



Agenda

Meeting: **Audit and Governance Committee**
Date: **13 March 2024**
Time: **6.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Audit and Governance Committee**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/webcasts>.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

1. **Apologies for Absence**

2. **Declarations of Interest (Pages 5 - 6)**

Members of the committee should declare any interests which fall under the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

Queries about the agenda? Need a different format?

Contact Sue Lewis – Tel: 01303 853265/3267
Email: committee@folkestone-hythe.gov.uk or download from our website
www.folkestone-hythe.gov.uk

3. **Minutes (Pages 7 - 12)**

To consider and approve, as a correct record, the minutes of the meeting held on 6 December 2023..

4. **Quarterly Code of Conduct Complaints Update Report (Pages 13 - 16)**

This report provides an update to the Committee on Member Code of Conduct complaints received during quarter 3 of 23/24 (1 October to 31 December 2023).

5. **Annual Report - Maintaining Ethical Standards (Pages 17 - 20)**

This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's term of reference as follows:

“To receive an annual report on the District Council's ethical governance arrangements”.

One of the roles of the council's Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

6. **Local Code of Corporate Governance (Pages 21 - 34)**

This report recommends the approval of a local code of corporate governance for 2024/25.

7. **Quarterly Internal Audit Update Report from the Head of East Kent Audit Partnership (Pages 35 - 56)**

This report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 31st December 2023.

8. **Draft Internal Audit Plan 2024/25 (Pages 57 - 70)**

This report sets out the draft plan of work for the forthcoming 12 months for approval.

9. **22/23 Audit Findings Report**

The report summarises progress, findings and adjustments for the 2022-23 financial statements audit to date.

Report to follow.

10. **22/23 Auditor's Annual Report**

The report summarises the value for money work carried out for 2022-23 over the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

Report to follow.

11. **Annual Report to the Audit and Governance Committee (Pages 71 - 76)**

This report summarises the achievements of the Audit and Governance Committee against the terms of reference for the period 1 April 2023 to 31 March 2024 and details the impact that it has made on the overall system of internal control in operation.

12. **update to Corporate Risk Register (Pages 77 - 90)**

This report provides an update to the Corporate Risk Register, last considered by the Audit and Governance Committee on 6 December 2023.

13. **Glossary (needs to be at end of pack) (Pages 91 - 92)**

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Audit and Governance Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 6 December 2023
Present	Councillors James Butcher (Vice-Chair), Adrian Lockwood, Liz McShane (Chair), David Wimble and John Wing
Apologies for Absence	Councillor Liz Grant
Officers Present:	Paul Butler (Democratic Services and Lead Specialist), Gavin Edwards (Performance and Improvement Specialist), Amandeep Khroud (Assistant Director), Sue Lewis (Committee Services Officer), Lydia Morrison (Interim S151 Officer), Mrs Christine Parker (Head of Audit Partnership), Mr Chris Parker (Deputy Head of Audit), Sophia.Y.Brown@uk.gt.com and Adrian Tofts (Strategy, Policy & Performance Lead Specialist)
Others Present:	Sophia Y Brown, Grant Thornton Andy Vanburen – Independent Member

20. **Declarations of Interest**

Councillors Butcher, Lockwood and Wing declared that they were all directors on the Board of Oportunitas. They remained in the meeting.

21. **Minutes**

The Chair asked if there was an update with regards to the service Veolia provided. An update would be circulated once the relevant officers had been spoken to.

The minutes of the meeting held on 13 September 2023 were submitted, approved and signed by the Chairman.

22. **Review of Polling District and Polling Places 2023**

Section 18 of the Representation of the People Act 1983 (as amended by Part 4 of the Electoral Administration Act 2006) places a duty on the Council to

conduct a review of polling places and polling districts every four years. The last review was concluded by Folkestone & Hythe District Council in September 2019. This Report outlines the steps the Council is taking to comply with this duty and seeks approval from Council to approve the provisional decisions and resulting recommendations made.

The Democratic Services and Elections Lead Specialist informed members that the 6-week consultation included, in addition to satisfying statutory requirements, over 900 community organisations being contacted to invite comment about the current set up, and about the proposals from the Acting Returning Officer. The Acting Returning Officer proposals, representations and comments that have been received have resulted in recommendations for several changes to polling places (stations) and these are shown in appendix 2 of the report. He would also like to thank all those polling stations who have helped in the past, present and future.

Proposed by Councillor John Wing
Seconded by Councillor Adrian Lockwood and

Resolved:

- 1. To receive and note report AuG/23/15.**
- 2. To approve the provisional decisions listed in this report as the Polling Districts, Polling Places and Stations for the next four years, or until an ad-hoc review triggered by the Council in the interim.**
- 3. To adopt the proposals as outlined in Appendix 2, with the implementation to coincide with the revision or alteration of the electoral register on 01 February 2024.**

(Voting: For 4; Against 0; Abstentions 0)

23. Update to Corporate Risk Register

The report provided an update to the Corporate Risk Register, last considered by the Audit and Governance Committee on 13 September 2023.

The Strategy, Policy and Performance Lead Specialist updated members on the changes and risks reflected in the appendices to the report, informing that there would be a further update on the projects in March 2024.

The following points were noted:

- That although the report indicated 9 extreme, 6 high and 1 moderate rating this was not unusual, and members should not be worried as the report is not materially different from previous update reports taken to the committee, but it does reflect the importance of the major projects captured by the risk register and the economic climate affecting councils across the country.

- C1 Organisational Capacity – this is reported to the Personnel Committee throughout the year.
- C2 Delivery of Otterpool Park – officers are monitoring the governance arrangements and will report back to the committee regularly.
- C12 Cyber Threat – ICT colleagues continue to upgrade and monitor the systems with regular updates presented to CLT and then, if the severity of the situation required, reported to members.

Proposed by Councillor James Butcher
Seconded by Councillor John Wing and

Resolved:

1. **To receive and note report AuG/23/16.**

(Voting: For 4; Against 0; Abstentions 0)

24. **Quarterly Internal Audit Update Report from the Head of East Kent Audit Partnership**

The report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 30th September 2023.

The Deputy Head of Audit informed that there have been three main reports completed in the period with one of these being a partial limited assurance, a management response was included for Independent Living. Additionally, six follow up reviews had taken place with some increased assurances which provides assurance that agreed recommendations have been implemented.

Audit plan completion to the half year is 41.71% against the target of 50%; and to the end of November is 57.66% against the target of 66.67%.

The Head of Audit informed members of how the work is carried out to reach a draft report and that an action plan is agreed with officers when the report is finalised. All recommendations are tracked by EKAP, with independent testing undertaken for Critical and High priority recommendations with the results of the follow up work to then be reported to the committee.

The following points were noted:

- PEEPs – the management response provided indicated officers are confident that this will reach 100% by January 2024.
- Homelessness – at the time of follow up the recommendation had not been implemented by the due date. Management would need to provide a further response to the next meeting.
- Contract Management, Governance and Controls – the s.151 Officer reported that the Corporate Governance Board are putting procedures in

place and will report back to the next meeting, training gaps have been identified but officers are confident these will be resolved.

- Internal Audit Performance – the measure is against achieving the agreed 350 days by the end of March each year (over 12 months). The percentage reported could be against the quarterly target, it has always been reported this way, as it is simply cumulative as the year progresses.

Proposed by Councillor Adrian Lockwood
Seconded by Councillor James Butcher and

Resolved:

1. **To receive and note Report AuG/23/17.**
2. **To note the results of the work carried out by the East Kent Audit Partnership.**

(Voting: For 4; Against 0; Abstentions 0)

25. **Grant Thornton Audit Plan for the Year Ended 31 March 2023**

The report presents the Grant Thornton Audit Plan, which focuses on their proposed work on auditing the statement of accounts for 2022/23 and an update on the audit fees.

The Audit Partner, Grant Thornton informed members that there were no significant changes from 21/22, the risks were similar and reported in the report.

It was noted that the accounts audit will now complete March 2024 instead of February 2024, the reasons for this are shown within the report. The timetable is very tight to meet deadlines.

Proposed by Councillor John Wing
Seconded by Councillor Adrian Lockwood and

Resolved:

1. **To receive and note Report AuG/23/18.**
2. **To receive and note Grant Thornton's Audit Plan for the year ended 31 March 2023 and audit fees as outlined within the Appendix to this report.**

(Voting: For 4; Against 0; Abstentions 0)

26. **Update on Change of Governance Arrangements**

The report provides the Committee with a brief update on the progress of the work of the Constitution Working Group in relation the Council's decision on 21 June 2023 to change its governance arrangements from a Leader and Cabinet

executive form of governance to committee system as of the Annual Meeting of Council to be held in May 2024.

The Assistant Director - Governance, Law & Service Delivery highlighted the progress to date and thanked the Constitution Working Group for their work so far, informing that an all-member briefing on 11 December will update members on this work.

The following questions were raised by members.

1. Where does Overview and Scrutiny sit within the new structure?
2. How many more meetings will there be?
3. Will the position of Chair be held by the same person for the main two committees?
4. Co-ordination between the committees proposed and how they will work?
5. Executive/portfolio holders – where will they sit in the new structure?

Answers:

1. Each issue will be referred to the relevant committee within the new structure.
2. Following discussions with other authorities who have the committee system in place it is anticipated there will be more meeting, but as yet we do not know.
3. It will be for set out in the constitution, but it is not good practice to have the same person chair both main committees.
4. Each committee will have its own Terms of Reference and work is ongoing in respect of the chair/vice-chairs having spokesperson roles, an idea at this stage. There will be some overlapping of work but again there are still issues to look at before any final decisions on how things will work are ongoing.
5. There will not be portfolio holders in the new structure.

The Assistant Director - Governance, Law & Service Delivery informed that a timetable of works can be circulated to members and there will be more training for members and officers as things progress.

The new constitution will be presented to the committee and full council in due course and it was agreed to have inclusive language for all.

Proposed by Councillor James Butcher
Seconded by Councillor John Wing and

Resolved:

- 1) **That the Committee note:**
 - (a) **the progress of the Constitution Working Group; and**
 - (b) **a Member Briefing Session to outline objectives and structure is due to take place on 11 December 2023.**

(Voting: For 5; Against 0; Abstentions 0)

27. **Annual Governance Statement Actions - update on 2023/24 actions**

The report presented the current position on progress towards achieving the 2023-24 actions set out in the Annual Governance Statement.

The Assistant Director - Governance, Law & Service Delivery informed that during the process all Terms of Reference will be updated to reflect changes moving forward but it is anticipated that the Audit and Governance would remain the same.

Proposed by Councillor Adrian Lockwood
Seconded by Councillor David Wimble and

Resolved:

- 1. To receive and note report AuG/23/20.**
- 2. To note the progress towards achieving the actions in the Annual Governance Statement (Appendix 1).**

(Voting: For 5; Against 0; Abstentions 0)

This Report will be made public on 5 March 2024



Report Number **AuG/23/22**

To: Audit and Governance
Date: 13 March 2024
Status: Non – executive decision
Head of service: Amandeep Khroud – Assistant Director – Governance and Law

SUBJECT: QUARTERLY CODE OF CONDUCT COMPLAINTS UPDATE REPORT

SUMMARY: This report provides an update to the Committee on Member Code of Conduct complaints received during quarter 3 of 23/24 (1 October to 31 December 2023).

RECOMMENDATIONS:

1. To receive and note report AuG/23/22.

1. INTRODUCTION

- 1.1 Section 27 of the Localism Act 2011 requires that relevant authorities have a statutory duty to promote and maintain high standards of conduct by Members and co-opted Members of the authority.
- 1.2 Authorities are required to adopt a Code dealing with the conduct that is expected of Members when they are acting in that capacity.
- 1.3 Section 28 of the Localism Act 2011 requires that Councils in England have in place arrangements under which allegations can be investigated and on which decisions on allegations can be made.
- 1.4 The terms of reference of the Audit and Governance Committee require the Committee to receive quarterly reports (or less frequently, if there are no complaints to report), from the Monitoring officer on the number and nature of complaints received, and action taken, as a result, in consultation with the Independent Person.

2. SUMMARY OF COMPLAINTS

- 2.1 For the period 1 October to 31 December 2023, there were a total of ___ complaints.

These can be categorised as follows:

	1 October to 31 December
Complaints by members against members	0
Complaints by members of the public	2

2.2 Types of complaints

Whilst it is not possible to identify particular trends in the nature of the complaints made (and some complaints may include multiple complaints), the following broad types of complaint have been received:

	Q3
Public statements including social media / website / internet / email comment	2
Unacceptable Conduct at Council/Committee	0
Conflict of interest	0
Breach of Member/officer protocol	0
Breach of data protection rules	0
Other/miscellaneous	0

2.3 Investigation of complaints

The Monitoring Officer will initially consider the complaint and decide if formal investigation is required. Any formal investigation will be carried out by an independent person, who will then report to the Monitoring Officer. The Monitoring Officer will then report to the Audit and Governance if a breach of the Code of Conduct is found and will advise the committee as to whether further action is recommended.

For the complaints referred to above a decision was taken by the Monitoring Officer not to investigate the complaints.. No investigations have been conducted during the period of 1 October to 31 December 2023.

3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
None			

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

No legal comments.

4.2 Finance Officer's Comments (TM)

There are no direct financial implications arising from this report.

4.3 Diversities and Equalities Implications (GE)

There are no diversity and equalities implications arising from this report.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud – Assistant Director – Governance and Law

Tel No: 01303 853253

Email: Amandeep.khroud@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

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This Report will be made public on 5 March 2024



Report Number **AuG/23/23**

To: Audit and Governance
Date: 13 March 2024
Status: Non Executive
Responsible Officer: Amandeep Khroud, Assistant Director, Governance and Law

SUBJECT: ANNUAL REPORT - MAINTAINING ETHICAL STANDARDS

SUMMARY: This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's term of reference as follows:

"To receive an annual report on the District Council's ethical governance arrangements".

One of the roles of the council's Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

RECOMMENDATIONS:

1. To receive and note report AUG/23/23.

1. INTRODUCTION

- 1.1 The introduction of the Local Government Act 2000 brought about an increased focus by the Government and local authorities on the issue of ethics and Ethical Governance.
- 1.2 Ethical governance, also known as the ethical framework, refers to the processes, procedures, culture and values which ensure high standards of behaviour. Ethical governance' lies at the very heart of the way in which an organisation is run, how its business is transacted and how its decisions are taken.

2. CODE OF CONDUCT COMPLAINTS

- 2.1 Folkestone and Hythe District Council's code of conduct sets out the rules about the behaviour of Members and covers all councillors and co-opted members and requires them, for example, to treat others with respect, not to use their position for personal gain and to register their interests.
- 2.2 The code of conduct is based around seven general principles of conduct. These are:
- Selflessness (doing things for others rather than personal benefit),
 - Integrity,
 - Objectivity (not being biased),
 - Accountability (being responsible),
 - Openness,
 - Honesty and
 - Leadership
- 2.3 Training on the code was included in the District Councillor's Member Induction programme after the May 2023 elections.

- During the financial year 23/24, 5 complaints were received relating to district and parish Councillors, compared with 5 in 2022/23, 6 in 21/22, 17 in 20/21 and 16 in 19/20.
- During 23/24, all 5 complaints related to parish and town Cllrs. The breakdown of themes are set out below:

Public statements including social media / website / internet / email comment	4
Unacceptable Conduct at Council/Committee	0
Conflict of interest	1
Breach of Member/officer protocol	0
Breach of data protection rules	0
Other/miscellaneous	0

- No investigations have yet been conducted in 23/24 (as at February 2024).

3. REGISTER OF INTEREST

- 3.1 Elected and co-opted members are required to give written notification to the Monitoring Officer of any disclosable pecuniary interests and other registerable interests to be included in the Council's statutory Register of Interests within 28 days of election or appointment, and to update their declarations as appropriate by notifying any amendments or new interests within 28 days of becoming aware of them. This register of interest and individual members' declarations of interest can be inspected at any time on the Council's website through the mod.gov system.
- 3.2 At the meeting of the Audit and Governance Committee on 13 September 2024, four dispensations were granted in respect of Oportunitas Ltd. No further dispensations were granted during 2023/24.

4. WHISTLEBLOWING

- 4.1 The whistleblowing policy was reviewed in 2022 and is available on the council's intranet.
- 4.2 There were no incidences of whistleblowing in 2023/24.

2. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

2.1 Legal Officer's Comments

The legal issues are covered in the main body of the report.

2.2 Finance Officer's Comments

There are no financial implications arising from this report.

2.3 Diversities and Equalities Implications

This report does not directly have any diversity and equality implications.

3. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Amandeep Khroud
Telephone: 01303 853253
Email: amandeep.khroud@folkestone-hythe.gov.uk

Background papers:

[Code of conduct](#)

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This Report will be made public on 5 March 2024



Report Number **AuG/23/21**

To: Audit and Governance
Date: 13 March 2024
Status: Non – executive decision
Head of service: Amandeep Khroud – Assistant Director – Governance and Law

SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE

SUMMARY: This report recommends the approval of a local code of corporate governance for 2024/25.

REASONS FOR RECOMMENDATIONS:

It is necessary for the committee to adopt a local code of corporate governance for the current year.

RECOMMENDATIONS:

1. To receive and note report AuG/23/21.
2. To adopt the local code of corporate governance appended.

1. INTRODUCTION

- 1.1 The council should adopt a local code of corporate governance each year.
- 1.2 The code is derived from the guidance of CIPFA/SOLACE (the Society of Local Authority Chief Executives) “*Delivering Good Governance in Local Government: Framework*”.

2. THE CODE

- 2.1 The code is appended.
- 2.2 The recommended code is based on seven core principles. These principles are:
 - A. Strong commitment to integrity, ethical values, and the rule of law.
 - B. Openness and comprehensive stakeholder engagement.
 - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of intended outcomes.
 - E. Developing the capacity of the entity, including the capability of its leadership and the individuals within it.
 - F. Managing risks and performance through robust internal control and strong public financial management.
 - G. Implementing good practices in transparency and reporting to deliver effective accountability.
- 2.2 Under each principle is a list of actions that the council takes to support the relevant principle. These are actions the council is already taking.

3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to adopt a code	Medium	Low	Adopt the local code.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

No legal comments.

4.2 Finance Officer's Comments (CS)

There are no direct financial implications arising from this report.

4.3 Diversities and Equalities Implications (GE)

There are no diversity and equalities implications arising from this report.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud – Assistant Director – Governance and Law

Tel No: 01303 853253

Email: Amandeep.khroud@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1: Draft local code of corporate governance

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Local code of corporate governance 2024/25



Introduction

The Council produces a code of corporate governance which is reviewed on an annual basis. Guidance for preparing the code is provided by the Chartered Institute for Public Finance and Accountancy (CIPFA).

CIPFA has developed a framework for good governance in the public sector based on the International Framework, Good Governance in the Public Sector.

The framework comprises of seven principles of good governance. In the framework governance is defined as:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management leading to better service delivery and ultimately, better outcomes.

The Local Code of Corporate Governance is the document that sets out the framework within which the Council conducts its business and affairs.

The seven principles of good governance set out in the framework are:

A. Strong commitment to integrity, ethical values, and the rule of law.

B. Openness and comprehensive stakeholder engagement.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits.

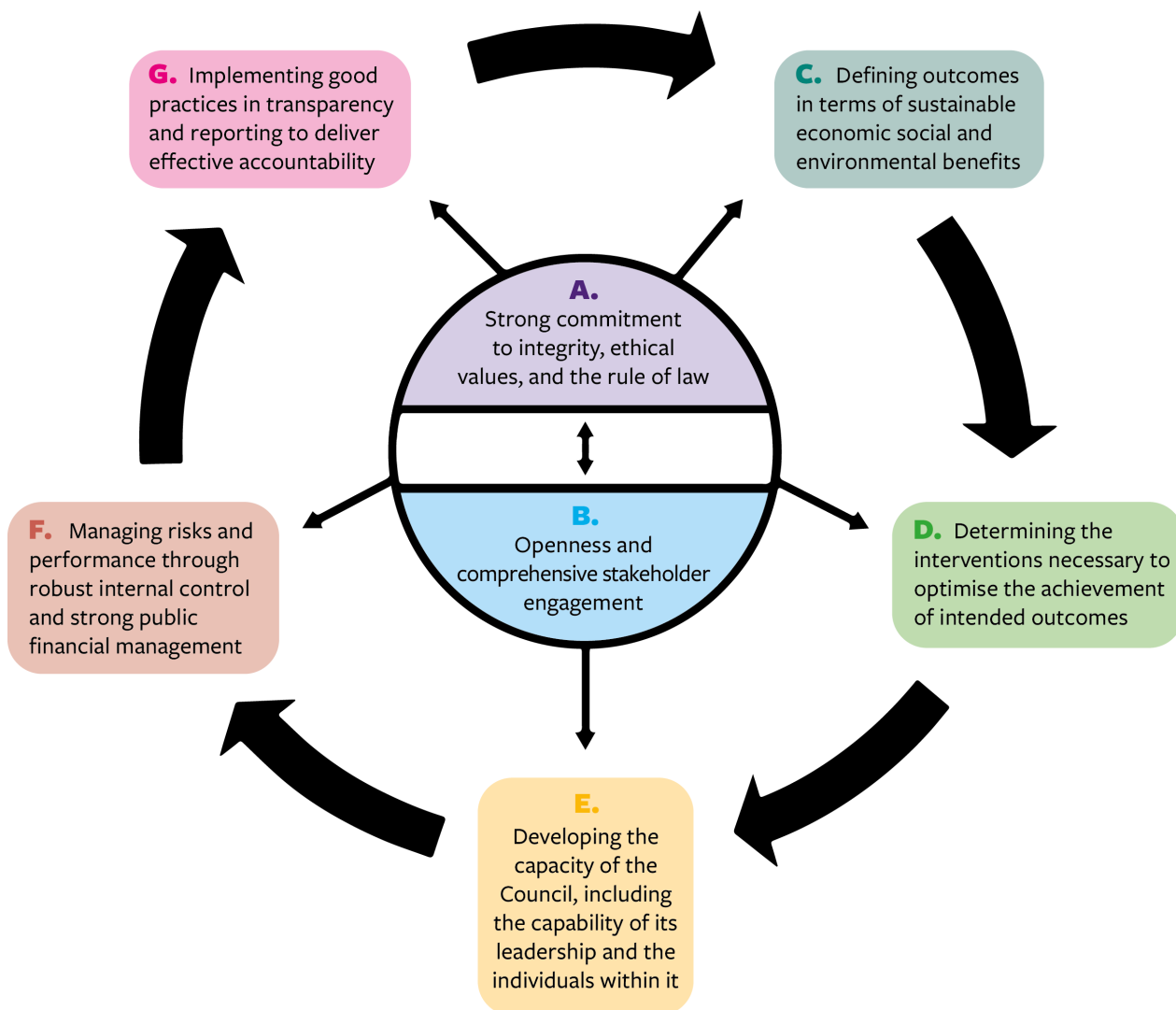
D. Determining the interventions necessary to optimise the achievement of intended outcomes.

E. Developing the capacity of the entity, including the capability of its leadership and the individuals within it.

F. Managing risks and performance through robust internal control and strong public financial management.

G. Implementing good practices in transparency and reporting to deliver effective accountability.

The core principles for good governance in the public sector are high level and bring together a number of several concepts. The figure below sets out the relationship between the principles.



A Strong commitment to integrity, ethical values, and the rule of law

The Council is responsible for using national resources collected through taxation to provide services for our citizens. We are accountable not only for how much we spend but also for the way we use the resources with which we have been entrusted.

In addition, we have an overarching mission to serve the public interest, in adhering to the requirements of legislation and government policies.

Ethical values and standards are defined in the Council's Constitution and should form the basis for all our policies, procedures and actions as well as the behaviour of our members and staff.

Council officers may be involved with interpreting laws; such activities demand a high standard of conduct that prevents these roles being brought into disrepute. We should demonstrate a strong commitment to the rule of law as well as compliance with all relevant laws.

This makes it essential that we can demonstrate the integrity of all our actions and that we have mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels.

- 1 The Council will maintain core values) both for the Council and its officers. These are One Team, Thinking Ahead, Performance Counts and Customer First.
- 2 We use core values as a guide for decision making and as a basis for developing positive and trusting relationships within the Council. We demonstrate this by adherence to the constitution.
- 3 We have adopted formal codes of conduct defining standards of personal behaviour for members and officers.
- 4 We maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the Council's culture.
- 5 We have put in place arrangements to ensure that members and staff of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. We have put in place appropriate processes to ensure that these arrangements are workable including declaration of interests and anti-corruption policies.
- 6 We ensure that systems and processes for financial administration and control together with protection of the Council's resources and assets comply with ethical standards; and are subject to monitoring of their effectiveness.
- 7 We will ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making if appropriate.
- 8 Officers will actively recognise the limits of lawful activity placed on them but also strive to utilise their powers to the full benefit of their communities.
- 9 Officers will observe all specific legislative requirements placed upon the Council as well as the requirements of general law, and in particular integrate the key principles of administrative law – rationality, legality and natural justice into the procedures and decision making.
- 10 We have put in place effective systems to protect the rights of staff. We ensure that policies for whistle-blowing which are accessible to staff and those contracting with the Council, and arrangements for the support of whistle-blowers, are in place.
- 11 We will publish an Annual Governance Statement, signed by the head of paid service and the Chairman of the Audit and Governance Committee to confirm that we are satisfied that we have effective governance arrangements in place.

B Openness and comprehensive stakeholder engagement

The Council operates for the public good and recognises there is a need for openness about our activities as well as clear channels of communication and engagement with all stakeholders. We must demonstrate that we act in the public interest at all times to maintain public trust and confidence. We should demonstrate clear reasoning for decision making and ensure that this is formally recorded for retrospective public scrutiny.

- 1 We will ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

- 2 We will maintain a culture of accountability so that members and officers understand to whom they are accountable and for what.
- 3 We will strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands.
- 4 We will deliver effective scrutiny of the Council's business as appropriate and produce an annual report on the activities of the overview and scrutiny function.
- 5 We will ensure that the Council as a whole is open and accessible to the community, service users and staff and we are committed to openness and transparency in all dealings. We will attempt to publish all committee agenda items publicly unless there is the need to preserve confidentiality where it is proper and appropriate to do so.

C Defining outcomes in terms of sustainable economic, social, and environmental benefits

The Council has prepared and published a plan which sets out the Council's priorities; a Medium Term Financial Plan which is a financial representation of the Council's Vision and supports the priorities.

We will review this document on a regular basis to ensure they reflect the vision of the Council.

- 1 We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
- 2 We will ensure that those making decisions are provided with financial and non-financial information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.
- 3 We will identify and monitor service performance indicators which demonstrate how the quality of service for users is to be measured.
- 4 We maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved.
- 5 We ensure compliance with the CIPFA codes regarding a Prudential Framework for Capital Finance and Treasury Management.

D Determining the interventions necessary to optimise the achievement of intended outcomes

The Council clearly defines its priorities and plans which are aimed at delivering the outcomes that the Council intends. These will focus on delivering effective and efficient services for the residents. We assess the risks of not achieving those outcomes and ensure that there are mitigating actions in place to support the achievement of intended outcomes. The Council's financial management arrangements ensure that there is adequate resource available to deliver

those outcomes. The Council reviews progress against delivering those outcomes through its performance management arrangements.

- 1 We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
- 2 We have risk management arrangements in place including mitigating actions to support the achievement of the Council's intended outcomes.
- 3 We will ensure that there are effective arrangements in place to monitor service delivery.
- 4 We will put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents.
- 5 We have prepared contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during adverse weather conditions.
- 6 We will provide senior managers and Members with timely financial and performance information.
- 7 We ensure that budget calculations are robust and reserves are adequate.
- 8 We will align financial and performance data to provide an overall understanding of performance.

E

Developing the capacity of the Council including the capability of its leadership and the individuals within it

The Council will develop and retain a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the Council objectives. We will provide training and support to enable staff to develop their skills so they can achieve their full potential.

- 1 Through the constitution we have set out a clear statement of the respective roles and responsibilities of the Council's Cabinet and the members individually.
- 2 We have set out a clear statement of the respective roles and responsibilities of the Council's other committees and senior officers.
- 3 We have developed protocols to ensure effective communication between Council members and officers in their respective roles.
- 4 We have set out the terms and conditions for remuneration of members and officers and publish an Annual Pay policy statement in accordance with the requirements of the Localism Act 2011.
- 5 There is a scheme of delegated powers within the constitution and we ensure that the scheme is monitored and updated when required.
- 6 We will ensure that effective management arrangements are in place at the top of the organisation.

- 7 The head of paid service is responsible and accountable to the Council for all aspects of operational management.
- 8 The Chief Financial Officer is the Director – Corporate Services and is a member of the Council’s Corporate Management Team, with access to the Head of Paid Service and other members of the leadership team.
- 9 The Section 151 Officer is responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- 10 We have appointed a professionally qualified and experienced Chief Financial Officer, who will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds; together with professional accountability for finance staff throughout the Council.
- 11 The Monitoring Officer is responsible to the Council for ensuring that the constitution is adhered to.
- 12 We will assess the skills required by Members including the understanding of financial systems. We will agree a personal development plan to develop skills and address any training gaps, to enable roles to be carried out effectively.
- 13 We will assess the skills required by officers through the appraisal process and address any training gaps, to enable roles to be carried out effectively.
- 14 We will develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- 15 We will ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.
- 16 We will review the scope of the Chief Financial Officer’s non-financial areas of responsibility to ensure financial matters are not compromised.
- 17 We provide the Chief Financial Officer and the Monitoring Officer with the resources, expertise and systems necessary to perform the role effectively within the Council.

F

Managing risks and performance through robust internal control and strong public financial management

The Council recognises the need to implement an effective performance management system that will allow us to deliver services effectively and efficiently. We understand that risk management, internal control and strong financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

- 1 We will maintain an effective Audit and Governance Committee which is independent of the executive and overview and scrutiny functions.
- 2 We will enable the Chief Financial Officer to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained.

- 3 We will ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their job.
- 4 We will ensure our arrangements for financial and internal control and management of risk are formally addressed within the annual governance reports.
- 5 We will ensure effective internal control arrangements exist for sound financial management systems and processes.



Implementing good practices in transparency and reporting to deliver effective accountability

The Council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the Council plans and carries out its activities in an open manner.

- 1 We comply with the local government transparency code and publish all required information in a timely manner.
- 2 We have established a medium term business and financial planning process in order to deliver a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate monitoring process; all of which are subject to regular review.
- 3 We have put in place effective transparent and accessible arrangements for dealing with complaints.
- 4 We will maintain an effective overview and scrutiny function which encourages constructive challenge and enhances the Council's performance overall.
- 5 We will maintain an effective Audit and Governance Committee which is independent of the Cabinet and the Overview and Scrutiny committee.
- 6 We will ensure an effective internal audit function is resourced and maintained.
- 7 We will maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- 8 We will attempt to publish all committee items in the public part of the agenda unless there is the need to preserve confidentiality where it is proper and appropriate to do so.
- 9 We will put in place arrangements for whistle-blowing to which staff and all those contracting with the Council have access.
- 10 We will produce clear, timely, complete and accurate information for budget holders and senior officers relating to the budgetary and financial performance of the Council.
- 11 We will maintain effective arrangements for determining the remuneration of senior staff and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011.

Annual Review of Corporate Governance

At the end of each financial year, the Council formally reviews the governance arrangements in place and produces an Annual Governance Statement.

The Annual Governance Statement includes:

- Scope of responsibility
- The purpose of the governance statement
- The Council's governance framework
- Review of effectiveness
- Assurance statements
- Internal Audit's opinion of the system of internal controls
- Financial management
- Significant governance and internal control issues
- Action plan
- Certification statement

The Annual Governance Statement addresses any actions arising from the previous years' Annual Governance Statement and highlights any actions arising from the year being reviewed.

The Annual Governance Statement also assesses the effectiveness and application of the Local Code of Governance and identifies any necessary changes and makes any relevant recommendations to the Council.

As part of the Audit and Governance Committee's governance role, the formal annual review will be undertaken by the Audit and Governance Committee on behalf of the Council.

The Annual Governance Statement is signed by the Chairman of the Audit and Governance Committee) and by the Head of Paid Service and is published with the Council's annual Statement of Accounts.

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This Report will be made public on 5 March 2024



Report Number **AuG/23/26**

To: Audit and Governance Committee
Date: 13 March 2024
Status: Non-Executive Decision
Corporate Director: Lydia Morrison – Interim Director – Corporate Services (S151)

SUBJECT: QUARTERLY INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

SUMMARY: This report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 31st December 2023.

REASONS FOR RECOMMENDATION:

The Committee is asked to agree the recommendations set out below because: In order to comply with best practice, the Audit and Governance Committee should independently contribute to the overall process for ensuring that an effective internal control environment is maintained.

RECOMMENDATIONS:

1. To receive and note Report AuG/23/26.
2. To note the results of the work carried out by the East Kent Audit Partnership.

1. INTRODUCTION

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting.

2. AUDIT REPORTING

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant Heads of Service, as well as an appropriate manager for the service reviewed.
- 2.2. Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3. An assurance statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be substantial, reasonable, limited or no assurance.
- 2.4 Those services with either limited or no assurance are monitored and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of assurance to either reasonable or substantial. There are currently three reviews with such a level of assurance as shown in appendix 2 of the EKAP report.
- 2.5 The purpose of the Council's Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and to seek assurance that action is being taken to mitigate those risks identified.
- 2.6 To assist the Committee in meeting its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

3. SUMMARY OF WORK

- 3.1. There have been four audit reports completed during the period. These have been allocated assurance levels as follows: one Substantial and three Reasonable assurance. Summaries of the report findings are detailed within Annex 1 to this report.
- 3.2 In addition two follow up reviews have been completed during the period. The follow up reviews are detailed within section 3 of the update report.

3.3 For the period to 31st December 2023 232.11 chargeable days were delivered against the planned target for the year of 350 days, which equates to achievement of 66.31% of the planned number of days.

4. RISK MANAGEMENT ISSUES

4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Non completion of the audit plan	Medium	Low	Review of the audit plan on a regular basis
Non implementation of agreed audit recommendations	Medium	Low	Review of recommendations by Audit and Governance Committee and Audit escalation policy.
Non completion of the key financial system reviews	Medium	Medium	Review of the audit plan on a regular basis. A change in the external audit requirements reduces the impact of non-completion on the Authority.

5. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's comments (AK)

No legal officer comments are required for this report.

5.2 Finance Officer's Comments (LM)

Responsibility for the arrangements of the proper administration of the Council's financial affairs lies with the Interim Director – Corporate Services (s.151). The internal audit service helps provide assurance as to the adequacy of the arrangements in place. It is important that the recommendations accepted by Heads of Service are implemented and that audit follow-up to report on progress.

5.3 **Head of the East Kent Audit Partnership comments (CP)**

This report has been produced by the Head of the East Kent Audit Partnership and the findings / comments detailed in the report are the service's own, except where shown as being management responses.

5.4 **Diversities and Equalities Implications (CP)**

This report does not directly have any specific diversity and equality implications however it does include reviews of services which may have implications. However, none of the recommendations made have any specific relevance.

6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

- 6.1 Councillors with any questions arising out of this report should contact either of the following officers prior to the meeting.

Christine Parker; Head of the Audit Partnership
Telephone: 01304 872160 Email: Christine.parker@folkestone-hythe.gov.uk

Lydia Morrison; Interim Director – Corporate Services (s.151)
Telephone: 01303 853420 Email: Lydia.morrison@folkestone-hythe.gov.uk

- 6.2 The following background documents have been relied upon in the preparation of this report:

Internal Audit working papers - Held by the East Kent Audit Partnership.

Attachments

Annex 1 – Quarterly Update Report from the Head of the East Kent Audit Partnership.

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

1. INTRODUCTION AND BACKGROUND

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Audit and Governance Committee meeting, together with details of the performance of the EKAP to the 31st December 2023.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of Recs.	
2.1	Housing Contract Letting	Substantial	Critical	0
			High	0
			Medium	1
			Low	1
2.2	Budgetary Control	Reasonable	Critical	0
			High	0
			Medium	2
			Low	1
2.3	Environmental Protection	Reasonable	Critical	0
			High	0
			Medium	7
			Low	4
2.4	Housing Anti-Social Behaviour	Reasonable	Critical	0
			High	5
			Medium	4
			Low	2

*For Assurance and Recommendation priority definitions see Annex 5

2.1 Housing Contract Letting – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the letting of housing contracts is completed in line with the Council's Contract Standing Orders and procurement guidance, together with any relevant national contract letting regulations.

2.1.2 Summary of Findings

Housing is responsible for a significant number of the contracts and works that are carried out across the district in relation to maintaining its housing stock and the surrounding grounds. This function has now been back in house for just over 3 years and in that time several issues have been identified and addressed and working practices have evolved. The review focused on the work carried out by Housing on Assets and Major Works and in particular the contracts that are valued between £5,000 and £99,000 that have been awarded during the 2023-24 financial year.

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

- Working practices have evolved over time since the housing function came back in house and based on the sample of contracts and works reviewed a consistent approach is being carried out across the team in respect of appointing contractors and supporting documentation is in place to support the decisions that have been made.

Scope for improvement was however identified in the following area:

- Consideration should be given to having the relevant housing files organised by financial threshold so that they are held in one central place.

2.2 Budgetary Control – Reasonable Assurance

2.2.1 Audit Scope

To ensure that regular, timely and accurate budgetary control of all income and expenditure being received or incurred by the Council, is undertaken to ensure that the authority's financial resources are efficiently managed.

2.2.2 Summary of Findings

The budget is the financial expression of the Council's plans and policies. A sound budget is essential to ensure effective financial control in any organisation and the preparation of the annual budget is a key activity at every council.

The Council requires a balanced and robust budget to ensure that resources are appropriately and effectively allocated to meet statutory and key services; whilst considering limited available funding, income constraints, increased service demands and inflation. The Local Government Act 2000 states that it is the responsibility of the Full Council, on the recommendation of the Executive to approve the budget and related council tax demand.

The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Expenditure must be controlled against the budget allocation, with the overall position reported to senior management and members on a regular basis. It is the responsibility of budget holders to control income and expenditure within their areas and to monitor performance through the Council's budget monitoring process.

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

- Budgets are controlled in accordance with Service Reporting Code of Practice (SeRCOP) and in accordance with CIPFA guidelines.
- The Budget and Policy Framework are sufficiently documented and applied.
- The financial governance arrangements in place, in terms of approval of the budget, are sufficiently applied.
- The process and opportunity for identifying budget reductions and savings is managed effectively.
- The financial systems in place provide an effective management tool, to enable senior management to be kept fully informed of whether the Council will meet its required spending levels.
- Regular budget monitoring is undertaken.

Scope for improvement was however identified in the following areas:

- Identified differences between the budget prep model and the budget load to the financial management system must be promptly rectified to ensure that both accurately reflect the approved budget.
- Up to date financial information should be easily accessible to the public, such as the Medium-Term Financial Strategy.

2.3 Environmental Protection – Reasonable Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established in respect of the Council's responsibilities for the prevention of noise and pollution.

2.3.2 Summary of Findings

The Council is required to establish procedures and controls to ensure it complies with its statutory responsibilities under the various legislation governing Environmental Protection and managing the associated risks to the public. This review has specifically looked at:

- Air quality management
- Contaminated land
- Noise nuisance
- Private water supplies monitoring.

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

- Air quality monitoring arrangements are in accordance with regulations.
- An up-to-date Contaminated Land Strategy is in place.
- Processes are in place to ensure planning applications are checked for contaminated land.

- The Council maintains a register listing all Part B Operators permitted by the Council under the Environmental Permitting Regulations which is available to the public on request.
- Visits are undertaken at the appropriate intervals to permitted establishments under the Environmental Permitting Regulations 2016 with the outcome of all visits being documented.

Scope for improvement was however identified in the following areas:

- Documented procedures are either out of date or missing.
- For the private water supplies there is no documentary trail to evidence that risk assessments are regularly and appropriately reviewed and updated, sampling is undertaken promptly in line with regulations and remedial action has been completed by the responsible parties as required.
- Air monitoring station results are not promptly loaded on the Kent Air Website to be available to the public.
- Checks are required to ensure that Contract Standing Orders (CSOs) are being correctly applied to the procurement of the Environmental Permitting Consultant contract.
- The Environmental Protection Team does not have an entry in the Information Asset Register or the Document Retention Schedule.
- The approved Contaminated Land Fee must be charged where applicable and procedure updated annually with the correct fee.

2.4 Housing Anti-Social Behaviour – Reasonable Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to tackle anti-social behaviour that affects the Council's tenants and the Council's housing stock or estates.

2.4.2 Summary of Findings

Council tenants and leaseholders have a right to live in an environment that allows them to enjoy their home and community. The Council recognises that anti-social behaviour (ASB) caused by a minority of tenants can be disruptive and distressing for neighbours, damage the sustainability of communities and adversely affect the ability of the Council to let properties. To address this the Council has a range of legal powers to help deal with ASB. These powers are contained in the Housing Acts of 1985 and 1996, the Anti-Social Behaviour Act 2003, the Anti-Social Behaviour, Crime and Policing Act 2014 and the Environmental Protection Act 1990.

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

- Processes are in place for tenants and leaseholders to be able to report anti-social behaviour and they are then reviewed, actioned or passed onto other agencies. Currently Housing has 39 live anti-social behaviour cases across the district.

- Officers attend regular meetings both in house and with other agencies to share information on issues and also the actions being taken to address ASB.
- The NEC ASB system has been in place since August 2023, and it is continuing to evolve and become embedded into the day to day working processes of officers. It has improved the recording of actions for ASB as it shows the actions taken all in one place along with supporting evidence being retained on the Information @ Work system. This system will also enhance the monitoring of cases as the reporting function is developed.

Scope for improvement was however identified in the following areas:

- Consideration should be given to presenting the Housing Community Safety Policy to the Council's Overview and Scrutiny Committee on an annual basis as they are acting as the Council's Crime & Disorder Committee as they are required by legislation to oversee work on community safety. This should also include any other supporting policies (i.e. Customer of Concern) if they are put in place.
- Consideration should be given to the production of an annual report to be presented to the Council's Crime and Disorder Committee on the work carried out by the Housing team in respect of community safety.
- As part of the 1 to 1 case reviews of ASB the Manager / Team Leader should update the NEC ASB system to show that the case has been reviewed and also what further action needs to be carried out or agreed with the Housing Officer.
- All procedure notes should be reviewed to ensure that they include the use of the NEC ASB system.

FOLLOW UP OF AUDIT REPORT ACTION PLANS

- 3.1 As part of the period's work two follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations previously made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.
- 3.2 As part of the follow up action, the recommendations under review are either:
- "closed" as they have been successfully implemented, or
 - "closed" as the recommendation is yet to be fully implemented but is on target with a revised implementation date, or
 - (for medium or low risks only) "closed" as management has decided to tolerate the risk, or the circumstances have since changed, or
 - (for critical or high risks only) "closed" on the EKAP System with a revised implementation date and escalated to management for further tracking and reporting to the audit committee.

Service/ Topic	Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding
a) Benefits in kind	Reasonable / Limited	Reasonable	Critical	0	0
			High	3	0
			Medium	1	0
			Low	0	0
b) Fraud Assurance	Reasonable	Reasonable	Critical	0	0
			High	4	3
			Medium	2	1
			Low	2	1

*For Assurance and Recommendation priority definitions see Annex 5

- 3.3 Details of any individual critical or high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Audit & Governance Committee.

The purpose of escalating outstanding high-priority recommendations which have not been implemented is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

4.0 WORK IN PROGRESS

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Capital – General Fund; Employee Health & Safety; CIL Scheme, and Recruitment & Leavers. Scheduled work to commence shortly also includes the Otterpool Park LLP Governance review.

5.0 CHANGES TO THE AGREED AUDIT PLAN

- 5.1 The 2023-24 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 15th March 2023.
- 5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer or their deputy to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments are made to the plan during the course of the year as some high-profile projects or high-risk areas may be requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews.

The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

6.0 FRAUD AND CORRUPTION

There are currently no reported incidents of fraud or corruption being investigated by EKAP on behalf of Folkestone-Hythe District Council.

7.0 INTERNAL AUDIT PERFORMANCE

7.1 For the period ended 31st December 2023 232.11 chargeable days were delivered against the planned target for the year of 350 which equates to achievement of 66.31% of the original planned number of days.

7.2 The financial performance of the EKAP for 2023-24 is on target.

Attachments

- Appendix 1 Summary of high priority recommendations outstanding after follow up.
- Appendix 2 Summary of services with limited / no assurances yet to be followed up.
- Appendix 3 Progress to 31st December 2023 against the 2023-24 Audit plan.
- Appendix 4 Assurance Definitions.
- Appendix 5 Balanced Scorecard to Quarter 3.

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
Fraud Assurance		
<p>1. The Council must fully consider and acknowledge its fraud risks, recognising that fraud risk does not stand alone and is blended with other risks such as economic or financial crime, financial stability, and cybersecurity. To ensure ownership, accountability, mitigation and appropriate resource allocation the risk of fraud should at the very least be recorded at a high level on the Corporate Risk Register.</p> <p>All departments should maintain a risk register, such as Housing which includes the consideration and recording of any fraud risks associated with that service and the action taken to mitigate the risks.</p> <p>Alternatively, the Council could consider implementing a separate and specific fraud risk register.</p> <p>The identified fraud risks should inform a proactive counter fraud programme / plan covering all areas of the Council's business and include activities undertaken by contractors and third parties. This plan should be linked to the internal audit plan</p>	<p>Agreed. A new risk management group has just been launched with the aim of further developing risk management processes at the Council. The best way to assess fraud risk will be considered here and an overarching corporate fraud risk will be entered onto the Corporate Risk Register, recently updated and due to be presented to members in March 2023.</p> <p>The updated Corporate Risk Register was agreed at the Audit and Governance Committee on 15 March 2023 and Cabinet on 22 March 2023.</p> <p>This included a Fraud and Corruption risk on the updated register.</p> <p>The Risk Management Policy was updated to reflect that Chief Officers are more directly involved in managing risk and so are better placed to describe and rate both existing and emerging risks. Therefore, it was decided that a Risk Management</p>	<p>The Risk Management Group has been absorbed into the Corporate Governance Board (CGB).</p> <p>Copies of CGB minutes were provided. At the CGB meeting on 10th October the Assistant Director - Governance, Law & Service Delivery set out the timetable and importance for the Corporate Risk Register refresh.</p> <p>At the CGB meeting on 18 January 2024 the Chief Financial Services Officer (CFSO) highlighted that they <i>"will bring this back to the group and staff at a later date"</i>.</p> <p>Outstanding with intent to fully implement.</p> <p>New implementation date September 2024 Chief Financial Services Officer</p>

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
with regular update reports going to management and members.	<p>Group (RMG) should be formed of the Chief Officers and that CLT could then move to exercising oversight rather than direct control of the Corporate Risk Register.</p> <p>The Risk Management Policy highlights that 'Risk Management is about managing the threats that may hinder delivery of our priorities and core services and maximising the opportunities that will help deliver them. It is important that risk management is aligned to the service plans, MTFS, Corporate Plan, policy making, performance management and strategic planning of the organisation'. However, Fraud is not included in the operational risks sub-category guide.</p> <p>The recommendation remains outstanding to see how the RMG will address the issue.</p> <p>Proposed Completion Date September 2023</p> <p>Responsibility Section 151 Officer/ Director - Corporate Services</p>	

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<p>2. The Section 151 Officer must consider, based on a fraud risk assessment (see recommendation 1) whether:</p> <ul style="list-style-type: none"> the Council has sufficient and appropriately qualified resources in place to tackle and investigate all Council Fraud and not just benefits fraud i.e., grant, contract and procurement, housing, expenses etc. qualified and accredited counter fraud resource succession planning is in place to reduce the inherent risk in having just one qualified fraud officer role/ in post. 	<p>The Council is fortunate to have a qualified resource in place, but a review of contingency arrangements and succession planning will be considered.</p> <p>Proposed Completion Date September 2023</p> <p>Responsibility Section 151 Officer/ Director - Corporate Services</p>	<p>A further officer is signing up to an investigation's apprenticeship, which gives the knowledge and qualifications to carry out the work, and is awaiting a start date from CIPFA which is anticipated this month.</p> <p>Outstanding with intent to fully implement.</p> <p>New implementation date June 2024 Chief Financial Services Officer</p>
<p>3. A summary record of all counter fraud activities (all suspicions of fraud reported, action and fraud investigations undertaken and the outcomes) to include not just revenues, benefits but all tenancy and corporate fraud should be maintained. To include the resources being allocated, and regularly reported to Corporate Leadership Team and the Audit & Governance Committee. This will assist in informing the future level of resource required to combat fraud against the Council.</p> <p>This reporting on investigations work should look at future plans and emerging</p>	<p>Agreed.</p> <p>Proposed Completion Date July 2023</p> <p>Responsibility Section 151 Officer/ Director - Corporate Services</p>	<p>At the CGB meeting on 18 January 2024 the Chief Financial Services Officer (CFSO) highlighted they <i>will bring this back to the group and staff at a later date</i>'.</p> <p>Outstanding with intent to fully implement.</p> <p>New implementation date July 2024 Chief Financial Services Officer</p>

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<p>risks; and the new Calculating Losses from Housing Tenancy Fraud Formula 2021 should be applied to the tenancy fraud losses being reported.</p> <p>These full statistics should be published annually under the requirements of the Transparency Code 2015.</p>		

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS YET TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Housing Tenancy Fraud	July 2023	Limited	April 2024
Contract Management of Waste Collection & Street Cleansing	September 2023	Reasonable / Limited	March 2024
Independent Living	December 2023	Reasonable / Limited	April 2024

**PROGRESS AGAINST THE AGREED AUDIT PLAN 2023/24
FOLKESTONE & HYTHE DISTRICT COUNCIL**

Review	Original Planned Days	Revised Planned Days	Actual To 31/12/2023	Status and Assurance level
FINANCIAL SYSTEMS:				
Budgetary Control	10	10	12.00	Finalised - Reasonable
Business Rates	10	10	0.85	Work in progress
Capital – General Fund	10	10	7.79	Work in progress
Creditors Duplicates Testing	2	2	0.57	Quarter 4
Housing Benefit Subsidy	10	0	0.07	Deferred
Miscellaneous Grants	10	0	-	See LUF grants
HOUSING SYSTEMS:				
Anti-Social Behaviour	10	10	9.09	Finalised - Reasonable
Housing Capital	10	10	0.32	Work in progress
Housing Contract Letting	10	10	10.52	Finalised - Substantial
Housing Allocations	10	10	0.07	Quarter 4
New Build Capital	10	0	0.03	Deferred
Rechargeable Works	10	10	0.19	Quarter 4
Rent Setting	10	10	-	Quarter 4
Independent Living	10	11	11.33	Finalised – Reasonable / Limited
Tenancy & Estate Management	10	10	10.73	Finalised - Reasonable
GENERAL FUND HOUSING				
Leaseholders' Services	10	10	0.16	Quarter 4
HMO's	10	10	0.07	Quarter 4
INFORMATION GOVERNANCE				
Freedom of Information	10	10	-	Quarter 4
TECHNOLOGY / CYBER:				
ICT Review	10	8	0.25	Quarter 4
CORPORATE GOVERNANCE:				
Otterpool Park Governance	10	10	1.78	Work in progress
Financial Procedure Rules	5	6	6.84	Finalised - Reasonable
RIPA	4	10	9.57	Finalised - Reasonable
SERVICE LEVEL				
Climate Change	4	4	0.11	Quarter 4
Employee Health & Safety	10	14	13.85	Draft Report WIP
Environmental Protection	10	15	14.91	Finalised - Reasonable

Review	Original Planned Days	Revised Planned Days	Actual To 31/12/2023	Status and Assurance level
Folkestone Community Works	10	7	7.69	Finalised - Substantial
CILs	10	10	9.61	Work-in-Progress
Waste Collection & Street Cleansing	15	12	12.44	Finalised – Reasonable / No
HUMAN RESOURCES:				
Payroll	10	10	0.07	Deferred
Recruitment & Leavers	10	10	5.43	Work in progress
OTHER:				
Committee Reports & Meetings	10	10	10.46	Ongoing
S.151 Meetings & Support	10	10	10.26	Ongoing
Corporate Advice / CMT	5	5	5.74	Ongoing
Liaison with External Audit	1	1	0.37	Ongoing
Audit Plan Prep & Meetings	10	10	5.16	Ongoing
Follow Up Reviews	14	24	24.29	Ongoing
Complaints Sampling	0	6	6.31	Finalised – N/A
Elections	0	1	1.41	Completed – N/A
LUF Grant	0	10	0.10	Ongoing
FINALISATION OF 2022-23 AUDITS:				
Employee Benefits in Kind	1	1	0.27	Finalised – Reasonable / Limited
Tenancy Counter Fraud	4	4	5.52	Finalised - Reasonable
Tenancy Health & Safety	7	6	7.46	Finalised - Reasonable
Procurement Secondment	7	7	7.50	Finalised – N/A
Procurement Matters	1	1	0.93	Finalised – N/A
Total	350	350	232.11	66.31%

Definition of Audit Assurance Statements & Recommendation Priorities

CiPFA Recommended Assurance Statement Definitions:

Substantial assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

EKAP Priority of Recommendations Definitions:

Critical – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation’s ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

High – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

Medium – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

Low – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.

Balanced Scorecard

<u>INTERNAL PROCESSES PERSPECTIVE :</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	87%	90%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£403.37
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£521,918
CCC	61.63%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	80.86%	75%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	70.02%	75%			
FHDC	66.31%	75%			
EKS	57.23%	75%			
Overall	69.47%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	46	-			
<ul style="list-style-type: none"> • Not yet due 	18	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	33	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of Satisfaction Questionnaires Issued;	50		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	17		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 34 %		Percentage of staff studying for a relevant professional qualification	0%	N/A
Percentage of Customers who felt that;	100%	100%	Number of days technical training per FTE	3.37	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	90%	Percentage of staff meeting formal CPD requirements (post qualification)	50%	50%
	100%	100%			

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This Report will be made public on 5 March 2024



Report Number **AuG/23/25**

To: Audit and Governance Committee
Date: 13 March 2024
Status: Non-Executive Decision
Corporate Director: Lydia Morrison – Interim Director – Corporate Services (S151)

SUBJECT: DRAFT INTERNAL AUDIT PLAN 2024-25

SUMMARY: This report sets out the draft plan of work for the forthcoming 12 months for approval.

REASONS FOR RECOMMENDATION:

The Committee is asked to agree the recommendations set out below because: In order to comply with best practice, the Audit & Governance Committee should independently contribute to the overall process for ensuring that an effective internal control environment is maintained.

RECOMMENDATIONS:

1. To receive and note Report AuG/23/25.
2. That Members approve (but not direct) the Council's Internal Audit Plan for 2024-25

1. Introduction and Background.

- 1.1 The purpose of the Council's Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 1.2 In accordance with current best practice, the Audit & Governance Committee should "review and assess the annual internal audit work plan". The purpose of this report is to help the Committee assess whether the East Kent Audit Partnership has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with the Professional Standards for Internal Auditors.

2. Risk Based Internal Audit Plan.

- 2.1 The Audit Plan for the year 2024 to 2025 is attached as Annex A and has the main components to support the approved Audit Charter. The plan is produced in accordance with professional guidance, including the Public Sector Internal Audit Standards (PSIAS). A draft risk based plan is produced from an audit software database (APACE) maintained by the EKAP which records our risk assessments on each service area based upon previous audit experience, criticality, financial risk, risk of fraud and corruption etc. Amendments have been made following discussions with senior management, taking account of any changes within the Council over the last 12 months, and foreseen changes over the next.
- 2.2 The plan has then been further modified to reflect emerging risks and opportunities identified by the Chief Executive, Directors, and the links to the Council's Corporate Plan and Corporate Risk Register. This methodology ensures that audit resources are targeted to the areas where the work of Internal Audit will be most effective in improving internal controls, the efficiency of service delivery and to facilitate the effective management of identified risks.
- 2.3 Furthermore, wider risks are considered, by keeping abreast of national issues and advice from the auditing profession / firms. The annual "Risk in Focus" report provides an opportunity to track how risk priorities are developing over time. A number of dominant themes are emerging. Climate change, biodiversity and environmental sustainability has gained in prominence more than any other risk type over the past three years. It is a moving target that organisations will have to make continuous efforts to mitigate for decades to come. This should therefore be considered a "forever risk" that is likely to move up the risk rankings over time. Risks related to business continuity, crisis management and disaster response have been heavily impacted by recent events, and the same is true of health, safety & security, Human capital, diversity and talent management and organisational culture. These latter three have a clear human capital element to them. Organisations have been forced to flex and adapt, protecting their workforces from harm as health risks sharply escalated and hybrid working

evolved. The top five identified risks through 'Risk In Focus' survey have been considered for inclusion in the 2024-25 plan as follows;

1 - Cyber Security & Data Security – retained its long-standing pole position as the top threat. A review of cyber security, given the incident in January 2024, will be undertaken in 2024-25 audit plan. Additional risk areas within ICT identified provision for future reviews.

2 - Human Capital, Diversity & Talent Management – also retained its 2nd place ranking in the report as many businesses find themselves out of sync with post-pandemic culture. This is a vital area of risk as both strategic goals and risk management require a broad and deep base of talent and skills for success. There are HR reviews planned across the audit plan, including Payroll and Absence Management.

3 - Macroeconomic and Geopolitical Uncertainty - weathering the economic effects of higher inflation and interest rates and the market changes they engender changes the emphasis of this risk category this year as it cuts across all areas, from financial liquidity and insolvency risk, to business continuity and supply chain resiliency. Reviews of Treasury Management, Value Added Tax, Procurement & Contracts, Emergency Planning & Business Continuity have been allocated in 2024-25 relating to this risk.

4 - Climate Change, Biodiversity and Environmental Sustainability - has slipped down the priority rankings, but a raft of new regulations – including Europe's Corporate Sustainability Reporting Directive - means that organisations expect this to be the' 3rd biggest risk by 2027. Keeping a strategic, entrepreneurial attitude will be key to avoid being mired in compliance. A Climate Change review was undertaken in February 2022 and time has been allocated in the 2024-25 plan for a follow up review, to assess the Council's progress against this agenda.

5 – Supply Chain, Outsourcing and Nth Party Risk - a key area where dynamic, fast-moving interconnected risks – economic headwinds, deglobalisation, physical threats to logistics, climate related weather events and new regulations, make strategic and operational innovation a must. Stress on supply chains will be a constant feature over the next few years, reviews of Procurement & Contract Management and Governance reviews of LATCO's have been allocated in 2024-25 relating to this area.

2.4 There are insufficient audit resources to review all areas of activity each year. Consequently, the plan is based upon a formal risk assessment that seeks to ensure that all areas of the Council's operations are reviewed within a strategic cycle of audits. In order to provide Members with assurance that internal audit resources are sufficient to give effective coverage across all areas of the Authority's operations, a strategic plan has been included.

2.5 To comply with the best practice, the agreed audit plan should cover a fixed period of no more than 1 year. Members are therefore being asked to approve the 2024-25 plan at the present time, and the future years are shown as

indicative plans only, to provide Members with assurance that internal audit resources are sufficient to provide effective coverage across all areas of the Authority's operations within a rolling cycle.

2.6 The plan has been prepared in consultation with the Directors and the Council's statutory s.151 Officer. The plan is also designed to meet the requirements expected by the External Auditors for ensuring key controls are in place for its fundamental systems. This Committee is also part of the consultation process, and its views on the plan of work for 2024-25 are sought to ensure that the Council has an effective internal audit of its activities and Members receive the level of assurance they require to be able to place assurance on the annual governance statement.

2.7 The risk assessment and consultation to date has resulted in;

- 77% Core assurance projects – the main Audit Programme.
- 0% Fraud – fraud awareness, reactive work investigating potential irregularities.
- 3% Corporate Risk – testing the robustness of corporate risk mitigating action and
- 20% Other productive work – corporate meetings, follow up, general advice, liaison.

Total number of audits is 30.

For 2024-25 the days available for carrying out audits are 350 days. When compared to the resources available and working on the basis that the highest risk areas should be reviewed as a priority, the EKAP has sufficient resources to undertake 30 audits. The detailed draft audit plan is contained in Annex A. The current resources of the EKAP will allow for an assurance opinion to be given on the Council's key risk areas and systems. This should be sufficient coverage to inform the Annual Governance Statement.

3. Benchmarking the level of Internal Audit Provision.

3.1 Members should have regard to how audit resources within the Council compare to other similar organisations when considering the adequacy and effectiveness of the internal audit plan. The results of benchmarking show that the average number of internal audit days provided by district councils within Kent is circa 387 days annum. The audit plan of Folkestone and Hythe District Council of 350 days. The plan is therefore 37 days less well-resourced than the Kent average benchmark.

4. Head of Internal Audit Opinion of the 2024-25 Internal Audit Plan.

4.1 This report is presented to Members by the Council's Interim Director - Corporate Services whose s.151 responsibility it is to maintain an effective internal audit plan. In the interests of openness and transparency and in order to enable Members to make an informed decision on the internal audit plan presented for

their approval, consideration should also be given to the opinion of the Head of Internal Audit on the effectiveness of the plan.

- 4.2 It is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2024-25 internal plan presented to Members will allow for an assurance opinion to be given on the Council’s key risk areas and systems - which accordingly will be limited to commenting on the systems of internal control that have been examined in the year.
- 4.3 The Head of the East Kent Audit Partnership recommends that Members approve the 2024-25 internal audit plan as drafted, noting that to bring the plan up to the Kent average benchmark would require an additional 37 days per annum, which at an estimated cost per audit day of £400 would cost £14,800 per annum.

5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Non completion of the audit plan	Medium	Low	Review of the audit plan on a regular basis
Non implementation of agreed audit recommendations	Medium	Medium	Review of recommendations by Audit and Governance Committee and Audit escalation policy.
Non completion of the key financial system reviews	Medium	Medium	Review of the audit plan on a regular basis. A change in the external audit requirements reduces the impact of non-completion on the Authority.

6. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 **Legal Officer’s comments (AK)**

No legal officer comments are required for this report.

6.2 **Finance Officer’s Comments (LM)**

Responsibility for the arrangements of the proper administration of the council's financial affairs lies with the Chief Finance Officer (S151). The internal audit

service helps provide assurance as to the adequacy of the arrangements in place.

6.3 **Head of the East Kent Audit Partnership comments (CP)**

This report has been produced by the Head of the East Kent Audit Partnership and the comments detailed in the report are the East Kent Audit Partnership's own, except where shown as being management comments.

6.4 **Diversities and Equalities Implications (CP)**

This report does not directly have any specific diversity and equality implications however it does include reviews of services which may have implications.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

7.1 Councillors with any questions arising out of this report should contact either of the following officers prior to the meeting.

Christine Parker, Head of the Audit Partnership
Telephone: 01304 872160 Email: Christine.parker@folkestone-hythe.gov.uk

Lydia Morrison, Interim Director – Corporate Services (S151)
Telephone: 01303 853420 Email: lydia.morrison@folkestone-hythe.gov.uk

7.2 The following background documents have been relied upon in the preparation of this report:

Internal Audit Annual Plan 2023-24 - Previously presented to and approved at Audit & Governance Committee meetings.
Internal Audit working papers - Held by the East Kent Audit Partnership.
Previous audit strategies – previously presented and approved at Audit & Governance meetings.

Attachments

Annex A - Folkestone & Hythe District Council draft 2024-25 Internal Audit Plan

Plan Area	Risk register / Corporate Plan / Service	Year Last Audited	Previous Assurance Level	Follow Up Assurance	2024-25 Planned days	2025-26 Planned days	2026-27 Planned days	2027-28 Planned days
Financial Governance:								
Capital	C4	2023-24	WIP	-				10
Treasury Management	C4	2019-20	Substantial	Substantial	10			
Car Parking & Enforcement	C4	2022-23	Sub / limited	Sub / Reasonable				10
Bank Reconciliation	C4	2020-21	Reasonable	Reasonable		10		
Creditors	C4	2022-23	Sub / Reasonable	Substantial			8	
Miscellaneous Grants & Levelling Up	C4	New	-	-	10			
Insurance	C4	2020-21	Substantial	Substantial		10		
VAT	C4	2018-19	Reasonable	Reasonable	6			
Budgetary Control	C4	2023-24	Reasonable	To do				10
Housing Benefits – Overpayments	CP	2021-22	Substantial	Substantial				10
Housing Benefits – Admin & Assessment	CP	2018-19	Substantial	Substantial	10			
Housing Benefits - Quality	CP	2020-21	Substantial	Substantial		10		
Housing Benefits - DHP	CP	2021-22	Substantial	Substantial			10	
Housing Benefits Subsidy	CP	2016-17	Substantial	Substantial	10			
Council Tax	CP	2022-23	Substantial	Substantial		10		10

Council Tax Reduction Scheme	CP	2019-20	Substantial	Substantial	10			
Business Rates	CP	2023-24	WIP	-		10		10
Business Rates Relief	CP	2018-19	Substantial	Substantial	10			
Debtors	C4	2020-21	Reasonable	Reasonable			10	
Corporate Governance:								
Members' Code of Conduct and Standards Arrangement	C1	2020-21	Substantial	Substantial			10	
Officers' Code of Conduct	C1	2020-21	Reasonable	Reasonable			10	
Whistleblowing / Anti Money Arrangements	C1	2022-23	N/A	N/A			9	
Local Code of Corporate Governance	C1	2017-18	Substantial	Substantial		10		
Complaints Monitoring	C11	2023-24	Reasonable	Substantial			10	
Oportunitas Governance	C1	2019-20	Substantial	Substantial	10			
Otterpool Governance	C3	2023-24	WIP	-	10			
Scheme of Officer Delegations	C1	2016-17	Reasonable	Substantial	10			
New Committee Arrangements	Service	New	-	-		10		
Financial Procedure Rules	C4	2023-24	Reasonable	To do				5
RIPA	Service	2023-24	Reasonable	To do				4
Constitution	CP	2019-20	Substantial	Substantial			10	
Data Protection/ GDPR	Service	2018-19	Limited	Reasonable		10		
Freedom of Information	Service	New	-	-	10			
Performance Management	C11	2020-21	Reasonable	Reasonable		10		
Risk Management	C1	2017-18	Substantial	Substantial	10			
Counter Fraud Assurance								
Fraud Assurance	C4	2022-23	Reasonable	To do		10		10

Fraud Arrangements Review	C4	2016-17	Reasonable	Reasonable			10	
Duplicate Payments Testing	C4	2022-23	Sub / Reasonable	Substantial	2	2	2	2
Tenancy Fraud	C13	2022-23	Limited	To do			10	
People Management								
Recruitment / Leavers	C1	2023-24	WIP	-				10
Flexi / Sick Leave / Annual leave	C1	2016-17	Reasonable	Reasonable	10			
Payroll, SMP and SSP	C1	2020-21	Substantial	N/A	10			
Employee Allowances and Expenses	C1	2019-20	Substantial	Substantial			10	
Employee Benefits-in-Kind	C1	2022-23	Reasonable / Ltd	To do				10
Asset Management								
Asset Management	Service	2018-19	Substantial	Substantial	10			
Procurement & Contracts:								
Contract Standing Orders	C8	2022-23	Limited	Reasonable			10	
Procurement	C8	New	-	-	10			
E-Procurement incl. Corporate Purchase Cards	C8	2021-22	Reasonable	Reasonable		10		
Cyber Security & Data Assurance								
Network Security	C8	2021-22	Substantial	Substantial	10			
Software Licensing	C8	2021-22	Substantial	Substantial		10		
ICT Physical & Environmental	C8	2021-22	Substantial	Substantial			10	
ICT Change Control / Updates	C8	2021-22	Substantial	Substantial				10
ICT Acquisitions & Disposals	C8	2021-22	Substantial	Substantial				10
Service Assurance - Environmental								

Cemeteries and Crematorium	C11	2017-18	Reasonable	Reasonable	10			
Child Protection - Safeguarding	C11	2021-22	Reasonable	Reasonable				10
Climate Change	C15	2022-23	Reasonable	Reasonable	2	8	2	4
Community Safety Partnership	C11	2020-21	Reasonable	Reasonable		10		
Coast Protection / Engineers	Service	2020-21	Reasonable	Substantial			10	
Corporate Responsive Repairs	Service	2019-20	Reasonable	Reasonable		10		
Dog Warden Enforcement	C11	2019-20	Substantial	Substantial				10
Electoral Finance	C1	2017-18	Reasonable	Reasonable		10		
Environmental Health - Food Safety / H&S	C11	2016-17	Reasonable	Substantial	10			
Environmental Protection - Pollution / Noise	C11	2023-24	WIP					10
Environmental Health – Public Health Burials	C11	2018-19	Substantial	Substantial	10			
Emergency Out of Hours Service	C11	2018-19	Reasonable	Reasonable			10	
Emergency Planning / Business Continuity	C11	2016-17	Substantial	Substantial	10			
Employee Health, Safety and Welfare	Service	2023-24	WIP					10
Equality and Diversity	Service	2017-18	Reasonable	Reasonable		10		
Events Management	Service	2018-19	Substantial	Substantial		10		
Grounds Maintenance	Service	2020-21	Reasonable	To do			10	
Folkestone Parks & Pleasure Grounds Charity	Service	2020-21	Substantial	N/A			10	
Land Charges	CP	2020-21	Reasonable/Ltd	Substantial/ Reasonable		10		
Licensing	C4	2019-20	Reasonable/Ltd	Reasonable	10			
Lifeline	Service	2015-16	Reasonable	Reasonable		10		
Members Allowances and Expenses	C1	2022-23	Substantial	Substantial			10	
Planning Income	C4	2016-17	Reasonable	Reasonable			10	

Planning Section 106s / CILS	C4	2023-24	WIP					10
Building Control Income	Service	2018-19	Reasonable	Reasonable		10		
Property Charges - Industrial Estates	C4	2019-20	Reasonable	Substantial			10	
Security of the Civic Building	Service	2019-20	Reasonable	Reasonable				10
Sports Income	C4	2019-20	Reasonable	Reasonable				10
Hythe Swimming Pool	Service	2017-18	Reasonable	Reasonable	10			
Taxis	Service	2019-20	Reasonable/Ltd	Reasonable		10		
Waste Management	C8	2023-24	Reasonable/No	To do				15
Waste Recycling	C8	2022-23	Limited	Reasonable			10	
Councillor Grants	C4	2021-22	Reasonable	To do			10	
Service Assurance – Social Housing								
Rent Setting, Accounting, Collection and Debt Management	C13	2020-21	Substantial	Substantial	10			
Tenancy & Estate Management	C13	2023-24	Reasonable	To do				10
Responsive Repairs & Maintenance	C13	New	-	-		10		
Resident Engagement	C13	2021-22	Reasonable	Reasonable		10		
Void Property Management	C13	2021-22	Reasonable	Reasonable	10			
Leasehold Services	C13	New	-	-		10		
Tenants' Health and Safety	C13	2022-23	Reasonable	To do			10	
Contract Letting / Procurement Process/ Specification of Works	C13	2023-24	WIP	-				10
Contract Management	C13	2022-23	No	Reasonable			10	
Independent Living	C13	2023-24	Reasonable / Limited	To do				10
Pumping Stations	C13	New	-	-			7	

Handyman Services	C13	New	-	-			7	
Capital Programme, Planned Maintenance	C13	2023-24	WIP	-				10
Rechargeable Works / Service charges	C13	New	-	-				10
Garage Deposits / Management	C13	2021-22	Reasonable	To do		10		
Cash Incentive Grants	C13	New	-	-				10
New Build Capital Programme	C13	New	-	-		10		
Anti-Social Behaviour	C13	2023-24	Reasonable	To do				10
HRA Business Plan	Service	2018-19	Substantial	Substantial		10		
Private Sector Housing, HMOs	C13	New	-	-	10			
Improvement Grants/DFG	CP	2017-18	Substantial	Substantial	10			
Homelessness incl. Rent Deposit	CP	2022-23	Reasonable	Reasonable			15	
Housing Allocations	CP	2019-20	Reasonable	Substantial	10			
Right to Buy	CP	2022-23	Limited	Reasonable			10	
Other								
Liaison with External Auditor			N/A	N/A	1	1	1	1
Follow-Up		N/A	N/A	N/A	14	14	14	14
Corporate Advice / CLT		N/A	N/A	N/A	5	5	5	5
S151 Meetings & Support		N/A	N/A	N/A	10	10	10	10
Committee Meetings & Reports		N/A	N/A	N/A	10	10	10	10
Audit Plan Preparation		N/A	N/A	N/A	10	10	10	10
Finalisation of 2023-24 Audits		N/A	N/A	N/A	20	20	20	20
Total Planned Days					350	350	350	350

Reviews outside of 4-year cycle.

Treasury Management	C4	2019-20	Substantial	Substantial	10			
VAT	C4	2018-19	Reasonable	Reasonable	6			
Housing Benefits – Admin & Assessment	CP	2018-19	Substantial	Substantial	10			
Housing Benefits Subsidy	CP	2016-17	Substantial	Substantial	10			
Business rates relief	CP	2018-19	Substantial	Substantial	10			
HRA Business Plan	Service	2018-19	Substantial	Substantial		10		
Local Code of Corporate Governance	C1	2017-18	Substantial	Substantial		10		
Oportunitas Governance	C1	2019-20	Substantial	Substantial	10			
Scheme of Officer Delegations	C1	2016-17	Reasonable	Substantial	10			
Constitution	CP	2019-20	Substantial	Substantial			10	
Risk Management	C1	2017-18	Substantial	Substantial	10			
Asset Management	Service	2018-19	Substantial	Substantial	10			
Cemeteries and Crematorium	C11	2017-18	Reasonable	Reasonable	10			
Dog Warden Enforcement	C11	2019-20	Substantial	Substantial		10		
Electoral Finance	C1	2017-18	Reasonable	Reasonable		10		
Environmental Health - Food Safety / H&S	C11	2016-17	Reasonable	Substantial	10			
Environmental Health – Public Health Burials	C11	2018-19	Substantial	Substantial	10			
Emergency Out of Hours	C11	2018-19	Reasonable	Reasonable			10	
Emergency Planning / Business Continuity	C11	2016-17	Substantial	Substantial	10			
Equality and Diversity	Service	2017-18	Reasonable	Reasonable		10		
Events Management	Service	2018-19	Substantial	Substantial		10		
Licensing	C4	2019-20	Reasonable/Ltd	Reasonable	10			

Lifeline	Service	2015-16	Reasonable	Reasonable		10		
Planning Income	C4	2016-17	Reasonable	Reasonable			10	
Building Control Income	Service	2018-19	Reasonable	Reasonable		10		
Property Charges - Industrial Estates	C4	2019-20	Reasonable	Substantial			10	
Security of the civic building	Service	2019-20	Reasonable	Reasonable				10
Sports Income	C4	2019-20	Reasonable	Reasonable		10		
Hythe Swimming Pool	Service	2017-18	Reasonable	Reasonable	10			
Taxis	Service	2019-20	Reasonable/Ltd	Reasonable		10		
Flexi / Sick Leave / Annual leave	C1	2016-17	Reasonable	Reasonable	10			
Employee Allowances and Expenses	C1	2019-20	Substantial	Substantial			10	

This report will be made public on 5 March 2024



Report number **AuG/23/24**

To: Audit and Governance Committee
Date: 13 March 2024
Status: Non-executive decision
Head of Service: Amandeep Khroud – Assistant Director Governance Law and Regulatory Services

SUBJECT: ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE

SUMMARY: This report summarises the achievements of the Audit and Governance Committee against the terms of reference for the period 1 April 2023 to 31 March 2024 and details the impact that it has made on the overall system of internal control in operation.

REASONS FOR RECOMMENDATION:

The Audit and Governance Committee is asked to agree the recommendation below to ensure that the Audit and Governance Committee is fulfilling its duties and performing effectively. This report sets out the steps it has taken to ensure the effectiveness of its work. This report will then be presented to Full Council for their information.

RECOMMENDATIONS:

1. To receive and note Report AuG/23/24.

1. INTRODUCTION

- 1.1 The purposes of the Council's Audit and Governance Committee are outlined in the constitution.
- 1.2 Listed below are the terms of reference for the Audit part of the Committee:
- a) Review and approve the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
 - b) To consider the Head of Internal Audit's annual report and opinion on the Council's corporate governance arrangements.
 - c) To conduct reviews of the effectiveness of the Council's system of internal audit.
 - d) Be satisfied that the authority's assurance statement, including the annual governance statement, properly reflects the risk environment and any actions required to improve it.
 - e) Approve (but not direct) internal audit's strategy, plan and monitor performance.
 - f) Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken, where necessary.
 - g) Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements, and seek assurance that action is being taken to mitigate those risks identified.
 - h) To make recommendations to Council on Contract Standing Orders.
 - i) To make recommendations to Council on the Financial Procedure Rules.
 - j) To maintain an overview of the Council's Whistle-blowing Policy.
- 1.3 The Audit and Governance Committee seeks to ensure it has effective communication with the authority, which includes the Executive, the Council's statutory officers, the Head of Internal Audit, the external auditor and other stakeholders. This is mainly achieved through the work of the Committee but is further enhanced by the submission of this annual report to the Council's annual meeting.

2. ANNUAL REPORT

- 2.1 This report summarises the work of the Audit and Governance Committee over the past year and concludes that it has received clear, concise and relevant information, has received appropriate training on topics specific to the business of the Committee, and has done all that it can to meet the aims and objectives for the Committee.
- 2.2 Members of the Audit and Governance Committee seek to robustly challenge any weaknesses in the reports from auditors and officers. We will continue to ask senior officers to attend meetings to outline and identify risks within their service areas; how they are mitigating those risks; and meeting their responsibilities.

- 2.3 The Audit and Governance Committee is assured on the integrity of data held in the financial statements. It receives clear, concise reports and actions are dealt with in an appropriate timescale. The members of the Committee receive specific training which gives them the skills required to carry out these functions effectively.
- 2.4 The work of the Internal and External Audit provides detailed assurance on the reliability and integrity of the information held in the financial statements.
- 2.5 The Director - Corporate Services, external audit and internal audit together support the Committee in forming their opinion of the financial statements, enabling the Committee to agree to sign them off in accordance with regulations.
- 2.6 The Committee receives a regular report on agreed actions from the annual governance assurance process. The Committee is able to request senior officers and, where necessary, the relevant Cabinet member to attend the Committee to give an update on progress against agreed actions to reduce risk and/or improve governance.
- 2.7 The Committee considers the effectiveness of internal audit by reviewing the annual assessment of the Director – Corporate Services, the view of external audit and the quality of reports, actions and follow up through the quarterly reports submitted throughout the year to Committee.
- 2.8 During the year the committee has considered a large number of reports including:
- Extension of term of office of Independent Member of the Audit and Governance Committee
 - Regular detailed updates from the East Kent Audit Partnership (EKAP), the Council’s internal auditors.
 - The Internal Audit Annual Report 2022-23
 - Regular detailed updates from Grant Thornton, the Council’s external auditors.
 - Quarterly code of conduct complaints reports.
 - Delay to commencement of the external audit of the 2022/23 Statement of Accounts
 - Grant Thornton publication - "About Time?"
 - Annual Governance Statement.
 - Change of Governance Arrangements
 - Update on Change of Governance Arrangements
 - Corporate Risk Register update.
 - Annual Governance Statement Actions - update on 2023/24 actions
 - Audit Findings for Folkestone and Hythe District Council.
 - Response to the Local Government Ombudsman
 - Application for Dispensations under the Code of Conduct for Directors of Oportunitas

- Review of Polling District and Polling Places 2023
- Grant Thornton Audit Plan for the Year Ended 31 March 2023

3. GOVERNANCE

3.1 Listed below are the terms of reference for the Governance part of the Committee:

- a) To promote and maintain high standards of conduct by members and co-opted members of Folkestone and Hythe District Council and to make recommendations to Council on improving standards.
- b) To advise and assist parish/town councils, and parish/town councillors, to maintain high standards of conduct and to make recommendations to parish/town councils on improving standards.
- c) To advise the District Council on the adoption of, or revisions to, its Code of Conduct.
- d) To advise, train, or arrange to train, district members, co-opted members and parish/town councillors on matters relating to the Code of Conduct.
- e) To assist the district councillors, co-opted members and parish/town councillors to observe their respective Codes of Conduct.
- f) To monitor and assess the operation and effectiveness for dealing with the Code of Conduct and to review and manage the arrangements for dealing with Code of Conduct complaints.
- g) To advise on local ethical governance protocols and procedures.
- h) To maintain oversight of the District Council's arrangements for dealing with Code of Conduct complaints.
- i) To act as an advisory body in respect of any ethical governance matter.
- j) To monitor and review the procedures for the Register of Members' Interests and declaring gifts and hospitality.
- k) To receive quarterly reports (or less frequently, if there are no complaints to report), from the Monitoring Officer, on the number and nature of complaints received, and action taken, as a result, in consultation with the Independent Person.
- l) To receive an annual report on the District Council's ethical governance arrangements.
- m) To make recommendations to Council on the appointment of an Independent Person(s) under S28 of the Localism Act 2011.
- n) To grant dispensations pursuant to Section 33(2) of the Localism Act 2011 and paragraph 8 of the adopted Code of Conduct where:
 - so many members of the decision-making body have Disclosable Pecuniary Interests in a matter, that it would impede the transaction of the business; or
 - without a dispensation, no member of the executive would be able to participate on a particular item of business;
 - without a dispensation, the representation of different political groups, on the body transacting the business, would be so upset as to alter the outcome of any voting on the matter;

- that the authority considers that the dispensation is in the interests of persons living in the area; or
- where the committee considers that it is otherwise appropriate to grant a dispensation.

4. COMPLAINTS

4.1 During the financial year 23/24, 5 were received relating to district and parish Councillors.

5. WHISTLEBLOWING

5.1 During the financial year 23/24, there have been 0 incidents of Whistleblowing.

6. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal officer's comments (AK)

There are no legal issues arising out of this report.

6.2 Finance officer's Comments

There are no financial issues directly arising out of this report.

6.3 Diversities and equalities implications (AK)

This report does not directly have any diversity and equality implications.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud

Tel: 01303 853253

E-mail: Amandeep.khroud@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report: None

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This Report will be made public on 5 March 2024



Report Number **AuG/23/27**

To: Audit and Governance Committee
Date: 13 March 2024
Status: Non key
Responsible Officer: Adrian Tofts, Strategy and Policy Manager
Jonathan Hicks, Governance, Performance & Risk Manager

SUBJECT: UPDATE TO CORPORATE RISK REGISTER

SUMMARY: This report provides an update to the Corporate Risk Register, last considered by the Audit and Governance Committee on 6 December 2023.

REASONS FOR RECOMMENDATIONS:

So that Folkestone & Hythe District Council is fully apprised of the risks facing the organisation and takes mitigating measures as appropriate.

RECOMMENDATIONS:

1. To receive and note report AuG/23/27.
2. That Audit and Governance Committee reviews:
 - a. The draft corporate risk register overview (Appendix 1).
 - b. The corporate risk register (Appendix 2).
 - c. The risk matrix (Appendix 3).and makes any necessary recommendations regarding the district council's management of risk.
3. That Audit and Governance Committee notes the work that will be undertaken to review the Council's risk management procedures, led by the new Governance, Performance & Risk Management Team created as part of the recent restructure (see section 3).

1. BACKGROUND

- 1.1. Effective risk management is key to the management of Folkestone & Hythe District Council. The corporate risk register seeks to provide Members and officers with a framework to identify and mitigate the risks to the council.
- 1.2. Previous updates to the risk register have been taken to Audit and Governance Committee on 15 March 2023 (AuG/22/29), 13 September 2023 (AuG/23/12) and 6 December 2023 (AuG/23/16).

2. UPDATE TO THE CORPORATE RISK REGISTER

- 2.1. An overview of the Council's corporate risks has been provided for committee at **Appendix 1**, for quick and easy reference. This will show the committee the current risk scores and the direction of travel from December 2023.
- 2.2. The updated full corporate risk register is also attached to this report at **Appendix 2**. Changes from the December 2023 version have been highlighted in red (deletions are shown struck-through and new text is shown underlined).
- 2.3. The updated risk matrix, which provides a snapshot of the current level of risks faced by the council, is provided in **Appendix 3**. Amendments are shown in red. Deletions have not been shown for legibility reasons, but where scores have changed these are shown in the register in **Appendix 2**.
- 2.4. The risk register was circulated to Chief Officers for comment and discussed at the Corporate Governance Board, before being reviewed by the Corporate Leadership Team.
- 2.5. Amendments from the December 2023 Risk Register reflect:
 - The addition of a new risk *C11 – Increased Use of Temporary Accommodation*.
 - The addition of a new risk *C18 – Elections*.
 - The addition of a new risk *C19 – Change of Governance*.
 - The reduction in the risk scores for many of the risks, to reflect the positive work that the council is doing to address challenges around the council's budget, the delivery of Otterpool Park, tackling fraud and corruption and other risks.
 - The elevated financial risk, adding significant general fund pressures for risk *C8 – Princes Parade strategic future*.
 - Increased risk for *C15 – Levelling Up Fund Folkestone* to reflect that, as of the time of preparing this report, a decision on the requested time extension for the project had not been made by the Department for Levelling Up, Housing and Communities (DLUHC).

- Increased risk for *C17 – Fraud and corruption* to reflect a re-evaluation of impact on the Council for mis-use of assets and reputational damage.

3. SUMMARY AND NEXT STEPS

- 3.1. The risk register will continue to be monitored and updated, and future updates will be reported to Members.
- 3.2. Looking ahead, while the current risk register and risk matrix provide a useful picture of the corporate risks facing the council, there are opportunities to improve the process of recording, monitoring, mitigating and reporting corporate risks across the council.
- 3.3. The corporate risk register is intended to capture high-level risks reflected in the Council’s Corporate Plan and Medium-Term Financial Strategy. A review of the risk management process will allow risk management to be aligned with the objectives and priorities emerging from the Corporate Plan review, as well as the new Medium-Term Financial Strategy (considered by Council on 28 February 2024).
- 3.4. There is also the opportunity to clarify how the risks on the corporate risk register are captured, to make sure that the register focuses clearly on high-level risks to the council as an organisation (its services, finances, reputation) rather than more general risks to the communities the council serves.
- 3.5. The presentation of the risk register could also be improved, as the current Excel spreadsheet is unwieldy, heavily text-based and does not provide information in an accessible way. In an effort to address this, initially, a draft overview risk register has been created (**Appendix 1**) and Members are invited to comment on its presentation and format.
- 3.6. The creation of the new Governance, Performance & Risk team as part of the recent restructure, with a dedicated Governance, Performance & Risk Manager, provides an excellent opportunity to review the council’s approach to risk management and how the information is presented to Members. An audit of risk management by the East Kent Audit Partnership is also underway and the recommendations of the audit will be valuable in shaping the council’s future approach to risk management.
- 3.7. The Governance, Performance & Risk Manager will bring proposals to the Audit and Governance Committee for comment later this year.

4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to have a risk management	Medium	Low	The risk register is in place and updated

Perceived risk	Seriousness	Likelihood	Preventative action
strategy in place will cause inconsistencies in approach across the council.			quarterly. Relevant officers are consulted. Work is continuing to ensure that all aspects of risk are managed in line with the framework.
Failure to manage risks effectively could affect the council's ability to deliver its Corporate Plan objectives effectively, impact on the deployment of resources or harm its reputation.	High	Low	An up-to-date framework is in place, training is delivered and regular reports are provided to senior managers and Audit and Governance Committee.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 5.1. **Legal Officer's Comments (NM)** – There are no legal implications arising directly from this report. Identifying, managing and reducing any risk effectively mitigates against potential legal challenge.
- 5.2. **Finance Officer's Comments (RH)** - There are no direct financial implications from this report.
- 5.3. **Diversities and Equalities Implications (GE)** – There are no direct implications from this report.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:





Adrian Tofts, Strategy and Policy Manager
 Telephone: 01303 853438
 Email: adrian.tofts@folkestone-hythe.gov.uk

















Appendices:

- Appendix 1: Draft Corporate Risk Register (Overview)
 Appendix 2: Corporate Risk Register (13 March 2024)
 Appendix 3: Risk Matrix (13 March 2024)









Appendix 1:

DRAFT Corporate Risk Register (Overview)

Key:		On target		Risk has increased		Risk remains the same
		Off target		Risk has decreased		

Link to Corporate Plan	Risk ID	Risk name	Chief Officer	Risk Owner	Risk Description and Triggers (short)	Previous Score (Dec 23)	Current Score (Mar 24)	Mitigation scheme	Target Score	On/Off target	Direction of Travel
All priorities	C1	Organisational Capacity	Andrina Smith	Susan Priest; Cllr Jim Martin	MTFS pressures mean reduced organisational spend; workforce pressures due to challenging recruitment market also impact capacity	12	9	Treat	4		
All priorities	C2	Delivery of Otterpool Park	Samuel Aligbe	Ewan Green	Delivery must consider and mitigate factors in relation to governance, finance and delivery (skills/capacity)	12	6	Treat	6		
SA 4: Quality homes and infrastructure	C3	Otterpool Park Planning and Place	Llywelyn Lloyd	Ewan Green	Actions to be progressed to ensure delivery: Section 106 agreement; Planning conditions completed; Capacity in place to manage process	12	12	Treat	9		
All priorities	C4	MTFS Uncertainty of future funding	Ola Owolabi	Lydia Morrison	Uncertainty in relation to Central Govt. Fair Funding Review and Business Rates Localisation. National economic climate also remains pressured.	16	6	Treat	6		
SA 4: Quality homes and infrastructure	C5	Delivery of new-build affordable homes	Samuel Aligbe	Andy Blaszkowicz; Cllr Rebecca Shoob	Planning and financial exposure risks identified, need to establish connections with key partners to ensure delivery, plus attract and secure grant funding.	9	6	Treat	4		
All priorities	C6	Organisational non-compliance with constitutional requirements	Amandeep Khroud	Susan Priest; Cllr Jim Martin	Changing legislative/regulatory environment; risk of challenge over planning decisions; reputational risk for non-compliance	8	8	Treat	4		
SA 1: Positive community leadership	C7	Cost of living pressures excessively impact services	Andrew Rush	Susan Priest; Cllr Mike Blakemore	Impact on our ability to provide ongoing support for communities and vulnerable residents in current economic climate.	9	6	Treat	4		
All priorities	C8	Strategic future of Princes Parade	Samuel Aligbe	Susan Priest, Lydia Morrison, Andy B, Cllr Jim Martin	1. Financial risk and GF pressures; 2. Sustainability of Hythe Pool; 3. H&S issues re: hoarding on site; 4. Community engagement required; 5. Pressure on 5-year housing land supply position	9	12	Treat	9		

Link to Corporate Plan	Risk ID	Risk name	Chief Officer	Risk Owner	Risk Description and Triggers (short)	Previous Score (Dec 23)	Current Score (Mar 24)	Mitigation scheme	Target Score	On/Off target	Direction of Travel
SA 2: A thriving environment	C9	Failure to achieve carbon neutral by 2030	Adrian Tofts	Amandeep Khroud, Cllr Stephen Scoffham	Competing demands and interdependencies to be considered in order to meet commitments	12	8	Treat	6		
SA 4: Quality homes and infrastructure	C10	HRA portfolio: failure to achieve strategic commitments/ regulatory compliance	Gill Butler	Andy Blaszkwicz; Cllr Rebecca Shoob	HRA Business plan viability affected by rent increases, higher borrowing and unavoidable capital works; Investment expectations re: retrofit and meeting EPC 'C'; HRA new build expectations; increased pressure to meet new consumer standards.	12	6	Treat	6		
SA 4: Quality homes and infrastructure	C11	Increased use of temporary accommodation	Gill Butler	Andy Blaszkwicz; Cllr Rebecca Shoob	Increased homelessness may lead to higher numbers in TA and/or an increase in formal (S202) reviews, putting pressure on resources. Providers may also increase their charge to the Council.	New	9	Treat	6		
SA 2: A thriving environment	C12	Waste Collection and Street Cleansing Disruption	Andrew Rush	Ewan Green; Cllr Jeremy Speakman	Service delivery failure or disruption to contract performance may result in poor service to residents, reputational damage, financial costs, impact on clean environment	9	6	Treat	4		
All priorities	C13	Cyber Threat	Steve Makin; Steve Weakley	Lydia Morrison; Cllr Gary Fuller	Cyber attacks up by 38%. Affects access to network and key systems, potential loss of data, disruption to service delivery, data breaches and financial penalties from ICO.	16	16	Treat/Tolerate	6		
All priorities	C14	Economic Climate	Ola Owolabi	Lydia Morrison; Cllr Tim Prater	High inflation and interest rates put pressure on MTFS funding gap and affect viability of future projects. Economic climate likely to impact on collection rates for housing rents, council tax and business rates.	12	6	Treat/Tolerate	6		
SA 4: Quality homes/SA 2: Thriving Env.	C15	Levelling Up Fund	Rod Lean	Ewan Green; Andy B; Cllr Rich Holgate	Complex £22M programme requires robust governance and project management; challenging timetable plus risk of cost escalation and inflationary pressures.	8	12	Treat	4		

Link to Corporate Plan	Risk ID	Risk name	Chief Officer	Risk Owner	Risk Description and Triggers (short)	Previous Score (Dec 23)	Current Score (Mar 24)	Mitigation scheme	Target Score	On/Off target	Direction of Travel
SA 1: Positive community leadership	C16	Sports and Leisure provision in the district	Andrew Rush	Andy Blaszkowicz; Cllr Jeremy Speakman; Cllr Mike Blakemore	Several risk factors inc. high energy costs; staffing costs; shortages of trained staff; maintenance of ageing facilities; reliance on external funding; increased demand but no national funding structure	12	9	Treat	6		
SA 1: Positive community leadership	C17	Fraud and corruption	Ola Owolabi	Lydia Morrison; Amandeep Khroud; Cllr Prater	Risk of loss due to mis-use of assets; reputational damage; impact on grant funding; impact on residents and businesses due to corrupt practices.	6	8	Treat	4		
All priorities	C18	Elections	Amandeep Khroud	Paul Butler	1. Changes to Police and Crime Commissioner voting system; 2. UK parliamentary boundary changes; 3. Voter ID requirements; 4. Elections Act 2022, impact on electoral register and eligibility	New	6	Treat	6		
All priorities	C19	Change of Governance	Amandeep Khroud	Susan Priest	Change in governance will shape the Council's organisational vision and how it interacts with its residents and stakeholders; associated risks to be identified and managed; timeframe to move to committee system is challenging.	New	4	Treat	4		

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Link to Corporate Plan	Risk ID	Risk Name	Chief Officer	Risk Owner	Risk Description and Triggers	Actions in place	Likelihood			Mitigation scheme	Proposed Actions	Timeframe	Likelihood			Key Controls / Sources of Assurance
							Impact	Total	Current Score				Target	Impact	Total	
All Priorities	C1	Organisational Capacity	Andrino Smith, Chief Officer, People & Customer Services	Susan Priest (Chief Executive), Cllr Jim Martin (Leader)	Medium Term Financial Strategy (MTFS) pressures mean that we need to reduce organisation spend at a time when we have a new administration with coalition structures and move to committee system to embed. MTFS pressures also mean considerations to be given to reducing the FTE to help address budget deficits. Limited capacity, challenging recruitment market and shortage of many specialist skills available in key fields such as Development Control, Climate Change, Strategic Development, Building Control. Particular concern over Building Control with key staff having retired alongside due to increasing requirements as the Building Safety Act is implemented. Workforce pressures remain high for key contractors such as Veolia and Mears, and in seasonal roles for Grounds Maintenance. Reputational risk exposure if not sufficiently managed.	Ongoing work on options to reduce organisation budget pressures. Agile working introduced to attract skilled workforce. Succession planning being undertaken by Organisational Development (OD) for all Directorates to prevent gaps arising from retirements in an aging workforce. Ongoing promotional work with local schools, universities and local job fairs to highlight entry points / range of career opportunities within the council. New grow our own initiative. Use of specialist recruiters to target hard to fill roles and interim resource to fill key roles. Targeted service reviews taking place to consider future delivery options where gaps are emerging. Widened span of control for some Chief Officers to cover gaps. Enhanced monitoring of sickness will continue. Taking Stock led to a councilwide restructure to reduce the salaries budget ahead of 2024/25 with the actions focussed on minimising any impact on front-line service delivery.	3	4	12	Treat	Work with key contractors to gain further assurance on Business Continuity Plans. Workforce development strategy and plan to be developed alongside an updated People Strategy towards the start of in Quarter 1 and Quarter 2 of 2024/25. Apprenticeship levy provides opportunities to recruit and also retain staff in specialist areas. Taking Stock work will highlight areas of concern for further consideration of actions relating to succession planning, recruitment and retention. Review of market supplements that may be needed to attract away / prevent staff from joining the private sector. Organizational Change processes to be implemented in November to address restructuring to reduce salaries budget for 2024/25 with a key priority to minimise impact on front-facing service delivery. The establishment will be closely monitored throughout 2024/25 and beyond to ensure front-line delivery continues to avoid any impacts of salary budget reductions.	Ongoing	2	2	4	Whole organisation listening exercise 'Taking Stock' has provided data and insight into pressures, systems and transformation review. Closer monitoring of the establishment between Human Resources and Finance will provide essential oversight and control.
All Priorities	C2	Delivery of Otterpool Park	Samuel Allgebe, Chief Officer, Corporate Estates & Development	Ewan Green, Director, Strategy & Resources; Cllr Jim Martin, Leader	As Otterpool Park moves into the delivery phase the Council must consider and mitigate significant factors in relation to governance, finance and delivery. These are: (1) ensuring that robust and effective governance arrangements are in place both for the internal Council client function, as Owners of Otterpool Park LLP, and engaging in collaboration or joint ventures with third parties; (2) ensuring that Council funding contribution to Otterpool Park is affordable and within a tolerable risk level; and (3) ensuring that the skills and capacity required to deliver the project are in place within the Council and the Otterpool Park LLP Board and Team.	A Governance Framework is in place and actively managed to ensure that business related to Otterpool Park LLP and delivery of the project is subject of regular and effective monitoring. The Otterpool Park LLP Members Agreement details specific delegations which govern the extent to which the LLP can operate within its own parameters or decisions which are required of the Council. The LLP five year strategic business plan is updated annually subject to Cabinet approval. Regular Owners Committee Meetings are held. An internal Corporate Oversight client group is in place. A Joint Operations Board between the Council as client and LLP has been established in order to ensure key matters affecting delivery of the project are fully considered. The Council MTFS and Capital Strategy include commitments for the project and these are monitored in line with the Council's financial reporting processes. A Governance Framework is in place and actively managed to ensure that business related to Otterpool Park LLP (OPLLP) and delivery of the project is subject to regular and effective monitoring. The OPLLP Members Agreement details specific delegations and controls which govern the extent to which the LLP can operate within its own parameters or which decisions are required of the Council. Regular Owners Committee Meetings are held between the Council and OPLLP. An internal Corporate Oversight client group and Clienting Framework is in place. A Joint Operations Board between the Council as client and OPLLP has been established in order to ensure key matters affecting the delivery of the project are fully considered. The Council's Medium Term Financial Strategy and Capital Strategy include commitments for the project and these are monitored in line with the Council's financial reporting processes. Specialist financial and delivery advice has been received by external specialists, and Cabinet, following review by Overview and Scrutiny Committee, has agreed that the Council seek a strategic joint venture partner to support delivery of the project.	3	4	12	Treat	Governance Review completed by independent consultant. Improvement actions identified in a joint Council and OP LLP Governance Action Plan. A joint Council OP LLP Risk Register will be developed to ensure that risks are fully understood and mitigation monitored and reported effectively. Funding Agreements to be concluded and agreed in line with delegations. Phased Delivery Strategy being developed as part of due diligence on potential land transactions. An assessment of future delivery options, affordability and due diligence on the project funding model is underway. Recommendations arising from this will be considered by GSC and Cabinet. Pending agreement on future delivery a Delivery Plan 2023-25 will be developed by OP LLP which sets out key milestones and budget required. This will be subject of Cabinet agreement. A Clienting Framework will be developed to map all required estate costs and ensure all corporate H.S. liabilities for the Council and OPLLP are actively managed. A Governance Review has been completed by independent consultants and improvement actions have been identified in a joint Council / OPLLP Governance Action Plan. A joint Council / OPLLP Risk Register will be developed to ensure that risks are fully understood and mitigation is monitored and reported effectively. A Clienting Framework will be put in place to ensure that delivery actions and decisions required of the Council are identified and monitored on a regular basis. Funding agreements to be concluded and agreed in line with delegations. A due diligence assessment of affordability and future delivery options has been completed and as a result Cabinet agreed to seek to procure a strategic joint venture partner to join with the Council to deliver the project. An 18-month Transition Plan and budget for OPLLP will be put in place to ensure that key activities in relation to land acquisition, planning and infrastructure design are continued alongside procurement of a Joint Venture partner. A Service Level Agreement will be put in place between FHDC and OPLLP as the framework for delivering and carrying out the activities in the Land / Estates Management Plan, the Transition Plan and the Land Assembly activities, in line with the Strategic Land Agreement.	Strategic direction agreed Q3 2023. LLP Delivery Plan and budget in place Q3 2023/24 Q4 2025.	3	3	6	Local Partnerships governance review- The Council is taking specialist technical advice on delivery options, funding, land valuation, client interface and stewardship model. Otterpool Park Owners' Meeting, Otterpool Joint Operation Board, Joint Governance Action Plan (monitored by East Kent Audit and reported to Audit and Governance Committee), Joint Risk Register, Council Capital Medium Term Financial Strategy and Capital Strategy monitored quarterly. Overview and Scrutiny Committee review of all key Otterpool Park reports in advance of Cabinet decisions. Council Corporate Risk Register. Specialist finance and property advisors in place.
SA 4: Quality homes and infrastructure	C3	Otterpool Park Planning and Place	Llywelyn Lloyd, Chief Officer, Planning & Building Control	Ewan Green, Director, Strategy & Resources; Cllr Jim Martin (Leader)	Following the resolution to grant Outline Planning Permission in April 2023, there are three essential planning actions which must be progressed to allow successful delivery of infrastructure and homes on the site: 1. Section 106 (S.106) agreement being negotiated and completed. 2. Planning conditions being refined and completed. 3. Local planning authority planning capacity being in place to manage the tiered application process.	Regular meetings are in place with Otterpool Park LLP (OPLLP) and partners to work through S.106 and key conditions. A Planning Performance Agreement (PPA) is in place to support resource needs. Specialist legal and planning advisors are in place to support the S.106 agreement. The local planning authority staffing structure is under review to determine resourcing needs and financial implications factored into the budget setting process. The local planning authority staffing structure and resources required have been agreed by the Corporate Leadership Team and recruitment is underway. The Chief Planning Officer has identified staffing resources required by the local planning authority to ensure the S.106, planning conditions and tiered 2 and 3 applications can be managed effectively. A transition plan is being developed for the OPLLP and this will include clarity on the next steps regarding key planning actions and the overall delivery programme.	3	4	12	Treat	Resolve council delivery strategy. Recruit Development management staff. Agree S106 with Kent County Council and Homes England. Recruitment to agreed Development Management Team structure. Assess the capacity required for Otterpool Park delivery over and above the core Development Management Team. Agreed updated PPA with OPLLP. Identify the external funding sources to support the planning function for Otterpool Park. Continue to support preparation of key strategies which support the discharge of conditions and the S.106 as identified in the Otterpool Park transition plan. Continue to progress the development of the S.106 agreement with key partners including Kent County Council and Homes England.	Potential planning permission Q3 / Q4 2024	3	3	9	Local planning authority working closely with all involved parties. Education, affordable housing and open space sections of S106 shared with Otterpool Park LLP.
All Priorities	C4	Medium Term Financial Strategy Uncertainty of Future Funding	Ola Owolabi, Chief Officer, Financial Services	Lydia Morrison, Interim Director, Finance; Cllr Tim Prater, Finance and Governance	Central Government continues to indicate a Fair funding review will be delivered to fundamentally change local government funding. However, continued delays suggest that implementation may not occur until as far forward as 2025/26. Will need to plan within climate of uncertainty. Lack of certainty on Business Rates Localisation and reset and also other funding streams such as the end of New Homes Bonus also brings uncertainty. A three-year funding settlement was announced from 2022/23, however this settlement means a cash-flat position for 2023/24 and 2024/25. The Council received the Autumn Statement in November 2022 and it was announced that the Fair Funding Review will now be pushed back to 2025/26. A one year settlement was received in December 2022 2023 for the 2023/24 2024/25 budget with the promise of new policy guidelines for 2024/25-2025/26 but with no new figures. There is no news on the Business Rates retention scheme reforms. The national economic and financial climate remains pressured and uncertain.	Officers regularly attend briefings on future local government funding. The draft General Fund Budget 2024/25 and the updated Medium Term Financial Strategy (MTFS) were considered by the Finance & Performance Sub-Committee/Cabinet/Council in January 2024 outlining the scale of the medium-term gap. Updated Medium Term Financial Strategy (MTFS) was considered by C&S/Cabinet/Council in November outlining scale of medium-term gap. The S151 Officer is part of the Kent Finance Officers' Group. Regular updates are provided to Members on the current year position on a quarterly basis. The MTFS position is determined following significant modelling and having taken advice from advisors. Member training and senior officer session took place in November covering economic picture and local funding. An officer training session took place in January 2024 covering Financial Management Awareness. Including the economic picture and local funding. Members' training was delivered on 6 February 2024, covering the importance of setting the 2024/25 budget. The provisional local government settlement was received by the council on 5 February 2024. This ensured that every authority receives an increase in funding within Core Spending Power before any increase in Band D.	4	4	16	Treat	Officers will continue to attend briefings on local government funding and brief members. Update to the MTFS reported in November. Followed by the Budget Strategy update agreed by Cabinet in December. The update to the MTFS was reported in January 2024, which was preceded by the Budget Strategy update agreed by Cabinet in December 2023. The update to the HRA Business Plan has been completed. Budget savings targets for Budget Managers for 23/24 cycle of budget now set following MTFS. Update to HRA Business Plan will be made for 2023/24. Specialist advisors engaged to undertake this review. A review of inflationary pressures across the council has been completed as part of the 2024/25 budget setting process to assess the economic impact and options, is underway to assess impact and options. The aim of the review is also to bring about financial stability whilst investing in organisational change and improvement. In order to do this: Regarding the 2024/25 budget setting, Priority Based Budgeting (PBB) has been a key component of the programme. Through PBB the council will be able to successfully manage an extensive programme of efficiencies/savings, and spending reductions, which will be critical in enabling a balanced budget to be maintained through what has been a challenging period for the council with the scope of addressing the projected MTFS gap.	Ongoing	2	3	6	Robust assurance in place for MTFS and budget-setting process with regular reports on any material MTFS/budget updates being presented on a quarterly basis to the Corporate Leadership Team, Finance and Performance Scrutiny Sub-Committee and the Cabinet for consideration.
SA 4: Quality homes and infrastructure	C5	Delivery of new build affordable homes.	Samuel Allgebe, Chief Officer, Corporate Estates & Development	Andy Blaszkwicz, Director Housing & Operations; Samuel Allgebe, Chief Officer, Corporate Estates & Development; Cllr Rebecca Shobh, Housing and Homelessness.	Ambitious strategic and housing development agenda identified of a complex nature presenting planning risks, financial exposure risks and require new connections to be established with key partners to enable delivery (e.g. grant funding, joint venture partners). Failure to attract relevant grants (including Levelling Up Fund, Brownfield Sites Fund, Homes England etc) and a changing economic climate results in affordability concerns for the council. Scarcity of planning staff - recruitment remains challenging in this area (see C1).	Experienced resource within projects team. Work ongoing with Homes England, DLUHC, One Public Estate etc to secure further funding. Engaging specialist advice where required. Review of strategic projects undertaken to consider whether to continue or to pause until there is a more favourable economic climate and business cases for investment are strong. The council is delivering housing sites in the current programme through disposal with benefit of planning consent rather than direct delivery.	3	3	6	Treat	Establishment of PMO approach to roll out consistent principles for managing projects corporately. Finance, Housing and Strategic Projects teams working collaboratively to introduce new housing scheme appraisal system. Programme management approach will be adopted including increased focus on pre-commencement scheme feasibility as well as technical, legal and planning due diligence. The HRA Business Plan 2023-2053 is due to be approved considered by Cabinet in December 2023. This 30-year model includes £5m provision for HRA acquisitions and new build to 2041/42.	Completed initial addressing of capacity, maintain progress.	2	2	4	Training and capacity building of development team. Focus on pre-commencement due diligence (legal, technical, planning, financial). Regular programme reviews and project board. Adoption of a programme management approach across the portfolio.

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							Current Score						Target			
All Priorities	C6	Organisational non-compliance with constitution requirements, emerging and new legislative and regulatory requirements and associated new burdens	Amandeep Khroud, Assistant Director, Governance, Law & Democracy	Susan Priest, Chief Executive; Cllr Jim Martin, Leader	FHDC operates in a complex regulatory and legislative environment. Risk of challenge over planning decisions (Secretary of State or Judicial Review) could create reputational damage and delay projects, landlord statutory obligations and Regulator of Social Housing, etc. Implications arising from changing legislative and regulatory environment (e.g. Environment Act 2021, Procurement Act expected Autumn 2023 etc), presents increased risk to authority in meeting the emerging requirements with sufficient resources and skills to fulfil statutory duties and demands. There are also significant risks arising from new requirements from the Levelling-up and Regeneration Act (2023) particularly around local plans and design codes. Staff required to be well-trained and aware of associated governance matters, including adherence to processes and procedures. Reputational risk to authority if risk occurs.	Legal support embedded in key project teams. External specialist advice sought where required. Monitoring of potential changes to planning and environmental legislation. Refreshed training and development programmes offered to staff. Governance action plan prepared with progress regularly monitored by CLT. New performance review template prepared to remind managers of the range of governance matters to check. Specialist legal support for planning function (development management and policy) is required to minimise risk. Given the housing delivery test five-year housing land supply position the council is likely to could face increased challenge relating to predatory planning applications.	2	4	8	Treat	Continued external advice sought when required. Use of professional specialists (Legal, Finance, Development, Procurement) in key projects. Ongoing monitoring and regular reporting on compliance built into CLT monitoring reporting for key projects. Internal Audits commissioned to review areas of concern. Refreshed training and support materials available for staff to support ongoing learning and development. Additional resource focused on compliance. Regular review of governance action plan by CLT. Application for joint funding being prepared with submitted by the East Kent authorities to help meet some additional requirements arising from Levelling-up and Regeneration Act (design codes) has been successful .	Ongoing	2	2	4	Internal Audit scheduled reviews. Reports to Corporate Leadership Team and Cabinet on implications of new legislation (e.g. Levelling-up and Regeneration Act, 18 Cabinet October 2023).
SA1: Positive community leadership	C7	Cost of living pressures excessively impact the council's ability to serve the community.	Andrew Rush, Chief Officer, Regulatory & Community Services ; Jyotsna Leney, Community Partnerships Manager	Susan Priest, Chief Executive; Cllr Mike Blakemore, Community and Collaboration.	With the current ongoing economic situation and unknown further cost of living pressures predicted, communities require ongoing support. Vulnerable residents require appropriate access to services and effective signposting to specialist providers of support.	Well established connections made with a variety of partners including the voluntary community sector and specialist support agencies. Community hubs established for responsive work. Following a successful bid to DLJHC, substantial work has been carried out over the last year using UKSPF funds to support cost-of-living pressures for residents. This includes the launch of a new mobile food bank and pantry service (social supermarket) with wraparound support and a home essentials fund to support vulnerable people linking with the HSF through the welfare team. Ongoing work with the community hubs to support this work and continue with warm spaces during winter 2023/24.	3	3	6	Treat	Ongoing role of Community Hubs to continue based on value demonstrated through the pandemic. UKSPF being used to target support for cost of living. New leaflets for the HEF and the mobile food service are being produced. The District Food Network continues to support with other food projects. Additional burdens from the cost-of-living crisis (e.g. deteriorating mental health, etc) are being addressed through signposting to support and networks looking at additional actions needed. District food network actions and UKSPF additional projects are being planned.	Ongoing	3	2	6	UKSPF Monitoring, District Food Network minutes, community hub check-in calls, Welfare Team HSF returns.
All Priorities	C8	Full implications and strategic future of Princes Parade remains unclear.	Samuel Aligbe, Chief Officer, Corporate, Estates & Development ; Dia Owolabi, Chief Officer, Financial Services	Susan Priest, Chief Executive; Lydia Morrison, Interim Director, Governance & Finance ; Andy Blaszkowicz, Director, Housing & Operations; Cllr Jim Martin, Leader of the Council.	1. Premature financial write off of capital spend to date. Elevated financial risk to the authority adding significant general fund pressures. 2. Sustainability of existing Hythe Pool. Any significant equipment failure at the pool could lead to closure resulting in no pool provision for Hythe and surrounding area. No member approval or resources to consider future pool provision. 3. Health and safety implications of removing the hoarding surrounding the site. 4. Failure to engage with the community in a meaningful way to ascertain the future use of the site. 5. Non-delivery of this strategic site places significant pressure on the Council's five-year housing land supply position. Unless alternative sites are found or come forward it is likely that this will impact the Council and our reputation as a District with no five-year housing land supply.	Officers currently working to understand implications of the hoarding removal following cabinet decision in July 2023 to remove the hoarding, officers have commissioned environmental reports to understand the implications of removing the hoardings. Reports concluded that it was safe to remove the hoarding as long as it was replaced with a suitable fence. A procurement exercise has been undertaken to invite prices for the removal of the hoarding and erection of a new fence. A report has been written and submitted to the Leader for his decision on how to proceed. The decision has been made and officers will award the contract for the new fencing following the call in period on 20 February 2024. Officers analysing all works to date to understand what elements of the work to date can be capitalised. Future use of the site needs to be confirmed before this work can concluded.	3	3	12	Treat	Further work to understand what elements of work to date can be capitalised is underway. Environmental consultants have been commissioned to analyse all site sampling data to date and confirm what actions are required for the safe removal of the hoarding. Following completion of the current Cabinet-approved work to remove the hoarding, a public consultation will be undertaken to understand how the public want the site to be used in future. This will then be able to inform how much of the previous work can be capitalised. Liaison with procurement to ensure best contractor and value for money is achieved for the removal of hoarding and the erection of the fencing. Following discussions with the Otterpool Park LLP, it has been decided to utilise the hoarding at Otterpool. The LLP will arrange for the hoarding to be removed from Princes Parade and works will be coordinated with the council's fencing contractor to ensure that access to the site is fully restricted throughout the works.	Ongoing	3	3	9	
SA2: A thriving environment	C9	Failure to achieve Carbon Neutral ambitions by 2030	Adrian Tofts, Strategy & Policy Manager	Amandeep Khroud, Assistant Director, Governance, Law and Democracy Cllr Stephen Scoffham, Climate, Environment and Biodiversity	Council resolution to commit to reduce the Council's estate and operations to zero net carbon by 2030 with a commitment to play a leadership role for a carbon-neutral district by 2030 . Competing demands to be managed and interdependencies to be considered.	Climate and Ecological Working Group established. Carbon Action Plan agreed. Temporary consultancy resource available, subject to existing budget. Staff and Member training commenced. Impact statements being trialed in Cabinet Papers. Social Housing Decarbonisation Funding secured for Wave 1 and Wave 2. A Carbon Innovation Lab has been established and has held five meetings so far. Enhanced communications to maintain high profile on the issue. Sustainable Futures Forum event held in April 2023. Consultation held on a draft District-wide Carbon Plan in 2023/24.	4	2	8	Treat	Action plan to be delivered and reviewed regularly to ensure actions make the most of the opportunities to reduce carbon emissions from the council's estate and operations. Ongoing work particularly within specialist teams including procurement to create internal frameworks to inform decisions taken and reduce estate emissions. Consultancy services procured to assist in updating Carbon Action Plan. Draft updated plan being reviewed by internal departments, prior to reporting to CLT and Cabinet. Work required on HRA aspects as ambition cannot be funded from existing HRA resources (see risk 4 above). Continued working with a consultant through CI Lab on engagement events to widen participation. New Sustainable Futures Forum events being planned. Consultation comments on District-wide Carbon Plan are currently being reviewed before amended plan is taken to Cabinet for adoption. Potential identified to secure matched grant funding and create a long-term revenue stream from sustainable generation projects focussed on Council's own estate - pilot being prepared for FOLCA2, commenced review of potential of Public Sector Decarbonisation Fund (PSDF) in sheltered housing.	Ongoing	3	2	6	Reports to Overview and Scrutiny Committee and Cabinet, as necessary. Annual reporting process for Folkestone & Hythe District Council emissions being reviewed. Improved processes will require new monitoring system for corporate energy and fuel expenditure (EDI system), subject to funding being identified. Funding for EDI system has been identified and technical requirements are being scoped.
SA4: Quality homes and infrastructure	C10	Housing Revenue Account (HRA) stock portfolio, including tenant safety - capital programme / Asset Management / Health & Safety, Compliance / retrofit / Net Zero Carbon agenda	Gill Butler, Chief Officer, Housing	Andy Blaszkowicz, Director, Housing & Operations; Cllr Rebecca Shoob, Housing; Gill Butler, Chief Officer, Housing.	Delivery against expectations investment /retrofit social housing (Net Zero Carbon), asset management, meeting legislation - decent homes standards, Health & Safety / building safety as well as new consumer standards - Tenant Satisfaction Measures etc. HRA Business Plan viability / against expectation of HRA new build. Resource issues. Risk that we fall short on compliance / legislation which may cause problems with Regulator of Social Housing in 2024/25. Also risk that we will have too many properties left to retrofit 2025-30 to meet EPC 'C' - dependent on Wave 2 decision. Combination of restrictions on rent increases, higher borrowing costs and significant capital works that are unavoidable may call viability of HRA into question over medium term.	Housing Asset Management Strategy commitment to have all homes to Energy Performance Certificate C by 2030. Competing demands from the Net Zero Carbon agenda and meeting Health & Safety / Compliance legislation - will place future retrofit programme at risk. SHDF Wave 2 grant funding £2.6m secured and matched with £2.6m from HRA for 2023-25 this will leave circa 900 properties to retrofit by 2030. Increase applications to central government to support other public realm and place-based sustainable programmes and projects, commencing with Independent Living (Sheltered Housing).	3	3	6	Treat	Housing Asset Management Framework in place. Retrofitting / Net Zero Carbon agenda - Housing Carbon Reduction Approach 2023 published / contract procurement / stock management process in place - planned works module on IT system. The HRA Business Plan was approved is due to be considered by Cabinet in December 2023. This 30-year model determines priority of spend level of retrofit against capital planned works including provision for HRA acquisitions and new build, to ensure priority spend level for further waves of SHDF and potential for sustainable generation and the potential central government support funding in future years.	2022/23 - Ongoing	2	3	6	

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							Current Score						Target			
SA4: Quality homes and infrastructure	C11	Increased use of temporary accommodation, resulting in increased costs.	Gill Butler, Chief Officer, Housing	Andy Blaszkowicz, Director, Housing & Operations; Gill Butler, Chief Officer, Housing; CLT; Cllr Rebecca Shoop, Housing and Homelessness.	Increased levels of homelessness presentations due to current financial climate. This may lead to increase placements in temporary accommodation (TA) and increased financial cost to the Council. KCC has also advised that they will close 3 supported accommodation schemes in the district on 31/03/2024. The closure will affect approximately 18 clients with support needs. KCC are also proposing to end their accommodation support for care leavers when they reach the age of 19, with the support due to end during 2024 (although this has yet to be fully confirmed). Other potential pressures from asylum seekers currently accommodated in Home Office Accommodation, who are granted leave to remain and approach the Council for assistance. The Afghan and Ukrainian settlement schemes are also placing pressure on the Council's housing resources. The increased demand for TA may lead to providers increasing their charge to the Council. The overall increase in homelessness presentations to the Council may lead to an increase in formal (S202) and other reviews (such as accommodation suitability) going forward.	The Council has an annual TA budget of £300K. The Housing Options Team work to achieve best value when securing temporary accommodation. From April 2024, we will have a Framework of providers in place, which will rank providers in order of VIM. We are also making increased use of the Council's own housing stock as TA. All clients placed in TA are requested to complete housing benefit applications, as this can cover approximately 60% of the accommodation cost. The Housing Options Team work to prevent homelessness wherever possible, making the best use of available private rented accommodation.	3	3	9	Treat	A supplier framework will be in place from April 2024, to ensure that the VIM is achieved when procuring TA. We are working with the providers of the KCC TA to explore options for keeping the supported accommodation open after 31/3/24, with support provided on an outreach basis. The Council holds a ring-fenced Homelessness Prevention Grant Reserve of £950k, which could be used to cover in year cost pressures, subject to member approval. We have received an additional £232K of HPG to enable us to respond to homelessness pressure during 2023/24. By the end of March 24, the Council will have acquired 15 properties for occupation by Afghan & Ukrainian households. Also working with partners to fully understand the impact of wider asylum seeker placements on homelessness and the potential solutions going forward. The Housing Options Team continue to maximise the supply of good quality private sector accommodation so that homelessness can be prevented wherever possible.	Apr-24	2	3	6	
SA2: A thriving environment	C11-C12	Waste Collection and Street Cleansing Disruption	Andrew Rush, Chief Officer, Regulatory & Community Services	Ewan Green, Director, Strategy & Resources; Cllr Jeremy Speakman, Assets and Operations.	Service delivery failure or disruption to contract performance resulting in poor service to our residents, reputational damage, financial costs, impact on clean and attractive environment for residents, visitors and businesses. Possible triggers include: (1). Contractor service failures. (2). Weather disruption. (3). Disruption to transportation routes, fuel supplies and availability of HGV drivers. (4). Industrial action. (5)- Pandemic/Covid-absences. (6) (5.) Volume of unacceptable littering behaviour. (7) (6). Introduction of new burdens and / or unforeseen service requirements arising from the implementation of new Government policy (e.g. Environment Act).	(1). Regular monitoring of contract performance by Waste Team. (2). Joint approach with Dover District Council as part of the Waste Partnership. (3). Use of contract performance clauses (e.g. performance deductions). (4). Updated Business Continuity Plans. (5). Regular monitoring of contractor resource levels (e.g. drivers and crews). (6). Targeted communications about taking home / disposing of waste responsibly. (7). Early impact assessment of implications of new policy burdens, working with Dover District Council and the Kent Resources Partnership.	2	3	6	Treat	(1). Continue the relevant actions as set out in 'Actions in Place'. (2). Targeted communications (promotion of recycling, 'take your litter home'). (3). The Waste Team to implement the agreed action plan in response to the Street Cleansing Internal Audit Report (reported to Audit & Governance Committee in September 2023).	Ongoing	2	2	4	(1). Monthly Operations Meeting with Contractor. (2). Monthly Contract Report including KPI update. (3). Audit follow-up report.
All Priorities	C13-C14	Cyber Threat	Steve Makin and Steve Weakley	Lydia Morrison, Interim Director, Governance & Finance; Cllr Gary Fuller, Resident Engagement and Accountability	Cyber attacks on local government were reported up by 38% in 2022. All ICT systems face cyber threats resulting in a number of possible outcomes including but not limited to: prolonged loss of access to FHDC network and key systems, potential loss of data, prolonged disruption to service delivery data breaches which could result in substantial financial penalties from the ICO.	The council has a number of layers of anti-virus security both internally and externally (e.g. on the Kent Connects network). All systems and equipment are in support at all times including cloud-hosted systems and updated regularly with security patches. There are Acceptable Use and Information Security policies in place which contain incident reporting procedures to provide guidance for staff. The Acceptable Use Policy has been updated in 2023. Staff have to undertake security awareness training on an annual basis. The number of routes by which a virus could enter the network have been curtailed. Backups are held which would enable systems to be rebuilt in the event of a loss of data which are tested annually. The council maintains its compliance with government standards which includes rigorous testing of security and if necessary monitoring remedial actions.	4	4	16	Treat/ Tolerate	Maintain current position of providing staff ICT equipment needed to carry out their roles. Project to reduce data held on the network is being developed. This will reduce risk of virus infection spreading, raise awareness of staff of importance of good data management, reduce effort required if restoration necessary. Continue to monitor security systems and solutions and upgrade/renew as priority over other ICT works. Continue to educate users and carry out targeted email campaigns so staff and councillor awareness remains high. Continue to migrate systems to the cloud in line with the 2023 ICT Strategy where better security can be provided by vendors on a larger scale and also reduced risk of cross-contamination between key systems compared to hosting in local data centre. The Council successfully bid for DLUHC grant funding for improving cyber-security and was awarded £125k. This has been used to provide additional back-up security to help protect against the effects of a ransomware attack. It has also been used to improve the monitoring of networks and systems by the deployment of a Systems Incident and Event Management (SIEM) tool that provides alerts of suspicious activity on a network caused by malicious events. Managers have been reminded of the need to keep business continuity plans up-to-date. Training for managers in the form of typical desktop exercises will be arranged. ICT are working with Organisational Development on improving communications during a cyber incident.	Ongoing	3	2	6	
All Priorities	C13-C14	Economic Climate	Ola Owolabi, Chief Officer, Financial Services	Lydia Morrison, Interim Director, Governance & Finance; Cllr Tim Prater, Finance and Governance.	Due to world-wide economic factors, CPI inflation rates have increased at rapid rates. Cost increase pressures for pay, prices and contracts have necessitated price changes to the estimates of future projects and also the council's MTFs projections. These have to be funded and increase pressure on the MTFs funding gap. Inflation is likely to drive higher cost demands that may exceed what has been allowed for in the MTFs. The consequence of this is that budget reductions will be required to maintain service levels within cost, and/or projects may have to be delayed or deferred. Inflationary pressures may challenge scheme feasibility. The state of the economy is likely to impact upon collection rates for major income streams including housing rents, council tax and business rates. As a consequence of high inflation, interest rates are likely to rise also being which again influences the cost of future projects and the cost of borrowing which can have a material effect on viability of these schemes.	This is being kept under review by CLT and the finance/case-management team for existing contracts and any significant cost increases or shortfalls in income will be highlighted to CLT. Further guidance is awaited from Central Government on how Councils will be compensated for inflationary pressures, for example, whether the Business Rates multiplier will be increased by CPI rates or whether the Council will be compensated through the Provisional / Final Local Government settlement in the foreseeable future. Pay and price negotiations are on-going with suppliers and in respect of pay awards. The 2023 2024 Autumn Statement was delivered in November 2024 and it confirmed the is expected on 22 November 2023, which will confirm government's direction, CPI, inflation and fiscal policy issues, which were to be considered during the 2024/25 budget setting.	4	3	12	Treat/ Tolerate	To ensure value for money in all contracts and projects and mitigate as far as possible to avoid entering into fluctuating value contracts. Inflation assumptions in MTFs have been updated and any impact of additional funding pressures have been projected and the additional pressures that this may bring to the Council are identified within the funding gap. The Local Government Association and other relevant bodies are lobbying Central Government for compensatory adjustment within the future Provisional Local Government settlement to help Councils balance their budgets. Further updates regarding the economic climate are expected during the Autumn Statement in March 2024. November 2023, which will confirm the CPI inflation data that will inform future budget decisions. Additional information will also be provided by the Council's Treasury Management advisor (Arlingclose) about the market and general economic climate.	Ongoing	3	2	6	Robust assurance in place through the treasury management activities and regular economic updates from the Council's Treasury Management Advisor (Arlingclose) being provided on a quarterly basis to the Corporate Leadership Team, Finance & Performance Scrutiny Sub-Committee, and the Cabinet for consideration. A further training session is scheduled for March 2024, with the aim of providing elected Members with an enhanced awareness of Members' roles within the Treasury Management function, understanding the changing regulatory and market environment and the challenges officers face on a daily basis.
SA4: Quality homes and infrastructure, SA2: A thriving environment	C14-C15	Levelling Up Fund Folkstone	Rod Lean, Chief Officer, Place and Growth	Ewan Green, Director, Strategy & Resources; Andy Blaszkowicz, Director, Housing & Operations; Cllr Rich Holgate, District Economy	Delivery of a £22m Levelling Up Programme for Folkstone will present complex project management issues, requirement for robust governance arrangements, management of budget, comprehensive communications and engagement strategy along with strong stakeholder engagement. The project also has a challenging timetable set by DLUHC. Risk of cost escalation and inflationary pressures.	Key project risks will be mitigated through strong governance structures, and regular project review meetings. Projects cost will be monitored through the project's cost consultant, from outline design stage through to delivery. Value engineering principles will be applied to ensure the design fulfils the original design brief whilst remaining within the budget. All project management documents and processes have been prepared and implemented. DLUHC also have a Project Adjustment Request (PAR) process to enable local authorities to request a time extension.	2	4	12	Treat	Memorandum of Understanding has been signed by DLUHC and FHDC. A clear governance structure has been implemented. A delivery agreement between FHDC and with KCC is being finalised has been agreed. A resource structure has also been proposed to ensure strong delivery team is in place to deliver against the challenging timetable. A comprehensive list of Project Management Office documents are being populated and constantly reviewed to help manage the project delivery. Issues or risks are flagged through the approach above. Any urgent issues are immediately actioned and escalated as appropriate in a timely manner. A PAR has now been requested for an extension of time - this process will be initiated by DLUHC with a conclusion expected in April 2024.	Completed initial addressing of capacity, maintain progress	2	2	4	Regular reporting to DLUHC. Reporting progress through our sponsorship group chaired by Director of Housing and Operations.

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							Current Score						Target			
SA1: Positive community leadership	C16-C18	Sports and Leisure Provision in the District	Andrew Rush, Chief Officer, Regulatory & Community Services	Andy Blaszkowicz, Director, Housing & Operations; Cllr Jeremy Speakman, Assets and Governance; Cllr Michael Blakemore, Community and Collaboration.	The provision of sports and leisure facilities within the district is under pressure from several risk factors: (1). High energy costs have had a significant impact on the leisure sector that has high energy usage, notably swimming pools. (2). Wage inflationary pressures have driven up staffing costs. (3). Shortages of trained staff (e.g. lifeguards and training instructors) and its operational impact. (4). The high cost of maintaining often ageing leisure facilities (e.g. Hythe Pool constructed in 1974). (5). The reliance of many community leisure facilities on external funding (e.g. FSCT grant and Sports England funding). (6). The ageing population and increased need for targeted wellbeing programmes (e.g. obesity) have increased community demand but with no national funding structure.	1. Council funding of local facilities either directly (e.g. Hythe Pool) or through grant support (e.g. FSCT). 2. Work carried out by the Council promoting the health and wellbeing agenda and identifying external funding schemes.	4	3	12	Treat	1. Replacement for Hythe Swimming Pool. 2. Continued grant support for FSCT. 3. New leisure centre facility planned for Otterpool Park.	3-10 years	2	3	6	
SA1: Positive community leadership	C16-C17	Fraud and Corruption	Ola Owolabi, Chief Officer, Financial Services	Lydia Morrison, Interim Director, Governance & Finance; Amandeep Khrouf, Assistant Director, Governance, Law & Democracy; Cllr Prater, Finance and Governance	The Council could suffer a loss due to the mis-use of Council assets; potential reputational damage; potential impact of government grants; potential impact on residents and businesses if Council funds or resources are subject to fraud or corrupt practices.	Internal Audit review all key systems vulnerable to fraud and corruption regularly, undertaking appropriate checks and report to management and Audit & Governance Committee. Anti-Fraud, Corruption, Bribery and Whistleblowing Policy is in place. Annual staff training available. In addition the Chief Executive, s.151 Officer and Monitoring Officer have held several training sessions on the importance of good governance for all members of staff. Corporate Governance Board of Chief Officers has been established and meets regularly to address risk and performance management. Dedicated and trained Council Fraud Investigator. Work continues to be undertaken to review NFI data which provides additional checks to identify fraudulent claims and identify fraud. Robust system controls tested regularly.	4	4	16	Treat	Continue to build on use of data analytics including the utilisation of government initiatives and in-house resources. A fraud risk assessment should be undertaken to evaluate fraud risks including the development of a fraud action plan. Add to the existing fraud reporting arrangements to include a summary of all suspicions and outcomes of investigations, and be presented to Corporate Leadership Team and the Audit and Governance Committee on a regular basis. Fraud data published under the Transparency Code 2015 must include all types of fraud suspected, reported and investigated.	Ongoing	2	2	4	Planned internal audit reviews. New Corporate Governance Group to strengthen oversight. <u>Fraud Awareness training session was delivered on 11 January 2024.</u>
All Priorities	C18	Elections	Amandeep Khrouf, Assistant Director, Governance, Law & Democracy	Paul Butler, Democratic Services and Elections Manager	1. Changes to Police and Crime Commissioner Voting: From 02 May 2024, the voting system for Police and Crime Commissioner elections is changing. Going forward electors will vote for one candidate, in a first-past-the-post voting system, instead of the previous supplementary voting method where voters choose a first and second choice. The inherent risk is elector confusion, ballot paper inconsistencies and different counting methods that have not been used before. 2. UK Parliamentary boundary changes: At the next General Election electors in the North Downs East and North Downs West wards will be voting for a member of the Ashford constituency. However all other elections remain the same. Council tax will still be collected and services provided by Folkestone & Hythe District Council. The inherent risk is elector confusion, costs to reproduce postal packs that have been incorrectly disposed of, increased calls, doubt in the electoral process, etc. 3. Voter ID: This is on the risk register and should remain until a cycle of elections has completed. 4. Elections Act 2022 implementation: Far reaching electoral registration implementation as part of the Act, introduced over a 2 year period will bring massive change to the way domestic and overseas electors register and select their voting preferences. In addition, some EU electors who do not fall within eligibility criteria will be removed from the electoral register when this part of the Act is made. Risks from the implementation of this Act include voter disenfranchisement, confusion, anger and frustration from being removed.	Regular meetings scheduled up until the elections with the Returning Officer and Electoral Registration will highlight issues quickly with a view to mitigation. Understanding legislation and new criteria by attending training events to ensure the right interpretation has been made, to ensure the right message is given to the public. Preliminary work started on communication, training and planning through the project plan, risk register and issues log. This relates to the election team's own action plan with specific tasks in meeting the objectives of each risk and the additional requirements set by the Electoral Registration Officer and Returning Officer.	2	3	6	Treat	1. Early communications by way of poll cards and the ballot paper instructions will help show electors how to cast their vote at the upcoming PCC election. Presiding Officers will also be told of the change and how electors may react to this. 2. A leaflet will be distributed to North Downs East and North Downs West properties to inform them of the changes, highlighting what their poll card and ballot paper will look like in the future for the next General Election. A press release and further social media communications will be distributed to bolster the message. 3. Voter ID will have been a year in place when it comes to the May elections. National campaigns will happen again. We will provide local messages on the website, social media and when residents call up the customer contact team. Poll cards will have details of the ID to bring and how to apply for a Voter Authority Certificate if voters haven't got what is required. 4. Various implications of the Elections Act 2022 will be taken into consideration in the planning, training and execution of the May polls. Specific attention will be given to the part being implemented at the time, over the course of the implementation period between 2022-2024. For the May 2024 polls postal vote restrictions, secrecy changes, campaigner guidance and the way in which people vote are all implemented and will be new to electors. The new procedures and guidance will be outlined to electors by way of the poll card and information at the polling station and within the postal pack, and for staff training to relay any messages.	2026 (Voter ID after one cycle of all elections completed)	2	3	6	Meetings and paying close attention to Association of Electoral Administrators (AEA) and Electoral Commission (EC) bulletins for guidance and last minute changes.
All Priorities	C19	Change of Governance	Amandeep Khrouf, Assistant Director, Governance, Law & Democracy	Susan Priest, Chief Executive	At the meeting of Full Council on 21 June 2023 it was resolved that a Constitution Working Group be convened, comprising of the Leader of each constituted group (or their nominee) plus one independent to put forward recommendations and proposals for the change of governance at the Council. To date, good progress has been made on the outline structure and composition of committees. A change in the form of arrangements will represent a key integral element of the overall organisational vision of the Council and also how it interacts with the District's residents and other stakeholders. The process of change will raise a number of associated risks to be identified and managed as part of the development process and implementation. In addition, the timeframe in which the Council is seeking to implement the change to a committee system is challenging. It will therefore be important to ensure that pace is maintained, but that this does not impact upon full and proper consideration of issues being undertaken.	The work of the working group is continuing and we have also instructed an external legal advisor for the duration of this project. The Monitoring Officer and Chief Executive have oversight of the overall project and work closely on member and stakeholder engagement.	2	2	4	Treat	Continue to work with the Working Group and all Members and stakeholders as well as Chief Officers to achieve a smooth transition to the new Governance Arrangements. Continue to seek external legal advice throughout the duration of this project. Instruct the IRP to carry out a comprehensive review of the proposed changes. Comprehensive training to be arranged for all Members and Staff to support ongoing learning and development. Regular review by CLT and Chief Officers of the proposed changes and oversight feedback post implementation and change of governance.	Ongoing	2	2	4	Regular reports to Audit and Governance Committee and full Council, as necessary. Tailor-made training for both councillors and staff so that they are confident with the new governance arrangements.

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Likelihood	Very Likely (4)	C9 - Carbon Neutral Ambitions	C8 - Princes Parade - strategic future	C13 - Cyber Threat
	Likely (3)	C14 - Economic Climate	C1 - Organisational Capacity C11 - Increased Use of Temporary Accommodation C16 - Sports and Leisure Provision	C3 - Otterpool Park Planning and Place C15 - Levelling Up Fund Folkestone
	Unlikely (2)	C19 - Change of Governance	C2 - Delivery of Otterpool Park C4 - Medium Term Financial Strategy Uncertainty C5 - Delivery of Affordable Homes C7 - Cost of Living Pressures C10 - HRA Stock Portfolio C12 - Waste Collection and Street Cleansing C18 - Elections	C6 - Organistional Non-compliance C17- Fraud and Corruption
	Rare (1)			
		Minor (1)	Moderate (2)	Significant (3)
	Impact			

Key to colour coding

	Extreme risk
	High risk
	Moderate risk
	Low risk
	Very low risk

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Glossary

AAR	Accounts and Audit Regulations 2015 (as amended)
AC	Audit Commission
Act	Local Audit and Accountability Act 2014
AQR	Audit Quality Reviews as conducted by the FRC
ARGA	Audit, Reporting and Governance Authority
CIPFA	Chartered Institute of Public Finance and Accountancy
CoAP	NAO Code of Audit Practice
Code	CIPFA Code of Practice on Local Authority Accounting in the UK
DLA	FRC Director of Local Audit
DLUHC	Department for Levelling Up, Housing and Communities
FRC	Financial Reporting Council
GF	General Fund
HRA	Housing Revenue Account
ICAEW	Institute of Chartered Accountants in England and Wales
LALC	Local Audit Liaison Committee
LGPS	Local Government Pension Scheme
MHCLG	Ministry of Housing, Communities and Local Government
NAO	National Audit Office
OLAR	Office of Local Audit and Regulation (body proposed by Sir Tony Redmond)
PAC	Public Accounts Committee
PIR	Public Interest Report
PSAA	Public Sector Audit Appointments Ltd
s114	Section 114* of Local Government and Finance Act 1998
s151	Section 151** of Local Government Act 1972
TR	Touchstone Renard
VfM	Value for Money

*S114 Local Government Finance Act 1988 114 Functions of responsible officer as regards reports.

2 Subject to subsection (2A), the chief finance officer of a relevant authority shall make a report under this section if it appears to him that the authority, a committee of the authority, a person holding any office or employment under the authority, a member of the relevant police force, or a joint committee on which the authority is represented—

3(a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,

4(b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or

5(c) is about to enter an item of account the entry of which is unlawful.

**S151 of Local Government Act 1972

every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs

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