

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE MEETING

Date: Monday 17 September 2018
Time: 6.30 p.m.
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Bartlett, Coulling (Parish Representative), Cox, Daley, Garland, Harvey (Vice-Chairman), McLoughlin (Chairman), Perry, Purle and Webb

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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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 30 July 2018	1 - 10
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Issued on Friday 7 September 2018

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

PUBLIC SPEAKING AND ALTERNATIVE FORMATS

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MAIDSTONE BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY 30 JULY 2018

Present: Councillor McLoughlin (Chairman) and Councillors Bartlett, Coulling (Parish Representative), Daley, Harvey, Mortimer, Perry and Purle

Also Present: Mr Matt Dean of Grant Thornton – External Auditor

6. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillors Cox, Garland and Webb.

7. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Mortimer was substituting for Councillor Cox.

8. URGENT ITEMS

The Chairman said that he had agreed to take the following documents as urgent items as they had not been available when the agenda was published:

Appendix 1 to agenda item 18 – External Auditor’s Audit Findings Report

Appendix 4 to agenda item 18 – Letter of Representation

9. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

10. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

11. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

12. EXEMPT ITEMS

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

13. MINUTES OF THE MEETING HELD ON 19 MARCH 2018

RESOLVED: That the Minutes of the meeting held on 19 March 2018 be approved as a correct record and signed.

14. MINUTES OF THE MEETING HELD ON 22 MAY 2018

RESOLVED: That the Minutes of the meeting held on 22 May 2018 be approved as a correct record and signed.

15. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

16. COMMITTEE WORK PROGRAMME 2018/19

The Committee considered its work programme for 2018/19.

Mr Mark Green, the Director of Finance and Business Improvement, said that it was the usual practice to hold a briefing session before each meeting of the Committee on a topic of particular relevance to the work of the Committee. Details of the briefing sessions to be delivered during 2018/19 would be circulated within the next few days.

RESOLVED: That the work programme for 2018/19 be noted.

17. REFERENCE FROM DEMOCRACY COMMITTEE - CHANGES TO FINANCIAL AND CONTRACT PROCEDURE RULES

Mr Mark Green, the Director of Finance and Business Improvement, introduced the reference from the Democracy Committee explaining that, when the Democracy Committee considered some proposed changes to the Financial and Contract Procedure Rules, which had now been agreed by the Council, it was concerned to ensure that the implementation of and compliance with the revised arrangements was monitored by the Audit, Governance and Standards Committee, including the delivery of appropriate training. Mr Green suggested that a report be submitted to the Committee later in the year on the action being taken to fulfil the Democracy Committee's request.

The Chairman said that there was a link between procurement and contract management, and this should be taken into account when the Officers report back; specifically, the need to make sure that procurement terms follow a format that the Contract Manager can monitor.

RESOLVED:

1. That the reference be noted and that provision be made in the Committee's work programme to monitor the implementation of and compliance with the revised Financial and Contract Procedure Rules, including the delivery of appropriate training.

2. That the report on this issue should take into account the link between procurement and contract management.

18. ANNUAL GOVERNANCE STATEMENT 2017/18

Mrs Angela Woodhouse, the Head of Policy, Communications and Governance, introduced her report setting out the Annual Governance Statement for 2017/18.

Mrs Woodhouse explained that:

- The Annual Governance Statement was produced to accompany the Statement of Accounts. It looked back at the governance arrangements for 2017/18 and identified areas for action for 2018/19 to ensure that good governance was maintained. Action taken last year included:

Risk Management – A risk appetite had been agreed and changes made to the Committee report template.

Decision Making – A new report template was now in place and training had been provided for report authors and Democratic Services staff.

Information Management – Measures had been put in place to ensure compliance with the Data Protection Act 2018, including training across the Council.

- There were not considered to be any significant governance issues arising from the review. Actions identified for 2018/19 related to audit reviews with weak assurance and the key corporate risks.

Mrs Woodhouse advised the Committee that she wished to correct a typographical error in that the word "Sliver" on page 27 of the agenda should read "Silver".

In response to questions, Mrs Woodhouse advised Members that:

- The Local Code of Corporate Governance had been revised and adopted in 2017 and did not need to be refreshed this year.
- She understood that the Employment Committee had discussed the cost of the Investors in People Assessment, including the staff time involved. She would look into the matter, and circulate details to all Members of the Committee.

RESOLVED: That subject to the correction of the typographical error identified by the Head of Policy, Communications and Governance, the Annual Governance Statement for 2017/18 be approved.

19. AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - PARISH COUNCIL REPRESENTATION

Mrs Debbie Snook, Democratic Services Officer, introduced her report, the purpose of which was to regularise the situation regarding Parish Council representation on the Audit, Governance and Standards Committee and to address discrepancies within the Constitution.

Members felt that the relationship between Parish Councils and the Borough Council was very important and that Parish Council representatives made a valuable contribution to the work of the Committee. It was pointed out that Parish Council representatives were appointed by the Council upon the nomination of the Maidstone Area Committee of the Kent Association of Local Councils (KALC), but not all Parish Councils in the Borough were members of KALC. It was suggested that, subject to the proposed changes being agreed by the Council, when seeking nominations for Parish Council representatives, the invitation should also be extended to any Parish Councils in the Borough that are not members of KALC.

RESOLVED:

1. **To RECOMMEND to the COUNCIL:** That changes be made to the Constitution to:
 - Clarify that the Hearings Sub-Committee no longer exists and has been replaced by the Hearing Panel.
 - Specify that the Hearing Panel consists of three voting elected Councillors drawn from the Audit, Governance and Standards Committee plus one non-voting Parish Councillor drawn from the Audit, Governance and Standards Committee when a Parish Councillor is the subject of a complaint.
 - Specify that the Audit, Governance and Standards Committee comprises nine Councillors plus two non-voting Parish Councillors appointed by the Council for a three year term of office.
2. That delegated authority be given to the Head of Mid-Kent Legal Partnership to incorporate appropriate changes to the Constitution to effect the required changes and/or to reflect legislative requirements prior to Council approval.
3. That subject to the proposed changes being agreed by the Council, when seeking nominations for Parish Council representatives, the invitation should also be extended to any Parish Councils in the Borough that are not members of KALC.

Note: Councillor Coulling, Parish Council representative, left the meeting when this item was discussed.

20. AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - ANNUAL REPORT 2017/18

Mrs Alison Blake, Audit Manager, presented the Audit, Governance and Standards Committee Annual Report 2017/18. Mrs Blake explained that:

- The Annual Report outlined how the Committee had fulfilled its responsibilities as set out in its terms of reference. The report covered the work undertaken by the Committee during 2017/18, the sources of assurance the Committee had received, the complaints received under the Members' Code of Conduct during 2017/18 and the development briefings which had been delivered during the year.
- The report also set out a proposed programme of updates and development briefings that could be provided during 2018/19.
- The overall conclusion was that the Committee could demonstrate that it had appropriately and effectively fulfilled its duties during 2017/18.

During the discussion it was suggested that it would be useful to receive a briefing session on recharges possibly as part of a wider session on local government finance and a briefing session on the audit process including a demonstration of the new audit management system and the benefits it brings.

RESOLVED:

1. That the Audit, Governance and Standards Committee Annual Report for 2017/18 be agreed.
2. **To RECOMMEND to the COUNCIL:** That the Audit, Governance and Standards Committee Annual Report 2017/18, which demonstrates how the Committee discharged its duties during 2017/18, be noted.
3. That the proposed programme of Member development briefings be approved subject to the inclusion of a briefing session on recharges possibly as part of a wider session on local government finance and a briefing session on the audit process including a demonstration of the new audit management system and the benefits it brings.

21. ANNUAL INTERNAL AUDIT REPORT & OPINION 2017/18

Mr Russell Heppleston, Deputy Head of Audit Partnership, introduced the Annual Internal Audit Report and Opinion 2017/18 on behalf of the Head of Audit Partnership. In accordance with the Public Sector Internal Audit Standards, the report included

- The annual opinion of the Head of Audit Partnership on the overall adequacy and effectiveness of the Council's internal control, governance and risk management;

- A summary of the work undertaken by Mid-Kent Audit that supported the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards.

It was noted that the Head of Audit Partnership was satisfied from the audit work completed that the Council could place assurance on the system of control in operation during 2017/18; that the corporate governance framework complied in all significant respects with the best practice guidance issued by CIPFA/SOLACE and that risk management processes were effective. The Head of Audit Partnership had decided independently and without any undue pressure from Officers or Members.

Mr Heppleston drew the Committee's attention in particular to the interim findings of the contract management audit which was underway, with some further testing outstanding; the approach to following up audit recommendations; the work undertaken by Internal Audit in relation to counter fraud and corruption and risk management; how the service complied with Standards and the Code of Ethics; the support given to the Internal Audit Team in continuing development and upholding professional competence to ensure that the Team had the necessary skills to deliver the Audit Plan; and the introduction of new audit management software.

The Chairman thanked the Deputy Head of Audit Partnership for a very comprehensive summary of the activities of the Internal Audit Team during 2017/18 and thanked the Team for its work and achievements in terms of professional development.

In response to questions by Members, the Officers explained that:

- Career progression was designed to recognise achievement of qualifications.
- The audit findings in relation to the accounts receivable system were being taken very seriously and the recommendations were being addressed.
- Following the review of procurement by Internal Audit which provided a weak assurance, the Council's Financial and Contract Procedure Rules had been revised and comprehensive training had been provided for people across the Council involved in procurement. The findings of the review had been taken very seriously and acted upon.
- The Internal Audit review of subsidiary company governance did not provide an assurance rating as it was recognised that the Company was still evolving. A report would be submitted to a future meeting of the Committee on the governance arrangements for the Company.

RESOLVED:

1. That the Head of Audit Partnership's opinion that the Council's system of internal control, corporate governance and risk management arrangements have operated effectively during 2017/18 be noted.
2. That the work underlying the opinion and the Head of Audit Partnership's assurance that it was completed with sufficient independence and conformance with Public Sector Internal Audit Standards be noted.

22. ANNUAL RISK MANAGEMENT REPORT

Mrs Alison Blake, Audit Manager, presented the Annual Risk Management Report to the Committee. Mrs Blake explained that:

- The purpose of the Annual Risk Management Report was to provide Members with assurance on the Council's risk management arrangements. The report outlined the Council's risk management process (covering both corporate level risks and operational risks); the risk profile of the Council and how it had changed over the year; and the Council's corporate risks and how they had changed over the year with actions being taken to reduce risks and capture emerging risks that had a corporate impact.
- The role of the Audit, Governance and Standards Committee was to assure itself that the risk management processes were working effectively. The detail of individual risks was reviewed by the Policy and Resources Committee every six months, but if the Audit, Governance and Standards Committee identified risks that they needed assurance on they could request details of how they were being managed.

RESOLVED: That the Annual Risk Management Report be noted.

23. ANNUAL ACCOUNTS 2017/18

Miss Ellie Dunnet, the Head of Finance, introduced her report setting out the findings of the External Auditor's work on the 2017/18 financial statements audit and value for money conclusion.

Miss Dunnet advised the Committee that the Statement of Accounts reflected changes that were identified during the course of the audit and also incorporated suggestions made by Members during the briefing session held in June. The Annual Governance Statement attached as Appendix A to the accounts should be the later version agreed by the Committee earlier in the meeting. The Council was required to have its audited Statement of Accounts approved by the Audit, Governance and Standards Committee by 31 July in accordance with the Accounts and Audit Regulations.

Mr Matt Dean of Grant Thornton presented the External Auditor's Audit Findings Report. He informed the Committee that it was proposed to issue an unqualified audit opinion and value for money conclusion. The rest of the report covered the risks considered during the audit work (no significant issues had been identified in relation to any of these areas) and the significant risks identified in relation to the value for money conclusion, including the risks identified around the Council's Medium Term Financial Plan. Overall the External Auditor was satisfied with the Council's position. The Council had a good track record of delivering its plans over recent years which meant that it was well placed to deal with the challenges ahead.

In response to questions, Mr Dean said that the accounts reflected the standard of preparation by the Head of Finance and her team and that the Council needed to focus on the future given the uncertainty surrounding local government funding. Brexit was a consideration, but the implications were as yet unknown.

Mr Mark Green, the Director of Finance and Business Improvement, advised the Committee that uncertainty surrounding issues such as Brexit was addressed in the Medium Term Financial Strategy and the Council's risk management processes.

The Chairman thanked the Finance Team for their ongoing work to improve the presentation of the accounts and make them more understandable.

RESOLVED:

1. That the External Auditor's Audit Findings report be noted.
2. That subject to the incorporation of the final version of the Annual Governance Statement agreed earlier in the meeting, the audited statement of accounts be approved.
3. That the Letter of Representation from the Council to the External Auditor be approved.

24. EXTERNAL AUDIT FEE LETTER 2018/19

Mr Matt Dean of Grant Thornton presented the External Audit Fee Letter for 2018/19. Mr Dean explained that the planned fee for external audit work in relation to the 2018/19 financial statements audit and value for money conclusion had been set at £38,866 which represented a 23% decrease from the fee charged in 2017/18. The fee for grant claim certification work had not yet been set.

Mr Dean informed the Committee that 2017/18 would be Mr Darren Wells' final year as Engagement Lead for the audit. Having worked with Maidstone for the last seven years, Mr Wells was now required to rotate off the audit in order to maintain an appropriate degree of independence.

Mr Wells would be replaced by Ms Elizabeth Jackson, an experienced auditor who had worked with Maidstone before.

RESOLVED: That the planned fee of £38,866 for the 2018/19 financial statements audit and value for money conclusion be noted.

25. TREASURY MANAGEMENT ANNUAL REVIEW 2017/18

Mr John Owen, Finance Manager, introduced his report setting out details of the activities of the Treasury Management function for the 2017/18 financial year in accordance with CIPFA's Code of Practice on Treasury Management in Local Authorities, and in the context of the economic environment over the past 12 months.

Mr Owen explained that:

- Key elements of the Council's Treasury Management Strategy for 2017/18 were:

To reduce the maximum principal sums to be invested for a period exceeding 364 days from £8m to £5m. This was consistent with the borrowing strategy to utilise cash balances rather than loan debt to meet liabilities as they became due and to finance the Capital Programme in the short term. No long term investments had been made in the year.

To diversify the investment portfolio within the parameters of the counterparty list as advised by Arlingclose, the Council's Treasury Management advisors. The types of investment included money market funds, deposits with other local authorities and certificates of deposit.

- Investment income for the year totalled £145k with the average rate on investments being 0.44% against the benchmarked rate of 0.51%.
- The Council had borrowed during the year for short term liquidity purposes. Maximum borrowing was £3.65m for 6 days towards the end of March. There was no borrowing requirement at year end.
- The Prudential Indicators showed expenditure on the Capital Programme. The Capital Financing Requirement was at a low level but would increase when more was spent on the Capital Programme in future years.

The Chairman emphasised the need to ensure that investments in capital projects are carefully managed.

RESOLVED:

1. That the review of the financial year 2017/18 which has been compiled in accordance with CIPFA's Code of Practice on Treasury Management in Local Authorities be noted.

2. That no amendments to the current Treasury Management procedures are necessary as a result of the review of activities in 2017/18.

26. BUDGET STRATEGY - RISK ASSESSMENT UPDATE

Mr Mark Green, the Director of Finance and Business Improvement, introduced his report providing an update on the budget risks facing the Council. Mr Green explained that uncertainty about the local government funding regime was a longstanding risk, but recent developments in the local government sector and in the broader context of public sector expenditure had increased the level of risk. Also, early indicators suggested that broader economic factors might expose the Council to fluctuations in business rates income.

In response to questions, Mr Green explained that in terms of the risks associated with funding the Capital Programme, it was considered that, so long as there was no risk of interest rates rising quickly, the Council should not borrow until it needed to as the cost of borrowing was more than the cash would be earning. In terms of borrowing for short term purposes, the rates were much lower.

RESOLVED: That the updated risk assessment of the Budget Strategy be noted and that the risks should continue to be monitored.

27. MR RUSSELL HEPPLESTON

It was noted that Mr Russell Heppleston would be taking up a six month secondment as Head of Audit Partnership at Dartford and Sevenoaks.

The Committee congratulated Mr Heppleston on his appointment, and wished him well.

28. DURATION OF MEETING

6.30 p.m. to 8.10 p.m.

2018/19 WORK PROGRAMME

Report Title	Committee	Month	Lead	Report Author
GDPR Update	AGS	Nov-18	Angela Woodhouse	Angela Woodhouse
Review of Standards Procedures in the Constitution	AGS	Nov-18	Patricia Narebor	
Contract Monitoring Update	AGS	Nov-18	Mark Green	Georgia Hawkes
Internal Audit Interim Update	AGS	Nov-18	Rich Clarke	Rich Clarke
Maidstone Property Holdings Governance Arrangements	AGS	Nov-18	Mark Green	Ellie Dunnet
External Audit Update Report November 2018	AGS	Nov-18	Mark Green	Ellie Dunnet
Treasury Management Mid-Year Review 2018/19	AGS	Nov-18	Ellie Dunnet	John Owen
Budget Strategy - Risk Assessment (Regular Update)	AGS	Nov-18	Mark Green	Mark Green
Complaints Received under the Members' Code of Conduct	AGS	Jan-19	Patricia Narebor	Estelle Culligan
Annual Governance Statement Update	AGS	Jan-19	Angela Woodhouse	Angela Woodhouse
Budget Strategy - Risk Assessment (Regular Update)	AGS	Jan-19	Mark Green	Mark Green
Housing Benefit Grant Claim	AGS	Jan-19	Sheila Coburn	Liz Norris
Internal Audit Charter	AGS	Jan-19	Rich Clarke	Rich Clarke
Treasury Management Strategy 2018/19	AGS	Jan-19	Ellie Dunnet	John Owen
Audit & Assurance Plan	AGS	Mar-19	Rich Clarke	Rich Clarke
External Audit Update Report March 2019	AGS	Mar-19	Mark Green	Ellie Dunnet
Budget Strategy - Risk Assessment (Regular Update)	AGS	Mar-19	Mark Green	Mark Green
External Auditor's Audit Plan 2018/19	AGS	Mar-19	Mark Green	Ellie Dunnet
Appointment of a Public Open Space and Recreation Delivery Officer	AGS	TBA		

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Agenda Item 11

Audit, Governance and Standards Committee

17 September 2018

Annual Complaints Report 2017/18

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service/Lead Director	Angela Woodhouse, Head of Policy, Communication and Governance and Patricia Narebor, Head of Legal Partnership
Lead Officer and Report Author	Anna Collier, Policy and Information Manager and Ashley Sabo, Performance and Business Information Officer
Classification	Public
Wards affected	All

Executive Summary

To provide the Audit, Governance and Standards Committee and Council with an overview of how the Council has performed in responding to complaints in 2017/18 and the Local Government and Social Care Ombudsman's annual complaints review letter.

This report makes the following recommendations to this Committee:

1. That the Council's performance on complaint management in 2017/18 and the Local Government and Social Care Ombudsman's review letter be noted and that this report be commended to Council for consideration.

Timetable

Meeting	Date
CLT	7 August 2018
Audit, Governance and Standards Committee	17 September 2018
Council	26 September 2018

1. INTRODUCTION AND BACKGROUND

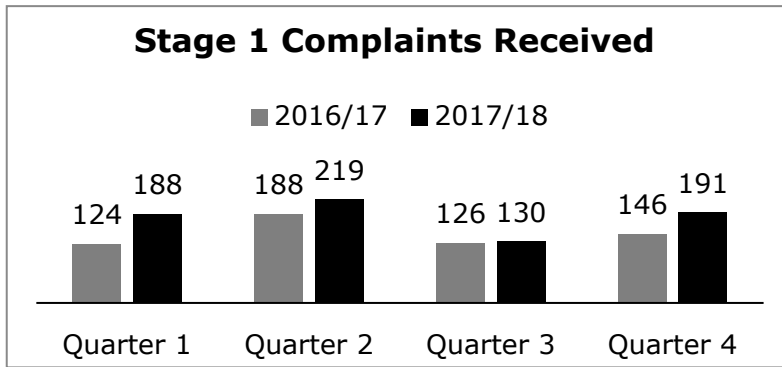
- 1.1 Complaints are managed and monitored by the Policy and Information team.
 - 1.2 A complaint is a formal expression of dissatisfaction or disquiet with the quality of a service, a failure to provide a previously agreed service, a policy or a decision made, a technical issue, a lack of communication or customer service, or, with the attitude or behaviour of a member of staff.
 - 1.3 Complaints recorded under the formal procedure do not include those first time representations which were requests for a service and were treated as such. In the event the service request was not handled correctly and created a form of dissatisfaction, as outlined in paragraph 1.2, a complaint would then be raised.
 - 1.4 The Council's formal complaints procedure has two stages with the following response timescales:
 - Stage 1 within 10 working days; and
 - Stage 2 within 20 working days.
 - 1.5 Stage one complaints are dealt with by the manager of the service or their line manager if the complaint is about them. Stage two complaints are investigated by the Head of Policy, Communications and Governance.
 - 1.6 Following the completion of stage two, unsatisfied complainants then have the opportunity to refer their complaint to the Local Government and Social Care Ombudsman (LGSCO).
 - 1.7 The Council's complaints policy can be found at <https://beta.maidstone.gov.uk/home/other-services/find-and-contact-us/additional-areas/our-complaints-policy>
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2017/18 Performance Summary

2. Stage 1 and 2 Complaints

Stage 1 Complaints

- 2.1 The Council received 728 stage 1 complaints in 2017/18 compared to 584 in the previous year. This represents an increase of 25%. Some of this increase has been due to the severe weather – which resulted in additional complaints regarding to the disruption in service provision.

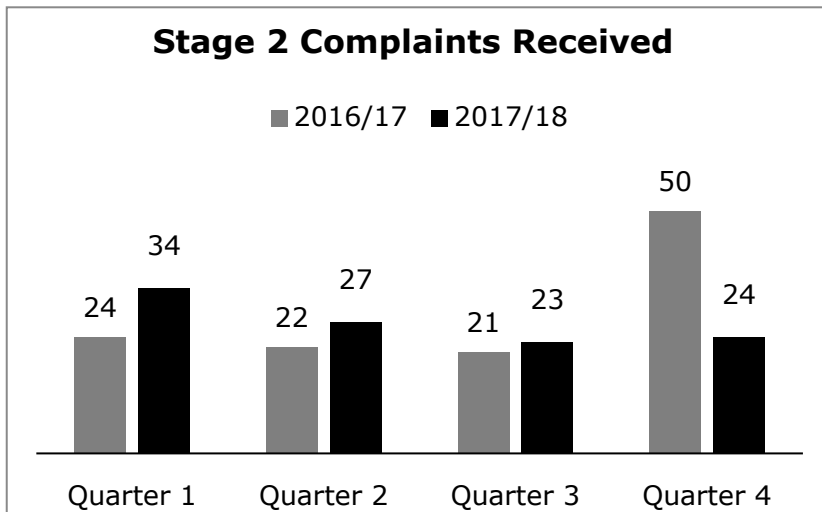


2.2 A full list of complaints by service can be found at appendix 1.

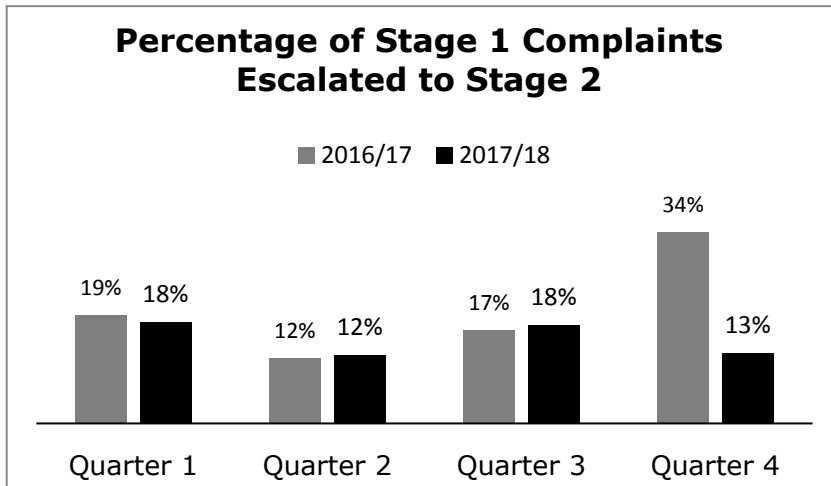
2.3 The number of stage 1 complaints received by the Council accounts for 0.2% of the total volume of calls and online forms received in 2017/18 (329,062).

Stage 2 Complaints

2.4 Of the 728 stage 1 complaints received in 2017/18, 108 were escalated to the second stage of the Council’s complaints process.



2.5 This is an escalation rate of 14.8%, and is a decrease of 5.2% compared to 2016/17. This low percentage indicates the quality of investigation, resolution and response at first stage, ensuring that complainants do not need to seek further resolution.



2.6 A full list of complaints by service can be found at appendix 2.

2.7 Stage 2 complaints for 2017/18 were analysed in three ways: categorisation of complaints received, the number of upheld complaints, and the number of justified complaints. Unfortunately, stage 1 complaints for this same year were not monitored, however 2018/19 data is currently being recorded and will be available for reporting in the 2019 annual complaint report.

The categorisation of complaints received

2.8 The complaints received for one or more of the following reasons:

- **Policy & Decision:** usually relates to an outcome of an assessment or a service request that has not been agreed (e.g. our decision to change the bin collection schedule for the holiday period).
- **Failure:** we have a responsibility for delivering a service. What started as a service request and was not completed properly may turn into a failure.
- **Quality:** Data breach, wrong information provided, quality of letters/responses, poor handling i.e. broken bins due to our poor handling.
- **Technical:** Complaints about the website, cyber incidents, the telephone system, or other automated systems we use such as apps/parking machines.
- **Staff Conduct:** complaints about the conduct of members of staff.
- **Customer Service:** not about customer services, but rather the level of service the customer has received when they were dealing with a member of staff that ultimately resulting in them complaining.
- **Communication:** usually about calls, messages, emails etc. not being responded to, or just a general lack of communication.

2.9 The following table displays the number received in each category for the year. It is important to note that the overall number of stage 2 complaints received (108), will not match the reason for each complaint as there may be multiple reasons for dissatisfaction.

Reason for Complaint	Total Number	Percentage
Policy & Decision	69	63.90%
Communication	34	31.50%
Failure	32	29.60%
Staff Conduct	14	12.96%
Customer Service	12	11.10%
Quality	5	4.60%
Technical	4	3.70%

The number of upheld complaints

2.10 An upheld complaint is one that is considered confirmed or supported.

2.11 Of the 108 stage 2 complaints, only 9.3% (10) were deemed upheld. This represents a small number of wrongly determined stage 1 decisions.

The number of justified complaints

2.12 A justified complaint occurs when a customer has a valid concern regarding how their stage 1 complaint was handled and/or the decision that was made.

2.13 Stage 2 complaints can have a few combinations in terms of whether it was upheld/not upheld or justified/unjustified. For example, a complaint could be justified in the reason for escalation because the response may not have been sufficiently detailed; but still not upheld as the stage 1 decision was correct.

2.14 25% (27) stage 2 complaints were justified in their reason for complaining. This number is higher than anticipated and represents a failure in the stage 1 response. We endeavour to reduce the number of justified complaints and continue to work with services to provide support in order to reduce these numbers.

3. Time taken to respond

3.1 The Council policy on responding to a stage 1 complaint is within 10 working days of receipt. Against that target, 92.6% (674) stage 1 complaints were responded to in time.

3.2 The average length of time taken to provide a formal response to all complaints received in 2017/18 was 6.8 days. If a complaint is going to be late, the complaints team will contact the customer to advise them and provide a reason for the delay and a confirmed timescale.

3.3 When a complaint is escalated to stage 2, an investigation is conducted by the Head of Policy, Communications and Governance and a response is

provided within 20 working days. Against that target, 93.5% (101) stage 2 complaints were responded to in time.

- 3.4 The average length of time taken to provide a formal response to the 108 stage 2 complaints received was 18.6 days. As with a stage 1, if a complaint is going to be late, the complaints team will contact the customer to advise them and provide a reason for the delay and a confirmed time scale.

4. How we compare to neighbouring Councils (CIPFA)

- 4.1 The table below represents our performance compared to some of our CIPFA neighbouring Councils. Previously when we have reviewed other council's approaches to complaints handling, we have found our numbers are higher as we have a stricter approach on the difference between a complaint and a service request as well as the complaints being managed by a single team.

Council	Population	No. St 1 2017 /18	St 1 response time (working days)	% responded in time	No. St 2 2017 /18	St 2 response time (working days)	% responded in time
Colchester	173,100 (Census 2011)	1343	28	90%	22	28	91%
Basingstoke & Deane	167,800 (Census 2011)	391	10	99.5%	35	10	94.3%
Cherwell	141,868 (Census 2011)	266	10	n/a	43	10	n/a
Ashford	117,956 (Census 2011)	147	15	96.1%	26	20	86.7%
Taunton Deane	110,389 (Census 2011)	202	20	74.25%	18	n/a	No internal stage 2 direct to LGO
Warwick	137,648 (Census 2011)	123	20	66%	14	20	21%
Maidstone	167,700	728	10	92.6%	108	20	93.5%

5. Summary of Overall Performance

- 5.1 The services with the highest volume of stage 1 complaints (>8%) were Council Tax, Development Management, Parking and Waste. However, as a percentage of overall contact, this is actually very low (see 2.3).
- 5.2 Despite the high volume, Waste Services responded to all 150 complaints received in 2017/18 within 10 working days and Parking Services responded to all but one complaint within 10 working days (1 day late).

- 5.3 Development Management also had high volumes of complaints (64); however 25% were not responded to within 10 working days.
- 5.4 The services with the highest stage 2 escalation rates were Council Tax, Development Management, Parking and Waste. This isn't surprising given the large number of stage 1 complaints received. As discussed in 2.11, only 9.3% (10) of stage 1 complaints were upheld when escalated to stage 2.

6. Next Steps

- 6.1 It is important that lessons are learned from each complaint in an effort to improve the Council's overall service. In the stage 2 complaints investigated in 2017/18, four common themes emerged for the reason of escalation:
1. Make certain to answer every point contained within the complaint.
 2. Acknowledge the perceived failure or the way a resident felt about the service. This does not admit fault and can go a significant way to ameliorate the resident's concerns in an effort to reduce the likelihood of stage 2 complaints.
 3. The tone adopted in the response can be as important as the information contained, especially as quoting legislation and technical matters can seem defensive even if that is not the intention.
 4. Keep in contact with the resident while their complaint is being investigated, if possible. Especially if more time will be required to fully investigate, or if more information is required.
- 6.2 The Policy and Information Team will be implementing complaint training and are currently preparing training material for this purpose.

7. Local Government and Social Care Ombudsman Annual Review Letter (Maidstone Borough Council) 2017/18 and Local Government and Social Care Ombudsman Review of Local Government Complaint 2017/18

- 7.1 Each year this report and review letter is released to local authorities countrywide to feedback statistics from the complaints made to the LGO and comment on their performance in responding to investigations. The LGSCOs Annual Review Letter can be seen at Appendix 4 and the report can be reached here <https://www.lgo.org.uk/information-centre/reports/annual-review-reports/local-government-complaint-reviews>.
- 7.2 The LGSCO Annual Review Letter criticises the Council for a housing complaint the LGSCO received and upheld last year which resulted in the issuing of a public report. In December, Council did not agree to implement all recommendations made by the LGSCO regarding the complaint.
- 7.3 The complainant's representatives dealing with the housing complaint (noted at 7.2 above) issued a pre-action protocol judicial review letter dated 21 December 2018, regarding the discharge of the Council's housing obligations. The complaint was reviewed by the monitoring officer when the decision was made in February 2018 to settle the judicial review claim and to conclude the complaint.

7.4 In June 2018, following further contact from the complainant and further correspondence with the LGSCO on the case, Mid Kent Legal Service recommended adhering to the LGSCOs recommendation in full to avoid further resources being spent on the matter. The sum of £4,170 was paid to the complainants as recommended by the LGSCO.

7.5 The LGSCO also recommended that the Council review and formalise its working relationship with the housing service provider in writing to avoid further recurrence of the fault identified. The Council reported back to the LGSCO as required with an action plan to demonstrate that the Council has reviewed the working arrangements with the service provider and appropriate adjustments had been implemented which have been confirmed in writing. The adjustments with the service provider include:

- Where warning notices are issued they will also gather evidence e.g. photographs.
- That no eviction will take place without first notifying the Council.
- The Council’s officers will meet with the parties before an eviction takes place.
- No eviction will happen outside of office hours, unless there is a genuine risk of harm to themselves or other residents.
- The Council will ensure that where the main housing duty is owed, alternative temporary accommodation will be provided before the eviction takes place (except in cases when the Council is ending its duty to provide temporary accommodation).

7.5 The LGO reviewed 39 complaints and made decisions on 42 complaints in 2017/18. This represents an increase of 7 decisions made from 2016/17 but the overall upheld rate has stayed the same. The table below shows the LGO decision on each of these:

Decision Category	2016/17 Number	2017/18 Number	Explanation
Closed After Initial Enquiries	13	14	On the basis of the complainants referral the LGO have decided not to investigate
Referred back to Council	10	13	The complaint hasn’t gone through the Council’s official complaint process and it is referred back to the Council
Invalid/not enough information	1	3	The LGO was unable to progress the complaint
Not Upheld	6	7	Following explanation the LGO agrees with the Council’s decision
Upheld	5	5	The LGO doesn’t agree with the Council’s decision and finds in favour or partial favour with the complainant
Upheld Rate	45%	42%	

7.6 The number of complaints referred to the LGO (39) accounts for 4.7% of the total number of stage 1 and 2 complaints received in 2017/18 (836).

7.7 Whilst the Council would strive to have no complaints upheld by the LGO, the performance overall has been good both in relation to the number of complaints escalated to the LGO, the number investigated and the number upheld. For the five complaints upheld, the table below shows the LGO recommendations. In each case the recommendation was implemented.

Complaint	Service	Redress
1	Planning and Development	Apology, Financial Redress
2	Environment Services	Null
3	Environment Services	Null
4	Benefits & Tax	Null
5	Housing	Apology, Financial Redress, Procedure Improvement

7.8 A full list of LGO complaints by service can be found at appendix 3.

7.9 Maidstone Borough Council was listed once in the Public Interest section of the report for a housing related complaint upheld by the LGO in 2017/18 and for which the Council was issued a report. There are a total of seven Council's represented under this category.

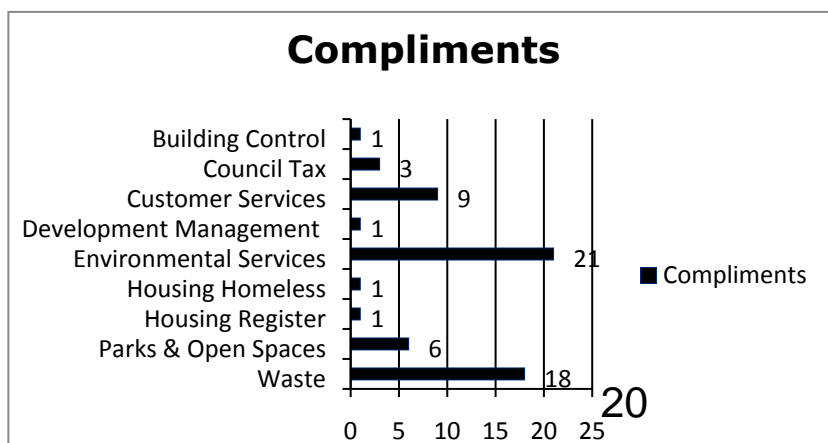
7.10 Despite being listed in the section mentioned in 7.9, Maidstone Borough Council was not considered in the list of landmark cases, or criticised for not complying with recommendations.

8. Compliments

8.1 A compliment is an expression of praise for an interaction, a service or a product. We log compliments from members of the public as they help us identify good practice, recognise those members of staff who provide a high quality of service, and learn from our customer's feedback.

8.2 The Council received 61 written compliments in 2017/18. Of these, the services with noticeable volumes of compliments were:

- Environmental Services (fly tip clearance & street cleansing)
- Waste
- Customer Services



9. RISK

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

10. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Good complaints management ensures that the Council learns from customer experience and develops services to deliver both priorities	Head of Policy, Communications and Governance
Risk Management	This report is presented for information only and has no risk management implications.	Head of Policy, Communications and Governance
Financial	The process of responding to and dealing with complaints as described in this report has been managed within existing budgets.	Section 151 Officer & Finance Team
Staffing	None Identified	Head of Policy, Communications and Governance
Legal	<p>This report provides a review of complaints received and an update on the Council's complaint handling. If any complaint raises issues that may have legal implications or consequences, the Head of Legal Partnership should be consulted.</p> <p>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. Regular reports on the Council's performance in responding to complaints assist in demonstrating best value and compliance with the statutory duty.</p>	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998 and in line with the Data Quality Policy, which sets	Team Leader (Corporate Governance), MKLS

	out the requirement for ensuring data quality.	
Equalities	The complaints process is extremely valued. It can help identify where changes to policy or improvements to service delivery may be required. When a change is proposed an Equalities Impact Assessment is undertaken to ensure that there is no detrimental impact on individuals with a protected characteristic. All complaints with an identified equality issue are investigated with the Policy and Information Officer to ensure that equalities concerns are investigated appropriately.	Policy & Information Officer
Crime and Disorder	None Identified	Head of Policy, Communications and Governance
Procurement	None Identified	Head of Policy, Communications and Governance & Section 151 Officer

11. REPORT APPENDICES

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

- Appendix 1: 2017/18 Stage 1 Complaint Volume Summary
- Appendix 2: 2017/18 Stage 2 Complaint Volume Summary
- Appendix 3: 2017/18 LGO Complaints by Service
- Appendix 4: Local Government Annual Review Letter 2018

12. BACKGROUND PAPERS

None

2017/18 Stage 1 Complaint Volume Summary:

The number of complaints received can be broken down across the Services as follows:

Service Area	Stage 1	% of overall stage 1 received	No. Responded Late	% Late
Benefits	26	3.57%	0	0%
Building Control	2	0.27%	0	0%
Communications	2	0.27%	0	0%
Community Protection	39	5.36%	5	12.8%
Council Tax	72	9.89%	4	5.6%
Crematorium & Cemetery	1	0.14%	0	0%
Customer Services	17	2.34%	3	17.6%
Democratic Services	1	0.14%	0	0%
Development Management (Planning)	64	8.79%	16	25%
Digital Services	14	1.92%	0	0%
Economic Development	3	0.41%	1	33.3%
Environmental Health	5	0.69%	1	20%
Environmental Services (Depot)	51	7.01%	0	0%
Facilities Management	1	0.14%	1	100%
Finance	2	0.27%	0	0%
HLD	2	0.27%	0	0%
Housing & Health	8	1.10%	0	0%
Housing Homelessness	13	1.79%	1	7.7%
Housing Register	26	3.57%	1	3.8%
ICT	2	0.27%	1	50%
Legal	2	0.27%	2	100%
Licensing	1	0.14%	0	0%
Market	3	0.41%	0	0%
MCL (Events, Leisure Centre, Hazlitt)	48	6.59%	6	12.5%
Mid Kent Enforcement	5	0.69%	0	0%
Parking	93	12.77%	1	1.1%
Parks & Open Spaces	37	5.08%	2	5.4%
Planning Enforcement	11	1.51%	4	36.4%
Planning Policy	1	0.14%	1	100%
Planning Support	3	0.41%	0	0%
Policy and Information	1	0.14%	0	0%

Appendix 1: 2017/18 Stage 1 Complaint Volume Summary

Service Area	Stage 1	% of overall stage 1 received	No. Responded Late	% Late
Property and Procurement	1	0.14%	0	0%
Registration Services	16	2.20%	4	25%
Waste	*150	20.6%	0	0%
Complaints logged and subsequently referred to Kent County Council	5	0.69%	-	-
Total	728			

*Of these, 45 *Stage 1* complaints and 7 *Stage 2* complaints were due to the snow.

2017/18 Stage 2 Complaint Volume Summary:

The number of complaints received can be broken down across the Services as follows:

Service Area	Stage 2	% of overall stage 2 received
Benefits	1	0.93%
Building Control	0	-
Communications	0	-
Community Protection	6	5.56%
Council Tax	12	11.11%
Crematorium & Cemetery	0	-
Customer Services	0	-
Democratic Services	0	-
Development Management (Planning)	19	17.59%
Digital Services	0	-
Economic Development	1	0.93%
Environmental Health	0	-
Environmental Services (Depot)	4	3.70%
Facilities Management	0	-
Finance	0	-
HLD	0	-
Housing & Health	1	0.93%
Housing Homelessness	3	2.78%
Housing Register	8	7.41%
ICT	1	0.93%
Legal	0	-
Licensing	0	-
Market	0	-
MCL (Events, Leisure Centre, Hazlitt)	4	3.70%
Mid Kent Enforcement	1	0.93%
Parking	17	15.74%
Parks & Open Spaces	8	7.41%
Planning Enforcement	2	1.85%
Planning Policy	1	0.93%
Planning Support	1	0.93%

Appendix 2: 2017/18 Stage 2 Complaint Volume Summary

Service Area	Stage 2	% of overall stage 2 received
Policy and Information	0	-
Property and Procurement	0	-
Registration Services	2	1.85%
Waste	*16	14.81%
Complaints logged and subsequently referred to Kent County Council	n/a	n/a
Total	108	

*Of these, 45 *Stage 1* complaints and 7 *Stage 2* complaints were due to the snow.

2017/18 LGO Complaint Volume Summary:

The number of complaints received can be broken down across the Services as follows:

LGO Complaint Description	Service Areas	No. of stage 1 complaints	No. of Stage 2 Complaints	No. received by the LGO	Number Upheld
Adult Care Services	N/A	-	-	-	-
Benefits and Tax	Benefits Council Tax	98	13	12	1
27 Corporate and Other Services	Communications Customer Services Democratic Services Digital Services Economic Development Facilities Management Finance ICT Legal Licensing Market MCL MidKent Enforcement Policy and Information Property and Procurement Registration Services	119	9	5	0
Education and Children's Services	N/A	-	-	-	-

Appendix 3: 2017/18 LGO Complaint Volume Summary

Environment Services	Community Protection Crematorium & Cemetery Environmental Health Environmental Services (depot) Parks and Open Spaces Waste	283	34	7	2
Highways and Transport	Parking	93	17	5	0
Housing	Housing & Health Housing Homelessness Housing Register	47	12	2	1
28 Planning and Development	Building Control Development Management HLD Planning Enforcement Planning Policy Planning Support	83	23	7	1
Other	*			1	

(Complaints logged and subsequently referred to Kent County Council = 5)

*The LGO received 1 complaint from 'other', however would not provide additional information regarding which service this was for. As such, for the purpose of future reporting, we will consider this complaint under 'Corporate and Other Services'.

18 July 2018

By email

Alison Broom
Chief Executive
Maidstone Borough Council

Dear Alison Broom,

Annual Review letter 2018

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

We issued a public report about your Council last year, concerning the treatment of a homeless family. The family, with two small children, gave the Council warning with evidence from a government agency that they would be made homeless on a specific date. This met the low threshold in law to start enquiries, but the Council took no action. This was fault. The

Council could then have contacted the family shortly before the date to check what was happening and make an appointment if necessary. Its lack of action here was also fault and led to them arriving at the Council's offices in the afternoon and having to wait outside when they closed before they were later placed in bed and breakfast accommodation.

The Council accepted a duty to secure accommodation for the family and they were moved to a privately owned flat as temporary accommodation. The Council had no written agreement with the landlord. The agreement the family and the Council's caseworker signed said they might have to move immediately as a result of failing to abide by the rules of the accommodation. However, the Council and the landlord failed to show it made the complainants aware of these rules and so it was at fault.

The Council subsequently warned the family that they might be evicted by the landlord and then told the family to leave. The Council subsequently told the complainants that it had discharged its duties towards them, though this was not in writing as required. The complainants complained and said that they had been evicted unlawfully. About a week later the Council took over paying for the new accommodation they had secured and about 9 weeks later the Council decided the family were not intentionally homeless and reinstated its duties towards them. A few days after this, the family accepted permanent housing from the Council.

In addition to remedying the injustice to the family, including payments for damaged belongings, storage and removal costs, the additional costs of food which would be incurred while staying in bed and breakfast accommodation, and for distress, we recommended the Council should review and formalise its relationship with the landlord. We were very disappointed the Council felt we had exceeded our jurisdiction, and that it failed to accept all of our findings of fact and to accept all of our recommendations. We considered the Council's response and consideration was flawed, reflected a misunderstanding of our role and failed to provide proper reasons to reject the full remedy. I understand, however, following fresh legal advice, that the Council now accepts we had jurisdiction to investigate, that our legal position was correct. I also understand the Council will now comply with our recommendations in full and that it has made the recommended payments to the complainants and that it is working on a service level agreement with temporary accommodation owners to ensure that they fully comply with the Protection from Eviction Act 1977. I am pleased that it may not therefore be necessary for me to issue a further report on this matter.

In contrast to the Council's initial response to the public report, we were very pleased with the Council's response on a planning complaint which we closed with a statement of reasons and which concerned overlooking of a house and garden from a new development. Senior Council officers and the ward member visited the site and told the complainant that the "impact on your garden and house could be clearly seen and it is for this reason and the shortcoming set out by the Ombudsman's report that the Council accepted it was at fault." To seek to prevent a recurrence, training to planning officers was reviewed and this case was highlighted as part of that learning process. The training has raised awareness of officers not only to consider the impact on property owners arising from such matters but also to consider the implications arising from not discharging conditions appropriately in the first instance. We welcome this sort of positive learning response.

Future development of annual review letters

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new [corporate strategy](#) for 2018-21 which commits us to more

comprehensibly publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will be seeking views from councils on the future format of our annual letters early next year.

Supporting local scrutiny

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at www.lgo.org.uk/scrutiny. I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

Learning from complaints to improve services

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the [reports](#) and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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

Local Authority Report: Maidstone Borough Council
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	12	5	0	7	5	2	7	1	39

3rd Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
3	0	13	14	7	5	42%	42

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
2	1

Audit, Governance & Standards 17 September 2018 Committee
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Complaints Received Under the Members' Code of Conduct

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service/Lead Director	Patricia Narebor – Head of Legal Partnership and Monitoring Officer
Lead Officer and Report Author	Estelle Culligan, Principal Solicitor – Contentious and Corporate Governance
Classification	Public
Wards affected	All

Executive Summary

The report provides an update to the Committee on complaints received under the Members' Code of Conduct for the period 1 st March 2018 to 31 August 2018.

This report makes the following recommendations to this Committee:

- | |
|--|
| 1. To note the contents of the report. |
|--|

Timetable

Meeting	Date
Audit, Governance & Standards Committee	17 September 2018

Complaints Received Under the Members' Code of Conduct

1. INTRODUCTION AND BACKGROUND

- 1.1 It is a requirement under the Localism Act 2011 that all Councils adopt a Code of Conduct and that the Code adopted must be based upon the Nolan Principles of Conduct in Public Life. The current Members' Code of Conduct ("the Code") for Maidstone Borough Council is set out in the Constitution adopted in May 2015.
- 1.2 The Localism Act 2011 requirement to adopt a Code of Conduct also applied to all the Parish Councils. Most Parish Councils in the Maidstone area have adopted the same Code of Conduct as the Borough Council, although a few have adopted their own particular Code.
- 1.3 Under the Localism Act 2011 Maidstone Borough Council is responsible for dealing with any complaints made under the various Codes of Conduct throughout the Maidstone area.
- 1.4 The Constitution stipulates that oversight of Code of Conduct complaints is part of the remit of the Audit, Governance and Standards Committee.
- 1.5 As part of the Committee's oversight function it is agreed that the Monitoring Officer will provide reports on complaints to the Audit, Governance and Standards Committee. It should be noted that the Localism Act 2011 repealed the requirement to publish decision notices; therefore in providing the update to the Committee the names of the complainant and the Councillor complained about are both kept confidential in accordance with the Data Protection Act 2018.
- 1.6 Since the last report to this Committee on 19 March 2018 there have been 8 new complaints against Parish Councillors. Three complaints have been concluded with a decision of no breach; one was resolved through informal resolution, with a recommendation for training; one matter was closed due to insufficient evidence of a breach of the Code. The remaining three complaints are at the initial investigation stage.
- 1.7 At the last meeting, it was reported that a complaint had just been submitted against a Borough Councillor. That complaint was fully investigated and a report considered by a Hearings Sub-Committee in June. The Councillor had admitted the breach during the investigation and the Sub-Committee imposed sanctions on the Councillor.

2. AVAILABLE OPTIONS

- 2.1 The Committee could decide that they no longer wish to receive the updates on complaints under the Code of Conduct. This is not recommended as it is part of the Committee's general oversight function.

2.2 That the Committee note the update on complaints received under the Members’ Code of Conduct.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 Option 2.2 that the Committee note the update on complaints received under the Members’ Code of Conduct is recommended as it is essential that the Committee continue to oversee the complaints received.

4. RISK

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

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 Members of the Audit, Governance and Standards Committee and the Independent Person in accordance with the relevant complaints procedure will be consulted with on individual complaints as and when necessary.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 As the report is for information only no further action will be taken.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	High standards of conduct are essential amongst Members in delivering the Council’s priorities. The Code of Conduct and complaints procedure supports this.	Principal Solicitor, Contentious and Corporate Governance
Risk Management	This report is presented for information only and has no risk management implications. An effective Code of Conduct and robust complaints procedure minimises the risk of Member misconduct and is part of an effective system of governance.	Principal Solicitor, Contentious and Corporate Governance
Financial	There are no direct financial implications; however, should it	Principal Solicitor,

	be necessary to appoint external Independent Investigators the cost of this will be met by the Borough Council.	Contentious and Corporate Governance
Staffing	The complaints procedure is dealt within the remit of the Monitoring Officer with input from the Legal Team as required.	Principal Solicitor, Contentious and Corporate Governance
Legal	The requirements of the Localism Act 2011 with regards to the Code of Conduct and complaints procedure are set out within the report. The reporting process ensures that the Committee continues its oversight of the Code of Conduct as required by the Constitution.	Principal Solicitor, Contentious and Corporate Governance
Privacy and Data Protection	No personal information is provided as part of the report.	Principal Solicitor, Contentious and Corporate Governance
Equalities	Any potential to disadvantage or discriminate against different groups within the community should be overcome within the adopted complaints procedures.	Principal Solicitor, Contentious and Corporate Governance
Crime and Disorder	None identified in the report.	Principal Solicitor, Contentious and Corporate Governance
Procurement	None identified in the report.	Principal Solicitor, Contentious and Corporate Governance

8. REPORT APPENDICES

None

**AUDIT, GOVERNANCE &
STANDARDS COMMITTEE**

**17 September
2018**

**CIPFA Position Statement: Audit Committees in Local
Authorities & Police**

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service or Lead Director	Mark Green: Director of Finance & Business Improvement
Lead Officer and Report Author	Rich Clarke: Head of Audit Partnership
Classification	Public
Wards affected	All

Executive Summary

Presenting for Members' information CIPFA's Position Statement on the role of Audit Committees in local authorities and how they can best undertake the role.

This report makes the following recommendations to this Committee:

1. **Note** the CIPFA Position Statement on Audit Committees in Local Authorities
2. **Seek** a further report to a future meeting of this Committee reflecting on the Committee's work considering CIPFA's Position Statement

Timetable

Meeting	Date
Audit, Governance & Standards Committee	17 September 2018

CIPFA Position Statement: Audit Committees in Local Authorities & Police

1. INTRODUCTION AND BACKGROUND

- 1.1 In May 2018 the Chartered Institute of Public Finance & Accountancy (CIPFA) published its Position Statement on Audit Committees (the **Statement**). The **Statement** supersedes a version from 2013 and draws on a broad range of national and international research, including a large-scale survey of local authorities completed in late 2016.
- 1.2 The **Statement** is not binding. Local authorities do not need to consider its content or reflect on their approach to governance as a result. However, CIPFA are recognised standards-setters for local government on various governance issues. These include the Financial Statements and (with SOLACE) the *Delivering Good Governance in Local Government Framework* that guides the Annual Governance Statement. Therefore the **Statement** represents a good quality guide on what forms leading practice, as compiled by a reputable and influential source.
- 1.3 We include the **Statement** in full at Appendix 1. At three pages, it provides a good, brief review of good practice in an effective local authority audit committee. The **Statement** accompanies a more detailed practical guidance document but, as a paid-for publication, we cannot circulate that full guide as part of public committee papers. However, we have bought the full document and will use it in preparing supporting materials (such as the Member briefing that precedes this Committee meeting) and share with individual Members as sought.

2. AVAILABLE OPTIONS

- 2.1 As noted, the **Statement** is not compulsory and local authorities are free to set up and run their audit committees as they see fit without referring to its guidance. Therefore, the Committee could take no action.
- 2.2 Alternatively, the Committee could take the opportunity presented by publication of an authoritative statement on best practice to consider its effectiveness. That would be a slightly longer project leading up to a report later in the year. That Report may provide some reflection on how the Committee works and include recommendations seeking to improve or preserve its effectiveness.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The Council's Local Code of Corporate Governance – approved by this Committee in June 2017 – sets out the Council's aim to: "secure continuous

improvement in the way in which [our] functions are exercised.” In that spirit, the Committee should feel able to reflect periodically on its effectiveness. The **Statement** offers a robust, externally valid, outline to help support that reflection.

4. RISK

4.1 This report is principally for information and has no direct risk management implications. Any implications that arise from reflecting on the Committee’s effectiveness will be in future reporting.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 Not applicable; the **Statement** is a new publication.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 If the Committee agree to commission future reports on this topic we will strive to ensure their completion on timing the Committee advises.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations potentially offers a way to ensure continuous improvement to the Council’s governance. Good governance will help with effective delivery of Council priorities.	[Head of Service or Manager]
Risk Management	Section 4 of this report refers.	[Head of Service or Manager]
Financial	The proposals set out here, if adopted, would be funded through existing resources. Specifically, through part use of the ‘consultancy’ audit budget allowance set out in the Audit & Assurance plan agreed by Members in March 2018.	[Section 151 Officer & Finance Team]

Issue	Implications	Sign-off
Staffing	We will deliver the recommendations with our current staffing.	[Head of Service]
Legal	Conformance to the practice set out in the Statement is not a legal duty. However, the Council is obliged by the Local Government Act 1999 to seek continuous improvement in its arrangements. By reflecting on its work, the Committee will contribute to showing conformance with that duty.	[Legal Team]
Privacy and Data Protection	No impact.	[Legal Team]
Equalities	No impact.	[Policy & Information Manager]
Crime and Disorder	No impact.	[Head of Service or Manager]
Procurement	No impact.	[Head of Service & Section 151 Officer]

8. REPORT APPENDICES

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

- Appendix 1: CIPFA Position Statement: Audit Committees in Local Authorities & Police.

9. BACKGROUND PAPERS

Not applicable.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police

The scope of this Position Statement includes all principal local authorities in the UK, the audit committees for PCCs and chief constables in England and Wales, and the audit committees of fire and rescue authorities.

- 1** Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 2** The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 3** Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
 - act as the principal non-executive, advisory function supporting those charged with governance
 - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
 - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
 - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
 - be directly accountable to the authority's governing body or the PCC and chief constable.
- 4** The core functions of an audit committee are to:
 - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
 - in relation to the authority's internal audit functions:
 - oversee its independence, ~~of~~ effectiveness, performance and professionalism

- support the effectiveness of the internal audit process
 - promote the effective use of internal audit within the assurance framework
 - consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
 - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority’s exposure to the risks of fraud and corruption
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
 - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
 - review the financial statements, external auditor’s opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 5 An audit committee can also support its authority by undertaking a wider role in other areas including:
- considering governance, risk or control matters at the request of other committees or statutory officers
 - working with local standards and ethics committees to support ethical values
 - reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017)
 - providing oversight of other public reports, such as the annual report.
- 6 Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
 - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
 - unbiased attitudes – treating auditors, the executive and management fairly

- the ability to challenge the executive and senior managers when required.
- 7 To discharge its responsibilities effectively the committee should:
- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
 - be able to meet privately and separately with the external auditor and with the head of internal audit
 - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
 - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
 - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

Additional guidance to support those acting as audit committee members in local authorities can be found in CIPFA's publication *Audit Committees: Practical Guidance for Local Authorities and Police* (2018), available from www.cipfa.org.uk/publications

Agenda Item 14

Audit, Governance & Standards Committee

17 September 2018

External Auditor's Annual Audit Letter

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	None

Executive Summary

The Annual Audit Letter summarises the main findings from the work undertaken by the external auditor for the year ended 31 March 2018, and brings the audit process for 2017/18 to a close.

This report makes the following recommendations to this Committee:

1. That the External Auditor's Annual Audit Letter for the year ending 31 March 2018, attached at appendix 1 is noted.

Timetable

Meeting	Date
Audit, Governance & Standards Committee	17 September 2018

External Auditor's Annual Audit Letter

1. INTRODUCTION AND BACKGROUND

- 1.1 The Annual Audit Letter summarises the main findings from the work undertaken by the external auditor for the year ended 31 March 2018. Representatives from Grant Thornton will be in attendance at the meeting to present the letter and respond to any questions which Committee members may have.
- 1.2 It is recommended that this document is considered by the committee in accordance with the terms of reference detailed within the council's Constitution.
- 1.3 The Committee considered the External Auditor's Audit Findings report for the year ending 31 March 2018 at its meeting on 30 July 2018. The Annual Audit Letter at Appendix 1 summarises the key findings arising from the audit and effectively concludes this process by confirming that:
- The external auditor gave an unqualified opinion on the Council's accounts on 31 July 2018; and
 - The external auditor is satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.
-

2. AVAILABLE OPTIONS

- 2.1 The Committee is asked to note this report for the reasons outlined within section 3.1 below.
- 2.2 The Committee could choose not to acknowledge the comments made by the external auditor. This option is not recommended since the report offers an independent view of how the authority is operating.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the External Auditor's Annual Audit Letter included at Appendix 1 to this report and considers whether any recommendations should be made to other committees. As the Committee charged with governance, receiving regular reports from the external auditor is considered to play an important role in ensuring that this responsibility is discharged effectively.
-

4. RISK

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

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 No formal consultation has been undertaken in relation to this report.
- 5.2 This Committee previously considered the External Auditor’s Audit Findings report for the year ending 31 March 2018 as part of the formal adoption of the annual financial statements for the 2017/18 financial year.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, the Council is committed to delivering on its priorities and securing value for money through effective governance. This letter is one measure of how effective the council has been in delivering against this commitment.	Head of Finance
Risk Management	This report is presented for information only and has no risk management implications.	Head of Finance
Financial	The financial implications arising from the work of external audit are detailed within Appendix 1.	Head of Finance
Staffing	No implications identified.	Head of Finance
Legal	The terms of reference for the Audit and Governance Committee specifically require the Committee to consider the external auditor’s annual letter.	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	No implications identified.	Head of Finance

Equalities	No implications identified.	Head of Finance
Crime and Disorder	No implications identified.	Head of Finance
Procurement	No implications identified.	Head of Finance

7. REPORT APPENDICES

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

- Appendix 1: External Auditors Annual Audit Letter

8. BACKGROUND PAPERS

Audited Statement of Accounts 2017/18

http://www.maidstone.gov.uk/_data/assets/pdf_file/0018/190710/Audited-Annual-Accounts-2017.pdf

Audit Findings Report 2017/18

<https://meetings.maidstone.gov.uk/documents/s61831/Appendix%201%20-%20External%20Auditors%20Audit%20Findings%20Report.pdf>

Annual Audit Letter

Year ending 31 March 2018

Maidstone Borough Council

29 August 2018

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Contents



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Section

1. Executive Summary
2. Audit of the Accounts
3. Value for Money conclusion

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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Maidstone Borough Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit, Governance and Standards Committee as those charged with governance in our Audit Findings Report on 30 July 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work


Materiality 50	We determined materiality for the audit of the Council's financial statements to be £1,813,000, which is 2% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 31 July 2018.
Whole of Government Accounts (WGA)	As the Council was below the £500m threshold to require work on the WGA Return, no detailed work was performed in this area.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 31 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit, Governance and Standards Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Maidstone Borough Council in accordance with the requirements of the Code of Audit Practice.

Working with the Council

During the year we have delivered a number of successful outcomes with you:

-  An efficient audit – we delivered an efficient audit with you in June and early July, delivering the accounts in two and a half weeks, which was two weeks less than last year. We also cleared all of our outstanding queries in a timely manner as well.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports with Management and the Audit, Governance and Standards Committee.
- Providing training – we provided your teams with training and support on the accounts throughout the course of the year.
- Thought leadership – we provided access to our Vibrant Economy Index, allowing Officers and Members to understand how the Index may be able to help the Authority shape its future decisions.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's accounts to be £1,813,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for cash, which we set at £500,000.

Finally, we set a lower threshold of £90,700, above which we reported errors to the Audit, Governance and Standards Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Improper revenue recognition Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>53</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Maidstone Borough Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we did not consider this to be a significant risk for Maidstone Borough Council.</p> <p>However as Revenue is a material balance for the Council, we performed the following:</p> <ul style="list-style-type: none"> • reviewed and tested the Council's revenue recognition policies • performed testing on material revenue streams 	<p>Our audit work did not identify any issues in respect of improper revenue recognition.</p>
<p>Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>As part of our audit work we completed the following:</p> <ul style="list-style-type: none"> • gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness; • obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness; and • evaluated the rationale for any changes in accounting policies or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment The Council revalues its land and buildings on an quinquennial basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>As part of our audit work we completed the following:</p> <ul style="list-style-type: none"> • reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • considered the competence, expertise and objectivity of any management experts used; • discussed with the valuer the basis on which the valuation is carried out and challenged the key assumptions; • reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding; • tested revaluations made during the year to ensure they are input correctly into the Council's asset register; and • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Our audit work did not identify any issues in respect of the Property, Plant and Equipment Valuations included within the Accounts at year end.</p>
<p>Valuation of pension fund net liability The Council's pension fund asset and liability as reflected in its balance sheet represents a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>As part of our audit work we completed the following:</p> <ul style="list-style-type: none"> • Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We have also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • Evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We have also gained an understanding of the basis on which the valuation is carried out; • Undertaken procedures to confirm the reasonableness of the actuarial assumptions made; • Checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>Our audit work did not identify any issues in respect of the valuation of the pension fund net liability in the Accounts.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2018, in advance of the national deadline.

Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Audit, Governance and Standards Committee on 30 July 2018.

We identified a few minor presentation and disclosure amendments, all of which were processed by the Council within the final set of Accounts.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO. We issued an assurance statement which confirmed the Council was below the audit threshold.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Maidstone Borough Council in accordance with the requirements of the Code of Audit Practice.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risk we identified and the work we performed is set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

Value for Money conclusion

Key Value for Money Risk

Significant risk	Work to address	Findings and conclusions
<p>Financial Position</p> <p>Whilst the Council has been able to set a balanced budget over the short term, currently there is a requirement for a considerable level of savings of the life of the current Medium Term Financial Plan (MTFP). This is largely to do with the uncertainty over the next Local Government Finance Settlement, which will take effect from 2020, but the Council should be looking to take steps to mitigate any negative impact from the Settlement where possible.</p>	<p>We performed the following work in respect of this area:</p> <ul style="list-style-type: none"> - reviewed the assumptions behind the latest MTFP, covering the period up to March 2023; - considered the 2017-18 budget outturn, and any implications this may have for the MTFP, along with the latest outturn against the 2018-19 budget - reviewed the savings proposals which have been identified to date in respect of the savings requirements, along with the plans that the Council has to identify the additional savings currently required for the life of the MTFP 	<p>The key points from our work in this area were the following:</p> <ul style="list-style-type: none"> • The Council delivered a £185k underspend against its General Fund Budget in 2017-18, with no significant under or overspends during the course of the year. This is a positive indicator of strong budgetary control and management and effective action to manage the pressure areas in 2016-17 (for example, temporary housing). The Council is continuing to progress the aims of its Property Company to help provide resilience in this area, and the first schemes are scheduled to break ground in 2018-19. • The Council also delivered a sizeable capital programme during the course of the year as well, spending £9.8m of reserves which had been set aside for these purposes, including £4m of New Homes Bonus which was received by the Council during the course of the year • The Council has set a balanced budget for 2018-19, which includes £1,461k of savings or additional income generation schemes. These were identified in full before the financial year started. A significant proportion of this balance comes from income generation schemes and transformation programmes, which shows that the Council is continuing to balance generating savings against additional sources of income. This will continue to be important as most of the obvious savings have now been utilised and different approaches will be needed to fill future budget gaps. • Over the life of the 2018 to 2023 Medium Term Financial Plan (MTFP), the Council has identified £5,047k of the £6,591k savings required, which puts it currently, in a strong position. The Council has started to identify savings post-2020, over which there remains a considerable level of uncertainty given the new Local Government Funding Settlement due in December 2019. The Council continues to take a prudent approach to forecasting for this period, including expected additional costs and income in the MTFP to provide what it hopes will be a realistic assessment of the potential budget gap over this period. • During the course of updating the MTFP for the period covering 2018-2023, the Council has continued to provide Members with three scenarios to highlight the range of potential savings which may be needed over this period. The worse case scenario could lead to the Council needing to identify a further £7,702k of savings over the next five year cycle, which would prove a real challenge given this equates to 22% of the total resources available to the Council. However as mentioned previously, there is limited certainty over how likely this is to occur, and the Council needs to monitor this area closely to ensure it remains up to speed with any announcements around future funding. <p>However the Council has a good track record of delivering its plans over recent years which means it is well placed to deal with the challenges ahead, which are going to impact all Councils over the next couple of years.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and confirm there were no fees for the provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	19 March 2018
Audit Findings Report	30 July 2018
Annual Audit Letter	29 August 2018

Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	50,475	50,475	50,475
Housing Benefit Grant Certification	11,418	TBC	10,433
Total fees	61,893	TBC	60,908

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). We will be unable to confirm our final fee for our Housing Benefit Work until we have completed the work ahead of the November 2018 deadline.

Fees for non-audit services

Service	Fees £
Audit related services: None	n/a
Non-audit services: Vibrant Economy Index Presentations (two presentations were provided by Grant Thornton to Members and Management for no cost)	nil

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.



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Agenda Item 15

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

17 September 2018

Budget Strategy – Risk Assessment Update

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

Executive Summary

This report provides an update on the budget risks facing the Council. The overall risk environment remains broadly as reported at the previous meeting of the Committee. Quarterly reporting of projected business income by the Kent & Medway Business Rates Pilot provides a greater degree of reassurance that it will generate the predicted level of growth.

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

Meeting	Date
Audit, Governance and Standards Committee	17 September 2018

Budget Strategy – Risk Assessment Update

1. INTRODUCTION AND BACKGROUND

- 1.1 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.
- 1.2 The key element in the Council's budget strategy is its rolling five year Medium Term Financial Strategy (MTFS). The current MTFS for 2018/19 – 2022/23 is currently being updated, in parallel with development of the Council's new five year Strategic Plan, with a view to presenting a new MTFS to Council at its December 2018 meeting. In line with the approach previously adopted, and given uncertainty about the future, MTFS projections will be prepared on the basis of various potential scenarios. These include the Council's likely financial position depending on the government's funding regime for local authorities (eg favourable, neutral, adverse) and the Council's appetite for growth. This in turn depends on its stance on, for example, increasing Council Tax, and expanding the capital programme to generate further income generating opportunities.
- 1.3 Uncertainty about the local government funding regime is captured in the budget risk register under the heading of 'adverse impact from changes in local government funding'. The medium term position from 2020/21 onwards, following the end of the current four year funding settlement, remains very unclear. However, there is now greater certainty about the position for next year following the government's announcement in July of a technical consultation on the 2019/20 local authority financial settlement. The key points for Maidstone amongst the proposals on which consultation is taking place are as follows.
- The 2019/20 settlement will be in line with the four year settlement originally announced in 2016/17.
 - The government has indicated an 'initial preference' for removing all negative RSG payable by local authorities. This would mean a one-off saving of £1.6 million for Maidstone in 2019/20 as compared with our current MTFS projections.
 - The government is minded to set a Council Tax referendum limit of 3%.
 - For payments after 2020, the government will explore how to use New Homes Bonus to incentivise housing growth, eg by linking it to the Housing Delivery Test.
- 1.4 The proposal in relation to negative RSG is particularly welcome. If the one-off saving of £1.6 million is held in reserve and used to cushion the

impact of any negative changes in 2020/21, then this will reduce the level of risk faced by the authority.

- 1.5 The wider economic environment remains very uncertain. Previous reports on budget risks have highlighted our exposure to fluctuations in business rates income, with around 35% of the Council's business rates income coming from the retail sector, which is particularly exposed to economic fluctuations and general trends in consumer behaviour.
- 1.6 In addition to the direct impact of any reduction in business rates income, we would risk losing the projected benefits from participation in the Kent and Medway Business Rates Pilot. Monitoring for the first quarter of 2018/19 indicates that the projected business rates growth for Maidstone and the pilot area as a whole are as follows.

Projected retained business rates income for 18/19 as at 30.6.08

	NDR1 projection	Latest projection	Variance
	£000	£000	
Maidstone	22,627	22,366	-1.15%
Total Kent & Medway	319,581	320,504	0.29%

Although Maidstone Borough is now projecting a slightly slower growth figure than in its NDR1 (January 2018) projections, the overall picture for the business rates pilot area is more positive, and this is what will determine our eventual allocation from the pilot proceeds.

- 1.7 The risks included in the Budget Risk Register have been reviewed in light of the above developments. A summary of the changes to the risk register is set out below. Appendix A sets out the budget risks in the form of a Risk Matrix and Risk Register.

	Risk	Factor considered	Implications for risk profile
H	Adverse impact from changes in local government funding	This is a longstanding risk but the government's consultation on the 2019/20 settlement indicates the potential for slightly reduced risk in the short term.	Impact – no change Likelihood - reduced
M	Business Rates pool / pilot fails to generate sufficient growth	Business rates income is now projected to be slightly lower than forecast for 2018/19 in Maidstone but the overall position for the Kent & Medway area is more positive.	Impact – no change Likelihood – reduced

2. AVAILABLE OPTIONS

- 2.1 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.
- 2.2 Option 2 - The Committee notes the risk assessment set out in this report and makes no further recommendations.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

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

4. RISK

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

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 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.
- 5.2 A Residents' Survey will be carried out as part of the consultation on the new Strategic Plan and the updated MTFS 2019/20 – 2023/24. Individual budget proposals will be subject to review by the Service Committees.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

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

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-	Director of Finance and Business

	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.	Improvement
Risk Management	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 and Business Improvement
Financial	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 and Business Improvement
Staffing	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
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Director of Finance and Business Improvement
Privacy and Data Protection	No implications.	Director of Finance and Business Improvement
Equalities	The Council's budgeted expenditure will have a positive impact as it will enhance the lives of all members of the community through the	Director of Finance and Business Improvement

	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.	
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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

Summary

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

Likelihood	5					
	4			L		
	3		B	G,M		
	2		E	C,F	A,D,H	J
	1		I,K			
		1	2	3	4	5
		Impact				

- A. Failure to contain expenditure within agreed budgets
- B. Fees and Charges fail to deliver sufficient income
- C. Commercialisation fails to deliver additional income
- D. Planned savings are not delivered
- E. Shared services fail to meet budget
- F. Council holds insufficient balances
- G. Inflation rate predictions underlying MTFS are inaccurate
- H. Adverse impact from changes in local government funding
- I. Constraints on council tax increases
- J. Capital programme cannot be funded
- K. Increased complexity of government regulation
- L. Collection targets for Council Tax and Business Rates missed
- M. Business Rates pool / pilot fails to generate sufficient growth

Budget Strategy Risk Register 2017/18

The following risk register sets out the key risks to the budget strategy 2017/18 onwards. 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
67 ^A	<p>Failure to contain expenditure within agreed budgets</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"> - Embedded and well established budget setting process - Medium Term Financial Strategy - Balanced budget agreed by Council for 2017/18. - Strong controls over expenditure and established process for recovering from overspends 	4	2	8
B	<p>Fees & Charges fail to deliver sufficient income</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 in excess of £16 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"> - Fees and charges are reviewed each year, paying careful attention to the relevant market conditions - Where the Council is operating in a competitive market, the aim is to ensure price sensitivity does not lead to a loss of income. - Procedures are in place to ensure that fees and charges are billed promptly (or in advance) and that collection is maximised. 	2	3	6
C	<p>Commercialisation fails to deliver additional income</p> <p>The commercial activities currently being delivered and projected in the MTFs do not</p>	<p>The medium term financial strategy includes a contribution from commercial opportunities, so any shortfall would have an impact on the overall strategy.</p>	<ul style="list-style-type: none"> - The Council set aside a provision of £0.5m against losses from activities that do not deliver. This provision is cash limited but 	3	2	6

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
	deliver the expected level of income.	Income generation from commercial activities supports the revenue budget and is required in ordered to pay back capital investment.	<p>available to cover short term losses.</p> <p>- Individual risks associated with specific projects within commercialisation strategy will be assessed, both as part of the project appraisal process and during the course of delivering the projects.</p> <p>- Decision made to outsource the management of the Mote Park Café from Spring 2018.</p>			
68 D	<p>Planned savings are not delivered</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>	<p>- 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.</p> <p>- Savings proposals are separately identified and monitored in the Council's general ledger.</p> <p>- The ability to achieve the targeted savings is reported quarterly to Corporate Leadership Team and to Service Committees.</p>	4	2	8
E	<p>Shared Services</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

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
F	<p>Insufficient Balances 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>	<p>- The Council has set a lower limit below which General Fund balances cannot fall of £2 million.</p> <p>- At the beginning of the 2018/19 financial year unallocated General Fund balances stood at £7 million.</p>	3	2	6
69 ^G	<p>Inflation rate predications underlying MTFS are inaccurate Actual levels are significantly above or below prediction</p>	<p>Unexpected rises will create an unbudgeted drain upon resources and the Council may not achieve its objectives without calling upon balances.</p> <p>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.</p>	<p>- Allowances for inflation are developed from three key threads:</p> <ul style="list-style-type: none"> ○ The advice and knowledge of professional employees ○ The data available from national projections ○ An assessment of past experience both locally and nationally <p>- MTFS inflation projections are based on the government's 2% inflation target.</p>	3	3	9
H	<p>Adverse impact from changes in local government funding Unexpected shocks lead to changes in Local Government funding. Government strategy fails to address economic challenges, such as those which could arise from Brexit.</p>	<p>The Council will no longer receive Revenue Support Grant (RSG) after 2016/17. It was originally expected that the Council would be subject to 'negative RSG' in 2019/20, but it is now consulting on the removal of negative RSG.</p>	<p>- The Medium Term Financial Strategy to 2022/23 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>	3	3	9
I	<p>Constraints on council tax increases The limit on Council Tax increases means that the Council must manage expenditure pressures even if these potentially give rise to</p>	<p>The limit on Council Tax increases means that additional pressures, such as those arising from providing temporary accommodation, have to be absorbed by making savings elsewhere.</p>	<p>- Planning for the budget 2018/19 was based on a £4.95 (2.06%) increase, as agreed by Policy and Resources Committee at its meeting on 25 July 2017 and by full Council at its meeting on 25</p>	2	1	2

Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
	cost increases greater than 2% per annum.		<p>October 2017.</p> <p>- The Government increased the referendum cap for 2018/19 from £4.95 / 2% to 3% and this was reflected in the Council Tax level actually set.</p>			
J	<p>Capital Programme cannot be funded Reduction or total loss of funding sources means that the capital programme cannot be delivered</p>	<p>The main sources of funding are:</p> <ul style="list-style-type: none"> ○ New Homes Bonus ○ Capital Grants ○ Prudential borrowing ○ Developer contributions (£106) <p>A reduction in this funding will mean that future schemes cannot be delivered.</p>	<p>- Council has been able to fund the capital programme without recourse to borrowing so far,</p> <p>- Council has confirmed in the past that borrowing is acceptable if it meets the prudential criteria.</p> <p>- Local authorities continue to be able to access borrowing at relatively low cost through the Public Works Loan Board but there is a risk that this may be subject to restrictions in future.</p>	5	2	10
K	<p>Increased complexity of government regulation Complexity of financial and other regulations along with increasing delays in providing guidance reduce the ability of the Council to identify risks at an early stage.</p>	<p>On a small number of occasions the financial consequences of future events are likely to be significant. Failure to provide adequate warning would leave the council little time to prepare through the medium term financial strategy.</p> <p>In general these events bring consequences to other agencies and external relationships.</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	1	2
L	<p>Business Rates & Council Tax collection 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>- 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</p>	3	4	12

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Ref	Risk (title & full description)	Consequences	Key Existing Controls	Overall Risk rating		
				I	L	Σ
		<p>Business rates due are in excess of £60 million for 2017/18.</p> <p>Council tax due is in excess of £80 million per annum.</p>	<p>discounts, etc.</p> <p>- Nonetheless, increasingly difficult trading conditions for some businesses may lead to a deterioration in collection performance.</p>			
71 M	<p>Business Rates pool (17/18) / pilot (18/19) Changes to rateable value (RV) or instability of business rates growth within the pool/pilot 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. The proceeds from the pilot are based on Business Rates receipts for Kent & Medway as a whole.</p>	<p>- The pool (pilot wef 18/19) is monitored quarterly Kent wide and Maidstone is the administering authority. The projected benefit of pool increased from £5.1m to £7.5m in 2017/18.</p> <p>- The Council applied successfully with other Kent authorities to take part in a 100% Business Rates Retention pilot in 2018/19. This will mean Kent & Medway retaining a further £25m of business rates growth.</p> <p>- 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.</p>	3	3	9

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 (2)	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

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