



Agenda

Meeting: **Audit and Governance Committee**
Date: **6 December 2023**
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 - 22)**

To consider and approve, as a correct record, the minutes of the meeting held on 13 September 2023.

4. **Review of Polling District and Polling Places 2023 (Pages 23 - 38)**

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.

5. **Update to Corporate Risk Register (Pages 39 - 50)**

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

6. **Quarterly Internal Audit Update Report from the Head of East Kent Audit Partnership (Pages 51 - 72)**

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 30th September 2023.

7. **Grant Thornton Audit Plan for the Year Ended 31 March 2023 (Pages 73 - 100)**

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.

8. **Update on Change of Governance Arrangements (Pages 101 - 106)**

This 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.

9. **Annual Governance Statement Actions - update on 2023/24 actions
(Pages 107 - 116)**

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

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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, 13 September 2023
Present	Councillors Liz Grant, Anita Jones (In place of James Butcher), Adrian Lockwood, Liz McShane (Chair) and John Wing
Apologies for Absence	Councillor James Butcher and Councillor David Wimble Andy Vanburen, Independent Member
Officers Present:	Ewan Green (Director of Strategy and Resources), Adrian Hammond (Housing Lead Specialist), Amandeep Khroud (Assistant Director), Ola Owolabi (Chief Financial Services Officer), Mr Chris Parker (Deputy Head of Audit), Susan Priest (Chief Executive) and Jemma West (Democratic Services Senior Specialist)

11. **Declarations of Interest**

Councillors Lockwood and Wing both made OSI declarations in respect of Minute No 16 (Application for Dispensations under the Code of Conduct for Directors of Oportunitas) in that they were directors on the Board of Oportunitas. They indicated that they would move to the public gallery during consideration of this item.

12. **Minutes**

The minutes of the meeting held on 20 July 2023 were submitted, approved and signed by the Chairman.

13. **Polling District and Polling Station review**

The Democratic Services and Elections Lead Specialist gave a presentation (appended to the minutes) setting out details around the polling district and station review.

Members asked various questions including the following:

- Would the consultation take place on-line and in the civic centre?

- How would the consultation be promoted?
- When would the parliamentary boundary alterations take place, and would they affect district elections?
- How would the consultation be communicated to older people? Would it be included in Your District Today Magazine, and communicated to town and parish councils?

The Democratic Services and Elections Lead Specialist responded to points raised and made points including the following:

- The consultation would include an on-line form and there would also be copies of a paper form at the civic centre. People could also submit responses by writing a letter to the elections team. All methods of input would be accepted and welcomed.
- The consultation would be promoted using various channels on social media and on the website. There would also be hard copy notices put on community noticeboards. All councillors would be advised and encouraged to make the consultation known.
- The parliamentary boundary alteration, although due to come into effect from 1 November 2023, would not be applied *before* the next general election, meaning it would not affect any by-elections in the meantime. There was no impact on district election boundaries.
- Independent Living Advisors, other responsible officers, and community groups would all be advised of the consultation, and it could be sent to parish and town clerks in order for them to print the consultation forms.

The Committee Members noted the presentation.

14. **Corporate Risk Register Update**

The report summarised changes to the Corporate Risk Register since it was last reported to A&G in March 2023.

The Chair expressed concern that the Risk Register had not been provided to Members until the day prior to the meeting and officers apologised for the delay which was due to the significant review undertaken.

A Member noted that Risk C2 relating to Otterpool Park had previously been reported as high risk, but had now been altered to extreme. Planning permission had been granted in April, so why had the risk been increased?

The Chief Executive advised that the project was large and complex and there were ongoing negotiations in terms of the remaining planning requirements including the S106 agreements, and a number of landowners were involved. A report would soon be brought before the Overview and Scrutiny Committee and Cabinet giving an update on the Otterpool Park delivery plan setting out the delivery and financing requirements for the coming period.

A Member asked for clarity on the situation with the accounts, in respect of the Princes Parade matters outstanding. The Chief Financial Services Officer

advised that the Auditors were set to conclude investigations soon and expected the accounts would be signed off by the end of October 2023.

Proposed by Councillor Jones,
Seconded by Councillor Wing; and

RESOLVED:

1. That report AuG/23/12 be received and noted.
2. That the Audit and Governance Committee regularly review the Corporate Risk Register to consider progress made against agreed actions, and consider the key risks faced by the organisation.

(Voting figures: 5 for, 0 against, 0 abstentions).

15. Response to the Local Government Ombudsman

The report advised that Mr and Mrs J raised a complaint through the Local Government Ombudsman (LGO) as they believed the Council had incorrectly processed their Housing Waiting List Application. Whilst the LGO confirmed the Council has correctly processed the housing application, it has also stated that it is unhappy with the way the Council's officers initially responded to their enquiries. The report set out the action taken by the Council to address the concerns raised by the LGO.

A Member asked when the training would be completed and if the Committee would be provided with an update. The Housing Lead Specialist advised that the training for all staff involved with complaints was about to commence and was expected to be completed by the end of the year. He stated he would provide an update to the Committee.

Proposed by Councillor Wing,
Seconded by Councillor Grant; and

RESOLVED:

1. That report AuG/23/11 be received and noted.
2. That the action the Housing Service has taken in respect of responses made to enquiries from the Local Government Ombudsman be noted.

(Voting figures: 5 for, 0 against, 0 abstentions).

16. Application for Dispensations under the Code of Conduct for Directors of Oportunitas

The report considered the application for dispensations under the Code of Conduct for Councillors to speak and vote by Councillors who are also directors of Oportunitas. The recommendation was that the dispensations be granted.

Councillors Lockwood and Wing moved to the public gallery during the consideration of this item and did not take part in the vote.

Proposed by Councillor Grant,
Seconded by Councillor Jones; and

RESOLVED:

- 1 That report no AuG/23/09 be received and noted.**
- 2 That dispensations be granted under the code of conduct and under section 33 Localism Act 2011 to Councillors Butcher, Goddard, Lockwood and Wing to allow them to speak and vote at meetings where company affairs are discussed;**
- 3 That the dispensations be time limited to 6 May 2027;**
- 4. That in the event of a change of directors the Monitoring Officer be authorised to consider applications for and grant dispensations to any Councillor who becomes a director of Oportunitas on the same terms provided that the Councillor concerned is not a Member of the Cabinet and the dispensation is time limited in the same way.**

(Voting figures: 3 for, 0 against, 0 abstentions).

17. Extension of Term of Independent Persons

Under S 28(7) Localism Act 2011 and the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 the council must appoint an Independent Person to fulfil the functions set out in the Act and regulation. This report recommends that the term of present independent persons (Chris Harman, David Carter and Ken London) be extended for a further four year period to 18 December 2027.

Proposed by Councillor Lockwood,
Seconded by Councillor Jones; and

RESOLVED:

- 1. That report AuG/23/12 be received and noted.**
- 2. That the term of the three Independent Persons be extended until 18 December 2027 under the provisions of the S 27 (7) Localism Act 2011 and the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.**

(Voting figures: 5 for, 0 against, 0 abstentions).

18. Quarterly Internal Audit report from the Head of East Kent Audit Partnership

The report included 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 June 2023.

Proposed by Councillor Wing,
Seconded by Councillor Jones; and

A Member queried if the authority was paying for work that was not being done while the review was taking place. The Audit Manager responded to advise that this would be checked as the work continues. The Director of Place added that this related to the application of the contract management. He assured that the service was being provided, but the monitoring of the standard appeared to be weak. The action plan agreed will address the concerns raised, and will be the focus for the next six months. The Chief Executive added that the report was hugely disappointing, and she had asked Director colleagues to be thorough in their management response, and to have senior level conversations with DDC about the quality of the contract management so that assurances can be given that the service was up to standard, and where it didn't, penalties were being appropriately applied.

A Member asked about the partnership with Dover in terms of the number of sites which had been audited? With it being a Dover led contract, was there a risk that Dover sites were prioritised. It was noted that the service from Veolia in terms of the waste contract was very good.

The Audit Manager stated that he did not have this information to hand but would make this information available to the Committee after the meeting.

RESOLVED:

- 1. That report AuG/23/13 be received and noted.**
- 2. That the results of the work carried out by the East Kent Audit Partnership be noted.**

(Voting figures: 5 for, 0 against, 0 abstentions).

19. Change of Governance Arrangements

The report introduced the steps necessary to implement the decision of Council of 21st June 2023 to change its governance arrangements from a Leader and Cabinet executive form of governance to a committee system as of the Annual Meeting of Council to be held May 2024.

The Assistant Director of Governance and Law outlined the report and drew particularly attention to the creation of a page on the council's website which would set out the project detail as it progressed.

Members commented on various aspects of the report, and made points including the following:

- How was the new webpage being promoted?
- How would people who did not use technology keep up to date with the changes?

The Assistant Director of Governance and Law advised that there had been some communications around the governance changes, such as social media posts, but that she would work with the communications team to ensure the page was actively promoted. She also added that she would ensure that progress was fed back to parish and town clerks, and would seek to provide information in the council's Your District Today publication.

Proposed by Councillor Lockwood,
Seconded by Councillor Jones; and

RESOLVED:

- 1) **That the Committee endorse the terms of reference of the Constitution Working Group, attached as Appendix A, and task the Group with overseeing the:**
 - (a) **Consideration of possible structures for a committee system of governance, with preference given to a streamlined style of arrangements; and**
 - (b) **Drafting of a revised Constitution in sufficient time to be adopted for the 2024/25 municipal year; and**
- 2) **That the Monitoring Officer be given delegated authority to:**
 - (a) **Provide such resources as she in her opinion considers necessary to support the work of the Constitution Working Group.**
 - (b) **Undertake due consultation and engagement in respect of the proposed revised governance arrangements of the Council; and**
 - (c) **Produce a revised constitution for the Committee and Council's consideration by March 2024.**

(Voting figures: 5 for, 0 against, 0 abstentions).

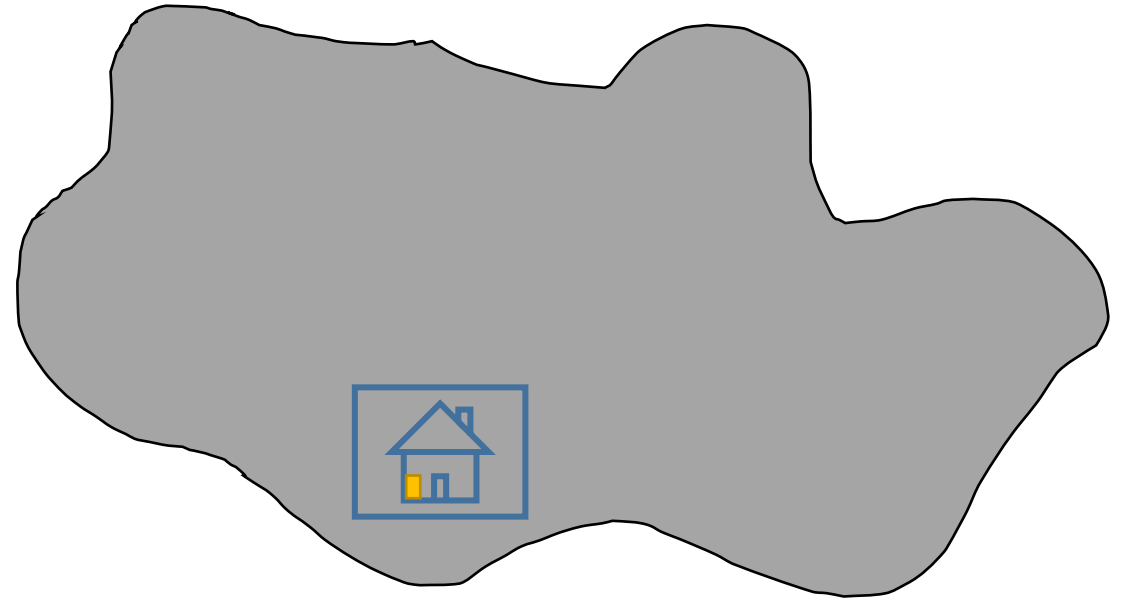
Review of Polling Districts, Places & Stations 2023

Paul Butler
Democratic Services and Elections Lead Specialist

Legal requirement

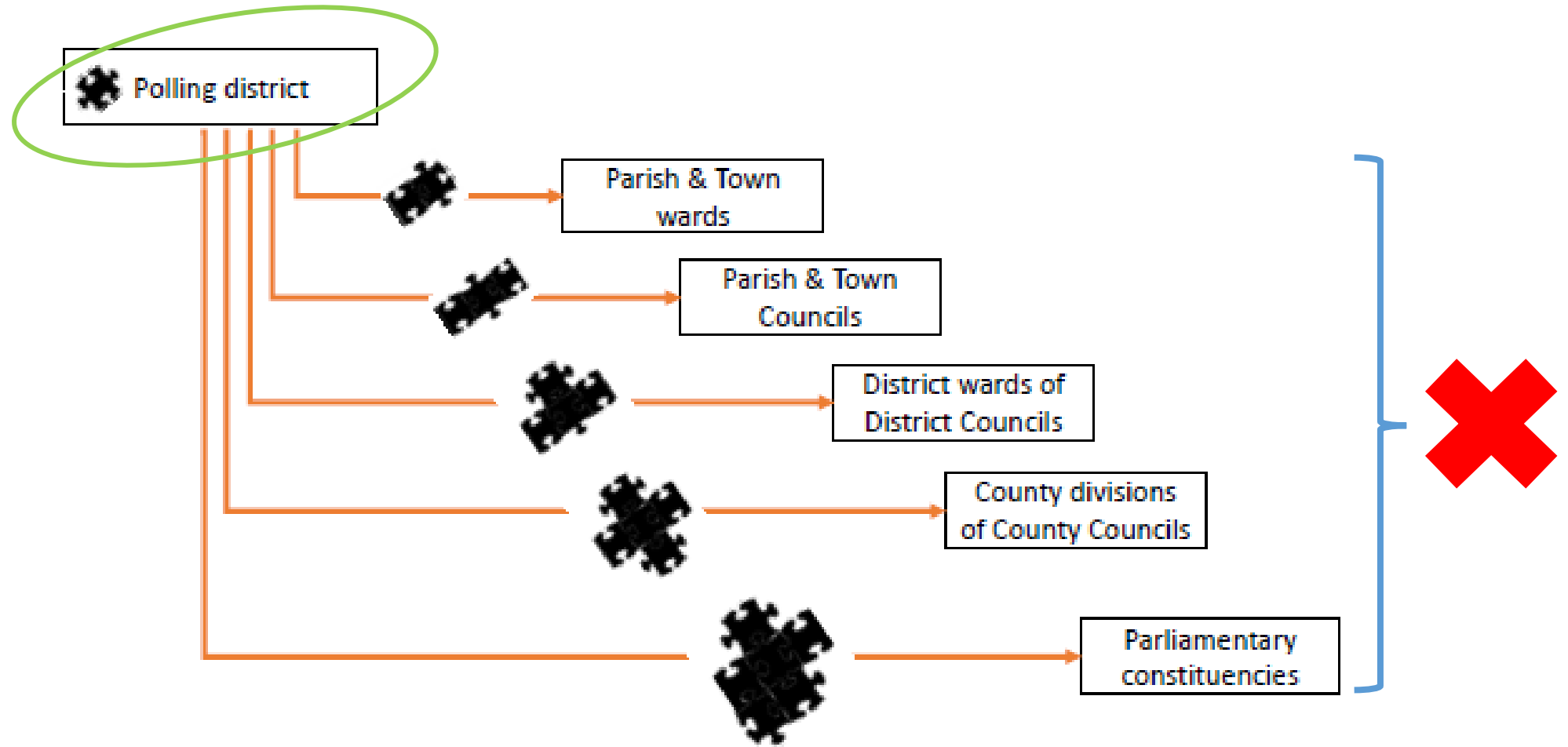
Commitment to review current set up of:

- Polling Districts
- Polling Places
- Polling Stations
 - Suitability
 - Feedback
 - Arrangements at the venue



Polling Districts

Page 95



Timetable

Notice of Review published & start of consultation	02 October 2023
Submission of Comments on ARO statement deadline	17 November 2023
Submission of Representation deadline	17 November 2023
Proposals submitted to Audit & Governance Committee	06 December 2023
Recommendations reported to Full Council	24 January 2024
Revised Electoral Register published with changes	01 February 2024

District review progress

Pre-requisite work:

- Training
- Internal officer working group
- Reviewing current districts, places / stations
- What is in scope / out of scope
- Planning developments / electorate increases
- Contacts (Groups, ARO's, members etc.)

What is left to do...?

- Publish notices with documents
- Consultation period
- ARO Statements
- Write to interested parties
- Collate all evidence and representations
- Finalise recommendations
- A&G Report
- Full Council
- Implement any changes for **01 Feb 24**

Review conclusion

- Recommendations & correspondence published
- New maps drawn (if needed)
- Notice of conclusion
- Appeals / Electoral Commission

Complexities

- Statutory review period **01 October 2023** until **31 January 2025**
- Must be completed before the next UK General Election
- Elections Act 22 – Tranche 2 implementation
- Police and Crime Commissioner Election - **May 2024**
- New Parliamentary boundaries from **01 November 2023***

Questions?

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This Report will be made public on 28 November 2023



Report Number **AuG/23/15**

To: Audit & Governance
Date: 6 December 2023
Status: Non-Key Decision
Responsible Officer: Paul Butler – Democratic Services and Elections
Lead Specialist
Cabinet Member: Councillor Gary Fuller

SUBJECT: REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2023

SUMMARY: 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.

REASONS FOR RECOMMENDATIONS:

To approve the final proposals for revised Polling Districts, Polling Places and Stations at Parliamentary elections.

RECOMMENDATIONS:

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.

1. BACKGROUND

- 1.1 Local authorities are responsible for dividing their constituency into polling districts for UK Parliamentary elections. Polling districts, polling places and polling stations are kept under review to maintain electorate balance and the suitability of venue choices. There is a duty on the Council of the local authority to conduct a review at least once every four years. The compulsory review period started on 01 October 2023 and will end on 31 January 2025.
- 1.2 The last review concluded in September 2019, with the current set up of polling districts and stations proposed as final recommendations. The current review started on Monday 02 October 2023 and will conclude at the revision or alteration of the Electoral Register on Thursday 01 February 2024.
- 1.3 The length of the review process is not prescribed under legislation, provided that all points in the review schedule are covered and a suitable consultation period is planned to allow sufficient time for anyone wishing to submit their comments on matters are able to.
- 1.4 There are currently 62 polling districts, 53 polling places and 58 polling stations across the Folkestone & Hythe Parliamentary constituency.
- 1.5 In line with the Council's constitution, the responsibility of this review is with the Audit and Governance Committee. A presentation by the Democratic Services and Elections Lead Specialist on Wednesday 13 September 2023 outlined the details of this review and the importance of keeping to the regulations set by the Representation of the People Act 1983 and Electoral Administration Act 2006.
- 1.6 This review concentrates on the following elements of a parliamentary constituency:
 - 1.6.1 Polling district

A polling district is a geographical area created by the sub-division of a constituency, ward or division into smaller parts. The "administrative" boundary lines of a polling district can be changed, however the governed lines that form Parish, District and County wards/divisions can't be changed as part of this review.
 - 1.6.2 Polling place

A polling place is a building or geographical area in which a polling station is located. It is good practice to specify where a polling place is, as a building instead of an area to ensure there is a clear indication to electors within and outside of a polling district.
 - 1.6.3 Polling station

A polling station is the room or area within the polling place where voting takes place. Polling stations are chosen by the Returning Officer for each election, and not by the Council.

2. CONSULTATION

- 2.1 The consultation for this review began at the publishing of the review notice on Monday 02 October 2023. A notice was placed on the Parish, Town and District notice boards and on the website which was shared via Facebook and Twitter. A press release was also published to newspapers to invite representations.
- 2.2 In addition to a notice, over 900 authority contacts across community groups, organisations and professional bodies from the area were contacted directly to seek their views on the current set up of our polling places/stations. The following were also contacted:
- Damian Collins MP,
 - Kent County councillors for the Folkestone & Hythe area,
 - District councillors,
 - All Parish and Town councils and meetings,
 - All political parties that took part in the last local election; and
 - Susan Priest, the (Acting) Returning Officer for the Parliamentary constituency of Folkestone & Hythe area.
- 2.3 The Acting Returning Officer's representation, which included various proposals based on pre-requisite work carried out by the elections team, was also published on Monday 02 October 2023 on the website and was also available to view at the Civic Centre. Anyone could make comment on this representation up until Friday 17 November 2023.
- 2.4 General representations from the public, and those people, organisations and charities personally invited had until Friday 17 November 2023 as well, to submit their views to the Democratic Services and Elections Lead Specialist. The representations and comments that were received in time can be found in Appendix 3 of this report.

3. REVIEW SCHEDULE

- 3.1 Legislation sets a specific review schedule that must be adhered to, I am happy to confirm that Folkestone & Hythe DC have conducted this review within these obligations.
- 3.2 The review timetable, against the guidelines set by legislation is below for your information:

Notice of Review published & start of consultation	Monday 02 October 2023
Acting Returning Officer's representation published	Monday 02 October 2023
Submission of Representation deadline	Friday 17 November 2023
Submission of Comments on ARO statement deadline	Friday 17 November 2023
Proposals submitted to Audit & Governance Committee	Wednesday 06 December 2023
Recommendations reported to Full Council	Wednesday 24 January 2024
Revised Electoral Register published with changes (if any)	Thursday 01 February 2024

4. REVIEW

- 4.1 A total of 11 representations and 13 comments on the Acting Returning Officer's representation were received during the consultation period. Each representation was used to consider any changes that could be introduced for future elections.
- 4.2 In addition to the representations and comments, information collected at polling stations during the full local elections and European Parliamentary elections was utilised to form a better understanding of how staff and visiting electors perceive the current venue choices.
- 4.3 Statistical data and information was collected as part of this review to establish the potential for an increase or decrease in electorate over the next 4 years. The Electoral Commission guidance recommends that a manageable number of electors allocated to a polling station is capped at 2,500.
- 4.4 All polling districts boundary lines were considered (where possible) to understand where amendments may have been made to the lineage to group electors differently to balance out numbers and avoid breaching the 2,500 recommended by the Electoral Commission.
- 4.5 Using the current list of polling places, polling stations and any contributory information known to the elections team. A check of the historic availability of each premises has been considered going forward, likewise some information received on certain polling stations has been considered when sourcing potential replacements or alternative venues.
- 4.6 This review has resulted in proposals that affect the following polling districts:

BR1	Broadmead Ward
CH2 / CH3	Cheriton Ward
HR1 / HR2	Hythe Rural Ward
RM1	Romney Marsh Ward
RM2	Romney Marsh Ward

5. RISKS/CONTROLS

- 4.1 In light of the fact that there are minimal proposals as part of this review, there are no significant risks identified.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (AK)

The legal issues have been dealt with in the Report.

7.2 Finance Officer's Comments (OO)

There are no additional financial implications associated with this report. The ongoing consultation process and review will be conducted within the existing service budgets.

7.3 Diversities and Equalities Implications (GE)

The outcome and recommendations of a review of polling districts and polling places are specifically designed to ensure that all voters can exercise their right to vote and where voters chose to vote in person at polling stations, that these are accessible to all regardless of disability.

The report demonstrates that extensive consultation has taken place with community groups, organisations, professional bodies, and members of the general public. Representations and comments received on proposals have been included in appendix 3 of this report.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Paul Butler
Democratic Services and Elections Lead Specialist
Telephone: 01303 853497
Email: paul.butler@folkestone-hythe.gov.uk

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

- The Representation of the People Act 1983
- The Electoral Administration Act 2006
- Electoral Commission Guidance – Review of polling districts, polling places and polling stations
- Association of Electoral Administrators – Review or polling districts, polling places and polling stations training

Appendices:

Appendix 1: Notice of Review of polling districts, polling places and polling stations – dated 02 October 2023

Appendix 2: Polling district and polling stations recommendations

Appendix 3: Representations and comments received with officer comments.

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NOTICE OF REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS



Notice is hereby given that Folkestone & Hythe District Council is conducting a review of the polling districts, polling places and polling stations that fall in the Folkestone & Hythe Parliamentary constituency.

In accordance with The Review of Polling Districts and Polling Places (Parliamentary Elections) Regulations 2006, the Acting Returning Officer will be invited to make a statement on the existing arrangements and any proposals made. In addition, we are seeking feedback from electors, political representatives, town and parish councils, community organisations and political parties from within the District area. Representations should include views and opinions on:

- the proposals regarding the structure of our current polling districts;
- current polling places;
- the accessibility of our current polling stations;
- alternative venues to use as polling stations; and
- Acting Returning Officers comments and/or proposals.

Any representations must be received in writing by **Friday, 17 November 2023**. Comments are also welcomed on the Acting Returning Officer's statement and must be submitted by **Friday, 17 November 2023**.

If you wish to make representation or comment, please send your correspondences as follows:

By post: Democratic Services and Elections Lead Specialist
Folkestone & Hythe District Council
Civic Centre, Castle Hill Avenue, Folkestone, CT20 2QY

By email: elections@folkestone-hythe.gov.uk

We would also like to welcome the views of any person or body with expertise in access for persons with any type of disability.

A timetable, and other documents relating to this review can be inspected at the Council offices at the below address, or online at <https://www.folkestone-hythe.gov.uk/elections/polling-review-2023>.

Decisions relating to the review will be made in January 2024 and the review will conclude on 01 February 2024.

Folkestone & Hythe District Council
Civic Centre
Castle Hill Avenue
Folkestone
CT20 2QY

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POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS REVIEW 2023



RECOMMENDATIONS

This document contains the final recommendations for the polling districts, polling places and polling stations in the Folkestone & Hythe District Council area.

Please note the following points before reading this document:

- Electoral Commission guidance recommends a maximum polling station electorate of 2,500.
- The electorate figures in this report have been reduced by 21% to accommodate the average amount of postal voters in an area. Postal voters do not attend a polling station to vote.
- Any polling district, polling place or station not mentioned in this document does not have a recommendation for change, therefore current polling arrangements used at previous elections will remain in place.
- Identified housing developments carry an average of 2 electors per household, this has been considered for future electorate calculations.
- Natural population growth is set at 1.07% in line with the national average for areas without large housing developments.

Paul Butler
Democratic Services and Elections Lead Specialist

Initial Draft: 06 December 2023

Ward: Broadmead

Polling districts: BR1

Polling district	Current electorate	Potential electorate (over next 4 years)	Current polling place	Proposal
BR1	2,431	2,601	Grace Taylor Hall	To keep Broadmead as one polling district and to change the polling place from Grace Taylor Hall to Folkestone Sports Centre

Comments:

- The electorate for Broadmead has not grown substantially in the past twelve years.
- A small housing development is being built but it is not substantial enough to warrant splitting the polling district.
- Broadmead was split in the past to BR1 and BR2 but was later made back in to one, whole polling district.
- Grace Taylor Hall has been used as a polling place for many years and the staff and booking agents have always been more than helpful in an election timetable.
- Grace Taylor Hall does not meet some accessibility criteria.
- Broadmead polling district contains other venues that satisfy accessibility requirements, so an investigation had to take place.
- Folkestone Sports Centre has disabled parking, a car park, is close to 3 bus stops at different areas of Broadmead, has a large, ramped door and has an area that can be allocated for a polling station.
- No representations or comments have been received either for or against this proposal in the Acting Returning Officer's statement.

Ward: Cheriton

Polling districts: CH2

Polling district	Current electorate	Potential electorate (over next 4 years)	Current polling place	Proposal
CH2	1,794	1,814	1 st Cheriton Scout Hut	To move the polling place from 1 st Cheriton Scout Hut to the Shorncliffe Pavilion when it is up and running.
Comments: <ul style="list-style-type: none">• The Scout Leader at the 1st Cheriton Scout Hut has been such a great booking agent for past elections and will be missed.• Staff and elector feedback has led the elections team to seek a different venue for the CH2 polling district.• The Scout Hut is in CH3 polling district and has very limited access for electors from Hawkins Road when the turnout is high for an election.• Electors from the CH3 polling district have attend the Scout Hut thinking it was their polling station.• The Shorncliffe Pavilion has parking, disabled parking, and adequate rooms to accommodate holding a polling station there.• Comments have been received in favour of this proposal in the Acting Returning Officer's statement.				

Ward: Hythe Rural

Polling districts: HR1 and HR2

Polling district	Current electorate	Potential electorate (over next 4 years)	Current polling place	Proposal
HR1	798	806	Win Pine House	To keep HR1 and HR2 intact.
HR2	1730	1851	Palmarsh Hall	To keep Win Pine House as the polling place for HR1 electors.

Comments:

- The housing development at Nickolls quarry will not have an immediate impact on these polling districts that requires them to change now. This can be reviewed on an interim basis, or at the next review.
- Win Pine House was used as a polling place for the May 2023 elections.
- The polling station is part of the communal lounge that has its own access, keeping residents separate from polling station activities.
- The building is accessible with unrestricted, on-street parking.
- Win Pine House is opposite the previous polling place of the Football Club and its car park.
- There is no proposal to change Palmarsh Hall as the polling place for HR2.
- No representations or comments have been received about this proposal in the Acting Returning Officer's statement.

Ward: Romney Marsh

Polling districts: RM2

Polling district	Current electorate	Potential electorate (over next 4 years)	Current polling place	Proposal
RM2	270	272	Dymchurch Village Hall	To keep Dymchurch Village Hall as the polling place for RM2 electors.

Comments:

- The Neptune could no longer accommodate us for future elections, so Dymchurch Village Hall was used as a double polling station serving electors in RM2 and RM3 for elections in 2023.
- As part of our process in finding another venue for the RM2 area, we visited and checked:
 - Sandy Bay (couldn't do it),
 - Eastfleet Caravan Park (not suitable/accessible),
 - Newbeach/Neptune owned by the same company that could no longer offer a venue for elections and could not guarantee space for the future,
 - Environment Agency at Willop Depot (couldn't do it); and
 - Jehovah's Witness Hall is occupied on Thursdays.
- The polling district boundary lines for RM2 start from the sluice gates just past Sandy Bay and end at the sluice gate near the Willop Depot.
- Appointing a polling place in a neighbouring polling district for RM2 will confuse electors in that neighbouring polling district. They will have to travel past that one to get to their own polling station.
- The turnout difference between the 2021 poll (at The Neptune) and 2023 (at the Village Hall) was down 4% which can be attributed to more than just the location of a polling place. 2021 was the first set of combined elections since Covid-19 lockdowns. In 2023, the elections were for local and parish seats which carry the lowest turnout of all types of elections. Dymchurch Parish Council election was also uncontested in 2023 which meant the elections in Dymchurch were not combined.
- One comment was received objecting to the permanent move.

Ward: Romney Marsh

Polling districts: RM1

Polling district	Current electorate	Potential electorate (over next 4 years)	Current polling place	Proposal
RM1	154	155	Burmarsh Church Hall	To move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.
Comments: <ul style="list-style-type: none">• An original proposal to move the polling place to Fallow Fields campsite will not be pursued.• I would like to include a note of thanks to the staff at Fallow Fields for offering their venue and space to us.• 10 comments were received objecting to the proposal for Fallow Fields in the Acting Returning Officer's statement.• Most of the suggestions received from the public included The Shepherd and Crook Inn as a suitable replacement for the Church Hall• The Shepherd and Crook Inn is opposite the Church Hall, accessible and can provide suitable facilities to both staff and electors for future elections.• The owners at the Shepherd and Crook Inn are very helpful and keen to assist for future elections.				

Representation		Officer Comments
Polling District	Polling Place / Station	
FH1	-	Regarding the wards , the boundaries of Folkestone harbour should be changed to exclude jocks Pitch and the green areas surrounding wear bay road. The people who live there are not representative of the harbour ward and the local requirements
RM1	Burmarsh Church Hall	Move the Polling Station to the Shepherd and Crook. Central to the village and as pubs have been used in Old Romney and St Marys in the Marsh clearly appropriate.
RM1	Burmarsh Church Hall	I note that you say that local residents have been asked about these new arrangements. This is not true as far as I know - I would have expected that the Burmarsh Parish Council would have been consulted before any publication of a change of Polling Station was considered. We have not been consulted and the first I knew about this was a posting on social media. Not really acceptable. I appreciate that the owners of the Church Hall may have been consulted but this village has a number of elderly residents without transport - the location suggested (Fallow Fields) is far to far away from the village centre for those who are mobility challenged. There are no street lights outside of the main part of the village and should an election be called for the winter months this venue in Donkey Street would be most unsuitable for many residents unless they have access to their own transport. Have you approached the owner of the Shepherd and Crook public house - it is in the centre of the village, has parking spaces and is easily accessible for older residents? I understand that they have a separate room that could be used and has been used at previous elections.
RM1	Burmarsh Church Hall	Object to the proposal to move the polling station from the church hall to Lathe barn. It would reduce the turn-out as a number of older people in the parish have mobility issues, but live centrally to the village, so using the Church Hall is the most logical option. Also by moving to Lathe barn, it would mean more people choose to drive to the polling station that day, and not every person has access to alternative transport, so again reduces the turnout as well as the impact on vehicle traffic/ emissions etc. There were plans to renovate the Church Hall, but the Diocese appears to be less willing on this, so surely it is better for the council to help encourage the Diocese to support the village's plans to improve the hall rather than move the polling station.
RM1	Burmarsh Church Hall	Why could the Shepherd & Crook not be used as it has been used for several elections previously. The room containing the pool table could be utilised as it doesn't have to sell alcohol. Fallow fields is only open for part of the year - what would happen when it's closed and an election is called ? More disruption for the village as the venue will have to be changed yet again. If they were to open specifically, they would be in breach of their planning permissions. If the polling station is relocated further out of the village itself to this basic campsite there will be a significant drop in voting numbers, If villagers have no transport it is a long dangerous walk down an unlit road with no footpath to this entirely unsuitable venue
CH2	Cheriton Scout Hut	Due to housing development and consequential population growth, there needs to be a polling station in the Shorncliffe Heights area. It no longer makes sense for all the Cheriton polling stations to be situated centrally along the main road.
RM1	Burmarsh Church Hall	I would like to offer my facilities as an alternative as its in the heart of the village, making it accessible for elderly and disabled residents of Burmarsh I have also sent a letter to the Returning Officer, suggesting my facilities as an alternative
NDW9	Lyminge Scout Hut	Given the scout hut is in the far corner of the village I would prefer a more central location such as the school or the Methodist Church.
RM1	Burmarsh Church Hall	Fully understand reasons for moving but Fallowfield Campsite access has no street lights or pavements and would cause issues for people getting to and from it. Have you tried the back room of local pub
RM5	The Star Inn	Could the polling station at the Star inn be moved to the new Village Hall/ Community Hub once it opens.
RM1-6	-	Why can't there be mobile voting buses on the Marsh especially for the older voters and disabled voters.
NDW9	Lyminge Scout Hut	The location and facilities are fine for the public. Attention to the staff's views who have been on duty is the most important factor.
CH2	Cheriton Scout Hut	Will you be opening the car park at Shorncliffe Stadium
RM1	Burmarsh Church Hall	We have a village pub that could be considered. It has a private room, toilet facilities and it's central in the village
RM1	Burmarsh Church Hall	I object to the new siting of the Polling Station as it is outside of the main village which will put a lot of residents off polling, it would also create extra traffic as many residents would not be able to walk that far
RM1	Burmarsh Church Hall	The new proposal is too far away from elderly residents in the village. If the Burmarsh Church Hall can not be used please could we have the polling station in The Shepherd & Crook public house like it used to be. Many residents feel the same and the new landlady is happy to support this change.
CH2	Cheriton Scout Hut	A lot of people from around us (Hawkins Road and surrounding) had asked why they had to go to Morehall to vote when we were a Polling station on their road.
RM2	Dymchurch Village Hall	I have been both PO and PC for many years at the Holiday Camp and then The Neptune serving the residents of the Redoubt Estate. For the last two elections we have been located at the Dymchurch Village Hall as a second station but this has been a disaster for the residents. Many are elderly and either are unable or unwilling to travel into the village. Previously many would call in to vote while walking the dog. This has resulted in only a handful of voters coming in over a period of 16 hours. This seems such a waste of resources as well as failing to support the residents. This could also lead to an unrepresentative election result.If the Neptune no longer wish to accommodate a Polling Station could the Holiday Camp not be persuaded to let us have a caravan for the day, as used to happen? I do feel strongly that something needs to change from the last two elections, especially with a possible General election on the cards.
RM1	Burmarsh Church Hall	In my opinion moving the poling station to the proposed new location would disadvantage many within the community forcing them to travel further to vote the church hall is a central location in a rural location and with improvement works currently ongoing is a very suitable place to hold the poling station
CH2	Cheriton Scout Hut	I support the change to the Shorncliffe Pavillion as this would be nearer to parts of Cheriton that are currently at quite a distance from a polling station.
NDW4	Sellindge Village Hall	The Council did consider this and it was agreed that no changes were required at the Durling Hall.

Jocks pitch is within polling district FH1, which covers the area from Tram Road through to the Warren. Wear Bay Road and Jocks Pitch is central to this polling district. The Harbour Ward boundary lines can not be changed, as this review can not change 'governance' boundary lines.

The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

The consultation opened on Monday, 02 October 2023 to invite comments from residents. There is no requirement to contact residents directly about the review. The Parish Council were contacted to inform them of the review, the notice and the Acting Returning Officer's statement and proposals.

The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

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The Acting Returning Officer's statement includes a proposal to use the Shorncliffe Pavilion as a polling place for future elections, when it is up and running. This is to replace the Cheriton Scout Hut. We are hoping this will be available by the next election in May 2024.

Thank you for your offer, the recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

The authority and Acting Returning Officer avoid the closure of any schools for elections purposes if there are other suitable venues available. Where possible, places of worship are not to be used as this was requested in 2019 by councillors. The Scout Hall is located next to the village hall which used to be the polling station. There is adequate parking at the Scout Hut with an accessible entrance.

The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

This will be taken in to account and reviewed when a village hall / community hub has opened.

Unfortunately, there is no funding for this to take place. There is also no requirement in law to offer a mobile voting service. There is always the option to vote by post or by proxy (where someone votes on your behalf). You can get in contact with the elections team on 01303 853497 to request a postal or proxy vote application or apply online at www.gov.uk.

Thank you for your comments.

Yes. We hope to use the Shorncliffe Pavilion for future elections. We are waiting for arrangements to be finalised.

The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

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The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

Thank you. This is one of the reasons why we are hoping to use the Shorncliffe Pavilion for future elections as it is in the same polling district and will stop any confusion.

As part of our process in finding another venue for the RM2 area, we visited and checked Sandy Bay (couldn't do it), Eastfleet Caravan Park (not suitable/accessible), Newbeach/Neptune owned by the same company that could no longer offer a venue for elections and can not guarantee space for the future, Environment Agency at Willop Depot (couldn't do it), Jehovah's Witness hall is occupied on Thursdays. The polling district boundary lines for RM2 start from the sluice gates just past Sandy Bay and end at the sluice gate near the Willop Depot. There are no other options within or near to the RM2 polling district boundary lines. If a polling place is situated within the neighbouring polling district of RM3, electors from this polling district will have to go past the polling place for RM2, causing the same confusion as already stated on row 19 regarding Cheriton. To avoid this confusion the most logical recommendation is to keep Dymchurch Village Hall as a double station for both RM2 and RM3 polling districts. The turnout difference between 2021 poll and 2023 was down 4% which can be attributed to more than the location of a polling place.

The recommendation is to move the polling place from Burmarsh Church Hall to The Shepherd and Crook Inn.

Thank you for your comments, we are hoping to use the Shorncliffe Pavillion when it is ready.

Thank you for your comments.

HY / HR	-	<p>I am a member of Girlguiding and we have a Guide & Brownie Hall, in St. Nicholas Rd, Hythe CT21 6JQ. The Hall is situated a few metres from the Dymchurch Road where there is parking or easily accessed by a 5 minute walk from Sainsbury's car park. There are bus stops at the Light Railway and close to Sainsbury, each within a 5 minute walk. The Hall has ample indoor space to accommodate a Polling Station and availability would not be a problem. Please can this venue be given consideration for future use as a Polling Station.</p>	<p>Thank you for your kind offer. There is no proposal to change polling places in the Hythe or Hythe Rural areas at the moment. The hall was visited (outside only) and the hall itself has a ramped access. A concern is that access ramp finishes on the road. In some quiet, rural areas this is unavoidable, however this hall is situated in a densely populated polling district. St Nicholas Road is a narrow, one way road that could become gridlocked if the turnout for an election was high. At the time of the visit to Dymchurch Road, there were no available parking spaces on the left side of the street, nearest to the venue.</p>
RM6	Newchurch Village Hall	<p>I am writing on behalf of the Newchurch Parish Council in response to your request for comments about the polling district and polling station arrangements in place. We as a Parish Council are very keen that our polling station at Newchurch Village Hall (Ref 48, District RM6) should continue to be used for all elections. As the established polling station, as well as being used regularly used for local events, it remains the best venue for use as a polling station. We believe that local democracy is best served by keeping polling stations accessible and locating them within the local community. This is particularly important given the lack of regular local bus services. Newchurch Village Hall is easily accessed by all voters within the village of Newchurch, whether on foot or by car. We look forward to receiving confirmation that Newchurch Village Hall will continue to be used as the polling station for all future elections.</p>	<p>Thank you for your comments, there is no proposal to change the polling place in Newchurch.</p>

This Report will be made public on 28 November 2023



Report Number **AuG/23/16**

To: Audit and Governance Committee
Date: 6 December 2023
Status: Non key
Responsible Officer: Adrian Tofts, Strategy, Policy & Performance Lead Specialist

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 13 September 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/23/16.
2. That Audit and Governance Committee reviews the corporate risk register (Appendix 1) and risk matrix (Appendix 2) and makes any necessary recommendations regarding the district council's management of risk.

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) and 13 September 2023 (AuG/23/12).

2. UPDATE TO THE CORPORATE RISK REGISTER

- 2.1. The updated corporate risk register is attached to this report (**Appendix 1**). For ease of reference the changes to the register from September 2023 have been highlighted in red (deletions are shown struck-through and new text is shown underlined).
- 2.2. The updated risk matrix, which provides a snapshot of the current level of risks faced by the council, is provided in **Appendix 2**. Amendments are highlighted in red (deletions are shown struck-through and new text is shown underlined).
- 2.3. The corporate risk register identifies a total of 16 risks; most are classed as 'extreme' or 'high', with one classed as 'moderate'. A list is provided below.

Risk level	Identified risks
Extreme risk	<ul style="list-style-type: none">• C1 – Organisational Capacity• C2 – Delivery of Otterpool Park• C3 – Otterpool Park Planning and Place• C4 – Medium Term Financial Strategy Uncertainty• C9 – Carbon Neutral Ambitions• C10 – Housing Deliverability• C12 – Cyber Threat• C13 – Economic Climate• C15 – Sports and Leisure Provision
High risk	<ul style="list-style-type: none">• C5 – Delivery of Affordable Homes• C6 – Organisational Non-compliance• C7 – Cost of Living Pressures• C8 – Princes Parade• C11 – Waste Collection• C14 – Levelling-up Fund Folkestone
Moderate risk	<ul style="list-style-type: none">• C16 – Fraud and Corruption
Low risk	<i>None</i>
Very low risk	<i>None</i>

- 2.4. Descriptive and contextual changes from the September 2023 Risk Register reflect:

- Progress with development projects and governance arrangements, including regarding Otterpool Park, Folkestone Town Centre regeneration and the Princes Parade hoardings.
- Ongoing work on the budget and Medium-Term Financial Strategy.
- Receipt of government funding for improved cyber security and the UK Shared Prosperity Fund (UKSPF).
- The passing of the Levelling-up and Regeneration Act into law on 26 October 2023.
- Changes to responsible officers and risk owners to reflect amended job titles and directorate structures.

2.5. In addition, changes have been made to:

- Increase the risk for C11: Waste Collection and Street Cleansing Disruption from 'moderate' to 'high', to reflect the findings of the street cleansing internal audit. The audit action plan has been added to the proposed actions.
- Decrease the risk for C8: Princes Parade from 'extreme' to 'high', to reflect the ongoing work on the site.
- Amend information in the 'Risk Name' column of the table in Appendix 1 to clarify the scope of the risks (C5 and C10), and to reflect that the risk register focuses on risks to the council as an organisation, rather than risks to the community more generally (C7).

3. SUMMARY AND NEXT STEPS

3.1. The risk register will continue to be monitored and updated; it will next be reported to Audit and Governance Committee on 13 March 2024.

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 strategy in place will cause inconsistencies in approach across the council.	Medium	Low	The risk register is in place and updated 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	High	Low	An up-to-date framework is in place, training is delivered and regular reports are provided to senior

Perceived risk	Seriousness	Likelihood	Preventative action
deliver its Corporate Plan objectives effectively, impact on the deployment of resources or harm its reputation.			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, Policy & Performance Lead Specialist
 Telephone: 01303 853438
 Email: adrian.tofts@folkestone-hythe.gov.uk

Appendices:

- Appendix 1: Corporate Risk Register (6 December 2023)
 Appendix 2: Risk Matrix (6 December 2023)

Link to Corporate Plan	Risk ID	Risk Name	Chief Officer	Risk Owner	Risk Description and Triggers	Actions in place	Current Score			Mitigation scheme	Proposed Actions	Timeframe	Target			Direction of Travel	Key Controls / Sources of Assurance
							Likelihood	Impact	Total				Likelihood	Impact	Total		
All Priorities	C1	Organisational Capacity	Andrina Smith (Chief Officer HR)	Susan Priest (Chief Exec); 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, Environmental Health, Finance & Building Control . Particular concern over Building Control with key staff having retired due to retire alongside 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. Capacity proposals agreed by Cabinet in 2024 to address strategic projects capacity. 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.	3	4	12	Treat	<p>Ongoing work of OD focusing on succession planning, will now work closely with services to prevent gaps arising from retirements. Work with key contractors to gain further assurance on Business Continuity Plans. Additional promotional work with local schools, universities and local job fairs to highlight entry points / range of career opportunities within the council. Workforce development strategy and plan to be developed alongside an updated People Strategy towards the towards the start of 2024/25, end of 2023/24. 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. Review of market supplements that may be needed to attract away / prevent staff from joining the private sector. Enhanced monitoring of sickness to be undertaken so any increase in staff absences is apparent and can be effectively managed.</p> <p>Organisational 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.</p>	Ongoing	2	2	4	↑	Whole organisation listening exercise 'Taking Stock' has provided data and insight into pressures, systems and transformation review.
All Priorities	C2	Delivery of Otterpool Park	Samuel Aigbe (Chief Officer, Development)	Ewan Green (Director of Place); 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 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	<p>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 OSC 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 put in place to ensure that delivery actions and decisions are identified and monitored on a regular basis. 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 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.</p>	Strategic direction agreed Q3 2023. LLP Delivery Plan in place Q3 2023-Q4 2025.	3	3	9	↑	Local Partnerships governance review. The Council 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, Joint Risk Register, Council Capital Medium Term Financial Strategy and Capital Strategy monitored. 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)	Ewan Green (Director of Place); Cllr Jim Martin (Leader)	Resolution to Grant Planning Permission achieved in April 2023 and related S106 agreement being progressed. The PP can only be issued once the S106 is agreed. It is highly unlikely that planning permission will be issued in 2023. End of Q1 2024 at the earliest. Delay in S106/OPP will result in delay to the start of housing delivery and undermine 5 year housing land supply. Key issue is that a range of partners and landowners require to agree to enter into the S106 agreement. Currently the LPA is not resourced to accommodate the volume of work likely to be generated via the tiered planning applications that OP will generate and if not addressed this will undermine project delivery, financial return and 5 year housing land supply. Need KCC & HE to sign S106 - both have long lead in times of 6 months minimum. 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.	Structure and main components of the S106 are drafted. LPA in regular meetings with KCC, HE and LLP in order facilitate the agreement. LPA have dedicated legal team in place. Chief Planning Officer has identified staffing resource required by the LPA to ensure the S106, planning conditions and tiered 2 & 3 applications can be managed effectively. 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 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	<p>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.</p>	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.

Page 3

Link to Corporate Plan	Risk ID	Risk Name	Chief Officer	Risk Owner	Risk Description and Triggers	Actions in place	Current Score			Mitigation scheme	Proposed Actions	Timeframe	Target			Direction of Travel	Key Controls / Sources of Assurance
							Likelihood	Impact	Total				Likelihood	Impact	Total		
All Priorities	C4	Medium Term Financial Strategy Uncertainty of Future Funding	Ola Owolabi (Chief Officer Finance)	Lydia Morrison (S151 Officer); 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 for the 2023/24 budget with the promise of new policy guidelines for 2024/25 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 attending briefings on future local government funding. Updated Medium Term Financial Strategy (MTFS) was considered by O&S/Cabinet/Council in November outlining scale of medium term gap. S151 Officer is part of Kent Finance Officers' Group. Regular updates provided to Members on the current year position. MTFS position 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.	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. 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. A review of inflationary pressures across the council is underway to assess impact and options. The aim of the review is to bring about financial stability whilst investing in organisational change and improvement. In order to do this, 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 reduction, 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 Aligbe (Chief Officer, Development)	Andy Blaszkowicz (Housing & Operations Director) and Samuel Aligbe (Chief Officer Development); CLT; Cllr Rebecca Shoob (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 changed 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	9	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 is due to be 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.
Page 44 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 and Law)	Susan Priest (Chief Exec); 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) Bill (LURB), 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 five-year housing land supply position the council is likely to 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 East Kent authorities to help meet some additional requirements arising from Levelling-up and Regeneration Act LURB (design codes).	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, local communities beyond ability to cope.	Andrew Rush (Chief Officer, Place and Regulatory); S151 Officer. (Supported by Jyotsna Loney (Health, Wellbeing and Partnerships Senior Specialist).	Susan Priest (Chief Exec); 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 DLUHC 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 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. Corporate Governance Board of Chief Officers has been established and meets regularly to address risk and performance management.	3	3	9	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 being produced. The District Food Network continues to support with other food projects. Additional burden from the cost of living crisis (eg deteriorating mental health, etc) is being addressed through signposting to support and networks looking at additional actions needed. District food network actions and UKSPF additional projects being planned.	Ongoing	3	2	6	➔	UKSPF Monitoring, District Food Network minutes, community hub check in calls, Welfare Team HSF returns.

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All Priorities	C8	Full implications and strategic future of Princes Parade remains unclear.	Samuel Aligbe (Chief Officer, Development) Ola Owolabi (Chief Officer Finance).	Susan Priest (Chief Exec); Lydia Morrison (S151 Officer); Andy Blaszkowicz (Housing & Operations Director); 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. 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.	4	3	16	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. <u>Liaison with procurement to ensure best contractor and value for money is achieved for the removal of hoarding and the erection of the fencing.</u>	Ongoing	3	3	9		
SA2: A thriving environment Page 4/5	C9	Failure to achieve Carbon Neutral ambitions by 2030	Ola Owolabi (Chief Officer Finance) Adrian Tofts (Strategy, Policy & Performance Lead Specialist)	Lydia Morrison (S151 Officer); Amandeep Khrouf, Assistant Director - Governance, Law and Service Delivery Cllr Stephen Scoffham (Climate, Environment and Bio-diversity)	Council resolution to commit to reduce the Council's estate and operations to zero net carbon 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.	4	3	12	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. 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	→	<u>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.</u>
SA4: Quality homes and infrastructure	C10	Housing deliverability - 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 (Housing & Operations Director); 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	4	12	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. <u>Resources recruiting to vacant posts. SHDF Wave 2 funding agreed 2 years. HRA Business Plan to determine priority of spend level of retrofit against planned works over next 7 years (and beyond). Ensure priority spend level for further Waves of SHDF and review potential for sustainable generation and the potential central government support funding. The HRA Business Plan 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.</u>	2022/23 - Ongoing	2	3	6	→	
SA2: A thriving environment	C11	Waste Collection and Street Cleansing Disruption	Andrew Rush (Chief Officer, Place and Regulatory)	Ewan Green (Director of Place); 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. Volume of unacceptable littering behaviour. 7. 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 DDC 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 DCC and the Kent Resources Partnership.	2	3	6	Treat	<u>Continue the relevant actions as set out in 'Actions In Place'. Address short term actions arising from EKAP Waste Service Audit. Targeted communications. 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).</u>	Ongoing	2	2	4	↕	<u>1. Monthly Operations Meeting with Contractor. 2. Monthly Contract Report including KPI update. 3. Audit follow-up report.</u>

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All Priorities	C12	Cyber Threat	Steve Makin and Steve Weakley	Lydia Morrisson (Section 151 Officer); 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. Council made a bid for DLUHC grant funding for improving cyber security and awarded £125k. A plan is being developed to make best use of this grant. 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.	Ongoing	3	2	6	↑	
All Priorities	C13	Economic Climate	Ola Owolabi (Chief Officer Finance)	Lydia Morrisson (Section 151 Officer); 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 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 also rising 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 Local Government settlement. Pay and price negotiations are on-going with suppliers and in respect of pay awards. The 2023 Autumn Statement is expected on 22 November 2023, which will confirm government direction, CPI, inflation, fiscal policies issues 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 Provisional Local Government settlement to help Councils balance their budgets. Further updates regarding the economic climate are expected during the Autumn Statement in November 2023, which will confirm the CPI inflation data that will inform future budget decisions. Additional information will also be provided by the Council Treasury Management advisor (Arlingclose) about market and general economic climate.	Ongoing	3	3	9	↑	Robust assurance in place through the treasury management activities and regular economic updates from the Council. 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.
SA4: Quality homes and infrastructure, SA2: A thriving environment	C14	Levelling Up Fund Folkstone	Rod Lean (Chief Officer, Place and Growth)	Ewan Green (Director of Place) Andy Blaszkowicz (Director of Operations and Housing); 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.	The project has started ahead of the funding agreement. FHDC and KCC have procured the design consultant for the highways aspects of the scheme. FHDC have also procured the Folca element of the Levelling Up Fund (LUF). 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 fulfills the original design brief whilst remaining within the budget. All project management documents and processes have been prepared and implemented.	2	4	8	Treat	Memorandum of Understanding has been signed by DLUHC and FHDC. A clear governance structure has been implemented. A delivery agreement with KCC is being finalised. 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.	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.
SA1: Positive community leadership	C15	Sports and Leisure Provision in the District	Andrew Rush (Chief Officer, Place and Regulatory)	Ewan Green (Director of Place); Andy Blaszkowicz (Director of 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 have 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. Worked carried 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	→	

Page 4/6

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SA1: Positive community leadership	C16	Fraud and Corruption	Amandeep Khroud (Assistant Director, Governance and Law)	Lydia Morrison (S151 Officer); Amandeep Khroud (Monitoring Officer); 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 in place. Annual staff training available. <u>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.</u> Dedicated and trained Council Fraud Investigator. Work undertaken to review NFI data which provide additional checks to identify fraudulent claims and identify fraud. Robust system controls tested regularly.	3	2	6	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.

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Likelihood	Very Likely (4)			C9 - Carbon Neutral Ambitions C13 - Economic Climate C15 - Sports and Leisure Provision	C4 - Medium Term Financial Strategy Uncertainty C8 - Princes Parade C12 - Cyber Threat
	Likely (3)		C16 - Fraud and Corruption	C5 - Delivery of Affordable Homes C7 - Cost of Living Pressures C8 - Princes Parade <u>C11 - Waste Collection</u>	C1 - Organisational Capacity C2 - Delivery of Otterpool Park C3 - Otterpool Park Planning and Place C10 - Housing Deliverability
	Unlikely (2)			C11 - Waste Collection	C6 - Organisational Non-compliance C14 - Levelling Up Fund Folkestone
	Rare (1)				
		Minor (1)	Moderate (2)	Significant (3)	Severe (4)
	Impact				

Key to colour coding

	Extreme risk
	High risk
	Moderate risk
	Low risk
	Very low risk

Items shown in red ~~struck-through~~ are deleted from the previous version.
Items shown in red underlined are additions from the previous version.

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This Report will be made public on 28 November 2023



Report Number **AuG/23/17**

To: Audit and Governance Committee
Date: 6 December 2023
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 30th September 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/23/17.
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 two 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 three audit reports completed during the period. These have been allocated assurance levels as follows: two Reasonable and one Reasonable / Limited assurance. Summaries of the report findings are detailed within Annex 1 to this report.

3.2 In addition six 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 30th September 2023 145.98 chargeable days were delivered against the planned target for the year of 350 days, which equates to achievement of 41.71% 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 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 30th September 2023.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of Recs.	
2.1	Tenancy & Estate Management	Reasonable	Critical High Medium Low	0 1 3 0
2.2	Regulation of Investigatory Powers Act	Reasonable	Critical High Medium Low	0 4 3 2
2.3	Independent Living	Reasonable / Limited	Critical High Medium Low	0 3 6 5

*For Assurance and Recommendation priority definitions see Annex 5

2.1 Tenancy & Estate Management – Reasonable Assurance

2.1.1 Audit Scope

To review two of the regulatory housing standards covering the Tenancy Standard and the Neighbourhood & Community standard which the Council should be complying with.

2.1.2 Summary of Findings

Neighbourhood Management officers are responsible for the management of all tenancies in general needs accommodation within all of the Council's housing stock and estate areas across the whole of the district.

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

- Suitable information is readily available to potential and current tenants regarding their potential or actual tenancy including, offers of tenancy, tenancy types and tenancy management policies.
- The Council publishes clear and accessible policies which outline its approach to tenancy management, including interventions to sustain tenancies and prevent unnecessary evictions, and tackling tenancy fraud.
- Where changes are required to be made to tenancy agreements, those changes are made in good time. Testing of a sample of 20 changes made to tenancies identified that all changes had been accurately made with no errors being identified in the sample tested.
- The availability of tenancy mutual exchanges is well advertised. Sample testing of 5 mutual exchanges completed since April 2023 identified that all had been completed within the 42-day statutory deadline and in accordance with relevant procedures.
- Block inspections are being undertaken on a quarterly basis and being well documented using the Photobook system. Where issues are identified as part of the block inspection process, suitable action is being taken by officers to rectify those issues in good time and in accordance with approved internal procedures.
- Good procedures were found to be in place to monitor and manage the contract for the cleansing of internal communal areas.

Some scope for improvement was however identified in the following areas:

- The Council does not currently have a published policy in place relating to the neighbourhoods and community standards or how it intends to make improvements to communal areas.
- There is no Service Level Agreement in place specifying the level of service to be provided in return for the annual payment of £459,130 which the Housing Revenue Account pays to the Grounds Maintenance service.
- Meetings between the Neighbourhood Management and Grounds Maintenance officers to review the service being provided are not minuted.

2.2 Regulation of Investigatory Powers Act – Reasonable Assurance

2.2.1 Audit Scope

To ensure that the Council complies with all legislation and guidance in respect of the Regulation of Investigatory Powers Act 2000 (RIPA), which regulates covert investigations by "public bodies" and provides a framework within which

the "State" (the specified public bodies) can work to ensure that law enforcement and other important functions can effectively protect society as a whole.

2.2.2 Summary of Findings

The Regulation of Investigatory Powers Act 2000, or 'RIPA' as it is commonly known, governs the use of covert surveillance by public bodies. In order to demonstrate compliance with the act the Council has in place a RIPA policy and Non-RIPA policy. These document the procedures staff have to follow to apply for authorisation when carrying out investigations that may use covert methods of evidence gathering.

Since 2006 there have been 27 authorisations made with the last one being applied in the fiscal year of 2012-13. Due to the retention of documentation being in line with Home Office Guidance of 5 years there has been no data to undertake a procedural check. However, it should be noted that the Investigatory Powers Commissioners' Office (IPCO) undertake inspections of the Council's RIPA process to ensure they are legislative compliant, the latest inspection was undertaken in 2020 and concluded the Council as being fully compliant, previous inspections were undertaken in 2010 and 2016.

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

- Up to date and approved policies and procedures are in place for RIPA and Non-RIPA.
- Systems and processes have been reviewed by the Investigatory Powers Commissioners' Office (IPCO).
- Compliance with legislation is occurring when releasing information to the public.
- Training is being managed and monitored for both authorising and applying officers.

Scope for improvement was however identified in the following areas:

- The associated procedures for the CCTV systems in place and in use by Housing and the body worn cameras in use by Environmental Enforcement require a review to ensure their compliance with the RIPA and Non-RIPA policy and legislation. They should further be disclosed to the IPCO at the next inspection.
- The RIPA process requires a risk assessment which is to be detailed via the service risk registers.
- The service retention schedule needs to be updated to include the RIPA and Non-RIPA processes.
- Management reporting for Non-RIPA approvals to members needs to be considered to add a layer for scrutiny and challenge, especially as the judicial approval process is not required for these approvals. It should be

noted that there have been no applications for this type of approval during the period of review.

- The IPCO report, its findings and recommendations should be reported to members along with any proposed actions to implement these recommendations so that they are managed and monitored. The webpages need to be updated to include the latest IPCO report which occurred in 2020 to maintain openness and transparency.

2.3 Independent Living – Reasonable / Limited Assurance

2.3.1 Audit Scope

To review the Council's Independent Living arrangements controls and documentation surrounding the Independent Living Officers' responsibilities to assist residents living in Independent Living Schemes promoting independence rather than creating dependency.

2.3.2 Summary of Findings

There are 23 schemes, comprising of 618 accommodation units which are managed on a day-to-day basis by six Independent Living Officers (ILOs). Each scheme has a designated ILO, with each managing 2 – 5 schemes based on hours worked and number of units. There have been issues with staff resource over the last year or so. The ILOs are managed by 2 Team Leaders who report to the Tenant Engagement & Wellbeing Senior Specialist.

Management can place Reasonable Assurance on the day-to-day management of the Independent Living Schemes; however only Limited Assurance can be placed on the maintaining up to date individual tenant wellbeing plans.

The primary findings giving rise to the Reasonable Assurance opinion in the area of day-to-day management of schemes are as follows:

- General health and safety checklists are completed weekly by the ILOs, the outcome of which are recorded for each scheme; and ILOs are competent at completing these checks.
- Tenants are provided with suitably detailed and appropriately worded information on their responsibilities and what services the ILO can and more importantly cannot provide.
- Wherever practical, suitable checks are undertaken on potential residents to confirm that living in an Independent Living Scheme meets their current needs.
- Work programmes to make the Independent Living Schemes ready for the digital phone switchover are in place and are expected to be complete in advance of the digital switchover.

The primary finding giving rise to the Limited Assurance opinion in the area of maintaining up to date individual tenant wellbeing plans is due to the volume currently significantly out of date.

Further scope for improvement was also identified in the following areas:

- Service charges should cover the costs incurred by the Council in providing those services.
- Scooter battery PAT test certificates must be up to date for those tenants renting scooter storage.
- For Scooter storage hire rent accounts must be set up promptly when keys are handed to the tenant.
- Clarification of expectations when placing residents in Independent Living Schemes is needed, to ensure an appropriate balance is in place to maintain the provision of a thriving Independent Living Service that supports residents' quality of life and ensures they feel secure and safe in their homes.
- Officers must ensure that their mandatory learning is kept up to date.

Management response:

The Independent Living team have taken note of the audit report and its recommendations, and we remain committed to continuous service improvement. The fourteen actions were issued in August and five of them have already been completed, including: reminding all ILOs to record all fire drills; providing temperature probes for ILOs to accurately check water temperatures as part of their weekly health and safety checks; and ensuring all missing scooter store rent accounts are set up on the NEC housing system.

We recognise that the completion of annual wellbeing plans with residents is behind schedule and as noted in the report, this is largely due to the team being short staffed for much of this year. However, performance has improved in this area, from 55% of plans completed in August to 67% completed by the end of October, and we are confident that we will achieve 100% by January. The team are also focusing on reviewing Personal Emergency Evacuation Plans (PEEPs) to ensure residents who require a PEEP can safely evacuate their homes in the event of an emergency. (Chief Officer - Housing).

FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.1 As part of the period's work six 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

Service/ Topic	Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding
a) Creditors	Substantial / Reasonable	Substantial	Critical	0	0
			High	1	0
			Medium	2	0
			Low	0	0
b) Complaints Sampling	Reasonable	Substantial	Critical	0	0
			High	0	0
			Medium	0	0
			Low	5	0
c) Homelessness	Reasonable	Reasonable	Critical	0	0
			High	2	2
			Medium	4	2
			Low	5	0
d) Car Parking Income	Substantial / Limited	Substantial / Reasonable	Critical	0	0
			High	7	0
			Medium	0	0
			Low	0	0
e) Contract Management – Governance & Controls	Limited	Reasonable	Critical	0	0
			High	10	1
			Medium	0	0
			Low	0	0
f) Housing Planned Maintenance - Contracts	No	Reasonable	Critical	2	0
			High	12	0
			Medium	0	0
			Low	0	0

*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; Budgetary Control; Employee Health & Safety; Environmental Protection; CIL Scheme, and Recruitment & Leavers. Scheduled work to commence shortly also includes planning for the Otterpool Park LLP Governance review, the detailed scope for the review scheduled for quarter 4 will be drafted as a result of the planning time. EKAP have received the Action Plan and it will be monitored / reported as part of the EKAP workplan.

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 30th September 2023 145.98 chargeable days were delivered against the planned target for the year of 350 which equates to achievement of 41.71% 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 30th September 2023 against the 2023-24 Audit plan.
- Appendix 4 Assurance Definitions.
- Appendix 5 Balanced Scorecard to Quarter 1.

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.
Homelessness		
<p>The process of paying rent in advance and deposits to enable homeless clients in temporary accommodation to move into private secure tenancies should be formalised and approved to ensure that eligibility for these payments and the decision to recover or not recover the monies is clear, fair and transparent.</p>	<p>A prevention document is completed by the requesting officer each time payments are sought, which includes consideration of a client's income/expenditure and ability to pay a loan without compromising a new tenure. However, the Housing and Inclusion Manager will set out a new procedure document to formalise this process further.</p> <p>Note: Discretionary Housing Payments are sought and set against, the expenditure, resulting in a commercial gain in many instances. Loan agreements are set up as a Sundry Debt, including invoices authorised by the Housing and Inclusion Manager, with Sundry Debt Team managing and monitoring the repayments.</p> <p>Proposed Completion Date 30 April 2023 Responsibility Housing and Inclusion Manager</p>	<p>The procedure/information sheet for this is being updated and will be made available on the Council's website by the 30/11/2023.</p> <p>Outstanding with Intent to Action with a revised completion date of 30/11/2023.</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>The Housing Inclusion Manager must ensure that the procurement of temporary accommodation from private providers complies with the Council's Contract Standing Orders (CSOs). In the case of temporary accommodation for homeless in priority need as a:</p> <ul style="list-style-type: none"> • statutory function, • with suitable accommodation to meet individual case needs being required expediently with often limited availability amongst providers, <p>it is likely that a waiver or similar authorised dispensation from CSOs be required. Advice should be sought from the Procurement Team.</p>	<p>Agreed. The Housing Inclusion Manager is liaising with the Procurement Team and Waivers forms are being completed.</p> <p>Proposed Completion Date 31 March 2023</p> <p>Responsibility Housing and Inclusion Manager</p>	<p>The Housing and Inclusion Manager (HIM) had forwarded waiver requests to the Procurement Team some weeks back, but at this time they have not been progressed.</p> <p>Following the Housing Lead Specialists (HLS) discussions with the Procurement Team, the following actions have been agreed:</p> <ul style="list-style-type: none"> • In the next 2 weeks the HLS will review the waivers submitted by the HIM. • The HLS will review the information provided on the types of temporary accommodation (TA) used. • Procurement will then seek to provide a waiver for TA usage until April 2024 of next year. • Between now and April, we will work with Procurement to put a longer-term procurement process in place for TA. • Procurement have suggested we have some form of framework to choose our suppliers from and the HLS will be working with them on this. <p>Partially implemented.</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.
Contract Management – Governance & Controls		
Officers involved in procuring goods, supplies and services should be reminded of the need to keep the Contract Register up to date as new contracts above £5,000 are put in place.	Reminders to be sent to staff. Message to be incorporated into staff training (both CSO and Contract Management). Proposed Completion Date January 2023 Responsibility Procurement / S151	Findings The requirement to keep the Contract Register up to date was included in the Procurement training provided in March 2023. Testing was undertaken on a sample of 40 suppliers with spend in excess of £5,000 in the period April to September 2023 meaning that there should be an entry on the contract register with the supplier. From the 40 suppliers tested, only 21 were included on the Contract Register which means that despite training having been provided to officers which included a requirement to add contracts above £5,000 to the Contracts Register, officers are continuing to not do so which means that the Council needs to take additional steps to ensure better compliance with the requirement under CSOs to publish all contracts above £5,000. Recommendation Partially Implemented, but the control is not working consistently.

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS YET TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Employee Benefits in Kind	July 2023	Reasonable / Limited	Work in progress
Housing Tenancy Fraud	July 2023	Limited	April 2024
Contract Management of Waste Collection & Street Cleansing	September 2023	Reasonable / Limited	January 2024

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

Review	Original Planned Days	Revised Planned Days	Actual To 30/09/2023	Status and Assurance level
FINANCIAL SYSTEMS:				
Budgetary Control	10	10	7.34	Work in progress
Business Rates	10	10	0.07	Quarter 3
Capital – General Fund	10	10	6.34	Work in progress
Creditors Duplicates Testing	2	2	0.37	Quarter 4
Housing Benefit Subsidy	10	10	0.07	Quarter 3
Miscellaneous Grants	10	10	-	Quarter 4
HOUSING SYSTEMS:				
Anti-Social Behaviour	10	10	0.24	Quarter 3
Housing Capital	10	10	0.09	Work in progress
Housing Contract Letting	10	10	4.40	Work in progress
Housing Allocations	10	10	0.07	Quarter 4
New Build Capital	10	0	0.03	Deferred
Rechargeable Works	10	10	-	Quarter 3
Rent Setting	10	10	-	Quarter 3
Independent Living	10	11	11.33	Finalised – Reasonable / Limited
Tenancy & Estate Management	10	10	6.10	Finalised - Reasonable
GENERAL FUND HOUSING				
Leaseholders' Services	10	10	0.07	Quarter 4
HMO's	10	10	0.07	Quarter 3
INFORMATION GOVERNANCE				
Freedom of Information	10	10	-	Quarter 4
TECHNOLOGY / CYBER:				
ICT Review	10	10	-	Quarter 4
CORPORATE GOVERNANCE:				
Otterpool Park Governance	10	10	0.57	Quarter 4
Financial Procedure Rules	5	6	6.84	Finalised - Reasonable
RIPA	4	5	5.59	Finalised - Reasonable
SERVICE LEVEL				
Climate Change	4	4	0.11	Quarter 3
Employee Health & Safety	10	10	0.59	Work in progress
Environmental Protection	10	10	0.61	Work in progress

Review	Original Planned Days	Revised Planned Days	Actual To 30/09/2023	Status and Assurance level
Folkestone Community Works	10	7	7.69	Finalised - Substantial
CILs	10	10	9.41	Work-in-Progress
Waste Collection & Street Cleansing	15	12	12.31	Finalised – Reasonable / No
HUMAN RESOURCES:				
Payroll	10	10	0.07	Quarter 4
Recruitment & Leavers	10	10	0.14	Quarter 3
OTHER:				
Committee Reports & Meetings	10	10	7.33	Ongoing
S.151 Meetings & Support	10	10	6.90	Ongoing
Corporate Advice / CMT	5	5	4.51	Ongoing
Liaison with External Audit	1	1	-	Ongoing
Audit Plan Prep & Meetings	10	10	2.99	Ongoing
Follow Up Reviews	14	15	15.38	Ongoing
Complaints Sampling	0	6	6.31	Finalised – N/A
Elections	0	1	1.41	Completed – N/A
LUF Grant	0	11	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	6.31	Finalised - Reasonable
Procurement Secondment	7	7	7.50	Finalised – N/A
Procurement Matters	1	1	0.93	Finalised – N/A
Total	350	350	145.98	41.71%

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 2		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	36.71%	50%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	51.90%	50%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	47.27%	50%			
FHDC	41.71%	50%			
EKS	44.34%	50%			
Overall	44.91%	50%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	28	-			
<ul style="list-style-type: none"> • Not yet due 	44	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	18	-			
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 2		Quarter 2		
Number of Satisfaction Questionnaires Issued;	36		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	11		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 31 %		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	2.21	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 28 November 2023



Report Number **AuG/23/18**

To: Audit and Governance Committee
Date: 6 December 2023
Status: Non-Key Decision
Corporate Director: Lydia Morrison – Interim Director Governance and Finance

Subject: Grant Thornton Audit Plan for the Year Ended 31 March 2023

Summary:

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.

Reasons for recommendations:

The Committee is asked to agree the recommendation below to enable Grant Thornton to carry out their work in line with the plan.

Recommendations:

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

1. INTRODUCTION

- 1.1 Grant Thornton has recently concluded their risk assessment. They have now produced their Audit Plan for the Statement of Accounts audit for 2022/23, which includes an update on audit fees chargeable.
- 1.2 The full report is set out at Appendix 1. A representative from Grant Thornton will be attending the meeting to present the Audit Plan and answer Members' questions.

2. KEY MILESTONES AND DEADLINES

- 2.1 The completion of the 2022/23 Statemen of Accounts audit date by Grant Thornton is currently being finalised, and this expected to be around February 2024. The statutory requirement is to complete the external audit work and issue the audit opinion and value for money conclusion by 30 September, which is in line with the Audit (Amendment) Regulations.
- 2.2 A copy of the full plan is attached at Appendix 1.

3. FEES

- 3.1 Fees of £72,404 are proposed for the audit of the financial statements, which is a reduction from the previous year's fees of £93,553.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

There are no additional legal comments arising from this report.

4.2 Finance Officer's Comments (OO)

There are no financial implications arising directly 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.

Ola Owolabi, Chief Financial Services Officer
Telephone: 01303 853728, or Mobile: 07731 347103
Email: ola.owolabi@folkestone-hythe.gov.uk

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

- None

Appendix:

1. Grant Thornton Audit Plan 2022/23.

Folkestone & Hythe District Council Indicative audit plan

Year ending 31 March 2023

December 2023



Contents



Your key Grant Thornton team members are:

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Section	Page	
Key matters	3	The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
Introduction and headlines	5	
Significant risks	7	
Other risks	11	
Group audit scope and risk assessment	12	
Other matters	13	
Progress against prior year recommendations	14	
Our approach to materiality	16	
IT audit strategy	18	
Value for Money arrangements	19	
Audit logistics and team	20	
Audit fees	21	
Independence and non-audit services	24	
Communication of audit matters with those charged with governance	25	

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Key matters



National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, are pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on spending controls, which in turn place pressure on public services to manage within limited budgets.

Local government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, higher agency costs and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households' long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions and measures like increasing the supply of affordable housing, integrating skills and employment provision, and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on bodies to keep delivering services, whilst managing transformation and making savings at the same time.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

Audit reporting delays

In a report published in January 2023 the NAO highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outlines a number of reasons for this and proposed actions. In July 2023, we issued the publication [About time?](#), which explored the reasons for the delayed publication of audited local authority accounts. In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.

Key matters



Our responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in this audit plan.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency, and effectiveness.
- We have followed up on the 3 internal control and financial statement issues raised in 2021-22 as shown on pages 14 and 15. We will also follow up on the key and improvement recommendations raised in the 2021-22 Auditor's Annual Report and report progress against agreed actions in our 2022-23 Auditor's Annual Report.
- We will continue to provide you with sector updates providing our insight on issues from a range of sources and other sector commentators via our audit committee update reports.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Folkestone & Hythe District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office (the NAO) has issued a document entitled Code of Audit Practice (the Code). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Folkestone & Hythe District Council. We draw your attention to both of these documents.

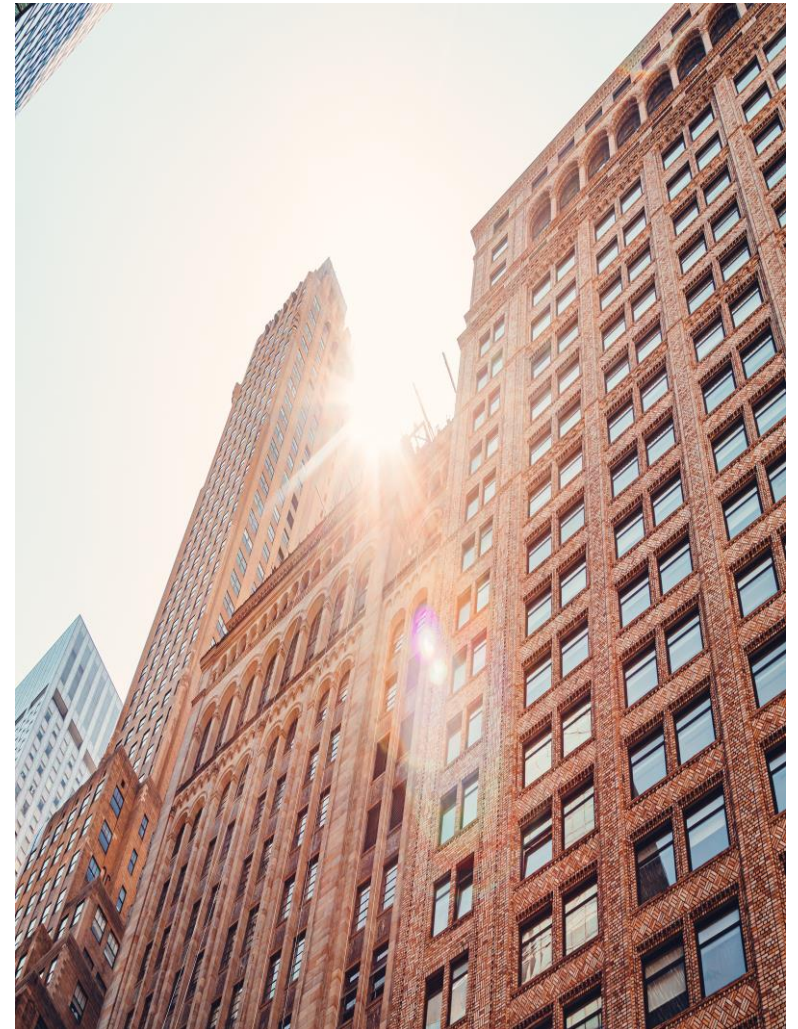
Page 79

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council [and group]'s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and we consider whether there are sufficient arrangements in place at the Council [and group]'s for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The revenue cycle includes fraudulent transactions (rebutted)
- Management override of controls
- Valuation of the pension fund net liability
- Valuation of land and building including council dwellings and investment property
- Level 3 financial assets and liabilities

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group audit

The Council is required to prepare group financial statements that consolidate the financial information of Opportunitas Limited, Otterpool Park LLP, and Otterpool Park Development Company Ltd.

Materiality

We have determined planning materiality to be £2.194m (PY £1.834m) for the group and £2.188m (PY £1.815m) for the Council, which equates to 2% of your draft gross operating costs for the 2022-23 year.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.109m (PY £0.090m).

Value for Money (VFM) arrangements

At the time of writing, our risk assessment regarding your arrangements to secure VFM is ongoing. In 2021-22 we identified a significant weakness in relation to a breach in the Council's Contract Standing Orders. We will follow up on this significant weakness in our VFM work for 2022-23 and at this stage have not identified any additional risks of significant weaknesses in your arrangements. We will report any changes to our risk assessment to the Audit and Governance Committee.

New auditing standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

Audit logistics

The accounts audit is planned to take place between December to February 2024. Our key deliverables are this Audit Plan, our Audit Findings Report and the Auditor's Annual Report.

Our proposed fee for the audit will be £72,404 (PY: £93,553) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council	<p>Under ISA (240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and nature of the revenue streams at Folkestone & Hythe District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Folkestone & Hythe District Council, mean that all forms of fraud are seen as unacceptable. <p>We do not consider this to be a significant risk for Folkestone & Hythe District Council.</p>	
Management over-ride of controls	Group and Council	<p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities. The Council faces external scrutiny of your spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals. • Analyse the journals listing and determine the criteria for selecting high risk unusual journals. • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. • Ggain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence. • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement. We have pinpointed this significant risk to the actuary assumptions applied by the professional actuary in their calculation of the net liability, noting that the impact of the Local Government Pension Scheme in 2022 triennial valuation will impact the Council's 2022-23 pension fund net liability.</p> <p>We have concluded that there is not a significant risk of material misstatement due to the source data used by the actuary in their calculation. We will reconsider this if it becomes apparent at the year-end that there are significant special events relating to the source data (such as bulk transfers, redundancies or other significant movements of staff) which would need to be given special consideration during the audit. Despite not being considered a significant risk we still carry out testing and consideration of the source data to obtain sufficient and appropriate audit evidence that there is no material misstatement.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls. • Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work. • Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation. • Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability. • Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. • Obtain assurances from the auditor of Kent County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings, including council dwellings and investment properties	Council	<p>The Council has the following types of properties that are valued:</p> <p>Other land & buildings: The Council re-values its land and buildings on a rolling five-yearly basis.</p> <p>Council dwellings: The Council measures its dwellings at fair value, determined using the basis of existing use value for social housing and is revalued on a cyclical approach using the Beacon methodology.</p> <p>Investment properties: The Council re-values its investment properties on an annual basis at fair value.</p> <p>The valuation of land and buildings, council dwellings and investment properties represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimates to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for investment properties) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, including council dwellings and investment properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert. • Write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met. • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation. • Test revaluations made during the year to see if they had been input correctly into the Council's asset register and financial statements. • Test a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and truly representative of other Beacon properties within that Beacon group. • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Level 3 financial assets and liabilities	Council	<p>The Council has reviewed its fair value of the finance assets, as part of the IFRS 9 assessment in preparing the draft accounts, and concluded that the soft loans for private sector housing improvement purposes and the equity investment in Oportunitas Ltd are level 3 assets.</p> <p>By their nature level 3 asset and liability valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 financial assets and liabilities, by their very nature, require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>We therefore identified valuation of level 3 financial assets and liabilities as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Gain an understanding of the Council’s process for valuing hard to value financial assets and liabilities evaluate the design of the associated controls. • Review the nature and basis of estimated values and consider what assurance management has over the year-end valuation provided for the assets and liabilities. • Consider the competence, expertise and objectivity of any management experts used. • Challenge management about the disclosure of the level 3 financial assets. • Consider whether we need to engage our own valuer to assess the assumptions that underpin the level 3 asset valuations.

Other risks

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Fraud in expenditure recognition	Council	<p>As most public bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition.</p> <p>There is a risk the Council may manipulate expenditure to that budgeted by under-accruing non-pay expense incurred during the period or not record expenses accurately to improve financial results.</p> <p>In line with the Public Audit Forum Practice Note 10, having considered the risk in relation to fraud in expenditure recognition and the nature of the Council's expenditure streams, we determine that the risk of fraud arising from expenditure can be rebutted because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate expenditure recognition. • Opportunities to manipulate expenditure are very limited. • The culture and ethical framework of local authorities, including Folkestone & Hythe District Council, mean that all forms of fraud are seen as unacceptable. <p>However, we have identified that due to the level of estimation involved in manual accruals of expenditure, and the potential volume of large accruals at year-end, there is an increased risk of error in the completeness of expenditure recognition.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period. • Inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year-end. We will also compare size and nature of accruals at year-end to the prior year to help ensure completeness of accrued items. • Investigate manual journals posted as part of the year-end accounts preparation that reduce expenditure, to assess whether there is appropriate supporting evidence for the transaction.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Folkestone & Hythe District Council	Yes		See risks identified on pages 7 to 11.	Full scope audit performed by Grant Thornton UK LLP.
Oportunitas Limited	Yes		None	Review of financial information and analytical review performed by Grant Thornton UK LLP.
Otterpool Park LLP	Yes		None	Review of financial information and analytical review performed by Grant Thornton UK LLP.
Otterpool Park Development Company Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.

Page 86

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2022-23 financial statements, consider and decide upon any objections received in relation to the 2022-23 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act.
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Progress against prior year audit recommendations

We identified the following issues in our 2021-22 audit of the Group and the Council's financial statements, which resulted in 3 recommendations being reported in our 2021-22 Audit Findings Report. We have followed up on the implementation of our recommendations and all 3 are still to be addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Ongoing	<p>Debtor and creditor opening balances As part of our debtor and creditor work in 2021-22, we noted that there were several opening balances that were not valid for the period under audit.</p> <p>Recommendation The Council should ensure that brought forward debtor and creditor balances only include valid transactions, relevant to the financial year.</p>	We will review the progress during the 2022-23 audit and report in our Audit Findings Report.
Ongoing	<p>Cleansing of the fixed asset register As part of our review of the fixed asset register in 2021-22, we identified vehicle, plant and equipment assets with a nil net book value (NBV) that had a total historic cost of £7.7m, with an offsetting balance of £7.7m of accumulated depreciation. The balance sheet records the net book value and is correct.</p> <p>The Council's depreciation policy would indicate that the assets held at nil NBV are no longer in use. Good practice would require these assets to be written out of the fixed assets register or re-lifed if they are still operational.</p> <p>Recommendation The Council should co-ordinate a review of all assets held at nil net book value and write out those assets which are no longer in use. Any assets that remain in use should be reviewed to establish the appropriate value and useful economic life.</p>	We will review the progress during the 2022-23 audit and report in our Audit findings report.

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Ongoing	<p>HRA – Componentisation</p> <p>As part of our 2020-21 HRA valuation work, we noted that management has written out £4.3m of capital expenditure works (i.e. kitchen and bathroom replacements) as impairment instead of componentising each part of the assets with the cost that should be depreciated separately. That is to say, management will need to write out the old components from the gross book value and the accumulated depreciation before adding on the new component for year-end valuations.</p> <p>Recommendation</p> <p>Management should componentise each part of the assets with the cost that should be depreciated separately.</p>	<p>We will review the progress during the 2022-23 audit and report in our Audit Findings Report.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. Materiality at the planning stage of our audit is £2,187,800 (PY £1,815,000), which equates to 2% of your draft gross expenditure for the period.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes; and – assist in evaluating the effect of known and likely misstatements in the financial statements.
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none"> – We have identified senior officer remuneration (including termination benefits) as a balance which is material by nature, as these are considered sensitive disclosures.
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Governance Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the group and the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £109,400 (PY £90,800). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

	Amount	Qualitative factors considered
Materiality for the Group's financial statements	£2,194,300	We have determined financial statement materiality for the Group and Council based on a proportion of the gross expenditure for the Group and Council respectively the year ended 31 March 2023. Materiality at planning stage equates to 2% of the gross expenditure for the period.
Materiality for the Council's financial statements	£2,187,800	
Materiality for specific transactions, balances or disclosures – senior officer remuneration and termination benefits	£50,000	We have identified senior officer remuneration and termination benefits as disclosures where we apply a lower materiality level, as they are considered sensitive disclosures. Materiality of £50,000 has been set in this area.

Page 91



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
E-Financial	Financial reporting – general ledger	<ul style="list-style-type: none"> Obtain an understanding of the information technology general controls over the general ledger and review design and implementation of those controls. Review any local controls which are managed within the Council (design and implementation of control).

We have not identified significant changes during the period affecting the IT controls of the Council, therefore no additional audit procedures are planned.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023.

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In 2021-22 we identified a significant weakness in relation to a breach in the Council's Contract Standing Orders. We will follow up on this significant weakness in our VFM work for 2022-23 and through our planning procedures have not identified any additional risks of significant weaknesses in your arrangements. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our 2022-23 Auditor's Annual Report.

Audit logistics and team



Page 94



Sophia Brown, Key Audit Partner

Sophia is responsible for the overall client relationship, quality control, provision of the audit opinion, meeting regularly with key internal stakeholders and final authorisation of reports. Sophia will share her wealth of knowledge and experience across the sector, providing challenge and sharing good practice. Sophia will ensure our audit is tailored specifically to you and is responsible for the overall quality of our audit work.



Richmond Nyarko, Audit Manager

Richmond will work with your finance team to ensure efficient delivery of testing and agreement of accounting issues on a timely basis. Richmond will undertake review of the team's work and draft reports. He is the key contact responsible for delivery of the audit.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations, we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement;
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you;
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit; and
- respond promptly and adequately to audit queries.

Audit fees and updated auditing standards including ISA 315 Revised

In 2018, PSAA awarded a contract of audit for Folkestone and Hythe District Council to begin with effect from 2018-19. The fee agreed in the contract was £46,553. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISAs which are relevant for the 2022-23 audit. For details of the changes which impacted on years up to 2021-22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022-23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £3,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to auditing standards in 2022-23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022-23, as set out overleaf and has been agreed with the Director of Corporate Services.

Audit fees

	Actual fee 2021-22	Proposed fee 2022-23
Council audit	£93,553	£72,404
Total audit fees (excluding VAT)	£93,553	£72,404

Page 96

Assumptions

In setting the above fees, we have assumed that the group and the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Description	Proposed 2022-23 fee £
Revised 2022-23 scale fee published by PSAA	54,054
Additional work on Value for Money under the new NAO Code	9,000
Increased audit requirements of revised ISA 540	2,100
Increased journal testing procedures	3,000
New issues for 2022-23	
Introduction of ISA 315	3,000
Payroll change of circumstances procedures	500
Collection Fund – reliefs testing	750
Total proposed audit fee 2022-23 (excluding VAT)	72,404

All variations to the scale fee are subject to approval by PSAA

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The other services provided by Grant Thornton are set out in the table opposite.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Page 98

Service	Fees £	Threats	Safeguards
Audit-related			
Housing Benefit (Subsidy) Assurance Process	TBC	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is in comparison to the total fee of £72,404 for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Pooling of Housing Capital Receipts return	TBC	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is in comparison to the total fee of £72,404 for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Communication of audit matters with those charged with governance

Page 99

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		<p>ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.</p> <p>This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.</p> <p>We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.</p> <p>Respective responsibilities</p> <p>As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.</p> <p>The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	•	•	
Significant matters in relation to going concern	•	•	
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•	
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		n/a	
Significant findings from the audit		•	
Significant matters and issue arising during the audit and written representations that have been sought		•	
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	
Identification or suspicion of fraud(deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	
Expected modifications to the auditor's report, or emphasis of matter		•	



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This Report will be made public on 28 November 2023



Report Number **AuG/23/19**

To: Audit and Governance Committee
Date: 6 December 2023
Status: Non key
Responsible Officer: Amandeep Khroud, Assistant Director of Governance and Law

SUBJECT: UPDATE ON CHANGE OF GOVERNANCE ARRANGEMENTS

SUMMARY: This 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.

REASONS FOR RECOMMENDATIONS:

The Council's current Constitution requires that any constitution review is to be considered by the Audit and Governance Committee before it is formally approved and adopted by Full Council. This report seeks to provide an update to the Committee on the progress of the Constitution Working Group.

RECOMMENDATIONS:

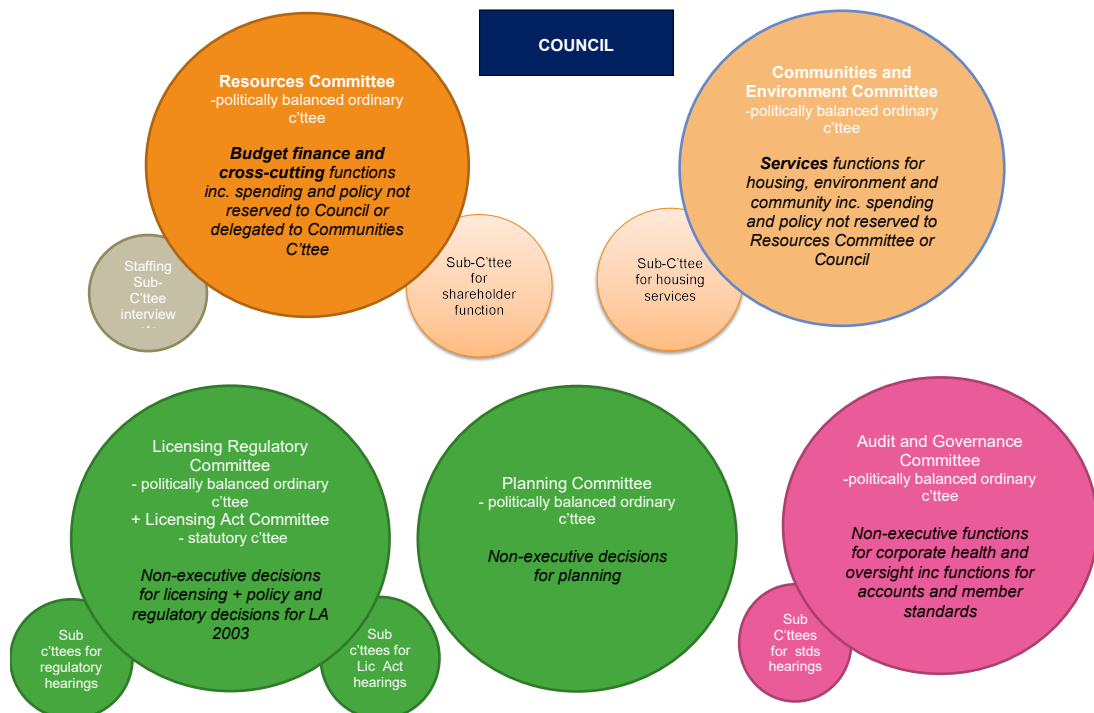
- 1) **That the Committee note:**
 - (a) **the progress of the Constitution Working Group; and**
 - (b) **a Member Briefing Session to outline objectives and structure is due to take place on 11 December 2023.**

1. BACKGROUND

- 1.1 At the meeting of full Council on 21 June 2023 it was resolved (among other things) that a Constitution Working Group be convened, comprising of the Leader of each constituted group (or their nominee) plus one Independent. The Working Group was instructed to consider and make recommendations to full Council on the composition and terms of reference of committees by January 2024.
- 1.2 The Constitution Working Group agreed its terms of reference which can be accessed at the following address:
<https://folkestone-hythe.moderngov.co.uk/documents/s44767/app%20A%20to%20changes%20to%20gov%20arrangements%20TOR.pdf>
- 1.3 This report is intended to provide the Audit and Governance Committee with an update on the progress of the Constitution Working Group.

2. PROGRESS TO DATE

- 2.1 The Constitution Working Group has met on the following occasions:
- 12 July 2023;
 - 26 September 2023;
 - 24 October 2023; and
 - 15 November 2023.
- 2.2 Good progress has been made on the outline structure and composition of committees, and the group has agreed the following headline structure:



- 2.3 In addition, the following headline principles have been agreed:
- (a) Two policy committees of 12 members each (with sub-committees);
 - (b) Separate Planning Committee;
 - (c) Licensing Regulatory Committee (ordinary committee) and Licensing Act Committee (statutory committee) with same members;
 - (d) Retention of use of Key Decisions and Forward Plan;
 - (e) No adoption of Overview and Scrutiny functions (this is optional under a committee form of governance), however the arrangements will include:
 - (i) a process by which Key Decisions to be taken by an Officer can be referred to a policy Committee; and
 - (ii) a process for rescission of a decision taken by one of the policy committees or sub-committees, or of a Key Decision taken by an officer acting under delegated authority from a Committee, is re-considered by another Committee or Council;
 - (f) Scheme of delegation by exception – decisions are to be taken by Officers unless reserved to a Committee;
 - (g) Chairs and Vice Chairs of Committees are to act as “spokespersons” for the areas covered by their respective committees;
 - (h) Virements up to £25k can be made by Chief Officers; virements between £25k and £100k to be agreed by relevant Director and s.151 Officer in consultation with the relevant Committee Chair, with virements over £100k to Committee.

3. NEXT STEPS

- 3.1 An all Member Briefing session is scheduled to take place at 6pm on Monday 11 December 2023. This will be delivered by the external legal specialists who have been assisting the Council to date. The session will be principles based, will give an outline of the work undertaken by the Constitution Working Group, and an overview of the structure.
- 3.2 The Constitution Working Group is next meeting on 18 December 2023, where it is anticipated that any outstanding matters will be agreed, and following which substantive work will begin on the draft constitution in light of the agreed principles.

4. RISK MANAGEMENT ISSUES

- 4.1 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. That process of change

will raise a number of associated risks to be identified and managed as part of the development process and implementation.

- 4.2 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.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Comments

- 5.1.1 In producing a new Constitution for 2024/25 the Council must, in reviewing constitutional arrangements, concern itself with the differing requirements of operating a committee system form of governance, as permitted under section 9B of the Local Government Act 2000 (as amended) (LGA 2000), arising in particular from:

- those matters referred to under section 9P of the LGA 2000 and associated Direction (which sets out some 82 matters that the Constitution is to inform the public of);
- the Secretary of State's Guidance in such matters issued under s9Q of the LGA 2000;
- the requirements of the Local Authorities (Committee System) (England) Regulations 2012;
- the varying mandatory standing orders made in respect of a committee system under the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended); and
- section 9GA of the LGA 2000 and the Openness of Local Government Bodies Regulations 2014.

- 5.1.2 As per the resolution of full Council on 21 June 2023, the Council is required to change to the committee system of governance with effect from the Annual Meeting of Council to be held in May 2024.

5.2 Finance Comments

- 5.2.1 The Council has agreed to make available a budget of up to a maximum of £100k from general reserves in order to fund the change of governance. Costs incurred to date are within budget.

5.3 Diversities and Equalities Implications

- 5.3.1 There are no direct implications of 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:

Amandeep Khroud, Assistant Director – Governance and Law – Monitoring Officer

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

Jemma West, Democratic Services Senior Specialist

Email: jemma.west@folkestone-hythe.gov.uk

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

- Report to Audit and Governance Committee of 13 September 2023
- Minutes of the Constitution Working Groups of:
 - 12 July 2023;
 - 26 September 2023;
 - 24 October 2023; and
 - 15 November 2023.

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This report will be made public on 28 November 2023



Report Number **AuG/23/20**

To: Audit and Governance Committee
Date: 6th December 2023
Status: Non-Executive Function
Director: Amandeep Khroud Assistant Director: Governance, Law and Democracy

SUBJECT: ANNUAL GOVERNANCE STATEMENT ACTIONS – UPDATE ON 2023-24 ACTIONS

SUMMARY: This report presents the current position on progress towards achieving the 2023-24 actions set out in the Annual Governance Statement.

REASONS FOR RECOMMENDATIONS:

The committee is asked to agree the recommendations set out below to note the position and the progress towards achieving the actions.

RECOMMENDATIONS:

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).

1. INTRODUCTION

- 1.1 The Annual Governance Statement for 2022-23 was considered by the committee on 20th July 2023 (report AUG/23/07).
- 1.2 The governance statement identified significant governance issues that required action during this year. This report sets out progress against those actions.

2. THE ANNUAL GOVERNANCE STATEMENT ACTIONS - UPDATE

- 2.1 The Annual Governance Statement identified actions for 2023-24 (See Appendix 1) which are necessary to improve the overall effectiveness of its governance arrangements.
- 2.2 The committee will receive a final update on the progress of these actions as part of the 2023-24 Annual Governance Statement that will be brought forwards for consideration at this committee in July 2024.

3. RISK MANAGEMENT ISSUES

- 3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Actions contained within the Annual Governance Statement, are not addressed effectively	Medium	Low	Progress to be reviewed and monitored regularly by the Monitoring Officer, Policy and Improvement Officer and the Audit & Governance Committee.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

There are no legal issues arising from this report.

4.2 Finance Officer's Comments (DL)

There are no financial implications arising from this report.

4.3 Diversities and Equalities Implications (GE)

No diversities and equalities implications.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

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

Gavin Edwards, Performance & Improvement Specialist

Tel: 01303 853436

Email: gavin.edwards@folkestone-hythe.gov.uk

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

Appendices:

Appendix 1: 2023-24 Annual Governance Statement Actions - Progress Update

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APPENDIX 1: Action plan for improvement following review of effectiveness of governance arrangements 2023-24

	Action	Who	Date	Progress Update
1	<p>Annual Review of Corporate Governance</p> <p>At the end of the year, the Council will produce its statement on governance, which includes end of year assurance statements by Directors, Assistant Directors/Chief Officers and internal audit's opinion report.</p>	Monitoring Officer	May 2024	<p>In progress. The monitoring officer will circulate the assurance statements to relevant officers in or around March 2024</p> <p>Status: In progress</p>
2	<p>Governance Arrangements</p> <p>To keep under review the Council's governance arrangements, making any necessary improvements in response to the reported potential breaches that are investigated throughout the year.</p>	Monitoring Officer and Corporate Finance Director	March 2024	<p>Various actions as reported in the audit update reports have been undertaken to address the governance issues identified towards the end of 2022/2023. To name a few, all staff have been provided with comprehensive training on the importance of complying with various governance requirements and a Corporate Governance Board has also been established. The Council's governance arrangements will be kept under review.</p> <p>It should also be noted that The Council commissioned Local Partnerships to conduct an in-depth Governance Review as the OPLL was set to embark on a new phase of the project having successfully achieved a resolution to grant outline planning.</p> <p>The Council and OPLL have started to implement the recommendations raised in the Local</p>

				<p>Partnerships review. A joint action plan has been established by the Council and the LLP with the aim of agreeing priorities and will also track the commitments the Council and LLP have made in response to the Governance Review.</p> <p>Status: In progress</p>
3	<p>Data Retention Policy and General Data Protection Regulation</p> <p>To keep under review, the Data retention policy and the new General Data Protection Policy ensuring Officers and Members of the Council are aware of their responsibilities.</p>	Monitoring Officer	March 2024	<p>The Data Retention policy is being reviewed as well as the General Data Protection Policy. The importance of Data Retention and the requirements of GDPR are reminded to staff on a regular basis.</p> <p>Status: In progress</p>
4	<p>Review of the Overview & Scrutiny Committee function</p> <p>To keep under review the governance and working arrangements of the committee.</p>	Monitoring Officer	Ongoing	<p>The role of the Overview and Scrutiny Committee and how a scrutiny function is embedded in the new Governance Arrangements is very much being discussed and assessed by the Working Group Members, the Chief Executive and Monitoring Officer.</p> <p>Status: In Progress</p>
5	<p>Financial Management Code</p> <p>Raise awareness in the organisation of the CIPFA Statement of Principles of Good Financial Management.</p>	Chief Financial Services Officer & Monitoring Officer	<p>December 2023</p> <p>April 2024</p>	<p>A previously arranged Manager Programme on Financial Management Awareness (training session) arranged for 21st November 2023, has been rescheduled to take place on 20 February 2024.</p> <p>This was due to the ongoing staff restructure</p>

				<p>consultation. The session will cover and raise awareness about the Financial Management Code, its assessment, principles', objectives, etc.</p> <p>Status: In Progress</p>
6	<p>Develop temporary corporate policy compliance function</p> <p>To provide independent oversight and ensure that compliance with key corporate policies is monitored and reported to senior management team.</p>	Corporate Finance Director	August 2023	<p>The Chief Officer Regulatory & Community Services has created a job specification for this role. However, the process is currently on hold pending the outcome of 'taking stock' and the ongoing council restructure. This role will be part procurement team going forward.</p> <p>Status: Not Completed</p>
7	<p>Corporate Policy Training</p> <p>Maintain corporate policy training programme and staff understanding of corporate expectations, roll out to new recruits.</p>	Chief HR Officer	Ongoing	<p>All staff were required to attend face to face training on 'Getting it Right' covering the importance of good governance and the requirements on all staff to make the appropriate declarations. There were very few exemptions (which had to be agreed by the Chief Executive or Chief HR Officer) and an online session was run to catch them.</p> <p>Our e-learning has been updated to include specific links to FHDC policies and information and completion of all e-learning is being closely monitored. Grounds Maintenance are in the process of doing GDPR e-learning to support strong</p>

			<p>compliance with data protection law.</p> <p>New starter processes were updated to ensure awareness raised at the earliest possible opportunity.</p> <p>The appraisal process has been renewed ahead of 2024 and there are now checks done each year to remind staff that they need to renew their declarations annually and also when anything changes that may require a declaration to be made.</p> <p>Training has been run by area specialists on procurement and contract management. Financial management is already planned for early 2024 (delayed from Nov 2023 due to clashes with the staff consultation).</p> <p>The following training has taken place in 2023:</p> <p>Contract Standing Orders – 12th January 2023</p> <p>Fraud Awareness (East Kent Audit Partnership) – 24th January 2023</p> <p>Contract Management Standards - 9th March 2023</p> <p>Fraud Awareness for Grounds Maintenance – 7th March 2023</p> <p>Getting it Right Governance training for all staff - May</p>
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				<p>(9th, 11th, 16th, 17th, 18th, 23rd, 24th) 2023</p> <p>Upcoming training:</p> <p>Data breach training- 6th December 2023</p> <p>Fraud Awareness training (all staff) – 11th January 2024</p> <p>Contract Standing Orders – 8th February 2024</p> <p>Financial Management Awareness – 20th February 2024</p> <p>Status: In Progress</p>
8	<p>Corporate Governance Group</p> <p>Establish Corporate Governance Group to strengthen internal assurance and compliance with corporate policies.</p>	<p>Corporate Finance Director</p>	<p>July 2023</p>	<p>A new, monthly advisory corporate governance group has been established. Members include all chief officers, the emergency planning; treasury and performance leads, and the group will be chaired by the Monitoring Officer and Deputy S151 Officer.</p> <p>Status: Completed</p>
	<p>Monitor staff surveys and conduct programme of spot checks to ensure that new training and processes to strengthen declarations, management of and conflicts of interest, and adherence to procurement policy are monitored</p>	<p>Corporate Governance Group</p>	<p>In place July 2023</p>	<p>Status: Ongoing and is work in progress</p>

	and corporate expectations embedded.			
9	<p>Development of the new Programme Management Office Function</p> <p>Continue to develop the Programme Management approach across all of the Council's major projects to provide standardised reporting, consistency and governance oversight across all projects.</p>	Chief Officer Corporate Estate & Development	March 2024	<p>A standalone Project Management Office (PMO) function is not being progressed due to resource constraints. A PMO approach is being embedded within existing staff resources.</p> <p>Status: PMO approach being embedded</p>