resources,</p> <p>- The Council has developed other sources of income to ensure it can maximise its resources while dealing with the consequences of government strategy.</p>	4	4	16
I	<p><b>Constraints on council tax increases</b></p> <p>The limit on Council Tax increases means that the Council must manage expenditure pressures even if these potentially give rise to cost increases greater than the referendum limit.</p>	The limit on Council Tax increases means that inflation levels in excess of the referendum limit have to be absorbed by making savings elsewhere.	<p>- The budget for 2022/23 incorporates a Council Tax increase of 2%.</p> <p>- Budget planning is based around the assumption that Council Tax increases will be maximised within the constraints of the referendum limit in subsequent years.</p>	5	4	20
J	<p><b>Capital Programme cannot be funded</b></p> <p>Reduction or total loss of funding sources means that the capital programme cannot be</p>	<p>The main sources of funding are:</p> <ul style="list-style-type: none"> <li>○ Internal borrowing</li> <li>○ PWLB borrowing</li> </ul>	<p>- Council has access to borrowing.</p>	5	4	20

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
	delivered or demands on funding exceed available supply	<ul style="list-style-type: none"> <li>○ New Homes Bonus</li> <li>○ Capital Grants</li> <li>○ Developer contributions (S106)</li> </ul> <p>A reduction in this funding will mean that future schemes cannot be delivered.</p>	<p>- Council has confirmed in the past that borrowing is acceptable if it meets the prudential criteria.</p> <p>- Capital expenditure is monitored carefully against the borrowing limits that the Council sets itself.</p>			
K	<p><b>Increased volume and complexity of government regulation</b></p> <p>Covid-19 and the range of government support for local authorities and the community have led to a rapid increase in the volume and complexity of reporting and regulation.</p>	<p>Scaling up administrative resources to address the increased volume and complexity of reporting and regulation may divert attention from other priorities.</p> <p>Ultimately, failure to comply with new regulatory requirements could pose financial and reputational risk for the Council.</p>	<p>- The Council has formal procedures for monitoring new legislation, consultations and policy / guidance documents.</p> <p>- Our relationships with organisations such as the Council's external auditor provide access to additional knowledge regarding relevant future events.</p>	2	3	6
L	<p><b>Business Rates &amp; Council Tax collection</b></p> <p>Council fails to maintain collection targets for business rates and council tax</p>	<p>Failure to achieve collection targets will reduce the level of key resources to ensure a balanced budget. This will mean further cuts in other budgets or the cost of financing outgoing cash flow to other agencies in relation to taxes not yet collected.</p> <p>Business rates amount to around £50 million in 2022/23 and Council Tax due amounts to around £120 million.</p>	<p>- The Council has a good track record of business rates and Council Tax collection.</p> <p>- Steps are taken to maximise collection rates, such as active debt collection, continual review of discounts, etc.</p>	4	3	12
M	<p><b>Business Rates pool</b></p> <p>Changes to rateable value (RV) or instability of business rates growth within the pool may not generate projected levels of income</p>	<p>Changes in RV or instability in growth will result in a reduction in income from business rates and a potential consequence for the Council.</p>	<p>- The pool is monitored quarterly Kent wide and Maidstone is the administering authority. The projected benefit of the pool across Kent as a whole is projected to be around £14m in 2022/23.</p>	3	4	12

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
			- Provisions have been made when projecting business rates income for bad debts and losses on appeal so any loss of income would relate to the excess over the provisions already made.			
O	<p><b>Litigation costs exceed budgeted provisions.</b></p> <p>The Council is often engaged in litigation and generally the costs of any award against the Council and associated costs of legal advice can be met from within budgets. However, it is prudent to acknowledge the risk that provisions may not in fact be sufficient to cover all likely costs.</p>	Costs in excess of budget would require a drawing on reserves and the identification of savings in subsequent years in order to replenish the level of reserves.	<ul style="list-style-type: none"> <li>- Corporate Leadership Team is updated regularly on outstanding legal cases.</li> <li>- Appropriate professional advice is taken at all times.</li> </ul>	4	2	8
73 P	<p><b>Financial impact from emergencies such as COVID-19</b></p> <p>A resurgence of the pandemic or a similar emergency would see similar impact to those experienced in the first wave, eg reduction in fees and charges income arising from lower levels of economic activity and the effect of a broad reduction in economic growth on public finances.</p>	In the short term the Council would need to draw on reserves to cover the financial costs, but in the longer term savings would be required to replenish reserves.	<ul style="list-style-type: none"> <li>- Senior officer group mobilised to address short term impacts</li> <li>- Mitigations to be developed over longer term</li> </ul>	5	3	15
Q	<p><b>Financial impact from IT security failure</b></p> <p>Local authorities have been subject to cyber attacks over the past few years, often with severe financial and service implications.</p>	The Council might have to suspend normal financial transactions for a period of time.	<ul style="list-style-type: none"> <li>- Anti-virus software</li> <li>- Regular communications with staff to warn about risks</li> <li>- Back-up arrangements with neighbouring authorities</li> </ul>	4	3	12
R	<p><b>Pension liability cannot be funded</b></p> <p>There are a range of risks associated with the pension liability, including pension fund investment performance, inflation in salaries and pensions, changes in longevity, and capacity of the organisation to support pension fund contributions.</p>	Additional revenue costs will arise from an increased pension liability	<ul style="list-style-type: none"> <li>- Regular actuarial valuations</li> <li>- Mitigating actions in the form of increases to employer pension contributions</li> </ul>	4	2	8

## Impact & Likelihood Scales

### RISK IMPACT

Level	Service risk	Reputation Risk	H&S	Legal Risk	Financial Risk	En'ment Risk
Catas-trophic (5)	Ongoing failure to provide an adequate service	Perceived as failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment or significant fines	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor service. Disrupted 5 days+	Significant adverse national publicity	Fails to prevent death, causes extensive perm injuries or LT sick	Litigation expected, but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1yr+)
Moderate (3)	Unsatisfactory performance Service disrupted/ stopped 3-5 days	Adverse national publicity or significant adverse local publicity	Fails to prevent extensive, permanent injuries or LT sickness	Complaint likely, litigation possible Breaches of regs or standards	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1yr)
Minor (2)	Marginal reduction in performance Service disrupted/ stopped 1-2 days	Minor adverse local publicity	Medical treatment required, potential long term injury or sickness	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
Minimal (1)	No significant service impact Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries		Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

## RISK LIKELIHOOD

Type	Probability	Detail description
Almost certain (5)	90%+	Without action is likely to occur; frequent similar occurrences in local government/Council history
Probable (4)	60%-90%	Strong possibility; similar occurrences known often in local government/Council history
Possible (3)	40%-60%	Might occur; similar occurrences experienced in local government/Council history
Unlikely (2)	10%-40%	Not expected; rare but not unheard of occurrence in local government/Council history
Rare (1)	0%-10%	Very unlikely to occur; no recent similar instances in local government/Council history