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JOINT AUDIT AND STANDARDS COMMITTEE	
DATE:	MONDAY, 27 SEPTEMBER 2021 9.30 AM
VENUE:	KING EDMUND CHAMBER, ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH

Members		
<u>Conservative</u> Simon Barrett James Caston Mary McLaren David Muller (Co-Chair)	<u>Independent</u> John Nunn <u>Liberal Democrat</u> Bryn Hurren (Co-Chair) Mike Norris	<u>Green Party</u> Oliver Amorowson Robert Lindsay Rowland Warboys

A G E N D A

PART 1

MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT

Page(s)

1 **SUBSTITUTES AND APOLOGIES**

Any Member attending as an approved substitute to report giving his/her name and the name of the Member being substituted.

2 **DECLARATION OF INTERESTS**

Members to declare any interests as appropriate in respect of items to be considered at this meeting.

3 **JAC/21/5 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 26 JULY 2021** 5 - 10

4 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

5 **QUESTIONS BY THE PUBLIC**

To consider questions from, and provide answers to, the public in relation to matters which are relevant to the business of the meeting and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

6 **QUESTIONS BY COUNCILLORS**

To consider questions from, and provide answer to, Councillors on any matter in relation to which the Committee has powers or duties and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

7	JAC/21/6 SIGNIFICANT RISK REGISTER REPORT AND RISK MANAGEMENT ACTIVITY	11 - 32
	Report from the Corporate Manager – Internal Audit and Data Protection	
8	JAC/21/7 ANNUAL AUDIT LETTER 2019/20	33 - 54
	Report from Ernst and Young – External Auditors	
9	JAC/21/8 FORWARD PLAN	55 - 56
	Report by the Corporate Manager – Governance and Civic Office attached.	

Note: The date of the next meeting is 29 November 2021 commencing at 9.30am.

Introduction to Public Meetings

Babergh/Mid Suffolk District Councils are committed to Open Government. The proceedings of this meeting are open to the public, apart from any confidential or exempt items which may have to be considered in the absence of the press and public.

Domestic Arrangements:

- Toilets are situated opposite the meeting room.
- Cold water is also available outside opposite the room.
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2. Follow the signs directing you to the Fire Exits at each end of the floor.
3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.
4. Use the stairs, not the lifts.
5. Do not re-enter the building until told it is safe to do so.

Agenda Item 3

Minutes of the meeting of the **JOINT AUDIT AND STANDARDS COMMITTEE** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 26 July 2021

PRESENT:

Councillors: Oliver Amorowson, Simon Barrett
Paul Ekpenyong (Substitute for Bryn Hurren (Co-Chair)
James Caston)
Mary McLaren Dave Muller (Co-Chair)
Mike Norris

In attendance:

Officers: Emily Yule – Monitoring Officer
Katherine Steel – Assistant Director Corporate Resources
Melissa Evans – Corporate Manager Finance and Commissioning
and Procurement

Apologies:

Councillor(s) Robert Lindsay

39 DECLARATION OF INTERESTS

39.1 There were no Declaration of Interests made.

40 JAC/21/1 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 17TH MAY 2021

40.1 Councillor McLaren enquired if the additional information referred to in paragraph 36.2 of the minutes had been circulated.

40.2 The committee were informed that the information would be circulated after the meeting.

It was RESOLVED:-

That the minutes of the meeting held on 17th May 2021 be confirmed and signed as a true record.

41 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME

41.1 None received.

42 QUESTIONS BY THE PUBLIC

42.1 None received.

43 QUESTIONS BY COUNCILLORS

43.1 None received.

44 JAC/21/2 TREASURY MANAGEMENT OUTTURN REPORT 2020/21

- 44.1 Mellissa Evans – Corporate Manager Finance and Commissioning and Procurement introduced report JAC/21/2 and made the committee aware of an error within Appendix C of the report, Table 4 for Mid Suffolk.
- 44.2 Councillor McLaren asked what the impact would be of having different interest rates for long-term borrowing as shown in the table in paragraph 4.7 of the report.
- 44.3 Melissa Evans explained that interest rates stated in the table were the historic PWLB borrowing relating to the council housing stock and at the time of borrowing there were separate Section 151 officers for the two Councils that made different decisions.
- 44.4 Councillor McLaren also asked if the current high level of unemployment would impact the council.
- 44.5 Katherine Steel replied that it would not impact the treasury management activity but may impact other aspects of the councils activity for example the level of council tax reduction scheme claimants.
- 44.6 Councillor Ekpenyong asked about the movement in the CCLA and Investec Investments shown in Table 4 on Page 24 of the report.
- 44.7 Melissa Evans stated that this was the error mentioned in her introduction and that there had been no movement.
- 44.8 Councillor Ekpenyong stated that it was not clear from the report if money had been lost on the Money Market fund and enquired what advice had been received and what costs had been incurred.
- 44.9 Melissa Evans replied that no money had been lost. Returns had been lower than in previous years, but broker fees had also been reduced to leave the Councils in a very small net positive position.
- 44.10 Councillor Simon Barrett asked for clarification of the nett figure of CIFCO returns to the council which appeared in the Overview and Scrutiny report.
- 44.11 Katherine Steel stated she would check the figures in the report and amend if necessary.

It was RESOLVED that the following be recommended to Council:-

- 1. That the Treasury Management activity for the year 2020/21 be noted. Further, that it be noted that performance was in line with the Prudential Indicators set for 2020/21.**
- 2. That it be noted that both Councils treasury management activity for 2020/21 was in accordance with the approved Treasury Management Strategy, and that the Councils have complied with all the Treasury Management Indicators for this period.**

45 JAC/21/3 COMPLAINTS MONITORING REPORT

- 45.1 Emily Yule – Monitoring Officer introduced report JAC/21/3 which gave an update on Code of Conduct complaints received since the last report.
- 45.2 Councillor McLaren asked how soon councillors were advised if a complaint had been received against them.
- 45.3 The Monitoring Officer replied that normally the councillor would be advised of the complaint after the initial assessment which could take up to four weeks.
- 45.4 The Monitoring Officer explained what works were carried out as part of the initial assessment.
- 45.5 Councillor McLaren enquired if the complaints received for Babergh were made by members of the public or other councillors.
- 45.6 The Monitoring Officer stated that complaints around registers of interests were made by members of the public and the others were made by councillors.
- 45.7 Councillor McLaren asked if a councillor was advised to discontinue any disrespectful behaviour but continued to behave in that way what would happen next.
- 45.8 The Monitoring Officer replied that only recommendations could be made not enforceable sanctions. However, if recommendations were made after a councillor has been found in breach of the code and the councillor failed to follow those recommendations a standards committee could be convened where further sanctions could be imposed.
- 45.9 Councillor McLaren asked when an apology is advised what assurances can be given that an apology is made.
- 45.10 The Monitoring Officer replied that at a District level it was the responsibility of the Monitoring Officer and at the Parish level it would be the responsibility of the Parish Clerk.

- 45.11 Councillor McLaren enquired what would happen if a complaint had been received regarding a non-disclosure of an interest at a Parish Council.
- 45.12 The Monitoring Officer stated that it was a requirement at all tiers of government to declare interests and explained the difference between non declaration of non-pecuniary or pecuniary interests.
- 45.13 Councillor Ekpenyong asked about the recommendation to go to an annual reporting cycle and what the annual report would contain.
- 45.14 The Monitoring Officer replied that it was the intention that an annual report would give a much richer set of information to the Committee including more analysis of the trends and types of complaints, where the complaint has come from and the complete life cycle of the complaint.
- 45.15 Councillor Amorowson asked if an apology for misconduct could be made privately.
- 45.16 The Monitoring Officer stated that depending on the nature of the complaint it could be made privately.
- 45.17 Councillor Hurren asked if the monitoring officer could elaborate on the 10 complaints received for Babergh and if it was relating to one issue or more widely spread.
- 45.18 The Monitoring Officer reported that there was a split between District and Parish Councils and that complaints regarding District Councillors tended to be individual and complaints received against Parish Councillors tend to be multiple complaints around the same issue.
- 45.19 Councillor Hurren questioned if now was the time to move to an annual report and expressed his wish to have an annual report in addition to the current reporting.
- 45.20 Councillor McLaren supported Councillor Hurren's wish to have an additional annual report.
- 45.21 Councillor Muller suggested amending the recommendation to reflect the committees wish to continue to receive the current quarterly reports in addition to a more detailed annual report.
- 45.22 The amended recommendation was **PROPOSED** by Councillor Ekpenyong and **SECONDED** by Councillor Barrett.

It was RESOLVED:-

- 1. That the Code of Conduct Complaints monitoring information contained in Paper JAC/21/3 be noted.**

2. That the Code of Conduct Complaints Monitoring Report be reported to Joint Audit Standards Committee in more detail on an annual basis in addition to the current reporting schedule.
3. That the Committee outlines any further information that should be included in the Annual Report.

46 JAC/21/4 FORWARD PLAN

46.1 There were no changes or comments made.

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Chair

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Agenda Item 7

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO: Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/6
OFFICER: Corporate Manager – Internal Audit and Data Protection	DATE OF MEETING: 27 th September 2021

SIGNIFICANT RISK REGISTER REPORT AND RISK MANAGEMENT ACTIVITY

1. PURPOSE OF REPORT

- 1.1 This report details the Significant Risks as of August 2021 and the work undertaken around risk management processes since April 2020.
- 1.2 Risk management as an activity must accomplish the following tasks: identify concerns; identify risks and risk owners; evaluate the risks as to likelihood and consequences; assess the options for accommodating the risk and prioritise the risk management efforts.

2. RECOMMENDATIONS

- 2.1 That the contents of this report, supported by Appendix A and B, be noted.

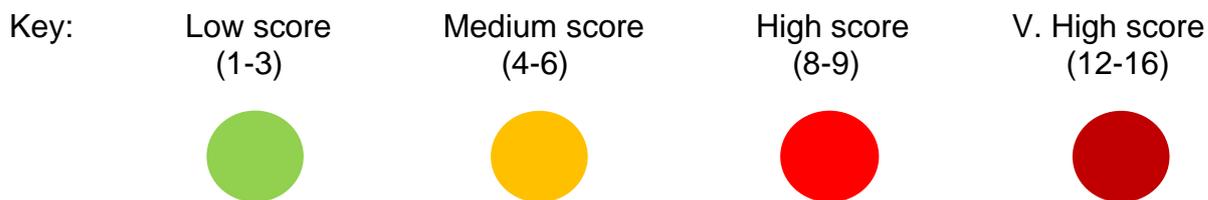
REASON FOR DECISION

To provide assurances that risk management processes in place are robust and effective

3. KEY INFORMATION

- 3.1 Both Councils are committed to adopting good practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes.
- 3.2 The Councils are clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders.
- 3.3 The Councils consider and counter risk across a broad range of areas supported by an approved Risk Management Strategy. As part of good governance, the Councils manage and maintain a register of its significant risks which are linked to the Councils' priorities and regularly reviewed by the Senior Leadership Team and reported annually to this Committee.
- 3.4 This report provides Members with details of the Significant Risks as of August 2021 (see Appendix A) and the work undertaken around risk management processes since April 2020.
- 3.5 There are currently 20 risks on the register, of which risks 13 and 17 have been separated to reflect the different levels of risk scoring between the two Councils. In

summary, 14 risks have been scored as Medium; 6 have been scored as High; and 2 have been scored as Very High.



3.6 All Significant Risks have been plotted on the risk matrix below to provide an overview of levels of risks currently facing the Councils.

Impact / Consequence	Disaster	4	17 (MSDC)	17 (BDC), 18, 20	15	19
	Bad/Serious	3		2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13 (MSDC), 16	9, 13 (BDC), 14	
	Noticeable /Minor	2		1		
	Minimal	1				
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
Probability / Likelihood						

Development of the Risk Register

3.7 The risk register has been enhanced to now include Target Scores. These scores are based on the successful completion of actions in the 'Further Actions/Comments' column as seen in Appendix A.

3.8 The Significant Risk Register was recently reviewed with consideration being given to de-escalating a number of risks to operational registers where they will be monitored at Corporate Manager level. This will be an ongoing exercise and should reduce the number of risks on the Significant Risk Register to a more manageable and meaningful number.

- 3.9 In addition to the above, an assurance review has recently been undertaken by the Internal Audit provider, TIAA, into the Councils' risk management arrangements. Their draft findings provided a 'Reasonable Assurance' audit opinion – *The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.*
- 3.10 The draft report will be presented to the Senior Leadership Team for their consideration. Management's response to the findings and recommendations within the document will be reported back to this Committee in November 2021 as part of Internal Audit's mid-term report.

Top Risks

- 3.11 Below are details of those risks deemed to be 'top risks' facing the Councils at this point in time. These risks may not be the highest scored risks on the register but are those that are considered to be priority by members of Senior Leadership Team.

3.11.1 **Risk no. 12** – *Our data sources will not be reliable and efficient (current score 6)*

Not making best use of our multiple sources of data could result in the Councils not having a strong evidence base to support organisational decisions and assumptions. Using Power BI (Business Intelligence), which is a collection of software services, apps and connectors, now enables the Councils to join up and reconcile various databases to enable better decision making. A programme of work is being developed, which will enable end users to create reports and dashboards.

3.11.2 **Risk no.13** – *We may be unable to react in a timely and effective way to financial demands (NB This risk is specific to Babergh District Council only) (current score 9)*

If the Council does not respond to their projected financial position then they may be unable to deliver the entirety of the Joint Corporate Plan. Work is ongoing to identify options over the next 4 years under the 3 categories of: review; remodel and reinvent. The aim is to have a 4-year costed action plan rather than looking at just the next year. A detailed budget challenge across all service areas to be undertaken incorporating revenue, capital and reserves. Identifying specific areas of focus to achieve cost reductions or additional income in-year and over the medium-term.

3.11.3 **Risk no. 16** – *Achievement of our strategic priorities and ambition of the New Corporate Plan may be impaired (current score 6)*

Current organisational change, available skills, resources and demand for our services may mean we may be unable to achieve our strategic ambitions within our desired timescales and not able to meet our communities and stakeholder's expectations. Mitigating actions include the development of a programmes and project approach; development of People Strategy and action plan; development of strategies, key policies/procedures; realignment of roles/responsibilities.

3.11.4 **Risk no. 18** – *The Councils will not be carbon neutral by 2030 (current score 8)*

Without adequate funding and industry solutions developed to take advantage of (e.g. alternative fuelled refuse trucks), the Councils may not be carbon neutral by 2030 resulting in the motion not being met and the Councils actively contributing to climate decline. Approval of a Carbon Reduction Management Plan and a Biodiversity Action Plan show that the Councils are committed to reducing their carbon footprint and increasing biodiversity. Both Councils have created an Environment Earmarked

reserve to support the action within those plans. Access to external funds is being maximised.

3.11.5 Risk no. 19 – *There is a risk that COVID 19 will impact on the efficiency and effectiveness of service delivery (current scores 16)*

The COVID-19 pandemic has had a significant impact on the Councils' finances – loss of income; delayed collection of income; and increases in expenditure. The Councils have quickly mobilised an emergency response structure and now working on the recovery phase, which is being monitored by the Senior Leadership Team.

The Councils' S151 Officer is closely monitoring the authorisation of emergency expenditure and use of reserves. Three tranches of funding have been provided to date by the Ministry of Housing, Communities & Local Government (MHCLG). Projected loss of income and additional expenditure compared against reserve levels have been provided to give assurance to external audit on 'going concern' concept.

Emergency response structures which have been stood down from the summer pandemic can be re-instigated quickly and effectively. Critical services have been identified, staff redeployment systems are effective and resource can be repositioned to support critical services if needed. National and local track and trace arrangements will help to control the spread of the virus from confirmed cases to the wider staff body.

Operational risks

3.12 As mentioned above, a number of risks have been de-escalated from the Significant Risk Register and are now monitored via the appropriate operational register. These registers continue to be updated and discussed between Corporate Managers and their Assistant Directors.

Other work

3.13 The Corporate Manager for Internal Audit and Risk Management continues to work with report authors offering guidance and assistance with capturing and recording the appropriate risks and scores in Committee/Cabinet reports. Once reviewed, reports are 'signed-off' before submission to ensure correct use of risk wording and scoring is applied.

3.14 The Corporate Manager for Internal Audit and Risk Management is a member of the Public Realm Working Group tasked with unifying the service delivery arrangements across both Councils with responsibility for identifying, managing and reporting on risks of developing a single in-house operation.

4. LINKS TO CORPORATE PLAN

4.1 The Corporate Plan and the Work Programme to deliver covers all of the service delivery and development activity planned to be undertaken across both Councils in the forthcoming years. The way we manage key corporate risks is therefore intrinsic to the successful delivery of the plan will be embedded in each key activity, project and programme.

5. FINANCIAL IMPLICATIONS

As detailed in the report.

6. LEGAL IMPLICATIONS

6.1 There are no immediate legal implications arising from this report.

7. RISK MANAGEMENT

7.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If risks are not managed it will have a detrimental effect on the Councils' ability to make the right business decisions	Unlikely – 2	Bad – 3	The Risk Management Strategy, training and reporting arrangements ensure senior management and Members can obtain necessary assurance that the Councils are making every effort to reduce/eliminate risks of not achieving its objectives

8. CONSULTATIONS

8.1 Risk owners were consulted on their relevant risks.

9. EQUALITY ANALYSIS

9.1 There are no equality and diversity implications associated with this report.

Equality Impact Assessment (EIA) not required.

10. ENVIRONMENTAL IMPLICATIONS

10.1 Significant Risk 18, recognises the environmental implications associated with Climate Change and becoming carbon neutral by 2030.

11. APPENDICES

Title	Location
(a) Significant Risk Register	Attached
(b) Risk Matrix	Attached

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BABERGH AND MID SUFFOLK SIGNIFICANT RISK REGISTER - AUGUST 2021

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
HOUSING - DELIVERY OF THE RIGHT TYPE OF HOMES, OF THE RIGHT TENURE IN THE RIGHT PLACE															
RISK 1 CAUSE: If we do not have the appropriate evidence base RISK: We may not have an up to date understanding of housing need and demand CONSEQUENCE(S): We will not know if we are addressing and delivering the housing need and demand	Assistant Director - Planning and Building Control and Assistant Director - Housing	Cabinet Members for Planning	3	2	6	Having the right evidence base e.g. making use of Suffolk Housing Need Survey and existing Local Housing Need Surveys. Published the Strategic Housing Market Assessment as part of evidence base for Joint Local Plan. Assessment as part of evidence base for Joint Local Plan. Housing Strategy created and approved by Full Council 2019. Refresh underway. Joint Local Plan examination commences 21st June 2021.	2	2	4	Stayed the same	Support for Local Housing Needs Surveys (6 completed to date)	Ongoing	2	2	4
RISK 2 CAUSE: If planning permissions are not granted for deliverable schemes RISK: We may not have a sufficient, appropriate supply of land available in the right locations CONSEQUENCE(S): We may be unable to meet housing needs in the district. The reputation of the Councils may be impacted	Assistant Director - Planning and Building Control	Cabinet Members for Planning	3	3	9	Current land supply for MSDC - 7.67 years and for BDC - 6.74 as described in Housing Land Supply Position Statements published in October 2020. Joint Local Plan with comprehensive site allocations. Examination commences 21st June 2021. Housing Delivery Test Action Plans reviewed by Overview and Scrutiny Committee in September 2020.	2	3	6	Stayed the same	Continue to determine planning applications. Continue to develop the Joint Local Plan and its associated Infrastructure Delivery Plan.	Ongoing Ongoing	2	3	6

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
RISK 3 CAUSE: If development does not come forward in a timely way or sites become stalled RISK: We may be unable to meet the Governments new Housing Delivery test CONSEQUENCE(S): We may be unable to deliver the right housing in the right locations. Unable to unlock future housing growth. Housing targets not met, reputation of the Councils may be impacted	Assistant Director - Planning and Building Control	Cabinet Members for Planning	3	3	9	Housing Delivery Test Action Plans adopted by both Councils and reviewed in September 2020. Babergh District Council delivered 118% of the new homes required by Government between 2017-2020. Mid Suffolk District Council also scored favourably, delivering 103% of its requirement for the same time period.	2	3	6	Stayed the same	Develop relationships with Developers e.g. client side panel hosted by Development Management. JLP examination commences June 2021, adoption in 2022.	Ongoing	2	3	6
												Ongoing			
RISK 4 CAUSE: If we do not secure investment in infrastructure RISK: Development may be stifled and/or unsustainable CONSEQUENCE(S): Housing targets not met. Reputation of the Councils may be impacted. Quality of life for residents could be affected. Access to services may be restricted.	Assistant Director - Planning and Building Control	Cabinet Members for Planning	3	3	9	Adopted Community Infrastructure Levy (CIL) and CIL expenditure framework adopted by Council. Secured investment on infrastructure via planning process (e.g. S106). Suffolk Framework for Inclusive Growth endorsed by Cabinet in May 2018.	2	3	6	Stayed the same	Continue to refine Infrastructure Delivery Plan. Continue working closely with infrastructure providers to provide evidence to inform Local Plan examination. Continue to spend CIL monies on appropriate infrastructure. Review of Community Infrastructure Levy (CIL)	Ongoing	2	3	6
												Ongoing			
												Ongoing			

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>RISK 5</p> <p>CAUSE: Lack of engagement with businesses and failure to undertake data gathering and analysis</p> <p>RISK: We may not understand the needs and aspirations of our businesses</p> <p>CONSEQUENCE(S): We will be unable to focus our interventions and resources in a way which will provide the right support</p>	Assistant Director - Economy and Regeneration	Cabinet Members for Economic Growth	3	3	9	Implementing a two-tier method of Business Relationship Management /Linking our business data and intel into FAME CRM system facilitated by NALEP/ Increasing our direct business engagement with key sectors through our Chambers of Commerce, Growth Hub and other business support organisations/networking opportunities including joint lobbying on significant issues such as major infrastructure and national Industry Strategy / We have increased evidence based including Visitor Economy 'Volume and Value' studies and the draft NLP Ipswich Area Economic Sector needs data now in which is informing our Economic Development Strategy / Economic Open for Business Strategy has now been adopted and published / Central Suffolk Chamber of Commerce launched Sept 2019. Economic evidence base refresh Sept 2019, Programme of Major business visits (over 100 employees) underway	2	3	6	Stayed the same	Develop programme of shared delivery with new Central Suffolk Chamber of Commerce - create new framework for refreshed BMSDC economic growth strategy - Review of Business Grant Programmes	Ongoing	2	3	6

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
RISK 6 CAUSE: Insufficient infrastructure and connectivity for growth including high speed broadband, road and rail connections RISK: Lack of business growth and investment in the districts CONSEQUENCE(S): Areas fail to grow and attract new highly skilled staff and high growth businesses move out	Assistant Director - Economy and Regeneration	Cabinet Members for Economic Growth	3	3	9	BMSDC involved in strategic infrastructure work through Suffolk Growth Programme Board, East West Rail consortium and Suffolk iCloud project which will be connecting up public sector assets with high speed broadband in Sudbury and Stowmarket	2	3	6	NEW RISK	Work ongoing to review full fibre network opportunities across both districts, working to ensure Copdock remains a regional priority for investment, infrastructure an emerging priority in refreshed economic strategy	Ongoing	2	3	6
RISK 7 CAUSE: Lack of engagement with land owners, developers, investors and businesses RISK: Lack of workspace delivered in districts due to market failure CONSEQUENCE(S): Our current businesses may not be able to remain in our districts and we may not attract new businesses	Assistant Director - Economy and Regeneration	Cabinet Members for Economic Growth	4	3	12	1.) The development of our Joint Local Plan 2.) Delivery of the Economic Open for Business Strategy 3.) Provision of officer support and expertise to ensure Space to Innovate and Food Enterprise Zones are delivered within timescales 4.) Our Open for Business engagement approach including with investors, developers and businesses (existing and new) facilitating retention and growth within the district. 5.) New workspace demand study and tech hub study identify key market demand and market failure. 6) Council leadership options being developed for provision of new workspace	2	3	6	Stayed the same	Innovation Labs - hot desk and business support space launched Nov 2019 - work ongoing regarding innovation cluster Gateway 14. Working with Brantham developer to review core sector/occupier interest	Ongoing	2	3	6

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>CAUSE: National impacts on retail uses in town centre and changed shopping habits have</p> <p>RISK: Decline in our key towns impacts upon economic prosperity of the districts</p> <p>CONSEQUENCE(S): Economically inactive town centres which do not serve their wider communities, loss of local jobs and investment</p>	Assistant Director - Economy and Regeneration	Cabinet Members for Economic Growth	3	3	9	Visions for prosperity in place across 5 key towns - Stowmarket, Needham, Sudbury, Hadleigh and Eye - programme of workshops and engagement with local groups and communities over the summer - robust programme of actions in each place. Steering Groups established for Sudbury and Stowmarket	2	3	6	NEW RISK	Further work includes the development of Steering groups in Needham, Hadleigh and Eye - review of vision in each place and agreement of set of key messages - Ensuring range of private and public sector partners in Steering group - review opportunities for new funding streams, encourage collaborative working across projects in key towns e.g. links between Innovation Labs and MEAL in Stowmarket	Ongoing	2	3	6
COMMUNITIES - CREATING THE RIGHT CONDITIONS FOR COMMUNITIES TO WORK AND LIVE TOGETHER IN THE MOST SUSTAINABLE WAY															
<p>CAUSE: Lack of effective engagement with communities to understand their future needs</p> <p>RISK: We may not be able to help communities become more sustainable</p> <p>CONSEQUENCE(S): Increased demand on services Reduced quality of life Reduced access to services</p>	Assistant Director - Planning and Communities	Cabinet Members for Communities	3	3	9	Officer capacity added to help communities deliver Neighbourhood Plans. Joint Scrutiny Committee review undertaken. Town and Parish Council Liaison meetings in place and frequency increased. Tenant involvement strategy creates a full menu of involvement options. Statement of Community Involvement: Planning Matters approved by Full Council. Community Strategy adopted by full Council. 20 drop-in events delivered in communities as part of consultation on Joint Local Plan.	3	3	9	Stayed the same	Engagement with key Town Councils by Strategic Directors. Officer employed to engage directly with communities in the Council's own development.	ongoing ongoing	2	3	6
ASSETS AND INVESTMENTS - IMPROVED ACHIEVEMENT OF STRATEGIC PRIORITIES AND GREATER INCOME GENERATION THROUGH USE OF NEW AND EXISTING ASSETS															

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
RISK 10 CAUSE: If the Capital Investment Fund (CIF) does not generate forecast investment returns RISK: We may be unable to meet the income projections for the Councils CONSEQUENCE(S): There may be a drain on General Fund resources	Assistant Director - Assets and Investments	Cabinet Members for Assets and Investment	2	4	8	The Councils' investment in CIFCO is complete - in line with CIFCO's business plan.	2	3	6	Stayed the same	The annual Business Plan has been prepared for approval by Councils and subsequent adoption by the Holding Companies and Board of CIFCO. The business plan addresses the impact of COVID on the operation of CIFCO.	Sept 2021	2	3	6
RISK 11 CAUSE: Gateway 14 Ltd fails to bring forward the development of site RISK: Income and Capital projections and economic outcomes may not be delivered CONSEQUENCE(S): Land remains under-utilised	Assistant Director - Assets and Investments	Cabinet Members for Assets and Investment	3	4	12	Appropriate treasury management advice being applied. Gateway 14 Ltd has engaged a knowledgeable and experienced Board of Directors to enable the delivery of the scheme and is being supported by market leading experts in preparing a delivery strategy for the site. Delivery Partner appointed in April 2020.	2	3	6	Reduced	Revised Planning Application submitted January 2021 and resolution to grant consent in August 2021. Plan to commence infrastructure works as soon as practical after issue of planning consent.	November 2021	2	3	6

CUSTOMERS - FURTHER DEVELOP AND IMPROVE CUSTOMER ACCESS AND EXPERIENCE THROUGH CUSTOMER INSIGHT AND INTELLIGENCE

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>CAUSE:</p> <p>If we do not make best use of our multiple sources of data</p>	Assistant Director - Customer Services	Cabinet Members for Organisational Delivery	3	3	9	<p>We are setting clear data standards as part of General Data Protection Regulations and have undertaken a review to ensure that all staff have completed the GDPR training which is now included in the induction process.</p> <p>The Information Asset Register has now been completed and provides a clear understanding of all the data sets we own, who the information asset owner is and their retention periods. This will be reviewed annually.</p>	2	3	6	Stayed the same	<p>We are continuing to cleanse specific data sets (such as permitted development info) with additional resource enabling us to work smarter in the future. There are a number of data sets that this activity will need to continue for - each will be considered in line with a robust business case due to the costs associated with the activity. We are drafting an Information Management Strategy which will provide a framework for the organisation to store, input, use and destroy data. It will also provide guidance and an approach to how we use data consistently across the organisation to make better decisions.</p> <p>Power BI has enabled us to join up and reconcile various databases to enable us to make better decisions. For example: reviewing sickness information, verify who has done the GDPR training, how often mobile phones are used, how many people use the office space on Gold and Lime, Printer usage, BT landline usage from external properties. We are continue to identify themes and issues that Power BI can help us with and identify how we can make best use of Power BI across teams with a view to embedding analytics as a self service function for all.</p> <p>Self Service Analytics 1: A 'value' first approach defined in terms of understanding the importance of data assets. Work in understanding these higher value data assets due and their readiness for review to complete by September 2021.</p> <p>Self Service Analytics 2: Once high value data assets identified a pilot phase will be undertaken on a number of high value assets (to be defined and informed by above) with a view to understanding for</p>	On-going	2	3	6
<p>RISK:</p> <p>Our data sources will not be reliable and efficient</p>															

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>CONSEQUENCE(S):</p> <p>We will not have a strong evidence base to support organisational decisions and assumptions.</p>										<p>with a view to understanding, for each asset any additional governance issues that need to be addressed and how best to manage these governance issues in a way that is generic and can therefore be applied to other data assets. Pilot phase likely to run from Sept 2021 to Dec 2021.</p> <p>Self Service Analytics 3: Rolling programme of data asset review will then be developed based on learnings from pilots and high value asset understanding. Rolling programme due to be designed by February 2022.</p> <p>Self Service Analytics 4: Subsequent to the above, and as a direct result of a greater understanding of both the volume of data and the currency required in regards reporting, options in regards the organisation wide provision, access to, and security of high value data can be undertaken.</p>	Feb 2022				
											TBA				

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
RISK 13 CAUSE: If we do not respond to our projected financial position RISK: We may be unable to react in a timely and effective way to financial demands CONSEQUENCE(S): We may be unable to deliver the entirety of the Joint Strategic Plan	Assistant Director - Corporate Resources	Cabinet Members for Finance	MSDC			Extensive monitoring and reporting of the impact of Covid-19 on the Councils' finances during 2020/21 including a positive going concern assessment for external audit. Significant grant funding provided by the Government to support local authorities. Internal savings also identified resulting in a surplus position being projected for both Councils for the outturn position for 2020/21. Peer budget challenge sessions undertaken with Corporate Managers and Assistant Directors to identify options. Briefings with councillors to consider options for 2021/22 budget. Both budgets set for 2021/22 with a surplus position in February 2021. Both Councils identified and set aside money in reserve to meet climate change and biodiversity ambitions.	MSDC			Reduced	For Mid Suffolk, cross-party discussions being held to agree allocation of £4m to achieve strategic priority ambitions. Babergh considering use of Transformation Fund to target key strategic priorities. Early consideration with Senior Leadership Team of the approach for the 2022/23 budget process. Development of options for councillor consideration and approval as part of setting the budget for 2022/23	September 2021	MSDC		
			3	4	12		2	3	6				2	3	6
			BDC				BDC						BDC		
			4	4	16	3	3	9	Reduced		September 2021	2	4	8	
											January 2022				

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>CAUSE:</p> <p>If we do not maintain the trust of our stakeholders and promote our public image and reputation</p> <p>RISK:</p> <p>The Councils may be perceived to be untrustworthy and have a poor reputation</p> <p>CONSEQUENCE(S):</p> <p>This may prevent us from entering into positive partnerships, secure funding and ultimately may affect our ability to work with partners, businesses and key stakeholders in achieving the strategic priorities.</p>	Chief Executive	Cabinet Members for Assets & Investments	4	3	12	<p>Further constitution reviews are underway of governance systems and processes to optimise openness, transparency and engagement in all our approaches .</p> <p>4 year Member Development Programme began from May 2019. Development work has also commenced in conjunction with the LGA to introduce a thorough and integrated Member Development, Senior Management and Leadership programmes.</p> <p>To ensure more effective communication and engagement a dedicated Strategic Communications Lead Officer has been recruited, Communications Strategy is being put in place, which will include proactive engagement through all channels e.g. social media and dedicated training and support for media management.</p> <p>Strengthened Parish / Town Council relationships have been put in place through dedicated officer liaison links, regular clerks meetings and refreshed Parish Liaison Meetings.</p> <p>Staff Conference during Summer 2019 was used to embed the new organisational values</p>	3	3	9	Stayed the same	Phase 1 of the Leadership and Management Development Programme has been completed for SLT and CM's and Phase 2, face to face conversations, is due to commence in the Winter.	Winter 2021/22	2	3	6

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>CAUSE:</p> <p>If we fail to protect our employees and other persons to whom we owe a duty of care</p> <p>RISK:</p> <p>The safety, health, welfare and wellbeing of individuals may be compromised</p> <p>CONSEQUENCE(S):</p> <p>Injury or harm to employees. Fines from the HSE. Reputational impact to the Councils</p>	Chief Executive	Cabinet Members for Finance	4	4	16	<p>H&S Training programme: IOSH Managing Safely for Managers and Team Leaders.</p> <p>H&S Training Matrix new online learning products reviewed and online.</p> <p>Peoplesafe lone working app or device available for all lone workers.</p> <p>H&S service plan with remedial actions to address H&S gaps in place and progress monitored by the H&S Board.</p> <p>A H&S working group meets with representation from high risk services to discuss and develop focus and strategy.</p> <p>In partnership with HR/OD employee support in place for Mental Health via Mental First Aiders and a Stress Management Toolkit.</p> <p>H&S Policy and Management System reviewed.</p> <p>Generic Risk Assessments reviewed and in place.</p> <p>Most services have now completed service-based Risk Assessments.</p> <p>Personal Safety training (including CAI and Peoplesafe) for managers and lone workers.</p>	3	4	12	Stayed the same	<p>IOSH Managing Safely for Managers delivered Spring 2021. New H&S Induction for Managers to be provided from Autumn 2021.</p> <p>Peoplesafe lone working provision to be reviewed Autumn 2021. Rationalising roles which require an app, or device and addressing underutilisation by staff.</p> <p>Annual review of H&S Service Plan.</p> <p>Survey of staff exposure to and impact from aggressive/violent behaviour to be completed spring 2022.</p> <p>Staff Flu vaccination programme to be introduced Autumn 2021 or once C-19 Covid Booster and Flu vaccine programme confirmed by NHS.</p> <p>Workplace Covid Precautions to be reviewed in line with H&SE requirements.</p>	<p>November 2021</p> <p>November 2021</p> <p>July 2022</p> <p>May 2022</p> <p>November 2021</p> <p>Ongoing</p>	2	4	8

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)						
			L	I	S		L	I	S				L	I	S				
<p>CAUSE:</p> <p>Ineffective organisational change, lack of available skills, resources and increased demand for services</p> <p>RISK:</p> <p>Failure to achievement of our Vision and Strategic priorities and ambition (as articulated in the Corporate Plan)</p> <p>CONSEQUENCE(S):</p> <p>We may be unable to achieve our strategic ambitions within our desired timescales and not able to meet our communities and stakeholders expectations</p>	Chief Executive	Leaders of the Councils	3	3	9	<p>People Strategy in development, Suffolk-wide People Strategy in place between partner agencies is standardising a new approach to appoint and retain skilled staff. NB Report to Overview and Scrutiny Committee Jan 2019 showed number of people leaving Apr-Sep 2018 was 20, compared to 122 in whole of 17/18.</p> <p>Key policies and toolkits have been developed or reviewed to give greater clarity around how staff will be managed.</p> <p>Housing, Communities and Customer Strategies in place. Some project managers and training in place. Programme methodology and Boards confirmed.</p> <p>Strategic Asset Management Plan Adopted Jan 21. On-going work around strategies and delivery plans.</p>	2	3	6	Stayed the same	<p>Management review (appointment to key roles) completed and realignment of teams / roles / responsibilities. Whilst the majority of this has been completed, there are still 2 roles that we are currently recruiting to at CM level.</p> <p>Adopting a People Strategy and action plan that will include elements aimed at improving recruitment and retention. The plan is in place and work has already commenced - this is a 3 year plan.</p> <p>Development of key programmes e.g. Digital Transformation</p> <p>Leadership & Management Programme - Phase 1 is completed and Phase 2 commences autumn 2021.</p> <p>Corporate Outcomes (2019-2023) approved for delivery through Service Plans</p>	December 2021	July 2023	Early 2022	Autumn 2021	September 2021	2	3	6

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)															
			L	I	S		L	I	S				L	I	S													
RISK 17 CAUSE: If the Councils do not adopt a new delivery model RISK: The Councils may not be financially sustainable CONSEQUENCE(S): We may be unable to deliver key services in the future	Assistant Director - Law & Governance	Leaders of the Councils	MSDC			The Cabinets have committed to exploring alternative forms of council structure which could potentially generate financial savings and efficiencies / the councils have an integrated workforce and joint strategic plan / the councils have a joint medium term financial strategy	MSDC			Stayed the same	Work on exploring alternative structural models for the Councils is currently on hold.	N/A	MSDC															
			2	4	8		1	4	4				1	4	4													
			BDC				BDC						BDC															
ENVIRONMENT - PROMOTING AND ACTIONING A MORE SUSTAINABLE APPROACH TO THE WAY WE LIVE AND OPERATE																												
RISK 18 CAUSE: If there is inadequate funding available to the Councils and/or industry solutions are not yet developed enough to take advantage of RISK: The Councils will not be carbon neutral by 2030 CONSEQUENCE(S): The motion will not be met; reputational damage; Councils would be actively contributing to climate decline	Assistant Director - Environment & Commercial Partnerships	Cabinet Members for Environment	4	4	16	Approval of a Carbon reduction Management Plan and a Biodiversity Action Plan show that the Council's committed to reducing their carbon footprint, and increasing biodiversity. Both Councils have created an Environment Earmarked reserve to support the action within those plans. However, access to external funding is being maximised.	2	4	8	Improved	Work has already begun on tackling our two largest emitters. With results being yielded in 2021/22. Continue to work alongside our peers, sharing best practice and lessons learned. Processes are in place to ensure project success and programme management.	2021/22 Ongoing Ongoing	2	4	8													
CAUSE: The emergence of COVID 19 across the globe has created a new work health and safety risk that organisations need to manage RISK: There is a risk that the COVID 19 will impact on the efficiency and effectiveness of service delivery CONSEQUENCE(S):						Business Continuity Plans implemented - identification of critical services and key staff Senior Management Team and Tactical Management Team activated Daily update logs on service delivery and staffing arrangements maintained by Corporate Managers Close monitoring of Government advice and updates Implementation measures, advice and management directives clearly communicated to all staff Determination of appropriate control measures made in consultation with Unison.					This is a constant moving picture - information and advice is changing quickly. The government has indicated we can expect COVID 19 to continue to spread and the number of new cases to increase over the immediate weeks and potentially																	

RISK DETAILS	Risk owner	Cabinet Member Leads	Original scores (before any mitigation)			Mitigation to date	Current scores			Direction of Travel from previous Qtr. (score)	Further Actions / Comments	Planned completion date(s)	Target scores (following completion of all further actions)		
			L	I	S		L	I	S				L	I	S
<p>RISK 19</p> <p>The emergence of the pandemic disease could increase demand on council services, as well as impact on staff availability. Council staff and the communities we serve will suffer some form of hardship.</p>	Chief Executive	Leaders of the Councils	4	4	16	<p>Guidelines and support for the public available on Councils' website. Established link with multi-agencies through Strategic Tactical Command Group</p> <p>Liaison with partners across Suffolk to ensure that there is a co-ordinated approach to community support. Purchase and distribution of protective equipment and sanitisers. Staff working from home where this is possible. Covid Secure Arrangements in place in all workplaces. New and revised working arrangements are subject to TMT authorisation and require a suitable and sufficient Risk Assessment and Safe Working Procedure.</p>	4	4	16	NEW RISK	<p>months.</p> <p>We have plans in place and these will be continually monitored and refined to react to developments. Keeping services running for both Councils and protecting vulnerable residents is our priority</p>	Open ended at this early stage	2	2	4
<p>RISK 20</p> <p>CAUSE:</p> <p>Following the Government's announcement regarding protocols to be followed in relation to the spread and containment of COVID 19 the Councils alongside their partners, Abbeycroft Leisure and Everyone Active, have made the decision to close our leisure facilities to the public temporarily.</p> <p>RISK:</p> <p>Loss of income and financial support forces the leisure facilities across both districts to close permanently.</p> <p>CONSEQUENCE(S):</p> <p>The Councils are unable to support residents to live healthy lives through increasing their access to recreational facilities. Physical inactivity is linked to a wide range of physical and mental health outcomes and inequalities. The Councils could suffer reputational damage if alternative health and wellbeing activities are not promoted/made available.</p>	Assistant Director - Environment & Commercial Partnerships	Cabinet Members for Environment	3	4	12	<p>The Councils have created financial support packages for the two leisure providers for the financial year 2020/21. The National Leisure Recovery Fund went some way in supporting our providers with grants being given in late 2020/21. This was not the same deal that Councils running services directly were offered and so still left a significant shortfall. Close monitoring of Government advice and updates.</p> <p>Guidelines and support for the public available on the Councils' website. Established link with multi-agencies through Tactical Command Group. Liaison with partners across Suffolk to ensure that there is a co-ordinated approach to community support. Our partners have released important information regarding the closures and how this affects customers on their websites. Partners have offered at home/virtual/and not in person options for people to stay healthy and active wherever they are.</p>	2	4	8	Improved	<p>The forecast has improved since this risk was created. Financial packages have been agreed and given to the providers which has given them some stability. It has not taken them out of a deficit position however. The government has indicated we can expect COVID 19 restrictions to stay in place until at least 19th July 2021.</p> <p>The Councils and our partners will continuously monitor the situation as the COVID 19 pandemic continues. Keeping services running for both Councils and protecting vulnerable residents is our priority. Recovery of the leisure sector is likely to take up to another two years.</p>	2021/22 - 2022/23	2	2	4

Impact / Consequence	Disaster	4	4 (Medium)	8 (High)	12 (Very High)	16 (Very High)
	Bad/ Serious	3	3 (Low)	6 (Medium)	9 (High)	12 (Very High)
	Noticeable / Minor	2	2 (Low)	4 (Medium)	6 (Medium)	8 (High)
	Minimal	1	1 (Low)	2 (Low)	3 (Low)	4 (Medium)
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
			Probability / Likelihood			

Likelihood

1	Highly Unlikely	Less than 25% Has never occurred before Would only happen in exceptional circumstances
2	Unlikely	26% - 50% Not expected to occur but potential exists Has occurred once in the last ten years
3	Probable	51% - 75% May occur occasionally Has occurred within the last 5 years Reasonable chance of occurring again
4	Highly probable	Over 76% Expected to occur Occurs regularly or frequently

Impact / Consequence

		Finance	Compliance	Health, Safety & Wellbeing	Service Delivery	Reputation
1	Minimal	Minor loss <£5,000	Small, single non-compliance	Minimal harm to persons /community	Very minor disruption (less than 1 day)	No noticeable media interest
2	Noticeable / Minor	Moderate loss £5,001 – £50,000	Sustained single or few short-term non-compliance	Potential for ill-health, injury or equipment damage	Some service disruption, (more than one day)	Local media coverage
3	Bad / Serious	Significant loss £50,101 – £250,000	Multiple sustained non-compliance	Potential for serious harm or injury (non-life threatening)	Critical service disruption (statutory services not delivered)	Adverse local/national media coverage
4	Disaster	Substantial loss >£250,000	Significant non-compliance - Litigation, custodial sentence	Fatality, major injury (life threatening or life impacting)	Systemic or sustained service loss	Adverse/ prolonged national media coverage

Red text = Health and Safety Descriptors

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Agenda Item 8

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

TO:	Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/7
FROM:	Ernst and Young – External Auditors	DATE OF MEETING: 27 September 2021

ANNUAL AUDIT LETTER 2019/20

1. PURPOSE OF REPORT

- 1.1 This report updates committee on the audit results and provides a bridge between the report that went to the Joint Audit and Standards Committee on 29th March 2021 and the final closing position following conclusion of EY's audit of Babergh and Mid Suffolk Councils for 2019/20.

2. RECOMMENDATION

- 2.1 That the report be noted.

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Babergh and Mid Suffolk District Councils

Annual Audit Letter for the year ended 31 March 2020

30 July 2021

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Babergh and Mid Suffolk District Councils (the Councils) following completion of our audit procedures for the year ended 31 March 2020. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Councils:	
▶ Financial statements	On 28 July 2021 we issued an unqualified opinion. The financial statements of each Council gave a true and fair view of the financial position of the Councils as at 31 March 2020 and of its expenditure and income for the year then ended. Our audit opinions included a paragraph to emphasise the disclosures in the statements in relation to the valuation uncertainty around the Councils property, plant and equipment and investment properties, which were impacted on 31 March 2020 by Covid-19. This was not a modification to the audit opinions.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the financial statements.
▶ Concluding on the Councils arrangements for securing economy, efficiency and effectiveness	We responded to correspondence which we took into account in performing the 2019/20 value for money audit. We concluded that the Councils had put in place proper arrangements to secure value for money in their use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The annual governance statements were consistent with our understanding of the Councils.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Councils Whole of Government Accounts return (WGA).	Each Council was below the testing threshold and we therefore had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance communicating significant findings resulting from our audit.	We issued a Final Audit Results Report on 15 July 2021. This followed our Initial Audit Results Report we presented to the 29 March 2021 Joint Audit and Standards Committee meeting.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	We issued the certificate of completion of the audit on 27 November 2020.

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Fees

In our Audit Results Report we indicated that we had carried out additional work as a result of the issues reported and an additional audit fee. We have quantified the proposed final fee in Section 8 of this letter and provided supporting information to the Assistant Director for Corporate Resources, who has subsequently agreed the additional fees. This is now subject to approval by PSAA.

We would like to take this opportunity to thank Council staff for their assistance during the course of our work and in particular given the challenging period they faced as a result of the Covid-19 pandemic. Their acceptance of a collaborative approach enabled us to complete the 2019/20 audit by working remotely.



Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Councils. We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Reports to the Joint Audit and Standards Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Councils.

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2021 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements of the Councils; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Councils have to secure economy, efficiency and effectiveness in their use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement (AGS) is misleading or not consistent with our understanding of the Councils;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Councils, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on the Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the NAO.

Responsibilities of the Councils

The Councils are responsible for preparing and publishing their statement of accounts accompanied by an AGS. In the AGS, the Councils report publicly each year on how far they comply with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Councils are also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Statement of Accounts is an important tool for each Council to show how they have used public money and how they can demonstrate their financial management and financial health. We audited the Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued unqualified audit reports on 27 July 2021. The audit was very protracted due to the time taken by the Councils to resolve issues with the valuation of their property, plant and equipment. We reported our detailed findings on 15 July 2021. The key issues identified as part of our audit were as follows.

Significant risks	Conclusion
Misstatements due to fraud or error	We did not identify any matters to report to the Joint Audit and Standards Committee.
Incorrect treatment of capital expenditure as revenue	We tested a sample of expenditure and were satisfied that it was correctly accounted for.
Valuation of property, plant and equipment and investment property	<p>We identified issues with the Councils valuations that required significant additional work from the Council and us. As a result, the Councils reduced the valuations reported in the final accounts – almost £2m for Babergh and almost £4m for Mid Suffolk. In addition, for Babergh, the investment property valuation was revised down by almost £1m.</p> <p>We also identified a potential overstatement on property valuations of just over £750k and £100k for Babergh and Mid Suffolk respectively. These were not updated in the final statements.</p>

Other audit risks

Pension liability valuation – The Councils did consider the issues presented by two national pension cases (the McCloud and Guaranteed Minimum Pension (GMP) rulings on the pension liabilities) but the impact was not material.

Group accounts – The Councils have adequately consolidated their interest in companies that they own or have a share in and reflected these in the group accounts within the statement of accounts.

Going concern disclosures – The Councils have assessed the impact of Covid-19 on their income, expenditure, cash and reserves position into 2020/21 and 2021/22 and made appropriate disclosure in the statements.

We also identified issues with how the Councils had accounted for their Community Infrastructure Levies (CIL). This resulted in the need to reclassify the split of the CIL between Long term and Short Term Debtors of almost £1m and just over £4m for Babergh and Mid Suffolk respectively and reclassification between Usable Reserves - Earmarked Reserves (General Fund), Usable Reserves - Capital Grants Unapplied Reserve and Creditors of over £6m and just under £17m for Babergh and Mid Suffolk respectively. There was no impact on each Council's general fund balances.

Financial Statement Audit

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be 2% of Gross Expenditure on provision of services and performance materiality at 75% of planning materiality.
Reporting threshold	We agreed with the Joint Audit and Standards Committee that we would report to the Committee all audit differences in excess of 5% of planning materiality.

Materiality	Babergh	Mid Suffolk
Planning	£1.148 m	£1.202 m
Performance	£0.861 m	£0.902 m
Reporting	£57,000	£60,000

Section 4

Value for Money



Value for Money

We are required to consider whether the Councils have put in place 'proper arrangements' to secure economy, efficiency and effectiveness in their use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise arrangements to:

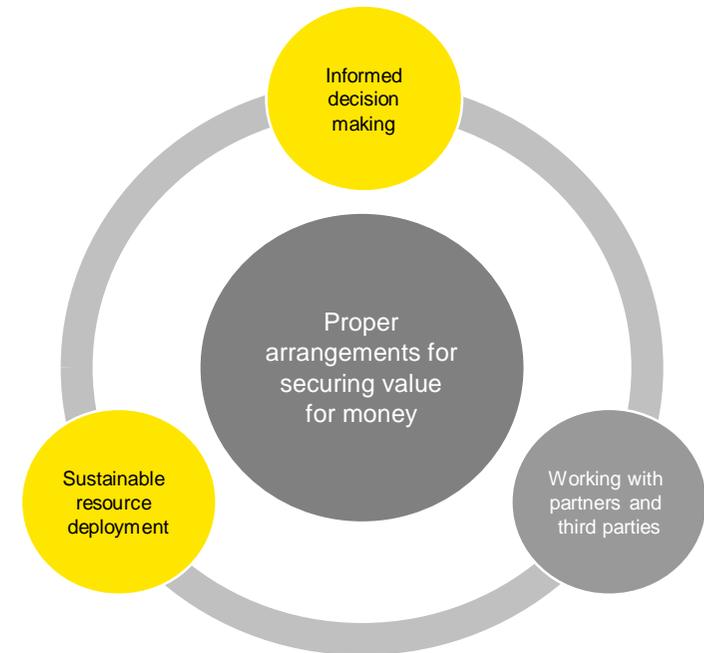
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider LG bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year.

Only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion. We identified no such evidence for the Councils and therefore identified no significant VFM risk associated to Covid-19.

We performed the procedures outlined in our audit plan where we reported that we had not identified a significant risk in relation to Councils value for money arrangements.

As a result we had no matters to report about the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.



A photograph of a business meeting in progress. Several people are seated around a dark wooden conference table, looking at documents. A woman with blonde hair is in the foreground, resting her chin on her hand and looking intently at the papers. Other participants are visible in the background, some standing and some seated. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on the Councils Whole of Government Accounts returns. The extent of our review, and the nature of our report, is specified by the National Audit Office. The Councils were below the threshold for requiring audit procedures on its WGA submission this year. We had no matters to report.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Councils annual governance statements, identify any inconsistencies with the other information of which we are aware from our work, and consider whether they are misleading. We had no matters to report.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Councils or brought to the attention of the public. We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Councils to consider it at a public meeting and to decide what action to take in response. We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Reports to the Joint Audit and Standards Committee in March 2021 and in the final report in July 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to significant deficiencies in internal control identified during our audit. In the July Audit Results Report we included three recommendations for the Councils to improve their financial reporting arrangements in respect of property valuations, accounting for the CIL and the accuracy and completeness of the notes relating to exit packages. The Councils accepted each recommendation.

Section 6

Focused on your future



Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Councils is summarised in the table below.

Council responsibilities for value for money

The Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with the financial statements, the Councils are required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Councils tailor the content to reflect their own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes providing a commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Councils have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on their use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Councils a commentary against specified reporting criteria (see below) on the arrangements the Councils have in place to secure value for money through economic, efficient and effective use of their resources for the relevant period. The specified reporting criteria are:

- Financial sustainability - How the Councils plan and manage their resources to ensure they can continue to deliver services.
- Governance - How the Councils ensure that they makes informed decisions and properly manage risks.
- Improving economy, efficiency and effectiveness - How the Councils use information about costs and performance to improve the way they manage and deliver services.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Councils have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Councils attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Section 8

Audit Fees

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Audit Fees

Fees

Following communications to the Joint Audit and Standards Committee on the changes and challenges impacting the audit profession, in June 2020 we communicated to the Assistant Director for Corporate Resources our view of the inadequacy of the current scale fee to enable us to deliver a quality audit in accordance with the NAO Code. In our view the scale fee should be increased by £37,247 and £36,469 for Babergh and Mid Suffolk respectively and we provided details supporting our rationale. At the same time we opened dialogue with PSAA on our view of scale fees nationally and shared with them proposed revisions for all our local government audited bodies. We include our proposed increase to the scale fee in the tables below. We remain in dialogue with PSAA over the scale fees. We include our proposed revision to the scale fee in the table below.

In addition, in the Audit Results Report we indicated that we had carried out additional work that necessitated an additional audit fee. We quantified the proposed fee and provided supporting information to the Assistant Director for Corporate Resources who has now agreed the additional fees. We will now seek approval from PSAA.

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Babergh District Council	Final Fee 2019/20	Planned fee 2019/20	Final Fee 2018/19
	£	£	£
Scale Fee	37,585	37,585	37,585
Additional areas of work:			
Audit of group accounts	5,000	4,000 - 5,000	5,000
Going concern assessment and disclosures	2,900	TBC	2,550
EY internal consultation on the audit report re going concern and Emphasis of Matter on property valuations	2,400	-	-
Significant risk on property valuations	31,000	3,000 - 8,000	-
Audit overruns and delays	9,250	-	-
Correspondence	480	-	-
Total audit	88,615	TBC	45,135
Other non-audit services - Housing Benefits subsidy	39,177	7,900	40,300
Total fees	127,792	TBC	85,435

Audit Fees

Mid Suffolk

Mid Suffolk District Council	Proposed Final Fee 2019/20	Scale Fee 2019/20	Final Fee 2018/19
	£	£	£
Scale Fee	33,437	33,437	33,437
Additional areas of work:			
Audit of group accounts	5,000	5,000 - 7,000	5,000
Going concern assessment and disclosures	2,900	TBC	2,550
EY internal consultation on the audit report re going concern and Emphasis of Matter on property valuations	2,400		
Significant risk on property valuations	31,000	3,000 - 8,000	-
Audit overruns and delays	9,250	-	-
Correspondence	480	-	-
Total audit	84,467	TBC	40,987
Other non-audit services - Housing Benefits subsidy	36,477	7,900	32,200
Total fees	120,944	TBC	73,187

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EY-000070901-01 (UK) 07/18. CSG London.



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Agenda Item 9

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

TO: Joint Audit and Standards Committee	REPORT NUMBER: JAC/21/8
FROM: Corporate Manager – Governance and Civic Office	DATE OF MEETING: 27 SEPTEMBER 2021

JOINT AUDIT AND STANDARDS COMMITTEE FORWARD PLAN

Date of Committee – 27 September 2021

Topic	Purpose	Lead Officer
Significant Risk Register Report and Risk Management Activity	To note	Corporate Manager – Internal Audit
Annual Audit Letter 2019/21	To Note	Ernst and Young
Constitutional Update	To agree any Constitutional amendments as reported by the Monitoring Officer	Monitoring Officer

Date of Committee – 29 November 2021

Topic	Purpose	Lead Officer
Half Year Report on Treasury Management 2021/22	To note and make Recommendations to both full Councils	Corporate Manager – Financial Services, Commissioning and Procurement
Joint Audit Plan 2020/21	To note	Ernst and Young
Constitutional Update	To agree any Constitutional amendments as reported by the Monitoring Officer	Monitoring Officer
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 31 January 2022

Topic	Purpose	Lead Officer
Joint Capital, Investment and Treasury Management Strategies 2022/23	To note and make Recommendations to both full Councils	Corporate Manager – Financial Services, Commissioning and Procurement
Constitutional Update	To agree any Constitutional amendments as reported by the Monitoring Officer	Monitoring Officer
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 28 March 2022

Topic	Purpose	Lead Officer
Managing the Risk of Fraud and Corruption - Annual Report	For comment and agreement	Corporate Manager – Internal Audit
Internal Audit Plan 2022/23	For comment and agreement	Corporate Manager – Internal Audit
Annual Audit Letter 2020/21	To note	Ernst and Young
Joint Audit Plan 2021/22	To note	Ernst and Young
Statement of Accounts and Auditors Report 2020/21	To approve the final audited Statements of Accounts and the joint external auditor's report for 2020/21	Corporate Manager – Financial Services, Commissioning and Procurement
Constitutional Update	To agree any Constitutional amendments as reported by the Monitoring Officer	Monitoring Officer
Complaints Monitoring report	To note	Monitoring Officer

Date of Committee – 16 May 2022

Topic	Purpose	Lead Officer
Certification of Claims and Returns Annual Report 2020/21	To note	Ernst and Young
External Audit Interim Update Report 2020/21	To note	Ernst and Young
Annual Internal Audit Report 2021/22	For comment and agreement	Corporate Manager – Internal Audit
Joint Annual Governance Statement 2021/22	For comment and agreement	Corporate Manager – Internal Audit
Constitutional Update	To agree any Constitutional amendments as reported by the Monitoring Officer	Monitoring Officer
Complaints Monitoring report	To note	Monitoring Officer