

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

## Standards and Audit Committee

Due to current government guidance on social-distancing and the COVID-19 virus, Standard and Audit Committee on 9 July 2020 will not be open for members of the public to physically attend. Arrangements have been made for the press and public to watch the meeting live via the Council's online webcast channel:

[www.youtube.com/user/thurrockcouncil](http://www.youtube.com/user/thurrockcouncil)

Venue - Council Chamber, Civic Offices, New Road, Grays, Essex, RM17 6SL and virtual attendance.

### Membership:

Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins, Barry Johnson, Cathy Kent and Luke Spillman

Lisa Laybourn, Co-opted Member

Vani Thuvaragan, Co-opted Member

### Substitutes:

Councillors Abbie Akinbohun, Garry Hague, Tom Kelly and Lynn Worrall

---

## Agenda

Open to Public and Press

	<b>Page</b>
<b>1 Apologies for Absence</b>	
<b>2 Minutes</b>	<b>5 - 12</b>
To approve as a correct record the minutes of the Standards and Audit Committee meeting held on 12 March 2020.	
<b>3 Items of Urgent Business</b>	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	

<b>4</b>	<b>Declaration of Interests</b>	
<b>5</b>	<b>Annual Information Governance Report</b>	<b>13 - 26</b>
<b>6</b>	<b>Regulation of Investigatory Powers Act (RIPA) 2000 - Activity Report 2019/20</b>	<b>27 - 56</b>
<b>7</b>	<b>Chief Internal Auditor's Annual Report - Year ended 31 March 2020</b>	<b>57 - 74</b>
<b>8</b>	<b>Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21</b>	<b>75 - 104</b>
<b>9</b>	<b>Counter Fraud &amp; Investigation Annual Report &amp; Strategy</b>	<b>105 - 132</b>
<b>10</b>	<b>Investment Briefing</b>	<b>133 - 140</b>
<b>11</b>	<b>A13 Widening Project</b>	<b>141 - 146</b>
<b>12</b>	<b>Stanford Le Hope Transport Projects</b>	<b>147 - 152</b>
<b>13</b>	<b>Work Programme</b>	<b>153 - 156</b>

**Queries regarding this Agenda or notification of apologies:**

Please contact Jenny Shade, Senior Democratic Services Officer by sending an email to [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

Agenda published on: **1 July 2020**

## Information for members of the public and councillors

### Access to Information and Meetings

Due to current government guidance on social-distancing and the COVID-19 virus, Standard and Audit Committee on 9 July 2020 will not be open for members of the public to physically attend. Arrangements have been made for the press and public to watch the meeting live via the Council's online webcast channel:

[www.youtube.com/user/thurrockcouncil](http://www.youtube.com/user/thurrockcouncil)

Members of the public have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published.

### Recording of meetings

This meeting will be recorded with the audio recording being published on the Council's website. The meeting will also be filmed and live streamed. At the start of the meeting the Chair will confirm if all or part of the meeting is to be recorded.

If you have any queries regarding this, please contact Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

### Guidelines on filming, photography, recording and use of social media at council and committee meetings

The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

### Thurrock Council Wi-Fi

Wi-Fi is available throughout the Civic Offices. You can access Wi-Fi on your device by simply turning on the Wi-Fi on your laptop, Smartphone or tablet.

- You should connect to TBC-CIVIC
- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

The ICT department can offer support for council owned devices only.

## Evacuation Procedures

In the case of an emergency, you should evacuate the building using the nearest available exit and congregate at the assembly point at Kings Walk.

### How to view this agenda on a tablet device



You can view the agenda on your [iPad](#), [Android Device](#) or [Blackberry Playbook](#) with the free modern.gov app.

Members of the Council should ensure that their device is sufficiently charged, although a limited number of charging points will be available in Members Services.

To view any “exempt” information that may be included on the agenda for this meeting, Councillors should:

- Access the modern.gov app
- Enter your username and password

# DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

## Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

## When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

**What is a Non-Pecuniary interest?** – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

## **Pecuniary**

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

**Unless you have received dispensation upon previous application from the Monitoring Officer, you must:**

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

**If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps**

## **Non- pecuniary**

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



**You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.**

## Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
  - High quality, consistent and accessible public services which are right first time
  - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
  - Communities are empowered to make choices and be safer and stronger together
  
2. **Place** – a heritage-rich borough which is ambitious for its future
  - Roads, houses and public spaces that connect people and places
  - Clean environments that everyone has reason to take pride in
  - Fewer public buildings with better services
  
3. **Prosperity** – a borough which enables everyone to achieve their aspirations
  - Attractive opportunities for businesses and investors to enhance the local economy
  - Vocational and academic education, skills and job opportunities for all
  - Commercial, entrepreneurial and connected public services

## Minutes of the Meeting of the Standards and Audit Committee held on 12 March 2020 at 7.00 pm

---

**Present:** Councillors Gerard Rice (Chair), David Potter (Vice-Chair), Gary Collins and Cathy Kent

**Apologies:** Councillor Barry Johnson

**In attendance:** David Kleinberg, Assistant Director for Counter Fraud & Investigations  
Jonathon Wilson, Assistant Director, Finance  
Gary Clifford, Chief Internal Auditor  
Lee Henley, Strategic Lead, Information Management  
Andy Owen, Corporate Risk and Insurance Manager  
Lisa Clampin, Binder Dijke Otte (BDO) Representative  
Simiso Ngidi, Binder Dijke Otte (BDO) Representative  
Jenny Shade, Senior Democratic Services Officer

---

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

### **30. Minutes**

The minutes of the Standards and Audit Committee held on the 19 December 2019 were approved as a correct record.

### **31. Items of Urgent Business**

There were no items of urgent business.

### **32. Declaration of Interests**

There were no declarations of interest.

### **33. Complaints & Enquiries Report - April 2019 - September 2019**

Lee Henley, Strategic Lead Information Management, presented the report that set out the Council's complaint statistics for the period April 2019 to September 2019. With the number of complaints received for the reporting period being 639 and compared to the same period last year had represented a reduction in the number of complaints received. During this reporting period 41% of the complaints had been upheld which had been an improvement compared with the same period last year. That 86% complaints had been responded to within the timeframe and 1909 member enquiries had been received of which 96% had been responded to within timeframe. Lee Henley

directed Members to Appendix 1 of the report which detailed the Top Ten Complaint Themes.

Councillor Collins questioned how Alternate Dispute Resolution would work. Lee Henley stated this was already in place and used primarily for Children's Social Care complaints that were one staged. That following Stage 1 if the complaint was escalated to Stage 2 the Council would commission an independent investigator and independent person which would be a cost to the Council. At this stage the complaints team would get involved with the complaint and service to try and resolve it.

Councillor Rice questioned how many enquiries were sent to the Ombudsman. Lee Henley stated this figure were not to hand but a lot of enquiries were sent to the Ombudsman prematurely.

Councillor Collins questioned whether the 17% of the Stage 1 complaints that had been upheld were a common theme. Lee Henley stated the 17% had been related to delays in processing of applications and the lack of action in enforcement cases.

Councillor Rice queried whether complaints or grievances had been received in regards to the Planning Department. Lee Henley stated that if complaints were made they would be responded to.

## **RESOLVED**

**The Standard and Audit Committee noted the statistics and performance for the reporting period.**

### **34. Counter Fraud & Investigation Quarterly Update (Q3)**

David Kleinberg, Assistant Director for Fraud and Investigation, presented the report that outlined the performance of the Counter Fraud and Investigation Department over the last quarter for Thurrock Council as a whole as well as the work the team had delivered nationally for other public bodies. Members were updated on the performance of the department for quarter 3 of 2019/20 and on the proactive work plan to which Members were referred to Appendix 1.

Councillor Rice questioned whether the performance figures had been based on a specific activity or had been based on borough wide activities. David Kleinberg stated that the figures had been based on borough wide activities and advertising had been used to encourage such activities to be reported.

Councillor Collins questioned whether the 67 active investigations referred to in the performance section of the report had been specific to Thurrock Council activity again David Kleinberg confirmed that this figure had been Thurrock based. Councillor Collins further questioned how many activities had been investigated outside the borough. David Kleinberg stated that approximately



250 investigations had been conducted with the majority being procurement or supply fraud.

Councillor Potter questioned whether residents could report activities anonymously. David Kleinberg stated that there three routes residents could use, either telephone, email or through the on-line form.

**RESOLVED:**

**That the Standards and Audit Committee noted on the performance of the Counter Fraud and Investigation Department.**

**35. Certification of Claims and Returns 2018/19**

Jonathan Wilson, Assistant Director Finance, updated Members on the Certificate of Claims and Return work completed in 2018/19 and explained that the most significant element of that work had been in relation to the Housing Benefits subsidy claim. That two further claims and returns that require an external audit opinion are the Teachers' Pension claim and the Pooling of Capital Receipts return. This work was in progress and was expected to be completed imminently.

With no questions from Members, the Chair referred members to the recommendation in the report.

**RESOLVED**

**That the findings from the Certification of Claims and Returns work completed to date was noted.**

**36. Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework**

Andy Owen, Corporate Risk and Insurance Manager, presented the report that provided details of how the Council's Risk and Opportunity Management arrangements compared against good practice, outlined the current Risk and Opportunity Management activity, the proposals to maintain and improve the practice across the organisation and included the updated Risk and Opportunity Management policy, strategy and framework. Members were referred to the results of the Council's performance against good practice and some comparison against the model for the years 2011 to 2019. Members were also referred to Appendix 1 which contained a summary of current activity and proposals and Appendix 2 which was the risk and opportunity management policy, strategy and framework document.

Councillor Rice stated that with the Council being £1.2billion in debt and that figure potentially rising to £2billion in 2022/23 questioned how the Corona Virus would put the Council at risk and was the Council's money safe. Jonathan Wilson stated that it was hard to assess the impact as things were currently fluid but stated the Council's investments were largely in renewable

energy assets such as solar farms which may limit the impact relating to the virus on the Council. The timeframe of those investments were short to medium term with short term of three years and up to a maximum of ten years. That borrowing from the local authority market had been a choice made that dated back to 2010 and the key reason was it provided a cheaper source of finance than say Public Works Loan Board (PWLB). Jonathan Wilson reassured Members that daily monitoring was undertaken, market updates were received from various sources and following discussions in recent months consideration would be undertaken on how much should borrowing be allocated between short or long terms investments. Since 2010 the Council had received a significant financial benefit from the approach.

Councillor Rice also made reference to two large projects in Thurrock the A13 widening and the Stanford Le Hope station and questioned how much the Council has overspent. Jonathan Wilson provided an overview of the current position and stated that large scoped projects would come with some complexities and agreed to provide Councillor Rice with an update outside the committee.

Councillors Collins questioned whether the Council had any PFI loans outstanding to which he was informed there was none.

Councillor C Kent referred to the Risks and Opportunity Management Strategy and questioned if the Council were to be hit by the Corona Virus how quickly the Council would be able to keep on track. Andy Owen stated that executive plans would be put together to mitigate those areas that might hit the Council, working groups would be set up to monitor the situation, business continuity plans were up to date, impact assessments would be undertaken of staff and the Council were seeking guidance from Government on a daily basis.

Councillor Collins questioned the welfare of staff and residents who had to self-isolate due to the Corona Virus. Andy Owen stated that the Health and Safety Risk Assessment would be carried out by managers on their staff. For residents, this would form part of the Adult Social Care business continuity plan. Councillor Rice stated that there was a clear risk for staff and residents and their welfare was vital.

Members discussed Corona Virus at some length and the potential risks that could affect the Council such as local elections and planning committee meetings.

## **RESOLVED**

- 1. That Standards and Audit Committee noted the results of the review the current Risk and Opportunity Management activity and proposals to maintain and improve the practice across the organisation.**

2. **That Standards and Audit Committee noted and approved the updated Risk and Opportunity Management policy, strategy and framework.**

### **37. Internal Audit Progress Report 2019/20**

Gary Clifford, Chief Internal Auditor, presented the report that outlined the works that had been undertaken since the last Internal Audit Progress Report had been presented to the committee in December 2019. Members were informed that in that period four reports had been finalised to which three had received a green (positive) assurance opinion. The remaining report had been an advisory review of Extra Care that had been raised due to concerns around the processes in place to manage cash in the service and Members were referred to Appendix 1 of the report that included the work currently being undertaken and those key findings alongside recommendations.

Councillor Rice referred to the Assignment: Accounts Receivable, Action and Responses on the “write off procedure” and questioned how much money was involved in this procedure. Gary Clifford stated that it had been one payment of £30,000 that should have gone further up the chain than it did.

Councillor C Kent questioned the Assignment: Accounts Payable and what the source of the problem had been on the credit note report. Gary Clifford stated that this had been a problem with the report that was produced by Oracle to which a work around that been found and would probably be the permanent solution going forward.

### **RESOLVED**

**That the Standard and Audit Committee considered reports issued and work being carried out by Internal Audit in relation to the 2019/20 audit plan.**

### **38. External Audit Plan 2019/20**

The report was introduced by Jonathan Wilson, Assistant Director Finance. The report covered the audit for the 2019/20 financial statements and had assessed the Council’s arrangements on security economy, efficiency and effectiveness. The plan had also set out the audit process with the auditors reporting back to committee in July 2020. Members were briefed on the key financial statement risks identified and the steps taken to address them. These were Management Override of Controls, Revenue (and Expenditure) recognition, Valuation of Property Plant and Equipment and Pension Liability Valuation.

Jonathan Wilson also highlighted the current delivery risk inherent in the delivery of external audit deadlines in the sector currently. The key issues were the early closure timetable and the ability of external audit firms to recruit quality staff to positions. Many 2018/19 deadlines had been missed in the sector and there remained a higher risk to the Council in 2019/20.

The BDO Representative, Lisa Clampin, walked the Committee through the audit planning report and provided Members with an overview of the key audit matters identified when reviewing the planned audit strategy for the Council for the year ending 31 March 2020; that BDO strategy had been predicated on a risk based approach and would continue to be updated through the assessment of the audit; the risks identified alongside the risk rating, fraud risk present, the test approach and the impact of any significant judgements or estimates. Members were informed that a BDO member of staff had declared that they had a family member employed by the Council and that individual had not been involved in the audit. Members were advised that any impact on fees would be brought back to committee.

Councillor Collins questioned the £120,000 figure on page 113 of the agenda to which Lisa Clampin stated this was an error and should have read £140,000.

Councillor Rice referred to Valuation of Pension Liabilities and whether the Corona Virus would have any significant funding problems in the long term for pension funds. Lisa Clampin stated this would not be driven that way it was a longer term scheme with liabilities having the potential to go up and down. Jonathan Wilson stated that the triennial valuation had been recently undertaken but this would had not included this impact. However each annual reassessment of the Pension Valuation was made by the actuary and it was expected the initial assessment of the impact would be included in the final valuation figures for 2019/20.

Councillor Rice referred to the Valuation of Pension Liability and asked for some clarity on how the risk to membership data and cash flows provided to the actuary at year end may not be accurate. Lisa Clampin stated that this was audit risk and thinking about “what could go wrong” scenarios. That when the audit was undertaken they were trying to gain reassurances through the testing and the procedures being undertaken that financial statements are free from material mistakes. That looking at what could go wrong to reduce that risk and what could impact the valuations.

## **RESOLVED**

**That the Standard and Audit Committee noted the report.**

**The meeting finished at 8.07 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

Any queries regarding these Minutes, please contact  
Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)

This page is intentionally left blank

<b>9 July 2020</b>	<b>ITEM: 5</b>
<b>Standards &amp; Audit Committee</b>	
<b>Annual Information Governance Report</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non Key
<b>Report of:</b> Lee Henley – Strategic Lead Information Management	
<b>Accountable Strategic Lead:</b> Lee Henley – Strategic Lead Information Management	
<b>Accountable Director:</b> Jackie Hinchliffe – Director of HR,OD & Transformation	
<b>This report is:</b> Public	

## Executive Summary

- During 2019/20, the council processed 97% of Freedom of Information (FOI) requests within the 20 working day legal timeframe. This is improved performance compared to the previous year and is based on 1042 FOI requests that were processed. The Information Commissioner expect public authorities to answer at least 90% on time so this is a positive.
- The council continue to ensure data is identified for routine publication online. This work forms part of the Transparency Agenda and aims to increase openness and accountability; whilst reducing unnecessary processing of FOI requests.
- During 2019/20, the council received 132 Subject Access Requests under the Data Protection Legislation. 97% of these requests were processed within the legal timeframe. Requests have increased significantly following changes to the Data Protection Act, however performance remains strong.
- The council are continuing to drive forward its compliance work programme, following the introduction of the General Data Protection Regulation (GDPR) and Data Protection Act 2018.
- Records Management work activity is captured within Appendix 3. Key work areas include reducing the volume and costs of records held off-site, along with embedding an effective use of electronic records management.

### 1. Recommendation(s)

1.1 To note the Information Governance activity and performance.

1.2 To note the Data Protection Compliance activity detailed within Appendix 2.

### 1.3 To note the project to reduce manual records volumes and costs across the council.

## 2. Introduction and Background

2.1 This report provides an update on the following Information Governance areas:

- Freedom of Information
- Data Protection
- Records Management

### 2.2 Freedom of Information:

2.2.1 During 2019/20, 1042 FOI requests were recorded on the council's FOI tracking system. The table below details year-on-year volume and performance data since 2014. Since 2014/15, requests have more or less doubled (increase of 90%), however performance has been maintained. Appendix 1 provides additional information on FOI data for the reporting period.

Year	Number of Requests	% responded to in time
2014/15	548	98%
2015/16	980	98%
2016/17	1046	97%
2017/18	1056	96%
2018/19	1093	95%
2019/20	1042	97%

### 2.3 Data Protection:

2.3.1 Subject Access Requests (SAR):

- The Data Protection Act states that personal information must be processed in accordance with the rights of data subjects. This can result in anybody making a request to the council about any information we hold on them and these are referred to as a SAR. Requests can range from very specific records such as Council Tax, Benefits claim history, social care records or to all information held by the council.
- During 2019/20, the council received 132 SAR requests (an increase of 59% compared to the previous year). Of the 132 requests, 97% (128) of requests were processed within the legal timeframe (1 or 3 months depending on complexity). Since May 2018, the £10 fee to process a SAR was removed, resulting in an increased volume of requests received by the council. This had contributed to a dip in performance, although additional resources are now in place resulting in improved performance for this legal timeframe.
- During 2019/20 the council received 3 complaints from the Information Commissioners Office regarding the management of SAR's.



- The table below shows volumes of requests and performance since 2014.

<b>Year</b>	<b>Number of Requests</b>	<b>% responded to in time</b>
2014/15	21	71%
2015/16	43	93%
2016/17	47	83%
2017/18	29	83%
2018/19	83	73%
2019/20	132	97%

- Appendix 2 provides a breakdown of subject access requests per directorate.

### 2.3.2 Data Protection Compliance:

- Appendix 2 provides additional information on general Data Protection compliance for the reporting period.

### 2.4 Records Management:

2.4.1 The council aims to reduce the number of physical records located at off-site storage locations. It currently has 9,764 boxes stored offsite. Progress on this project is reported via Digital board.

2.4.2 In addition to the above, a records management work programme is in place to drive forward best practice and compliance in relation to the management of electronic records. Appendix 3 provides additional details regarding Records Management work activity.

## 3. Issues, Options and Analysis of Options

3.1 There are no options associated with this paper.

## 4. Reasons for Recommendation

4.1 This report is for noting purposes. There are no recommendations requiring approval.

## 5. Consultation (including Overview and Scrutiny, if applicable)

5.1 This report was sent to Directors Board.

## 6. Impact on corporate policies, priorities, performance and community impact

6.1.1 The council has effective systems and processes in place for managing Information Governance.

6.1.2 The council's ability to comply with information governance legislation demonstrates its commitment to openness and accountability. This will allow residents and customers to have a confidence in what we do and will help build trusting relationships.

6.1.3 Access to information can also be closely linked to the Customer Services and ICT Strategies.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director Finance**

Financial penalties for non-compliance with the Data Protection Act are up to 18 million euros.

### **7.2 Legal**

Implications verified by: **Ian Hunt**  
**Assistant Director Legal and Democratic Services**  
**(Monitoring Officer)**

FOI failure could result in regulatory intervention as the ICO are now starting to target poor performing councils for FOI which will lead to reputational damage.

There are various avenues available to the Information Commissioner's Office to address an organisation's shortcomings in relation to the collection, use and storage of personal information. These avenues can include criminal prosecution, non-criminal enforcement and audit. The Information Commissioner also has the power to serve a monetary penalty notice on a data controller.

### **7.3 Diversity and Equality**

Implications verified by: **Natalie Smith**  
**Community Development and Equalities Manager**

There are significant diversity issues for the whole community regarding FOI and Data Protection. The successful implementation of FOI and Data Protection allows our customers, stakeholders, partners and the public to access and receive information.

### **7.4 Other implications**

None

## **8. Background papers used in preparing the report**

None

**9. Appendices to the report**

Appendix 1 – Freedom of Information

Appendix 2 – Data Protection

Appendix 3 – Records Management

**Report Author:**

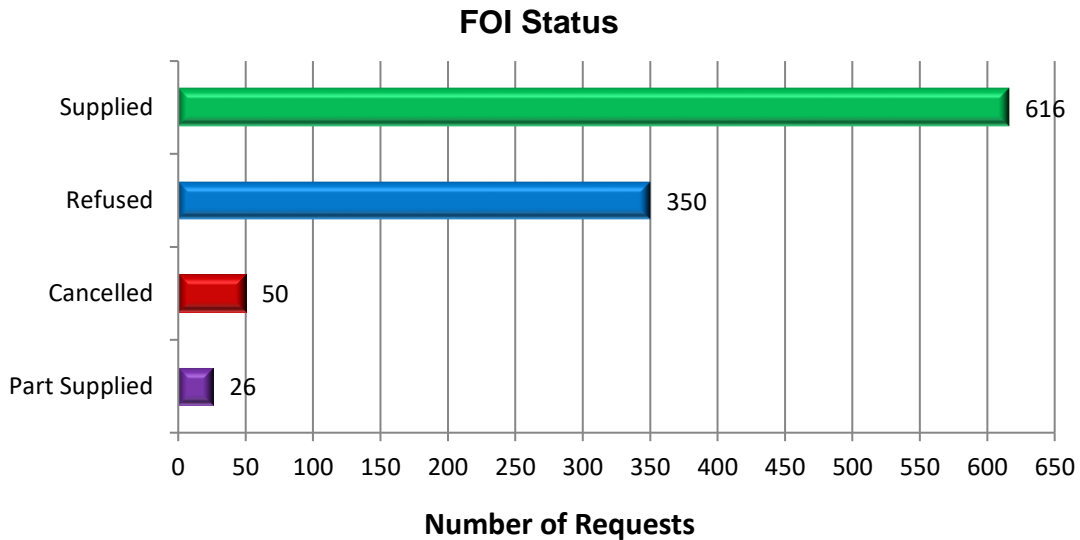
Lee Henley

Strategic Lead Information Management

This page is intentionally left blank

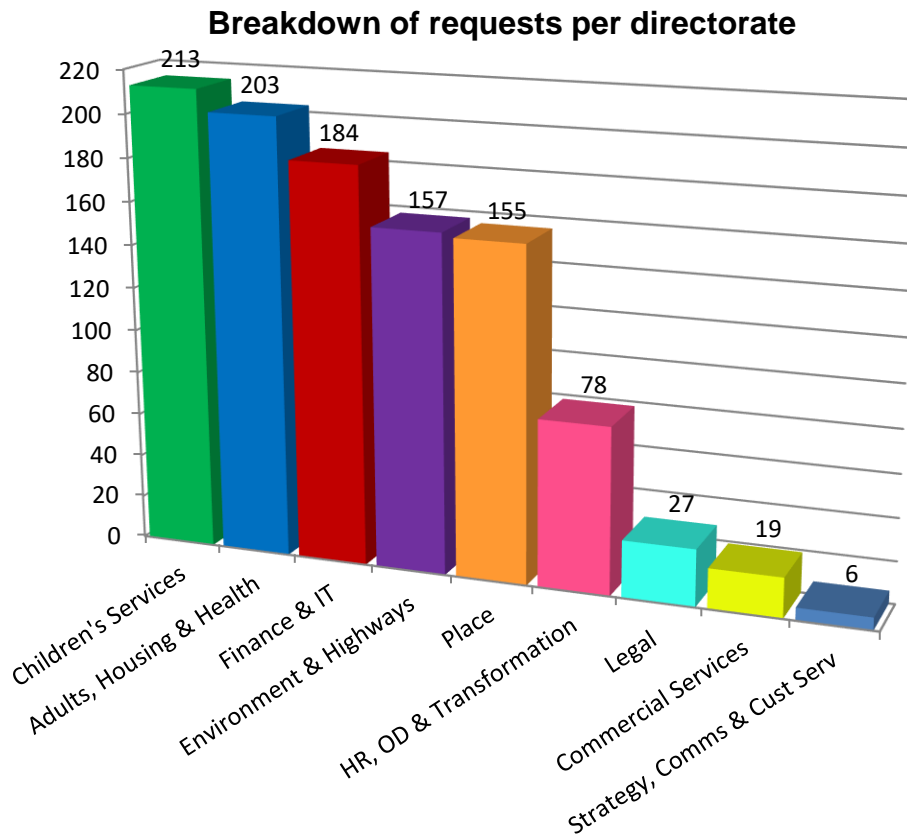
**Freedom of Information**

The chart below shows that of the 1042 requests received in during the reporting period, 616 (59%) were supplied with all information requested, 350 (34%) were refused, 50 (5%) were cancelled and 26 (2%) were part supplied.



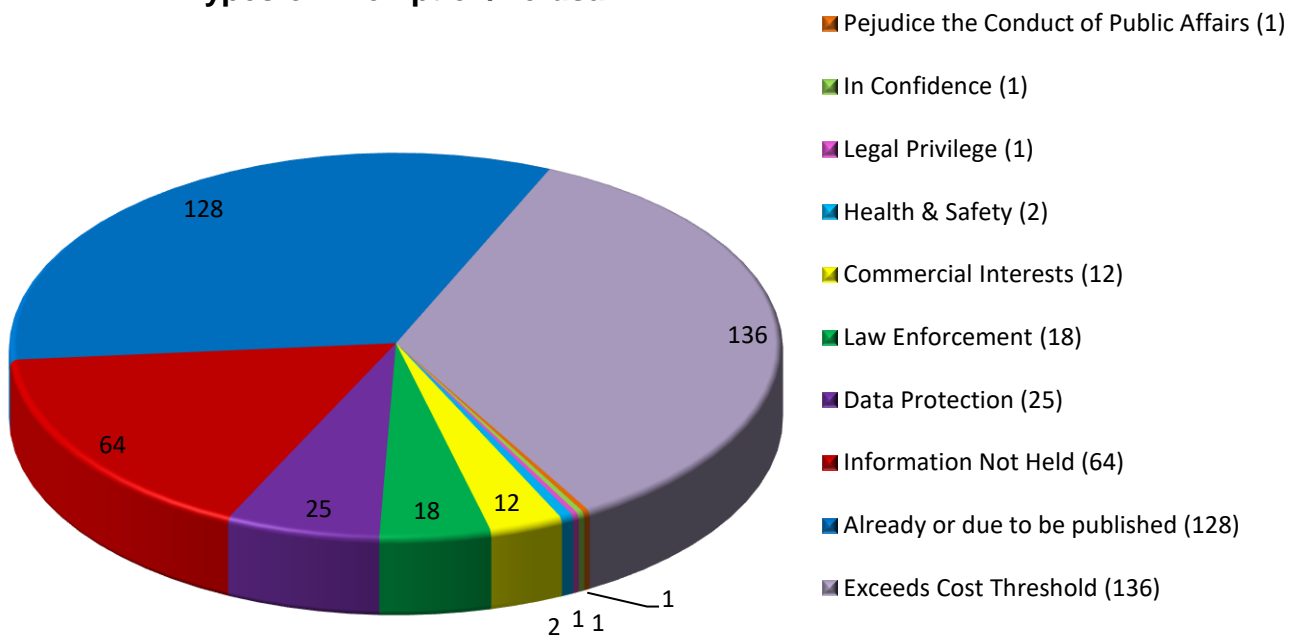
The chart below shows requests received per Directorate. In addition to this, the FOI themes for the larger Directorates (in terms of FOI volumes) are shown below:

- Adults, Housing & Health:
  - Blue Badges
  - Care Homes/Care Provision
- Children’s Services:
  - Looked After Children
  - Education Home Care Plans
- Environment & Highways:
  - Potholes
  - Council Fleet Vehicles
- Finance & IT:
  - Non Domestic Business Rates
- HR, OD & Transformation:
  - Organisation Structures
  - Social Worker Posts
- Place:
  - Food Hygiene Safety/Reports
  - Planning information



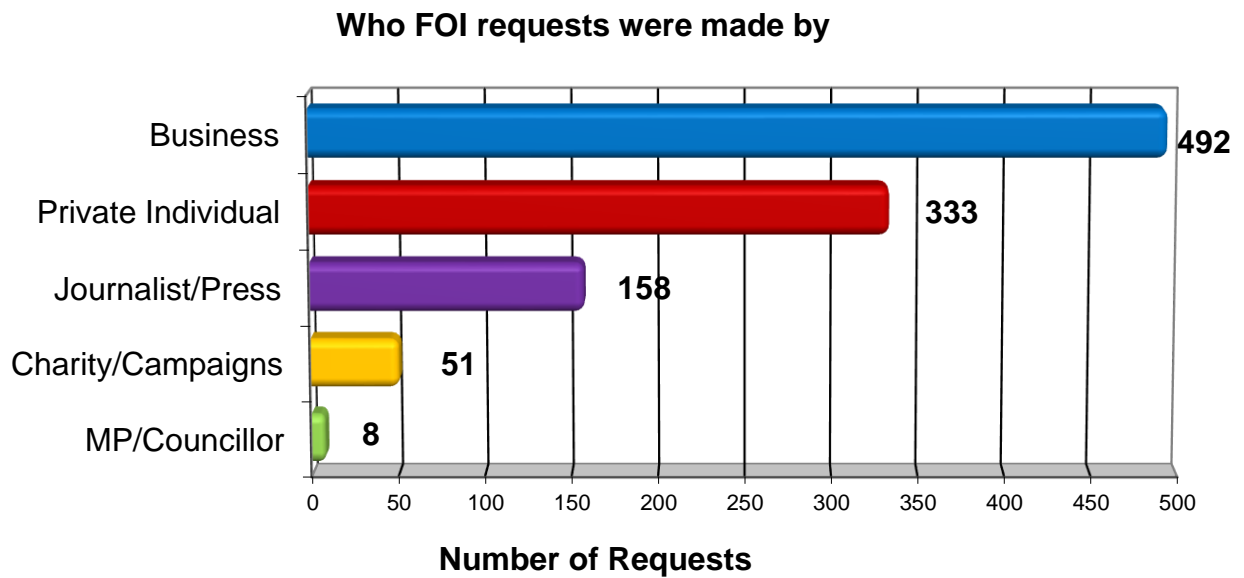
The chart below shows the type of exemptions and refusals that were applied (based on a total of 376 requests that were part supplied or refused). Please note the chart below does not balance back to 376, as more than one exemption can be applied per request.

### Types of Exemption/Refusal



The Information Governance Team respond to complaints received regarding FOI. During 2019/20, the council received 5 FOI complaints that were escalated to the Information Commissioner's Office (ICO).

The chart below identifies where FOI requests to the council originated from.



This page is intentionally left blank

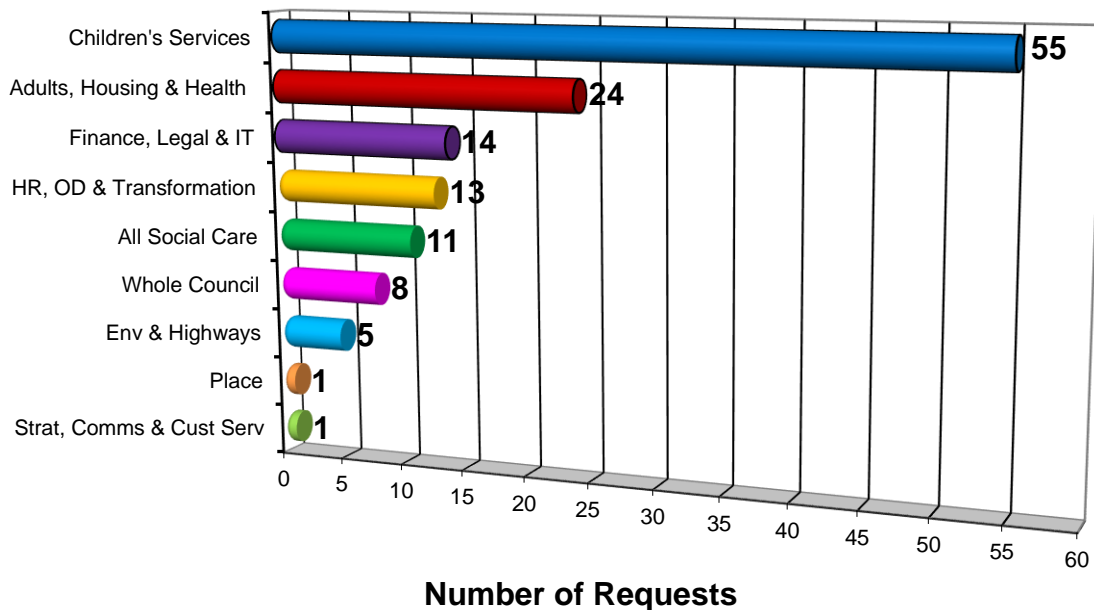


**Data Protection**

**Subject Access Requests:**

The chart below highlights the data owner areas for the 132 requests processed within 2019/20.

**Subject Access Request - Data Owners**



**Data Protection compliance across the council:**

A summary of the new Data Protection Act key changes, along with the progress made by the council to comply with these changes is detailed below:

Key Changes	Progress Made
Organisations must now demonstrate that they comply with the new Act (evidenced based).	<p><b>Completed work:</b></p> <ul style="list-style-type: none"> <li>• A new Data Protection policy is in place</li> <li>• A Data Protection Compliance Programme has been produced and refreshed</li> <li>• Mandatory Data Protection training has been updated and implemented</li> <li>• Engagement with suppliers has taken place - to ensure the council meets the 'right to be forgotten' and "data portability" rights requirements</li> </ul>

	<ul style="list-style-type: none"> <li>• Contract clauses have been amended</li> <li>• Monitoring of Data Protection training has taken place</li> </ul>
<b>Key Changes</b>	<b>Progress Made</b>
Significantly increased penalties for any breach of the Act (not just for data breaches) has been introduced.	<p><b>Completed work:</b></p> <ul style="list-style-type: none"> <li>• Mandated training is in place and has been rolled out across the council. Staff have system access removed until training is completed</li> <li>• A Data Protection Compliance Programme has been produced and has been refreshed</li> </ul>
A legal requirement is now in place for security breach notification to the Information Commissioners Office.	<p><b>Completed work:</b></p> <ul style="list-style-type: none"> <li>• The council's security incident reporting procedure has been refreshed, which will result in certain breaches being reported to regulatory bodies</li> </ul>
Data Protection Impact Assessments (DPIA) are now required for high risk processing and/or when using new technologies.	<p><b>Completed work:</b></p> <ul style="list-style-type: none"> <li>• A DPIA process has been produced and implemented</li> <li>• The DPIA forms part of the council's Architecture Design Group</li> <li>• The DPIA procedure is part of the procurement process</li> </ul>
Specific requirements for transparency and fair processing must be adhered to.	<p><b>Completed work:</b></p> <ul style="list-style-type: none"> <li>• A detailed guide on information rights has been produced and is available on our website</li> <li>• A layered approach to privacy notices has been implemented</li> </ul>
Tighter rules are in place where consent is the legal basis for processing personal data.	<p><b>Work to be completed:</b></p> <ul style="list-style-type: none"> <li>• As part of the Information Governance (IG) Group work, checks are being undertaken to review how the council are obtaining and recording consent and whether the council need to make any changes.</li> </ul>
Requirement to keep records of data processing activities.	<p><b>Work to be completed:</b></p> <p>Work is on-going (and this will always be fluid due to new systems implemented) by our Information Governance Group to compile a robust Record of Processing Activity.</p>

## Appendix 3 – Records Management

### Records Management

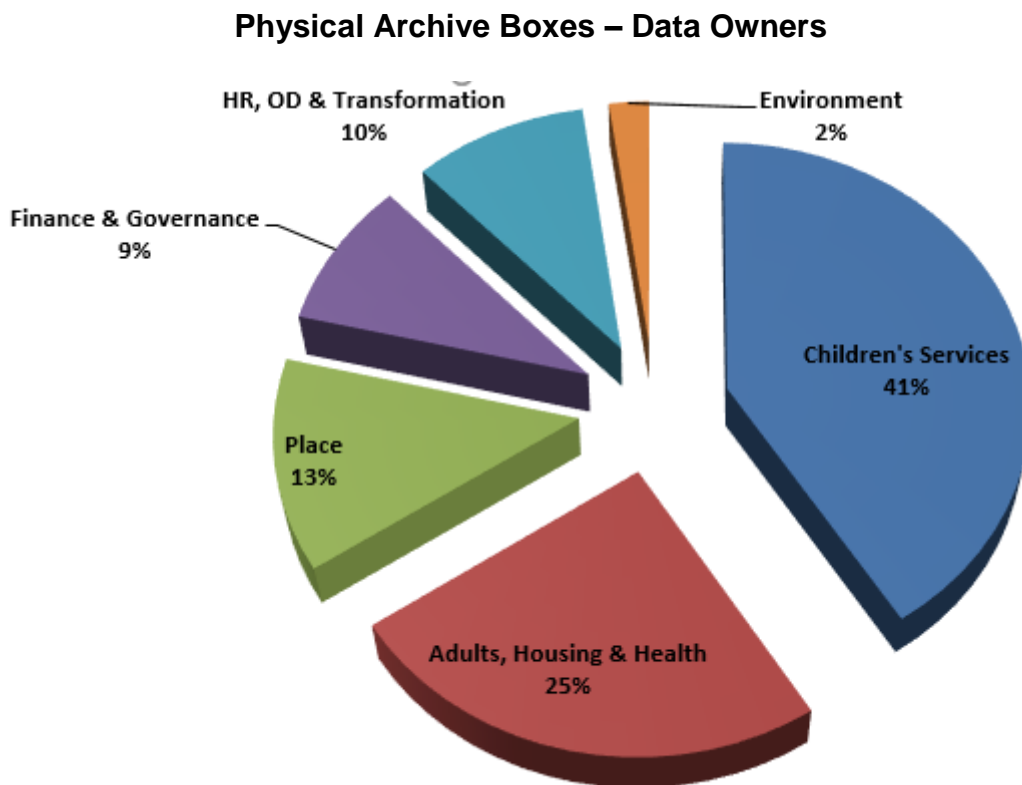
#### **Policies & Procedures:**

The following policies and guidance have been reviewed and revised:

- Document Retention Schedule - Currently being reformatted for web reader compatibility
- Objective Connect training & guidance materials – E-learning now available
- Physical archive processes digitised

#### **Physical Records:**

The chart below highlights the data owner areas for the 9,764 physical archive boxes currently in storage.



#### **Project figures from inception (May 2017)**

A reduction of 2,469 boxes to date

A cost reduction of £32,416

#### **Financial Year 2019-2020**

A reduction of 528 boxes

Costs of storage = £24,546 (reduction of £21,395 from the previous year 2018/19)

A number of areas have physical data tasks outstanding. Reporting on this is produced for Digital Board.

### **Electronic Records:**

The Records Management team are working to an agreed action plan of data review by functional area within Objective. Details under review are:

- Functional Filing
- Naming Conventions
- Access to Information
- Appropriate Team View use
- Appropriate retention period applied
- Appropriate use of retention triggers
- Removal of empty folders and files
- All data out of retention is disposed of appropriately

The current areas under review are:

- Adult Care Services – final stages
- Human Resources – final stages
- Democracy
- Housing
- Crematoria & Cemeteries

A process workflow has been compiled and implemented in order to identify and action the review of electronic data in Objective EDRMS in line with the records retention schedule.

### **Objective Home areas:**

Home area storage causes operational, business continuity and compliance concerns for the Council. With this in mind:

- Objective server settings have been periodically changed to reduce the number of documents allowed to be stored within Home areas
- A limit has now been set to ensure individuals do not store more than 100 documents within their Home area

There are currently 22 users with more than 100 documents stored within their Home area (this has come down from 733).

<b>9 July 2020</b>	<b>ITEM: 6</b>
<b>Standards &amp; Audit Committee</b>	
<b>Regulation of Investigatory Powers Act (RIPA) 2000 - Activity Report 2019/20</b>	
<b>Wards and communities affected:</b> N/A	<b>Key Decision:</b> N/A
<b>Report of:</b> Lee Henley – Strategic Lead – Information Management	
<b>Accountable Strategic Lead:</b> Lee Henley – Strategic Lead – Information Management	
<b>Accountable Director:</b> Sean Clark – Director of Finance and IT	
<b>This report is public</b>	

## Executive Summary

This report:

- Provides an update on the usage and activity of RIPA requests during 2019/20.
- Provides a refreshed RIPA Policy for approval.

### 1. Recommendation(s)

**1.1 To note the statistical information relating to the use of RIPA for the period 2019/20.**

**1.2 To agree a revised RIPA Policy.**

### 2. Introduction and Background

2.1 The Regulation of Investigatory Powers Act 2000 (RIPA), and the Protection of Freedoms Act 2012, legislates for the use of local authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's core functions.

2.2 On the 1 September 2017, The Office of Surveillance Commissioners, The Intelligence Services Commissioner's Office and The Interception of Communications Commissioner's Office were abolished by the Investigatory Powers Act 2016. The Investigatory Powers Commissioner's Office (IPCO) is now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.

2.3 The RIPA Single Point of Contact (SPOC) maintains a RIPA register of all directed surveillance RIPA requests and approvals across the council.

### 3. Issues, Options and Analysis of Options

#### 3.1 RIPA Activity

3.1.1 There were 2 Thurrock RIPA surveillance authorisations processed during 2019/20. Below is a breakdown showing the areas the authorisations relate to for this period (along with previous year's figures):

	2018/19	2019/20
Trading Standards	2	1
Fraud	3	1
Covert Human Intelligence Source (CHIS) authorisations	0	0
<b>Total</b>	<b>5</b>	<b>2</b>

3.1.2 The outcomes of the above RIPA directed surveillance authorisations cannot be summarised in detail. This is due to Data Protection requirements and to ensure that any on-going investigations are not compromised due to the disclosure of information.

3.1.3 The table below shows the number of requests made to the National Anti-Fraud Network (NAFN) for Communication Data requests:

Application Type:	2018/19	2019/20
Events (Service) Data	0	1 (Fraud)
Entity (Subscriber) Data	3 (Fraud)	5 (Fraud)
Combined	0	3 (Trading Standards)
<b>Totals</b>	<b>3</b>	<b>9</b>

#### Notes in relation to NAFN applications:

- Events Data – Is information held by a telecom provider including itemised telephone bills and/or outgoing call data.
- Entity Data – Includes any other information or account details that a telecom provider holds e.g. billing information.
- Combined – Includes applications that contain both Events and Entity data.

#### 3.2 Policy Changes

3.2.1 The RIPA Policy has been reviewed and a summary of key changes made are shown below:

- Section 1 – RIPA Codes of Practice have been refreshed to focus on those Codes relevant for Local Authority’s
- Section 6 – Has been amended to reflect that either the Authorising Officer (AO) and/or Investigating Officer may attend Court (instead of just AO) to obtain RIPA approvals
- Section 7 – Makes it clear that the Authorising Officer should set a review date at the outset (1 month)
- Section 9 – Now provides additional information including details of the crime threshold
- Appendix 2 – The list of Authorising Officers has been refreshed
- Appendices – A number of un-necessary appendices have been removed

#### **4. Reasons for Recommendation**

4.1 This report provides an update on the usage and activity of RIPA requests for 2019/20, along with providing an up to date RIPA Policy for approval.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 The RIPA SPOC has consulted with the relevant departments to obtain the data set out in this report.

#### **6. Impact on corporate policies, priorities, performance and community impact**

6.1 Monitoring compliance with RIPA supports the council’s approach to corporate governance and will ensure the proper balance of maintaining order against protecting the rights of constituents within Thurrock.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director of Finance**

There are no financial implications directly related to this report.

##### **7.2 Legal**

Implications verified by: **Tim Hallam**  
**Deputy Head of Law and Deputy Monitoring Officer**

Legal implications are contained within this report above.

### 7.3 Diversity and Equality

Implications verified by: **Natalie Smith**  
**Community Development and Equalities  
Manager**

There are no such implications directly related to this report.

### 8. **Background papers used in preparing the report** (including their location on the council's website or identification whether any are exempt or protected by copyright):

None.

### 9. **Appendices to the report**

Appendix A – RIPA Policy

### **Report Author:**

Lee Henley

Strategic Lead - Information Management



# Regulation of Investigatory Powers Act 2000 (RIPA) Policy

## Version Control Sheet

<b>Title:</b>	RIPA Policy.
<b>Purpose:</b>	To advise staff of the procedures and principles to follow to comply with the RIPA Act.
<b>Author:</b>	Lee Henley – Strategic Lead Information Management
<b>Owner:</b>	Ian Hunt – Assistant Director of Law and Governance & Monitoring Officer
<b>Approved by:</b>	Standards and Audit Committee.
<b>Date:</b>	9 July 2020
<b>Version Number:</b>	3.0
<b>Status:</b>	Final.
<b>Review Frequency:</b>	As and when changes to legislation take place
<b>Next review date:</b>	As and when changes to legislation take place

**Contents:**

<b>Content</b>	<b>Page No.</b>
1. A brief overview of Regulation of Investigatory Powers Act 2000 (RIPA)	4
2. Directed Surveillance (i) Necessary (ii) Proportionate (iii) Crime Threshold	5
3. Covert Human Intelligence Sources (CHIS)	8
4. Authorisation Process	9
5. Senior Responsible Officer (SRO) Review and Sign Off	12
6. Judicial Authorisation	12
7. Authorisation Periods	13
8. Urgency	14
9. Communication Data	14
10. Handling of material and use of material as evidence	15
11. Training	15
12. Surveillance Equipment	16
13. The Inspection Process	16
14. Shared Arrangements	16
15. Social Media and online covert activity	16

**Appendices:**

<b>Document</b>	<b>Page No.</b>
Appendix 1 – Glossary of terms	18
Appendix 2 – List of Authorising Officers	19
Appendix 3 – Briefing report	20
Appendix 4 – Best practice for photographic and video evidence	21
Appendix 5 – Surveillance log	22
Appendix 6 – Authorising Officer's Aide - Memoire	23
Appendix 7 – Flow chart showing the authorisation process	25

## 1. A brief overview of RIPA

(For text in **bold**, see glossary of terms – Appendix 1)

The Regulation of Investigatory Powers Act (RIPA) was introduced by Parliament in 2000. The Act sets out the reasons for which the use of **directed surveillance** (DS) and **covert human intelligence source** (CHIS) may be authorised.

Local Authorities' abilities to use these investigation methods are restricted in nature and may only be used for the prevention and detection of crime or the prevention of disorder. Local Authorities are not able to use **intrusive surveillance**.

Widespread, and often misinformed, reporting led to public criticism of the use of surveillance by some Local Authority enforcement officers and investigators. Concerns were also raised about the trivial nature of some of the 'crimes' being investigated. This led to a review of the legislation and ultimately the introduction of the Protection of Freedoms Act 2012 and the RIPA Directed Surveillance and Covert Human Intelligence Source (CHIS) (Amendment) Order 2012.

In addition to defining the circumstances when these investigation methods may be used, the Act also directs how applications will be made and how, and by whom, they may be approved, reviewed, renewed, cancelled and retained.

The Act must be considered in tandem with associated legislation including the Human Rights Act (HRA), and the Data Protection Act (DPA).

Further, a Local Authority may only engage the Act when performing its 'core functions'. For example, a Local Authority may rely on the Act when conducting a criminal investigation as this would be considered a 'core function', whereas the disciplining of an employee would be considered a 'non-core' or 'ordinary' function.

Examples of when local authorities may use RIPA and CHIS are as follows:

- Trading standards – action against loan sharks, rogue traders, consumer scams, deceptive advertising, counterfeit goods, unsafe toys and electrical goods;
- Enforcement of anti-social behavior orders and legislation relating to unlawful child labour;
- Housing/planning – interventions to stop and make remedial action against unregulated and unsafe buildings, breaches of preservation orders, cases of landlord harassment;
- Counter Fraud – investigating allegations of fraud, bribery, corruption and theft committed against the Council; and
- Environment protection – action to stop large-scale waste dumping, the sale of unfit food and illegal 'raves'.

The examples do not replace the key principles of necessity and proportionality or the advice and guidance available from the relevant oversight Commissioners.

There are 3 key codes of practice and guidance available in relation to the RIPA Act and these are shown in the links below:

### **Covert Surveillance and Property Interference - Code of Practice**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/742041/201800802\\_CSPI\\_code.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf)

### **Covert Human Intelligence Sources - Code of Practice**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/742042/201800802\\_CHIS\\_code .pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742042/201800802_CHIS_code.pdf)

### **Communications Data - Code of Practice**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/757850/Communications Data Code of Practice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757850/Communications_Data_Code_of_Practice.pdf)

## **2. Directed Surveillance**

This policy relates to all staff directly employed by Thurrock Council when conducting relevant investigations for the purposes of preventing and detecting crime or preventing disorder, and to all contractors and external agencies that may be used for this purpose as well as to those members of staff tasked with the authorisation and monitoring of the use of directed surveillance, CHIS and the acquisition of communications data.

It is essential that the Chief Executive and Directors should have an awareness of the basic requirements of RIPA and also an understanding of how it might apply to the work of individual council departments. Without this knowledge at senior level, it is unlikely that any authority will be able to develop satisfactory systems to deal with the legislation. Those who need to use or conduct directed surveillance or CHIS on a regular basis will require more detailed specialised training.

The use of directed surveillance or a CHIS must be necessary and proportionate to the alleged crime or disorder. Usually, it will be considered to be a tool of last resort, to be used only when all other less intrusive means have been used or considered.

### **Necessary**

A person granting an authorisation for directed surveillance must consider *why* it is necessary to use covert surveillance in the investigation *and* believe that the activities to be authorised are necessary on one or more statutory grounds.

If the activities are deemed necessary, the authoriser must also believe that they are proportionate to what is being sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

## **Proportionate**

The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render intrusive actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.

The following elements of proportionality should therefore be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

The Council will conduct its directed surveillance operations in strict compliance with the Data Protection Act (DPA) principles and limit them to the exceptions permitted by the Human Rights Act and RIPA, and solely for the purposes of preventing and detecting crime or preventing disorder.

The **Senior Responsible Officer** (SRO) as named in Appendix 2 will be able to give advice and guidance on this legislation. The SRO will appoint a RIPA Single Point of Contact/Coordinating Officer (SPOC) (as named in Appendix 2). The SPOC will be responsible for the maintenance of a **central register** that will be available for inspection by the Investigatory Powers Commissioner's Office (IPCO).

The use of hand-held cameras and binoculars can greatly assist a directed surveillance operation in public places. However, if they afford the investigator a view into private premises that would not be possible with the naked eye, the surveillance becomes intrusive and is not permitted. Best practice for compliance with evidential rules relating to photographs and

video/CCTV footage is contained in Appendix 4. Directed surveillance may be conducted from private premises. If they are used, the applicant must obtain the owner's permission, in writing, before authorisation is given. If a prosecution then ensues, the applicant's line manager must visit the owner to discuss the implications and obtain written authority for the evidence to be used.

The general usage of the council's CCTV system is not affected by this policy. However, if cameras are specifically targeted for the purpose of directed surveillance, a RIPA authorisation must be obtained.

Wherever knowledge of **confidential information** is likely to be acquired or if a vulnerable person or juvenile is to be used as a CHIS, the authorisation must be made by the Chief Executive (or in their absence whoever deputises for this role).

Directed surveillance that is carried out in relation to a **legal consultation** on certain premises will be treated as intrusive surveillance, regardless of whether legal privilege applies or not. These premises include prisons, police stations, courts, tribunals and the premises of a professional legal advisor. Local Authorities are not able to use intrusive surveillance. Operations will only be authorised when there is sufficient, documented, evidence that the alleged crime or disorder exists and when directed surveillance is considered to be a necessary and proportionate step to take in order to secure further evidence.

Low level surveillance, such as 'drive-bys' or everyday activity observed by officers in the course of their normal duties in public places, does not need RIPA authority. If surveillance activity is conducted in immediate response to an unforeseen activity, RIPA authorisation is not required. However, if repeated visits are made for a specific purpose, authorisation may be required. In cases of doubt, legal advice should be taken.

When vehicles are being used for directed surveillance purposes, drivers must at all times comply with relevant traffic legislation.

### **Crime Threshold**

An additional barrier to authorising directed surveillance is set out in the Regulation of Investigatory Powers (Directed Surveillance and CHIS) (Amendment) Order 2012. This provides a 'Crime Threshold' whereby only crimes which are either punishable by a maximum term of at least 6 months' imprisonment (whether on summary conviction or indictment) or are related to the underage sale of alcohol or tobacco can be investigated through Directed Surveillance.

A crime threshold applies to the authorisation of directed surveillance by local authorities under RIPA and the acquisition of Communications Data (CD). It does not apply to the authorisation of local authority use of CHIS.

Thurrock cannot authorise directed surveillance for the purpose of preventing disorder unless this involves a criminal offence(s) punishable (whether on summary conviction or indictment) by a maximum term of at least 6 months' imprisonment.

Thurrock may therefore continue to authorise use of directed surveillance in more serious cases as long as the other tests are met – i.e. that it is necessary and proportionate and where prior approval from a Magistrate has been granted. Examples of cases where the offence being investigated attracts a maximum custodial sentence of six months or more could include more serious criminal damage, dangerous waste dumping and serious or serial fraud.

Thurrock may also continue to authorise the use of directed surveillance for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco where the necessity and proportionality test is met and prior approval from a Justice of the Peace (JP) has been granted.

A local authority such as Thurrock may not authorise the use of directed surveillance under RIPA to investigate disorder that does not involve criminal offences.

### **3. Covert Human Intelligence Sources (CHIS)**

A person who reports suspicion of an offence is not a CHIS, nor do they become a CHIS if they are asked if they can provide additional information, e.g. details of the suspect's vehicle or the time that they leave for work. It is only if they establish or maintain a personal relationship with another person for the purpose of covertly obtaining or disclosing information that they become a CHIS.

If it is deemed unnecessary to obtain RIPA authorisation in relation to the proposed use of a CHIS for test purchasing, the applicant should complete the council's CHIS form and submit to an Authorising Officer for authorisation. Once authorised, any such forms must be kept on the relevant investigation file, in compliance with the Criminal Procedure for Investigations Act 1996 ("CPIA").

The times when a local authority will use a CHIS are limited. The most common usage is for test-purchasing under the supervision of suitably trained officers.

Officers considering the use of a CHIS under the age of 18, and those authorising such activity must be aware of the additional safeguards identified in The Regulation of Investigatory Powers (Juveniles) Order 2000 and its Code of Practice. The most recent order which is SI 2018/715 (<http://www.legislation.gov.uk/ukSI/2018/715/made>)

A vulnerable individual should only be authorised to act as a CHIS in the most exceptional circumstances. A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness, and who is or may not be



able to take care of himself. The Authorising Officer in such cases must be the Chief Executive, who is the Head of Paid Service, or in their absence whoever deputises for this role.

Any deployment of a CHIS should take into account the safety and welfare of that CHIS. Before authorising the use or conduct of a CHIS, the authorising officer should ensure that an appropriate bespoke risk assessment is carried out to determine the risk to the CHIS of any assignment and the likely consequences should the role of the CHIS become known. This risk assessment must be specific to the case in question. The ongoing security and welfare of the CHIS, after the cancellation of the authorisation, should also be considered at the outset.

A CHIS handler is responsible for bringing to the attention of a CHIS controller any concerns about the personal circumstances of the CHIS, insofar as they might affect the validity of the risk assessment, the conduct of the CHIS, and the safety and welfare of the CHIS.

The process for applications and authorisations have similarities to those for directed surveillance but there are also significant differences, namely that the following arrangements must be in place at all times in relation to the use of a CHIS:

- There will be an appropriate officer of the Council who has day-to-day responsibility for dealing with the CHIS, and for the security and welfare of the CHIS; and
- There will be a second appropriate officer of the use made of the CHIS, and who will have responsibility for maintaining a record of this use. These records must also include information prescribed by the Regulation of Investigatory Powers (Source Records) Regulations 2000. Any records that disclose the identity of the CHIS must not be available to anyone who does not have a need to access these records.

An Authorising Officer's Aide-Memoire has been produced (Appendix 6) to assist Authorising Officers when considering applications for directed surveillance.

#### **4. The Authorisation Process**

The processes for applications and authorisations for CHIS are similar as for directed surveillance, but note the differences set out in the CHIS section above. Directed Surveillance applications and CHIS applications are made using forms that have been set up in a shared network drive by the council. These forms must not be amended and applications will not be accepted if the approved forms are not completed.

The authorisation process involves the following steps and is also summarised (in flowchart form) within Appendix 7:

### Investigation Officer

1. A risk assessment will be conducted by the Investigation Officer before an application is drafted. This assessment will include the number of officers required for the operation; whether the area involved is suitable for directed surveillance; what equipment might be necessary, health and safety concerns of all those involved and affected by the operation and insurance issues. Particular care must be taken when considering surveillance activity close to schools or in other sensitive areas. If it is necessary to conduct surveillance around school premises, the applicant should inform the head teacher of the nature and duration of the proposed activity, in advance. A Police National Computer (PNC) check on those targets should be conducted as part of this assessment by the Counter Fraud & Investigation team.
2. The Investigation Officer prepares an application. When completing the forms, Investigation Officers must fully set out details of the covert activity for which authorisation is sought to enable the Authorising Officer to make an informed judgment. Consideration should be given to consultation with a lawyer concerning the activity to be undertaken (including scripting and tasking).
3. The Investigation Officer will submit the application form to an authorising officer for approval.
4. All applications to conduct directed surveillance (other than under urgency provisions – see below) must be made in writing in the approved format.

### Authorising Officer (AO)

5. The AO considers the application and if it is considered complete the application is signed off and forwarded to the Senior Responsible Officer (SRO) for review and counter approval.
6. An Authorising Officer's Aide-Memoire has been produced to assist AO's when considering applications for directed surveillance. This must be completed by the AO.
7. If there are any deficiencies in the application further information may be sought from the Investigation Officer, prior to sign off.
8. Once final approval has been received from the SRO (see below), the AO and the Investigation Officer will retain copies and will create an appropriate diary method to ensure that any additional documents are submitted in good time.

### Senior Responsible Officer (SRO)

9. The SRO then reviews the AO's approval and countersigns it.

10. If the application requires amendment the SRO will return this to the AO for the necessary revisions to be made prior to sign off. Once the SRO is satisfied that concludes the internal authorisation procedure and he or she will countersign the application (see section 5 below). This will allow the Investigation Officer to link in with the RIPA Single Point of Contact, in order to obtain a unique reference number (URN) from the central register (prior to any court authorisation).

#### Application to JPs Court

11. The countersigned application form will form the basis of the application to the JPs Court (see further below).

#### Authorised Activity

12. Authorisation takes effect from the date and time of the approval from the JPs Court.

13. Where possible, private vehicles used for directed surveillance purposes should have keeper details blocked by the Counter Fraud & Investigation team.

14. Notification of the operation will be made to the relevant police force intelligence units where the target of the operation is located in their force area. Contact details for each force intelligence unit are held by the Group Manager Counter Fraud & Investigation - Counter Fraud & Investigation team.

15. Before directed surveillance activity commences, the Investigation Officer will brief all those taking part in the operation. The briefing will include details of the roles to be played by each officer, a summary of the alleged offence(s), the name and/or description of the subject of the directed surveillance (if known), a communications check, a plan for discontinuing the operation and an emergency rendezvous point. A copy of the briefing report (Appendix 3) will be retained by the Investigation Officer.

16. Where 3 or more officers are involved in an operation, officers conducting directed surveillance will complete a daily log of activity an example shown at Appendix 5. Evidential notes will also be made in the pocket notebook of all officers engaged in the operation regardless of the number of officers on an operation. These documents will be kept in accordance with the appropriate retention guidelines.

17. Where a contractor or external agency is employed to undertake any investigation on behalf of the Council, the Investigation Officer will ensure that any third party is adequately informed of the extent of the authorisation and how they should exercise their duties under that authorisation.

#### Conclusion of Activities

18. As soon as the authorised activity has concluded the Investigation Officer will complete a Cancellation Form.

19. The original copy of the complete application will be retained with the central register.

## **5. Senior Responsible Officer (SRO) Review and Sign Off**

The SRO will review the AO approval prior to it being submitted for Magistrates/JP authorisation.

If in the SRO's opinion there are inconsistencies, errors or deficiencies, in the application such that the AO's approval requires amendments or augmentation, the SRO will return the application form to the AO with recommendation for alternative wording or further information and the AO will incorporate the same.

The form will then be returned to the SRO for countersigning.

Once the SRO has countersigned the form this will form the basis of the application to the Magistrates Court for authorisation.

## **6. Judicial Authorisation**

The Authorising Officer or Investigating Officer will provide the court with a copy of the original RIPA authorisation or notice and the supporting documents setting out the case. This forms the basis of the application to the court and should contain all information that is relied upon. The necessity and proportionality of acquiring consequential acquisition will be assessed by the JP as part of their consideration.

The original RIPA authorisation or notice should be shown to the court but also be retained by Thurrock Council so that it is available for inspection by the Commissioners' officers and in the event of any legal challenge or investigations by the Investigatory Powers Tribunal (IPT). The Court may also wish to keep a copy so an extra copy should be made available to the Court.

Importantly, the Authorising Officer or Investigating Officer will also need to provide the court with a partially completed judicial application/order form. The order section of the form will be completed by the JP and will be the official record of the JP's decision.

The officer from Thurrock will need to obtain judicial approval for all initial RIPA authorisations/applications and renewals and will need to retain a copy of the judicial application/order form after it has been signed by the JP. There is no requirement for the JP to consider either cancellations or internal reviews.

The authorisation will take effect from the date and time of the JP granting approval and Thurrock may proceed to use the techniques approved in that case.

On the rare occasions where due to out of hours and no access to a Court and Justice of the Peace (JP), then it will be for the officer to make local arrangements with the relevant Her Majesty's Courts and Tribunals Service. In these cases the council will need to provide two partially completed judicial application/order forms so that one can be retained by the JP. They should provide the court with a copy of the signed judicial application/order form the next working day.

In most emergency situations where the police have power to act, then they are able to authorise activity under RIPA without prior JP approval. No RIPA authority is required in immediate response to events or situations where it is not reasonably practicable to obtain it (for instance when criminal activity is observed during routine duties and officers conceal themselves to observe what is happening).

Where renewals are timetabled to fall outside of court hours, for example during a holiday period, it is the local authority's responsibility to ensure that the renewal is completed ahead of the deadline.

It is not Thurrock's policy that legally trained personnel are required to make the case to the JP. The forms and supporting papers must by themselves make the case.

## **7. Authorisation periods**

The authorisation will take effect from the date and time of the JP granting approval and Thurrock may proceed to use the techniques approved in that case.

A written authorisation (unless renewed or cancelled) will cease to have effect after 3 months. The Authorising Officer should set a review date at the outset which should be "as frequently as is considered necessary and practicable" (the "norm" is one month after authorisation).

Renewals should not normally be granted more than seven days before the original expiry date. If the circumstances described in the application alter, the applicant must submit a review document before activity continues.

As soon as the operation has obtained the information needed to prove, or disprove, the allegation, the applicant must submit a cancellation document and the authorised activity must cease.

CHIS authorisations will (unless renewed or cancelled) cease to have effect 12 months from the day on which authorisation took effect, except in the case of juvenile CHIS which will cease to have effect after 4 months. Urgent oral authorisations or authorisations will unless renewed, cease to have effect after 72 hours.

## **8. Urgency**

The law has been changed so that urgent cases can no longer be authorised orally. Approval for directed surveillance in an emergency must now be obtained in written form. Oral approvals are no longer permitted. In cases where emergency approval is required an AO must be visited by the applicant with two completed RIPA application forms. The AO will then assess the proportionality, necessity and legality of the application. If the application is approved then the applicant must then contact the out-of-hours HMCTS representative to seek approval from a Magistrate. The applicant must then take two signed RIPA application forms and the judicial approval form to the Magistrate for the hearing to take place.

As with a standard application the test of necessity, proportionality and the crime threshold must be satisfied. A case is not normally to be regarded as urgent unless the delay would, in the judgment of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation. Examples of situations where emergency authorisation may be sought would be where there is intelligence to suggest that there is a substantial risk that evidence may be lost, a person suspected of a crime is likely to abscond, further offences are likely to take place and/or assets are being dissipated in a criminal investigation and money laundering offences may be occurring. An authorisation is not considered urgent if the need for authorisation has been neglected or the urgency is due to the authorising officer or applicant's own doing.

## **9. Communications Data (CD) and the use of the National Anti- Fraud Network (NAFN)**

Communications Data ('CD') is the 'who', 'when' and 'where' of a communication, but not the 'what' (i.e. the content of what was said or written). Local Authorities are not permitted to intercept the content of any person's communications.

Authorising Officers (AO) must not authorise requests for their own service area and will access the restricted area of the National Anti-Fraud Network (NAFN) website using a special code, in order to review and approve the application. When approving the application, the AO must be satisfied that the acquiring of the information is necessary, proportionate and meets the serious crime threshold.

Part 3 of the Investigatory Powers Act 2016 (IPA) replaced part 1 chapter 2 of RIPA in relation to the acquisition of communications data (CD) and puts local authorities on the same standing as the police and law enforcement agencies. Previously local authorities have been limited to obtaining subscriber details (known now as "entity" data) such as the registered user of a telephone number or email address. Under the IPA, local authorities can now also obtain details of in and out call data, and cell site location. This information identifies who a criminal suspect is in communication with and whereabouts the suspect was when they made or received a call, or the location from which they were using an Internet service. This additional data is defined as "events" data.

A new threshold for which CD “events” data can be sought has been introduced under the IPA as “applicable crime”. Defined in section 86(2A) of the Act this means: an offence for which an adult is capable of being sentenced to one year or more in prison; any offence involving violence, resulting in substantial financial gain or involving conduct by a large group of persons in pursuit of a common goal; any offence committed by a body corporate; any offence which involves the sending of a communication or a breach of privacy; or an offence which involves, as an integral part of it, or the sending of a communication or breach of a person’s privacy. Further guidance can be found in paragraphs 3.3 to 3.13 of CD Code of Practice.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/757850/Communications\\_Data\\_Code\\_of\\_Practice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757850/Communications_Data_Code_of_Practice.pdf)

The IPA has also removed the necessity for local authorities to seek the endorsement of a Justice of the Peace when seeking to acquire CD. All such applications must now be processed through NAFN and will be considered for approval by the independent Office of Communication Data Authorisation (OCDA). The transfer of applications between local authorities, NAFN and OCDA is all conducted electronically and will therefore reduce what can be a protracted process of securing an appearance before a Magistrate or District Judge (see local authority procedures set out in paragraphs 8.1 to 8.7 of the CD Code of Practice).

## **10. Handling of material and use of material as evidence**

Material obtained from properly authorised directed surveillance or a source may be used in other investigations. Arrangements shall be in place for the handling, storage and destruction of material obtained through the use of directed surveillance, a source or the obtaining or disclosure of communications data, following relevant legislation such as the Criminal Procedure and Investigations Act (CPIA).

Authorising Officers must ensure compliance with the appropriate data protection and CPIA requirements, having due regard to the Public Interest Immunity test and any relevant Corporate Procedures relating to the handling and storage of material.

Where the product of surveillance could be relevant to pending or future proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review.

## **11. Training**

Officers conducting directed surveillance operations, using a CHIS or acquiring communications data must have an appropriate accreditation or be otherwise suitably qualified or trained.

Authorising Officers will be appointed by the Chief Executive and will have received training that has been approved by the Senior Responsible Officer. The Senior Responsible Officer

will have appointed the RIPA Coordinating Officer (SPOC) who will be responsible for arranging suitable training for those conducting surveillance activity or using a CHIS.

All training will take place at reasonable intervals to be determined by the SRO or SPOC, but it is envisaged that an update will usually be necessary following legislative or good practice developments or otherwise every 12 months.

## **12. Surveillance Equipment**

All mobile surveillance equipment is kept in secure premises of each investigation and enforcement team in the Civic Offices. Access to the area is controlled by the relevant team, who maintain a spreadsheet log of all equipment taken from and returned to the area.

## **13. The Inspection Process**

The Investigatory Powers Commissioners Office (IPCO) will make periodic inspections during which the inspector will wish to interview a sample of key personnel; examine RIPA and CHIS applications and authorisations; the central register and policy documents. The inspector will also make an evaluation of processes and procedures.

## **14. Shared Arrangements**

Thurrock conducts Counter Fraud & Investigation activities to protect other public authorities who have no counter fraud function but have an ongoing statutory duty to protect the public funds they administer. In rare instances, where activity governed by RIPA is required to support that Counter Fraud work, only officers employed by Thurrock Council are used to conduct that activity, as the tasking agency. Thurrock therefore follows its own RIPA policy which will result in its Authorising Officers' signing off other agencies RIPA surveillance requests.

## **15. Social Media and online covert activity**

The use of the internet may be required to gather information prior to and/or during an operation, which may amount to directed surveillance. Alternatively an investigator may need to communicate covertly online, for example, contacting individuals using social media websites.

Whenever the council intends to use the internet as part of an investigation, it must first consider whether the proposed activity is likely to interfere with a person's Article 8 rights (Right to respect for private and family life), including the effect of any collateral intrusion. Any activity likely to interfere with an individual's Article 8 rights should only be used when necessary and proportionate to meet the objectives of a specific case.



The use of social media for the gathering of evidence to assist in enforcement activities, must comply with the requirements set out below:

- It is not unlawful for a council officer to set up a false identity but it is inadvisable to do so for a covert purpose without authorization. If this is being considered then this must be authorised by the Senior Responsible Officer and/or the RIPA Single Point of Contact. Using photographs of other persons without their permission to support the false identity infringes other laws.
- Where it is necessary and proportionate for officers pursuing an investigation to create a false identity in order to 'friend' individuals on social networks, a CHIS authorisation must be obtained.
- Authorisation for the use and conduct of a CHIS is necessary if a relationship is established or maintained by a council officer (i.e. the activity is more than merely reading of the site's content). Where activity is only carrying out a test purchase a CHIS authorisation may not be necessary, however this should be confirmed with the Authorising Officer on a case by case basis.
- Where privacy settings are available but not applied, the data may be considered open source and an authorisation is not usually required. However privacy implications may still apply even if the subject has not applied privacy settings (see section 3.13 of the Covert Surveillance and Property Interference Code). Advice on this must be obtained from the Senior Responsible Officer and/or the RIPA Single Point of Contact prior to undertaking surveillance.
- Officers viewing an individual's open profile on a social network should do so as infrequently as possible in order to substantiate or refute an allegation.
- Where repeated viewing of open profiles on social networks is necessary and proportionate to gather further evidence or to monitor an individual's status, then RIPA authorisation must be considered as repeat viewing of "open source" sites may constitute directed surveillance on a case by case basis. Any decision not to seek authorisation must be made in consultation with an Authorising Officer and that the decision making process should be documented.
- Officers should be aware that it may not be possible to verify the accuracy of information on social networks and if such information is to be used as evidence, then reasonable steps must be undertaken to ensure its validity

Please note, sections 3.10 through to 3.17 of the Surveillance and Property Interference Code (and 4.11 to 4.17 of the CHIS Code) provide detailed information in relation to this subject matter.

## GLOSSARY OF TERMS

### **Collateral intrusion**

The likelihood of obtaining private information about someone who is not the subject of the directed surveillance operation.

### **Confidential information**

This covers confidential journalistic material, matters subject to legal privilege, and information relating to a person (living or dead) relating to their physical or mental health; spiritual counselling or which has been acquired or created in the course of a trade/profession/occupation or for the purposes of any paid/unpaid office.

### **Covert relationship**

A relationship in which one side is unaware of the purpose for which the relationship is being conducted by the other.

### **Directed Surveillance**

Surveillance carried out in relation to a specific operation which is likely to result in obtaining private information about a person in a way that they are unaware that it is happening. It excludes surveillance of anything taking part in residential premises or in any private vehicle.

### **Intrusive Surveillance**

Surveillance which takes place on any residential premises or in any private vehicle. A Local Authority cannot use intrusive surveillance.

### **Legal Consultation**

A consultation between a professional legal adviser and his client or any person representing his client, or a consultation between a professional legal adviser or his client or representative and a medical practitioner made in relation to current or future legal proceedings.

### **Residential premises**

Any premises occupied by any person as residential or living accommodation, excluding common areas to such premises, e.g. stairwells and communal entrance halls.

### **Senior Responsible Officer (SRO)**

The SRO is responsible for the integrity of the processes in order for the Council to ensure compliance when using Directed Surveillance or CHIS.

### **Service data**

Data held by a communications service provider relating to a customer's use of their service, including dates of provision of service; records of activity such as calls made, recorded delivery records and top-ups for pre-paid mobile phones.

### **Surveillance device**

Anything designed or adapted for surveillance purposes.

### List of Authorising Officers

#### Principal RIPA Officers

Ian Hunt Assistant Director of Law and Governance & Monitoring Officer	Senior Responsible Officer (SRO)
Matthew Boulter Deputy Monitoring Officer	Deputy SRO
Lee Henley Strategic Lead -Information Management	RIPA Co-ordinating Officer (Single Point of Contact)

#### Authorising Officers

Chief Executive	Authorising Officer
Sean Clark Director of Finance & IT	Authorising Officer
Andrew Millard Director of Place	Authorising Officer
Jackie Hinchliffe Director of HR,OD & Transformation	Authorising Officer
Julie Rogers Director Environment and Highways	Authorising Officer

**Briefing Report**

Before any RIPA or CHIS operation commences, all staff will be briefed by the officer in charge of the case using the format of this briefing report. The original will be retained with the investigation file.

RIPA URN .....

Name and number to identify operation .....

Date, time and location of briefing .....

.....

Persons present at briefing .....

.....

**Information** (Sufficient background information of the investigation to date to enable all those taking part in the operation to fully understand their role).

**Intention** (What is the operation seeking to achieve?).

**Method** (How will individuals achieve this? If camcorders are to be used, remind officers that any conversations close to the camera will be recorded).

**Administration** (To include details of who will be responsible for maintenance of the log sheet and collection of evidence; any identified health and safety issues; the operation; an agreed stand down procedure – NOTE It will be the responsibility of the officer in charge of the investigation to determine if and when an operation should be discontinued due to reasons of safety or cost-effectiveness – and an emergency rendezvous point. On mobile surveillance operations, all those involved will be reminded that at ALL times speed limits and mandatory road signs MUST be complied with and that drivers must NOT use radios or telephones when driving unless the equipment is ‘hands free’).

**Communications** (Effective communications between all members of the team will be established before the operation commences).

### Best practice regarding photographic and video evidence

Photographic or video evidence can be used to support the verbal evidence of what the officer conducting surveillance actually saw. There will also be occasions when video footage may be obtained without an officer being present at the scene. However it is obtained, it must properly documented and retained in order to ensure evidential continuity. All such material will be disclosable in the event that a prosecution ensues.

Considerations should be given as to how the evidence will eventually be produced. This may require photographs to be developed by an outside laboratory. Arrangements should be made in advance to ensure continuity of evidence at all stages of its production. A new film, tape or memory card should be used for each operation.

If video footage is to be used start it with a verbal introduction to include day, date, time and place and names of officers present. Try to include footage of the location, e.g. street name or other landmark so as to place the subject of the surveillance.

A record should be maintained to include the following points:

- Details of the equipment used
- Confirmation that the date & time on the equipment is correct
- Name of the officer who inserted the film, tape or memory card into the camera
- Details of anyone else to whom the camera may have been passed
- Name of officer removing film, tape or memory card
- Statement to cover the collection, storage and movement of the film, tape or memory card
- Statement from the person who developed or created the material to be used as evidence

As soon as possible the original recording should be copied and the master retained securely as an exhibit. If the master is a tape, the record protect tab should be removed once the tape has been copied. Do not edit anything from the master. If using tapes, only copy on a machine that is known to be working properly. Failure to do so may result in damage to the master.

Stills may be taken from video. They are a useful addition to the video evidence.

**Surveillance Log**

Daily log of activity, to be kept by each operator or pair of operators.

- A – Amount of time under observation
- D – Distance from subject
- V - Visibility
- O - Obstruction
- K – Known, or seen before
- A – Any reason to remember, subject or incident
- T – Time elapsed between sighting and note taking
- E – Error or material discrepancy – e.g. description, vehicle reg etc.

Operation name or number .....

Date .....

Time of activity (from) ..... (to) .....

Briefing location and time .....

Name of operator(s) relating to THIS log .....

.....

Details of what was seen, to include ADVOKATE (as above).

.....

.....

.....

.....

.....

.....

.....

**RIPA Authorising Officer's Aide-Memoire**

<p><b>Has the applicant satisfactorily demonstrated proportionality?</b>          Court will ask itself should (not could) we have decided this was proportionate.          Is there a less intrusive means of obtaining the <b>same</b> information?          What is the risk – to the authority (loss), to the community of allowing the offence to go un-investigated? What is the potential risk to the subject?          What is the least intrusive way of conducting the surveillance?          Has the applicant asked for too much? Can it safely be limited?          Remember – Don't use a sledge-hammer to crack a nut!          YOUR COMMENTS</p>	<p><b>Yes</b></p>	<p><b>No</b></p>
--	-------------------	------------------

<p><b>Has the applicant satisfactorily demonstrated necessity (see below)?</b></p> <ul style="list-style-type: none"> <li>• What crime is alleged to be committed?</li> <li>• Is the surveillance necessary for what we are seeking to achieve?</li> <li>• Does the activity need to be covert or could the objectives be achieved overtly?</li> <li>• Does this crime come under the Fraud Act 2006 and if so please state which section of the Act this applies to?</li> <li>• Will the offence attract a custodial sentence of 6 months or more? If no, directed surveillance should not be used</li> </ul> <p>YOUR COMMENTS</p>	<p><b>Yes</b></p>	<p><b>No</b></p>
---	-------------------	------------------

<p><b>What evidence does applicant expect to gather?</b>          Has applicant described (a) what evidence he/she hopes to gain, and (b) the value of that evidence in relation to THIS enquiry?          YOUR COMMENTS</p>	<p><b>Yes</b></p>	<p><b>No</b></p>
--	-------------------	------------------

<b>Is there any likelihood of obtaining confidential information during this operation? If “Yes” operation must be authorized by the Chief Executive.</b>	<b>Yes</b>	<b>No</b>
<b>Have any necessary risk assessments been conducted before requesting authorization?</b> Details what assessment (if any) was needed in this particular cases. In the case of a CHIS authorization an appropriate bespoke risk assessment must be completed.	<b>Yes</b>	<b>No</b>
When applying for <b>CHIS</b> authorization, have officers been identified to:  a) have day to day responsibility for the CHIS (a handler) b) have general oversight of the use of the CHIS (a controller) c) be responsible for retaining relevant CHIS records, including true identity, and the use made of the CHIS.	<b>Yes</b>	<b>No</b>

<b>Have all conditions necessary for authorization been met to your satisfaction?</b> GIVE DETAILS	<b>Yes</b>	<b>No</b>
---	------------	-----------

<b>Do you consider that it is necessary to place limits on the operation?</b> IF YES, GIVE DETAILS (e.g. no. of officers, time, date etc.) and REASONS	<b>Yes</b>	<b>No</b>
---	------------	-----------

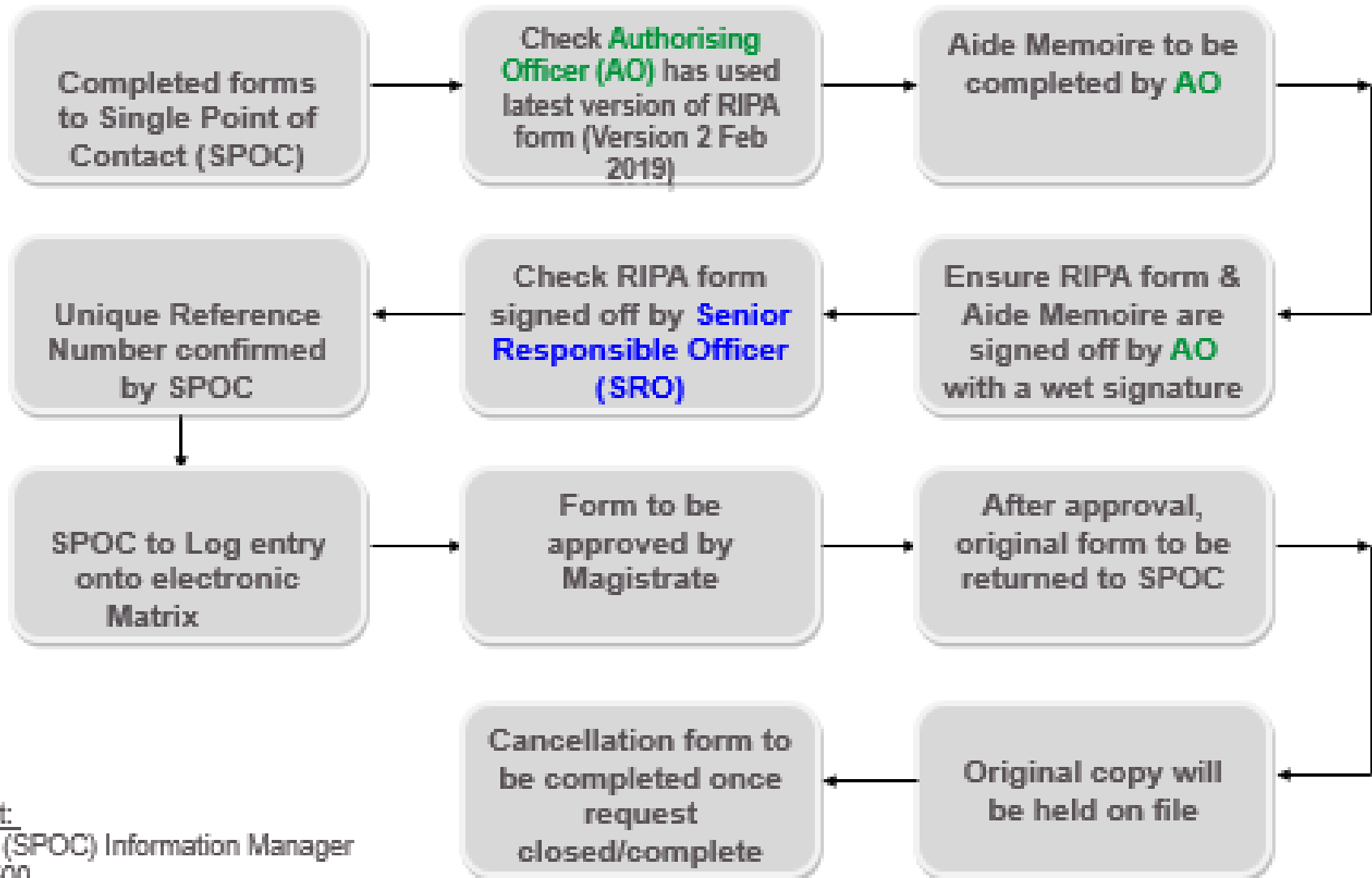
Name (Print)		Grade / Rank	
Signature		Date and time	
Expiry date and time [ e.g.: authorisation granted on 1 April 2011 - expires on 30 June 2011, 23.59 ]			

Remember to diarise any review dates and any subsequent action necessary by you and/or applicant. Return copy of completed application to applicant and submit original to Legal Services. Retain copy.



# RIPA Process

## Appendix 7





<b>9 July 2020</b>	<b>ITEM: 7</b>
<b>Standards &amp; Audit Committee</b>	
<b>Chief Internal Auditor’s Annual Report – Year ended 31 March 2020</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key
<b>Report of:</b> Gary Clifford – Chief Internal Auditor	
<b>Accountable Assistant Director:</b> N/A	
<b>Accountable Director:</b> Sean Clark – Corporate Director of Finance, Governance & Property	
<b>This report is public</b>	

## Executive Summary

Under the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide the Section 151 Officer and the Standards & Audit Committee with an opinion on the adequacy and effectiveness of the organisation’s governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in the risk management, governance and control processes.

The audit opinions that are provided on a review by review basis during the year and are presented to the Standards & Audit Committee as part of the regular internal audit progress reports, form part of the framework of assurances that assist the council in preparing an informed annual governance statement.

During the latter part of the financial year, the Coronavirus COVID-19 pandemic occurred which has had an impact on getting responses back from clients on operational issues and to draft reports. This impacted on the total number of assurance reports issued as final. However, the Chief internal Auditor has taken this into account when reaching his judgement on the overall opinions he has given around the Governance, Risk Management and Internal Control frameworks.

### 1. Recommendation(s)

- 1.1 **That the Standards & Audit Committee considers and comments on the Chief Internal Auditor’s Annual Report – Year ended 31<sup>st</sup> March 2020.**

## **2. Introduction and Background**

- 2.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Thurrock Council's internal control system and integral to the framework of assurance that the Standards & Audit Committee can place reliance on to assess its internal control system.
- 2.2 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. This responsibility has been delegated to the Corporate Director of Finance, Governance & Property (Section 151 Officer) under the Council's Executive Scheme of Delegation and is delivered through the Chief Internal Auditor in consultation with the Director of Finance & IT.
- 2.3 In April 2013, a revised standard for Public Sector Internal Audit Standards (PSIAS) came into effect, compliance against which is seen as fundamental to demonstrating the adequacy and effectiveness of internal audit, in order to meet statutory requirements as set out in the Accounts & Audit (England) Regulations 2015. The procedures and practices that Internal Audit operates at Thurrock are designed to reflect adherence to these standards.
- 2.4 The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Consulting services are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.

## **3. Issues, Options and Analysis of Options**

- 3.1 During 2019/20, we issued 12 assurance reports, all of which received positive assurance opinions. We also issued 7 advisory reports on Extra Care and the work around the BSI ISO 9001 Standards within Environment. In addition, we undertook 4 investigations following whistleblowing complaints and a review around the processes and procedures of a major procurement exercise. Towards the end of the year, we were also asked to carry out some preliminary work around some major highways projects where significant issues around contract management arrangements and controls were identified.
- 3.2 During 2019/20, internal audit conducted a review of the Register of Gifts, Interests and Hospitality for senior officers and members and provided a substantial assurance opinion. In addition, we reviewed Members Allowances which also received a substantial opinion. However, we did highlight a couple

of issues which were reported back to management and action has been taken to address them. We have also looked at the governance arrangements in specific areas of the council's operations and where we have identified issues, the council has reacted swiftly to address them. However, governance issues have been identified around the council's management of some major contracts and as a result, additional work has been added into the annual plan for 2020/21 to undertake more reviews in these areas. Therefore, our overall opinion on governance has been revised from **Green** in 2018/19 to **Amber** in 2019/20.

- 3.3 In 2017/18, internal audit undertook a review of the council's risk management maturity. As a result of this work, we concluded the council was a **Risk Managed** organisation. This is a positive result and continues to be in line with the Corporate Insurance & Risk Manager's self-assessment review which is reported to the Standards & Audit Committee in March 2020. For 2019/20, our opinion was that the risk management continued to be robust, particularly at the strategic level and work to improve it at the operational level continues. In respect of the council's Risk Management arrangements, we have concluded that there has been no significant change from last year with regular reports being provided to the Standards & Audit Committee so we have given a **Green** opinion rating.
- 3.4 In total, all 12 assurance reports we issued received a positive (Green or Amber/Green) assurance opinion. As stated at 3.1 above, we were asked to carry out some preliminary work around some major highways projects where significant issues around contract management arrangements and controls were identified. This work is continuing and there is an increased coverage around these projects for 2020/21 but as a result, this has impacted on our overall opinion on internal control which has been revised from **Green** in 2018/19 to **Amber** in 2019/20.

#### **4. Reasons for Recommendation**

- 4.1 The Chief Internal Auditor's Annual Report – Year ended 31<sup>st</sup> March 2020 is presented for the Standards & Audit Committee to consider and comment on and supports the council's Annual Governance Statement.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The Chief Internal Auditor's Annual Report – Year ended 31<sup>st</sup> March 2020 provides an independent opinion on the council's governance, risk management and internal control processes. There is no consultation as it is based on work completed during the year which is widely reported to officers and members.

#### **6. Impact on corporate policies, priorities, performance and community impact**

6.1 The achievement of corporate priorities is a key consideration of the Corporate Directors, senior management and internal audit when they are planning the years' work. A positive opinion in the Chief Internal Auditor's Annual Report provides an independent assurance that the council has adequate control and risk management processes in place.

## 7. Implications

### 7.1 Financial

Implications verified by: **Dammy Adewole**  
**Senior Management Accountant – Central Services**

There are no direct financial implications arising from this report.

### 7.2 Legal

Implications verified by: **Tim Hallam**  
**Deputy Head of Law and Deputy Monitoring Officer**

There do not appear to be any direct legal implications arising from this report and appendices. The contents of this report and appendixes form part of the Council's responsibility to comply with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. These duties include to at least annually undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee.

### 7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project Monitoring Officer**

There are no direct diversity implications arising from this report.

### 7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

In terms of risk and opportunity management, the Chief Internal Auditor's Annual Report and its outcomes are a key part of the council's risk management and assurance framework.

## 8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Internal Audit Reports issued in 2019/20.

**9. Appendices to the report**

Appendix 1 - Chief Internal Auditor's Annual Report – Year ended 31<sup>st</sup> March 2020.

**Report Author**

Gary Clifford

Chief Internal Auditor

This page is intentionally left blank



# Thurrock Council

## Chief Internal Auditor's Annual Report Year ended 31<sup>st</sup> March 2020

Presented at the Standards & Audit Committee meeting of 9<sup>th</sup>  
July 2020

## Contents

<b>Section</b>	<b>Page</b>
1. Introduction	1
2. Internal Audit Overall Opinion	2
3. Acceptance of Internal Audit Recommendations	4
4. Implementation of Internal Audit Recommendations	4
5. Internal Audit Performance	5
6. Internal Audit Opinion and Recommendations 2019/20	8

## 1. Introduction

In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Standards & Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the council takes into account in making its annual governance statement (AGS).

In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The AGS is an annual statement by the Director of Finance, Governance & Property (Section 151 Officer), on behalf of the council, setting out:

- How the individual responsibilities of the Section 151 Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the assurance framework process; and
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are, or will be taken where appropriate, to address issues arising.

## 2. Internal Audit Overall Opinion

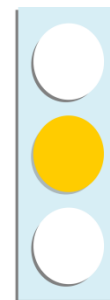
The purpose of the annual Chief Internal Auditor's Opinion is to contribute to the assurances available to the Section 151 Officer and the council through the Standards & Audit Committee. This opinion will in turn assist the council in the preparation of its annual governance statement.

During 2019/20, there have been a number of challenges that have impacted on the work undertaken during the year. These have included ad hoc requests for additional work and late in the year, the Coronavirus COVID-19 pandemic. As a result, this has impacted on the assurance work we have been able to complete during the latter part of the year. With a large number of staff working on issues around the pandemic, getting reports finalised is proving difficult as priorities and staff have been redirected in helping the most vulnerable within the Borough. As a result, some of the reports have not been finalised but they have been used to inform the opinion. However, from our knowledge of the systems in place and the risks the council faces, we are satisfied that sufficient internal audit work has been undertaken during 2019/20 to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Thurrock Council's arrangements.

For the 12 months ended 31 March 2020, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of the organisation's governance, risk management and internal control arrangements.

### Governance

During 2019/20 we conducted a review of the Register of Gifts, Interests and Hospitality for senior officers and members and provided a substantial assurance opinion. In addition, we reviewed Members Allowances which also received a substantial opinion. However, we did highlight a couple of issues which were reported back to management and action has been taken to address them. We have also looked at the governance arrangements in specific areas of the council's operations and where we have identified issues, the council has reacted swiftly to address them. However, governance issues have been identified around the council's management of some major contracts and as a result, additional work has been added into the annual plan for



2020/21 to undertake more reviews in these areas. Therefore, our overall opinion on governance has been revised from **Green** in 2018/19 to **Amber** in 2019/20.

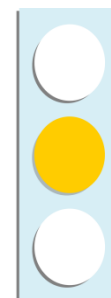
## Risk Management

We undertook a review of risk management during 2017/18, which was reported to the Standards & Audit Committee on 6<sup>th</sup> March 2018. Based upon the work undertaken, our assessment of the council's current position on the risk maturity spectrum remains **Risk Managed**. This continues to be in line with the self-assessment undertaken and reported to 12<sup>th</sup> March 2020 Standards & Audit Committee by the council's Insurance & Risk Manager using the CIPFA/SOLACE Risk Management Benchmarking Model. Whilst the corporate risk management framework and processes are robust, the council still needs to do more at the operational/service planning level to move to the final stage on the spectrum which is that of a **Risk Enabled** organisation. Therefore, our overall opinion on risk management remains the same as 2018/19 which is **Green**. In view of the changing risk environment due to the Coronavirus COVID-19 pandemic, we will review the plan to determine if we need to revisit risk management in 2020/21, rather than 2021/22 when the next review was scheduled.



## Internal Control

During 2019/20, we issued 12 assurance reports, all of which received positive assurance opinions. We also issued 7 advisory reports on Extra Care and the work around the BSI ISO 9001 Standards within Environment. In addition, we undertook 4 investigations following whistleblowing complaints and a review around the processes and procedures of a major procurement exercise. Towards the end of the year, we were also asked to carry out some preliminary work around some major highways projects where significant issues around contract management arrangements and controls were identified. This work is continuing and there is an increased coverage around these projects for 2020/21 but as a result, this has impacted on our overall opinion on internal control which has been revised from **Green** in 2018/19 to **Amber** in 2019/20.



### 3. Acceptance of Internal Audit Recommendations

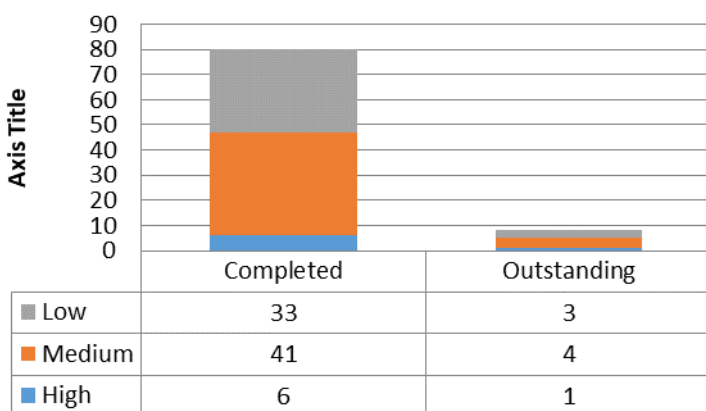
All of the recommendations made during the year and included within the agreed action plans were accepted by management. Where recommendations were not accepted due to compensating controls, cost etc., these were captured in the findings and recommendations.

### 4. Implementation of Internal Audit Recommendations

Our follow up of the recommendations from previous years and current audit assignments where the implementation date has been reached indicate that the Council has made **Good** progress in implementing the agreed actions.

As can be seen from the chart, 80 recommendations had been implemented and 8 were still outstanding. However, the high and medium recommendations all related to reviews where the implementation date had not yet been reached. These will be followed up as part of next year's review process.

#### Implementation of Recommendations 2019/20



## 5. Internal Audit Performance

### Delivery of value-added services

During 2019/20, the Internal Audit team provided significant resources and knowledge in assisting with a number of pieces of ad hoc work requested by senior management. Some of these are listed below. In addition, one member of the team is undertaking an apprenticeship with the Institute of Internal Auditors. We have also continued to implement electronic working papers which should result in a more effective and efficient service in the medium term.

The Chief Internal Auditor has undertaken 4 whistleblowing complaints against members of staff resulting in changes to working practices and greater oversight of the services by senior management.

The Chief Internal Auditor has also reviewed the procurement processes around the Schools Transport contract and whilst the process was generally robust, recommendations were made to improve the process for future procurements.

One of the Senior Internal Auditors has started to review the contracts around a major contract for works being carried out on the A13. This work will be on-going over the coming year.

The service continued to provide advice and guidance to management around their control environments, particularly in respect of changes requested by the Social Services Customer Finance team so Social Workers could respect social distancing but still speed up the application process for vulnerable adults due to the COVID-19 pandemic.

Internal Audit were approached to undertake a series of audits for Environmental Health to enable them to retain their British Standards Institution (BSI) ISO 9001 accreditation. In the past, the service had paid an external consultant (£500 per day for at least 6 days per year) to undertake this work. Unfortunately, the contractor could no longer continue providing the service. The reviews involve testing the policies, procedures, processes, risk management and quality management arrangements in each of the service areas. Initially, whilst the staff are familiarising themselves with these services, the

process was resource intensive but this has reduced as they gain more knowledge and skills.

There has been an increase in the number of grants being received where the grant provider required internal audit to formally sign off and confirm the grant was spent in accordance with the grant conditions. In 2019/20, the Chief Internal Auditor had to sign off 3 grant funded returns for Trading Standards, Bus Transport and Potholes. In all cases, the full grant was received.

We also invested significant resources in reviewing samples of claims being submitted under the Troubled Families Programme to ensure outcomes were being achieved as stated, there was evidence to support the outcomes and the claims were accurate. This helps to ensure the council receives its Payment By Results (PBR) grant which results in significant income to the council to help more families and these have been increasing year on year.

### **Conflicts of Interest**

Internal Audit staff have not undertaken any work or activity during 2019/20 that would require them to declare any conflicts of interest.

### **Compliance with Internal Audit Standards**

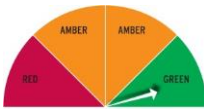
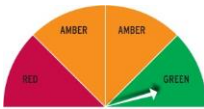
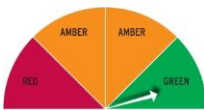
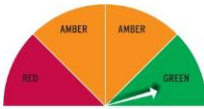
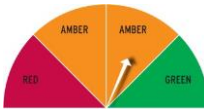
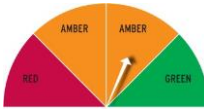
Under the Public Sector Internal Audit Standards (PSIAS), the Internal Audit Service is required to have an external assessment every five years. Whilst the current service is designed to conform to the PSIAS, it has been agreed that a restructure of the service, to meet increasing demands and priorities, needs to be undertaken in 2020/21. Following dialogue with an external assessor, we will be looking to carry out a self-assessment of our compliance after the new structure has been put in place and new staff appointed. In addition, one of the Senior Internal Auditors is retiring in June 20 and this post will also need to be filled. As a result, we will be looking to have an external assessment during 2021/22.

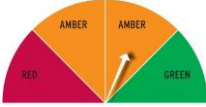

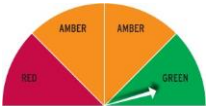



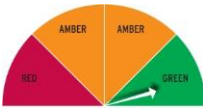
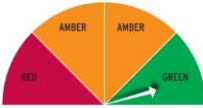
**Performance Indicators**

<b>Indicator</b>	<b>Target</b>	<b>Actual</b>	<b>Comments</b>
Audits commenced in line with original timescales	Yes	No	Due to reprioritising of work, some reviews had to be deferred.
Draft reports issued within 10 days of debrief	80%	70%	Some slippage due to competing priorities.
Management responses received within 10 days of draft report	80%	60%	Regular chasing took place. Impact of pandemic resulted in slippage towards the end of the year. Escalation as detailed in the Audit Protocol to be more vigorously applied in 2020/21.
<b>Indicator</b>	<b>Target</b>	<b>Actual</b>	<b>Comments</b>
Final report issued within 5 days of management response	90%	90%	Where responses received, final reports were issued within 5 days.
% of high and medium recommendations followed up	95%	90%	Some slippage due to competing priorities.
% of staff with professional qualification or studying towards	>25%	40%	1 qualified and 1 studying through the apprenticeship scheme.
Turnover of staff	<10%	0%	No staff left in this 12 month period.
Response time for general enquiries (2 working days)	100%	100%	Very few received.
Response time for emergencies or potential fraud (1 working day)	100%	100%	Very few received.

## 6. Internal Audit Opinion and Recommendations 2019/20

Assignment Objective	Client Lead	Opinion	Recommendations		
			H	M	L
<b>Gas Safety Inspections</b> - To ensure regular safety inspections are undertaken in compliance with regulatory and council requirements.	<b>Assistant Director - Housing</b>		0	0	1
<b>Trading Standards</b> - To evaluate the inspection and monitoring processes within Trading Standards that ensure a fair and equitable trading environment, in which businesses can succeed and consumers are protected from unfair trading practices, are effective.	<b>Director of Place</b>		0	1	4
<b>Footway Crossings</b> - To review the application, commissioning and inspection processes in place to manage footway crossings to ensure residents and the council get value for money.	<b>Director of Environment, Highways &amp; Counter Fraud</b>		0	2	4
<b>Extra Care</b> - To undertake an advisory review of the financial arrangements at the Extra Care facilities are robust and protect the vulnerable adults who reside there and the staff who work there.	<b>Director of Adult Social Care</b>	<b>Advisory</b>	4	2	0
<b>Grays Convent High School</b> – To ensure the school is administered in the most economic, efficient and effective way possible in accordance with Central Government and Local Authority guidelines.	<b>Corporate Director Children's Services</b>		0	3	1
<b>Housing Rents (Draft)</b> - To undertake a review of Housing Rents to verify that an adequate level of controls exist over the setting, collection and accounting for Housing Rents.	<b>Interim Assistant Director of Housing</b>		0	4	1
<b>Business Continuity Management</b> - To ensure adequate plans are in place to enable the council continue its functions in case of disruption through partial or total loss of a critical service.	<b>Director of Strategy, Communications and Customer Services</b>		0	5	1

Assignment Objective	Client Lead	Opinion	Recommendations		
			H	M	L
<b>Housing Allocations</b> (Draft) - To determine that local people have access to accommodation that is responsive to their needs and it is allocated in a fair, consistent and transparent way.	<b>Interim Assistant Director of Housing</b>		0	3	3
<b>Electrical Safety Inspections</b> - To ensure regular inspections are being undertaken across the council's HRA housing stock in line with established testing and inspection programme and statutory requirements.	<b>Assistant Director - Housing</b>		1	2	0
<b>Accounts Receivable</b> - Controls over the debtors function are robust, all monies owed to the organisation are recovered in a timely manner and checks are in place to monitor and reduce levels of outstanding debt.	<b>Director of Finance, Governance &amp; Property</b>		0	3	1
<b>Accounts Payable</b> - All expenditure is committed, approved and accounted for in line with the organisation's financial procedure rules and creditors are paid in a timely manner in accordance with targets.	<b>Director of Finance, Governance &amp; Property</b>		0	2	2
<b>BSI ISO 9001 Cemeteries</b> - To undertake a series of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Director of Environment, Highways &amp; Counter Fraud</b>	<b>Advisory</b>	0	0	3
<b>BSI ISO 9001 Highways</b> - To undertake a series of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Director of Environment, Highways &amp; Counter Fraud</b>	<b>Advisory</b>	0	0	2
<b>BSI ISO 9001 Street Cleaning</b> - To undertake a series of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Director of Environment, Highways &amp; Counter Fraud</b>	<b>Advisory</b>	0	0	3
<b>BSI ISO 9001 Waste</b> - To undertake a series of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Director of Environment, Highways &amp; Counter Fraud</b>	<b>Advisory</b>	0	0	2
<b>BSI ISO 9001 Parks, Sports and Maintenance</b> (Draft) - To undertake a series	<b>Director of Environment,</b>	<b>Advisory</b>	0	0	2

Assignment Objective	Client Lead	Opinion	Recommendations		
			H	M	L
of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Highways &amp; Counter Fraud</b>				
<b>BSI ISO 9001 Arboriculture</b> (Draft) - To undertake a series of quality audits to confirm compliance with the BSI 9001:2015 standard.	<b>Director of Environment, Highways &amp; Counter Fraud</b>	<b>Advisory</b>	<b>0</b>	<b>1</b>	<b>4</b>
<b>Members Allowances</b> - To confirm Members' Allowance is as per Thurrock Council Members' Allowance Scheme.	<b>Assistant Director Law and Governance</b>		<b>0</b>	<b>3</b>	<b>0</b>
<b>Financial Top Up</b> (Draft) - A review to ensure that third party tops ups are paid appropriately and a debt is not incurred to the Authority.	<b>Director of Adult Social Care</b>		<b>0</b>	<b>0</b>	<b>2</b>

<b>9 July 2020</b>	<b>ITEM: 8</b>
<b>Standards &amp; Audit Committee</b>	
<b>Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key
<b>Report of:</b> Gary Clifford – Chief Internal Auditor	
<b>Accountable Assistant Director:</b> n/a	
<b>Accountable Director:</b> Sean Clark – Corporate Director of Finance, Governance & Property	
<b>This report is Public</b>	

## Executive Summary

Between December 2019 and March 2020, a comprehensive Audit Needs Assessment (ANA) process was undertaken which involved attending meetings with each of the Directorate Management Teams (DMT's) to discuss the risks and priorities with Directors, Assistant Directors and other senior management. As a result, a 3 year Strategy for Internal Audit 2020/21 to 2022/23 and an annual plan for 2020/21 has been developed.

During the latter part of this process, the implications from the Coronavirus COVID-19 pandemic started to emerge with changes to working practices, and in some cases, changes to job roles. Due to the continually emerging issues, this has not been reflected in the plan but as a result, the plan will need to be constantly reviewed to ensure the Internal Audit Service is utilising its resources to best meet the needs of the council.

### 1. Recommendations:

#### 1.1 That the Standards & Audit Committee

**Receive and agree the Internal Audit Strategy 2020/21 to 2022/23 and the Annual Internal Audit Plan 2020/21.**

### 2. Introduction and Background:

2.1 Following a comprehensive Audit Needs Assessment (ANA) process between December 2019 and March 2020, a new 3 year Internal Audit Strategy 2020/21 to 2022/23 has been developed. In preparing the strategy and the

annual internal audit plan, we have shared them with all members of Director's Board for comment and changes have been made as appropriate. In addition, we met with, and attended meetings with the following:

- HR, OD and Transformation Directorate Management Team;
- Children's Services Senior Management Team;
- Performance Board;
- Director of Adult Services;
- Assistant Director - Housing;
- Assistant Director – Street Scene & Leisure;
- Assistant Director – Highways, Fleet & Logistics;
- Assistant Director - Lower Thames Crossing & Transport Infrastructure;
- Assistant Director - Place;
- Assistant Director – Planning & Growth;
- Strategic Lead – Legal;
- Strategic Lead – IT;
- Strategic Lead – Procurement;
- Emergency Planning Manager; and
- Corporate Risk and Insurance Manager.

A meeting was to be held with the External Auditor's but this did not occur due to the on-going situation with the pandemic.

As part of the planning process, Internal Audit also considered a number of other sources including the External Auditor's Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the risks arising from the Corporate Risk & Opportunity Register. New issues and potential emerging risks were also identified and discussed with senior management during the year. We also consider the results of our work in 2019/20 and concerns raised by the Standards & Audit Committee.

It is important to note that the strategy and plan are designed, in part, to test the control environment surrounding potential risks and key controls.

Internal Audit will continually revisit the strategy and plan, particularly at this time where the COVID-19 pandemic is resulting in changes to working practice, new legislation and changes in job roles. The plan is dynamic and is certain to change during the year as priorities change, new regulations are introduced and the structure of the council may need to be further developed. Any changes will be agreed by the Chief Internal Auditor and/or Corporate Director of Finance, Governance & Property and presented to members of the Standards & Audit Committee as part of the progress reporting arrangements.

### **3. Issues, Options and Analysis of Options:**

3.1 Whilst the plan developed by the Chief Internal Auditor was ambitious, the pandemic and the unanticipated retirement of one of the Senior Internal Auditors from June 2020 will have an impact on resources. Although these specific issues had not been identified at the time that the planning process was being undertaken, resources had already been identified as an issue by the Corporate Director of Finance, Governance & Property and the Chief Internal Auditor and budgets put in place to address this. However, due to the current climate, this may take longer than previously anticipated to action and recruit into the senior role.

#### **4. Reasons for Recommendation:**

4.1 For the Standards & Audit Committee to satisfy itself that:

- the Internal Audit Strategy covers the organisation's key risks as they are recognised by the Standards & Audit Committee.
- the detailed Internal Audit Plan for the coming financial year reflects the areas that the Standards & Audit Committee believe should be covered as a priority and recognises the additional flexibility of the plan during the next year to address issues arising from the COVID-19 pandemic.
- sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 As part of the planning process, the strategy and plan have been presented to the Directors Board as a draft before being brought before the Standards & Audit Committee.

#### **6. Impact on Corporate Policies, Priorities, Performance and Community Impact**

6.1 The achievement of corporate priorities is a key consideration of senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Dammy Adewole**  
**Senior Management Accountant – Central Services**

The Internal Audit Plan will be within the annually agreed budget for 2020/21.

##### **7.2 Legal**

Implications verified by: **Tim Hallam**  
**Deputy Head of Law and Deputy Monitoring Officer**

There do not appear to be any direct legal implications arising from this report and appendices. The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Standards & Audit Committee. The report recommends that the Standards & Audit Committee receives and agrees the Internal Audit Strategy 2020/21 to 2022/23 and the Annual Internal Audit Plan 2020/21. The strategy and the annual plan identify how the Section 151 Officer will deliver an effective internal auditing service for the Council.

### **7.3 Diversity and Equality**

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project Monitoring Officer**

There are no direct diversity implications arising from this report.

### **7.4 Other implications**

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's Strategic/Corporate Risk & Opportunity Register.

## **8. Background papers used in preparing this report:**

- The Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards (PSIAS).
- CIPFA – PSIAS Local Government Application Note.
- Strategic/Corporate Risk & Opportunity Register.

## **9. Appendices to this report:**

Appendix 1 - Draft Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21.

### **Report Author**

Gary Clifford

Chief Internal Auditor



## **Standards & Audit Committee**

# **Internal Audit Strategy 2020/21 to 2022/23 and Annual Plan 2020/21**

Date: 9<sup>th</sup> July 2020

## Contents

<b>1 Developing the Internal Audit Strategy .....</b>	<b>3</b>
1.1 Role of Internal Audit .....	3
1.2 Factors influencing Internal Audit coverage.....	3
<b>2 Assurance Resources .....</b>	<b>6</b>
2.1 Your Internal Audit Team.....	6
2.2 Working with other assurance providers.....	6
2.3 Considerations for the Standards & Audit Committee .....	6
<b>Appendix A: Issues affecting Thurrock Council .....</b>	<b>7</b>
<b>Appendix B: Internal Audit Strategy 2020/21 – 2022/23.....</b>	<b>8</b>
<b>Appendix C: Internal Audit Plan 2020/21 .....</b>	<b>19</b>

# 1 Developing the Internal Audit Strategy

This document sets out the approach we have taken to develop your internal audit strategy for 2020/21 – 2022/23 and the annual plan for 2020/21.

## 1.1 Role of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

*Definition of Internal Audit: Chartered Institute of Internal Auditors.*

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), we plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the council has in place, focusing in particular on how these arrangements help the organisation to achieve its objectives. This involves undertaking a risk-based plan of work, agreed with management and approved by the Standards & Audit Committee. Our plan is developed to enable us to provide an opinion at year end, which may also be used by the council to support its Annual Governance Statement.

## 1.2 Factors influencing Internal Audit coverage

The organisation's objectives are the starting point in the development of the audit strategy.

Appendix A reflects the range of potential issues that may affect the council, some of which are included on the risk register. These were used to focus our discussions with management regarding assurance priorities and to determine where internal audit input would be most beneficial.

As 2019/20 was the 3<sup>rd</sup> and final year of the previous strategy, during 2020/21 we are undertaking a detailed audit needs assessment across the council to determine the key priorities for services and develop a new 3 year strategy covering the period 2020/21 to 2022/23. This includes a specific detailed audit needs assessment of the IT audit plan. IT audit work is undertaken by Mazars, through a framework agreement with Croydon Council.

In preparing the strategy and the annual internal audit plan, we have currently met with, and attended the meetings for the following:

- HR, OD and Transformation Directorate Management Team;
- Children's Services Senior Management Team;
- Performance Board.

In addition, meetings were also held with the following senior management:

- Director of Adult Services;
- Assistant Director - Housing;

- Assistant Director – Street Scene & Leisure;
- Assistant Director – Highways, Fleet & Logistics;
- Assistant Director - Lower Thames Crossing & Transport Infrastructure;
- Assistant Director - Place;
- Assistant Director – Planning & Growth;
- Strategic Lead – Legal;
- Strategic Lead – IT;
- Strategic Lead – Procurement;
- Emergency Planning Manager; and
- Corporate Risk & Insurance Manager

The draft plan was presented to all members of Directors Board and changes made as appropriate to come up with the final plan which is being presented to the Standards & Audit Committee at its meeting on 9<sup>th</sup> July 2020.

As with previous plans, the plan for 2020/21 needs to be fluid and is constantly being reviewed to ensure any changes to policy, process, legislation or priorities are reflected in the current annual plan. On-going discussions are held with senior management during the year and ad hoc reviews are undertaken where significant risks or control deficiencies are identified.

Changes to the plan can be approved by the Chief Internal Auditor and/or the Corporate Director of Finance, Governance & Property. All changes will be reported to the Standards & Audit Committee as part of the internal audit progress reporting arrangements.

The key areas / factors are summarised below.

### Key areas discussed and their impact on the 2020/21 internal audit plan

- 1 We have agreed to carry out follow up visits to independently provide assurance that high level recommendations are implemented in line with target dates for reports issued in 2020/21.
- 2 The continued emphasis on achieving savings including shared service or joint working arrangements with other local authorities, income generation and more effective and efficient working practices are reflected in a number of areas within the plan.
- 3 New and changing legislation, particularly around Children’s Services, Adult Social Care, Environment and Housing have resulted in an increased programme of reviews in these service areas.

The strategy is set out at Appendix B, with the detailed internal audit plan for 2020/21 set out at Appendix C.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy includes:

- Planned assurance on areas of activity such as the core financial systems;
- A contingency allocation, which will only be utilised should the need arise and which will be subject to prior approval by the Chief Internal Auditor and/or Corporate Director of Finance, Governance & Property and reported to the Standards & Audit Committee;
- Time to follow up previous recommendations and actions to provide the Standards & Audit Committee with assurance on the actions taken by management to address previous internal audit recommendations. High level recommendations will require further testing as they reach their implementation date. For medium and low level recommendations, we will place reliance on management responses but will follow-up as part of the next review of the service; and
- Audit management, which is used for quality control, preparation of the 3 year Strategy & Annual Plan, Annual Governance Statement, client meetings, External Audit liaison, preparation of the Chief Internal Auditor's Annual Report and attendance at Standards & Audit Committee.

## 2 Assurance Resources

### 2.1 Your Internal Audit Team

Your internal audit team is led by Gary Clifford as Chief Internal Auditor.

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing standards.

### 2.2 Working with other assurance providers

From 2019/20, the council's external auditors changed to BDO. We intend to continue to meet with the external auditors to avoid duplication of coverage between internal and external audit.

The Standards & Audit Committee is reminded that internal audit is only one source of assurance. Through our plan we do not seek to cover all risks and processes. However, where we can, we will also seek to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance can be provided.

### 2.3 Considerations for the Standards & Audit Committee

- Does the Internal Audit Strategy 2020/21 to 2022/23 (Appendix B) cover the organisation's key risks as they are recognised by the Standards & Audit Committee?
- Does the Internal Audit Plan for 2020/21 (Appendix C) reflect the areas that the Standards & Audit Committee believes should be covered as priority?
- Is the Standards & Audit Committee satisfied that sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan?

## Appendix A: Issues affecting Thurrock Council

The chart below reflects some of the external and internal issues, both known and emerging that face the Council.

External Factors	Known	Emerging
BREXIT		✓
Devolution Agenda	✓	
Budget Cuts	✓	
Welfare reform	✓	
Business Rates Retention		✓
Public Health (incl Pandemic)	✓	
Regeneration	✓	
House building and financing schemes	✓	
Major Projects		✓
Homelessness	✓	
Immigration & Asylum		✓
Cyber Security	✓	
Digital Transformation (including the use of Artificial Intelligence)		✓
General Data Protection Regulation	✓	

Internal Factors	Known	Emerging
Safeguarding	✓	
Fraud	✓	
Procurement	✓	
Medium Term Financial Planning	✓	
Contract Management	✓	
Partnership/Joint working arrangements	✓	
Business Continuity & Disaster Recovery	✓	
Commercialisation (including income generation and investments)		✓
Personal Budgets/Direct Payments	✓	
Financial Resilience	✓	
Financial Reporting	✓	
Transformation Programme	✓	

## Appendix B: Internal Audit Strategy 2020/21 – 2022/23

Auditable Area	Risks	2020/21	2021/22	2022/23
<b>Risk based reviews</b>				
<b>Corporate/Thematic Reviews</b>				
Contract Procedures	Contract procedure rules and the procurement process may be ineffective leading to inefficiency and a lack of value for money.	✓	✓	✓
Budget Management	The new reporting system may not provide the information required by budget holders to manage their budgets effectively and appropriate training might not be provided.	✓		
Contract Management	Failure to have robust governance and monitoring arrangements around contracts that have been awarded could result in escalating costs. Contract managers may not have the skills to manage the contracts effectively.	✓		
Project Management and Governance	Failure to effectively manage projects and have robust governance arrangements in place may result in a failure to deliver the required outcomes and costs escalating.	✓	✓	✓
Corporate Health & Safety	Inadequate health and safety policies and procedures could result in an increase in incidents and accidents.		✓	
Duplicate Payment Testing	If duplicate payments are not identified, the Council may be paying twice for services it only received and budgeted for once.		✓	✓
Public Services (Social Value) Act	The Council fail to take into account the wider social, economic and environmental benefits to the local area when procuring services so may not obtain best value.		✓	
Performance Development Reviews (PDR'S)	If the PDR process is not followed, staff may be awarded an increment when their performance is below that expected and/or further training or assistance is required.			✓
Business Continuity	The Council may not be able to provide key/critical front line services in the event of an emergency or serious disruption.		✓	
BREXIT	Still not clear but may impact on NNDR (if businesses chose to trade outside the UK), increases in costs on contracts paid to foreign contractors due to falling value of the pound sterling, EU Grants and the impact on MTFs, Treasury Management etc.		✓	
<b>Children's Services</b>				
Fostering	Inappropriate persons may be allowed to act as foster parents.	✓		
Adoption (incl. Special Guardianship and Adoption Allowances)	Children may not be appropriately placed with adoptive parents who have been through a robust adoption process.	✓		
Cyclical School Visit Programme	The operational and financial management arrangements in Secondary and Primary Schools may be inadequate increasing the risk of impropriety.	✓		



Auditable Area	Risks	2020/21	2021/22	2022/23
No Recourse to Public Funds (NRPF)	Failure to correctly assess, manage and monitor funds paid to families with NRPF could result in payment for accommodation and subsistence being made to persons who do not qualify.	✓		
Homelessness	The council may not be meeting its obligations under the Children's Act 1989 if it does not accommodate homeless children in need who appear to require accommodation.	✓		
Troubled Families Programme	Funding claims may be rejected if there is insufficient evidence to support the services provided.	✓	✓	✓
After Care Service	The council might not continue to provide continuing support, planning and guidance for a young person who has left care or a supported living environment		✓	
Children's Centres	The resources of Children's Centres may not be targeted at the most vulnerable families resulting in a poor use of resources.			✓
Cyclical visits to Nursery Schools	Failure to manage the budget and control debt could result in overspends and impact on service provision.		✓	
Children's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.			✓
School Placed Planning	Without an effective co-ordinated strategy, the increasing population from families moving into the area from London could result in a shortfall in school places and a failure by the Council to meet its statutory requirements.		✓	
Section 17 Payments to Children in Need	Failure to correctly assess, monitor and manage Section 17 payments could result in them being provided to children who are not entitled to them.			✓
Unaccompanied Asylum Seekers	Payments may be made to asylum seekers who have had their applications rejected and are no longer entitled to get assistance from the Council.			✓
<b>Adults, Housing &amp; Health</b>				
Liberty Protection Safeguarding	Failure to meet the requirements of the Liberty Protection Safeguards, contained in the Mental Capacity (Amendment) Act 2019 may result in vulnerable adults not receiving the help and care they require,		✓	
Collins House	If the financial and operational arrangements at Collins House are not robust, they may not protect the vulnerable adults who reside there and the staff who work there.	✓		
External Providers	If the financial and governance arrangements with external providers are not robust, the council may not be getting the quality of service they commissioned at the agreed cost putting the vulnerable adults who reside there at risk. In addition, poor controls around collection of income from clients' contributions to their care could result in financial loss to the Council.	✓		
Day Care Centres	If the financial and operational arrangements at Day Care Centres are not robust, they may not maximise the available funds to improve the lives of those residents who use their services.	✓		

Auditable Area	Risks	2020/21	2021/22	2022/23
Adult Social Care Placements	If there are not appropriate financial checks in place around placements of people requiring care, resources may not be used efficiently resulting in additional costs.	✓		
Migration Costs to Adult Social Care	The council may not be identifying adults with existing care needs who move into the area resulting in additional pressure on budgets.			✓
Children's and Adults Commissioning Service	If commissioning of services is not effective, the council may not be obtaining value for money.		✓	
Children's and Adults Finance Function	If processes and procedures are not operating effectively, there may be duplication and inconsistent decision making.		✓	
Workforce Planning Project – Caring as a Career	Opportunities may be missed to promote a regional joint commissioning model with Public Health to help in developing the care profession.			✓
Adult's Direct Payments	Failure to correctly assess clients and monitor expenditure could result in inappropriate or improper use of the funds.		✓	
Extra Care Follow-up	If the recommendations from the review undertaken in 2019/20 are not implemented, cash may continue to be used which could result in funds being misappropriated.	✓		
Primary Care Contracts – Sexual Health	If performance is not monitored and checked, clients may not get the level of service they are entitled to under the primary care contracts for sexual health.		✓	
Housing Allocations	Policies and procedures may not be followed which could lead to complaints about equality and the fairness around the assessment process and allocation of Council properties.			✓
Housing Tenancy Audits	Failure to identify current tenants in council properties could result in increases in properties being sublet when there are residents on the housing waiting list who are eligible to be housed in those properties.		✓	
Right to Buy	If correct procedures are not followed, incorrect discounts may be applied resulting in loss of income to the Council.		✓	
Temporary Accommodation	The framework procurement agreed by Cabinet in March 2020 may not result in sufficient letting agents and private landlords being contracted with, resulting in increasing costs being spent on temporary accommodation.	✓		
Houses in Multiple Occupation (HMO's)	If there are not robust arrangements in place around licencing, If there are not robust arrangements in place around licencing, residents may be residing in properties that are not fit for purpose.	✓		
Homelessness	The council's Homelessness Reduction Strategy may not be effective resulting in an increase in homeless families and rough sleepers across the borough. New arrangements and changes to legislation could result in the Council not being able to discharge its duties in respect of homelessness.	✓		

Auditable Area	Risks	2020/21	2021/22	2022/23
Leaseholders	Charges made to leaseholders for services provided may not be reasonable or in line with guidance.	✓		
Safeguarding	If there are not robust contracts around partnerships for supported living, residents may not be properly safeguarded.		✓	
Building Safety	The council may not be compliant with the recommendations from the Hackitt Review of Building Regulations and Fire Safety following the tragedy at Grenfell Towers thereby putting residents at risk.		✓	
Housing Voids	If the correct policies and procedures are not in place, void properties may not be returned to the council housing stock in a timely manner resulting in lost income and potential increased costs for temporary accommodation.	✓		
Water Charges to Tenants	If the council fail to charge tenants who pay their water rates as part of their rent the incorrect amount, they may have to refund the overpayments resulting in unexpected financial implications on other services.	✓		
Library Visits	The operational and financial management arrangements in Libraries may be inadequate which could result in poor budgetary control and misappropriation of funds.		✓	
Gas Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Electrical Safety Inspections	Council properties may not be inspected in accordance with legislation and/or policy.			✓
Disabled Facilities Grants	Grants may not be used in accordance with grant requirements.		✓	
Responsive and Planned Maintenance	Contracts around repairs and maintenance and planned maintenance may not be managed resulting in residents not having quality housing available to them and costs escalating.		✓	
Adult Social Care Expenditure	To provide assurance to external audit around key financial systems.		✓	
Adult Social Care Income				✓
Housing Rents		✓	✓	✓
<b>Finance, Governance &amp; Property</b>				
Insurance	There could be an increase in claims due to ineffective monitoring and use of resources.		✓	
Risk Management	Failure to identify risk as part of the business planning cycle could lead to failure of the plans and reputational damage to the Council.		✓	
VAT	The council may not be complying with the issues raised following the Inspection by HMRC in 2019/20 which could result in a loss of VAT reclaimed.	✓		
Treasury Management	If appropriate checks and balances are not in place, the council could expose itself to additional financial risk and may not maximise income from its investments and borrowing.	✓		

Auditable Area	Risks	2020/21	2021/22	2022/23
Corporate Purchase Cards	The use of Purchase Cards could result in staff ordering and paying for goods that are not appropriate resulting in a financial loss to the Council.	✓	✓	✓
Locum Charges	The use of Locums to supplement existing staff can be an expensive use of resources if they are not monitored as they could charge for work that has not been carried out.		✓	
Section 113 Agreement charging mechanism (Barking & Dagenham)	If the charging system for staff who work across both LBBD and Thurrock under a section 113 agreement are not monitored, the council may be paying for services that have not been provided.	✓		
Committee Services Function and Resources	As the role of local authorities expands and more committees are introduced, the Democratic Services team may not have the resources to effectively service these new committees.	✓		
Election Expenses	Service budgets could be used to supplement the costs of running the election when these costs should be met from the elections funds provided by central government for all elections except for local elections which are funded by the council.		✓	
Local Government Ethical Standards – Action Plan	The council and members may not be meeting their responsibilities and be compliant with the Local Government Standards resulting in potential criminal offences being committed	✓		
Bye Laws – Highways, Play Areas and Parks	If there are not processes in place to monitor existing, and identify new and emerging bye-laws, the council may not be compliant which could result in fines and penalties.		✓	
Charities' Land Ownership	Charities may be using their land and premises to generate additional income resulting in a change of use which could have legal and insurance implications.			✓
Register of Interests, Gifts & Hospitality	Non-compliance with the Constitution and Code of Conduct may open the Council up to accusations of impropriety.	✓	✓	✓
Member's Allowances	Allowances may not be claimed or paid in accordance with the decision of the independent panel.		✓	
Asset Management – Disposals & Acquisitions	Disposals and acquisitions may not be effectively managed resulting in loss of opportunities, funding and reputation.	✓		
Core Protection and Appointee Team	Poor management and lack of controls could result in the assets of adults deemed to be financially incompetent under the Mental Capacity Act being misappropriated.		✓	
IT – Network Security	These reviews were identified as part of an audit needs assessment undertaken between Mazars and IT and for which a separate plan has been produced.		✓	
IT – Firewalls			✓	
IT – Cyber Security				✓
IT – Email & Exchange Server			✓	

Auditable Area	Risks	2020/21	2021/22	2022/23
IT - Business Continuity & Disaster Recovery		✓		
IT – Data Back-up		✓		
IT – Data Applications - Oracle		✓		
IT – Data Applications - Northgate				✓
IT – Data Applications – Liquidlogic Adults & Children’s Systems (LAS, LCS)				✓
Oracle – General Ledger	To provide assurance to external audit around key financial systems.		✓	✓
Accounts Payable		✓	✓	✓
Accounts Receivable		✓	✓	✓
Council Tax		✓	✓	✓
National Non Domestic Rates		✓	✓	✓
Housing Benefits		✓	✓	✓
Treasury Management			✓	
Asset Register			✓	
<b>Environment, Highways &amp; Counter Fraud</b>				
Bridge Maintenance	Ineffective Bridge Maintenance may result in expensive unplanned costs being incurred.		✓	
Community Safety	Failure to take into account the safety of the community when making decisions could result in the council breaching legislation and residents feeling that they are not being protected.		✓	
Emergency Planning	The Council may not be able to react appropriately in the event of a disaster.			✓
Arboricultural Services	If the new asset management software is not fit for purpose, the council will not be able to monitor and maintain its species in accordance with its strategy which could result in some species of trees and plants being lost.	✓		
Burials Service	The council may not manage its assets appropriately resulting in additional costs to residents and poor use of resources.		✓	
Waste Strategy	The council might not incorporate and action new legislative changes into its strategy resulting in non-compliance and potential financial implications.			✓

Auditable Area	Risks	2020/21	2021/22	2022/23
Waste Contracts	If contracts are not procured and managed in a robust way, the council may find itself incurring additional costs and not meeting its targets in terms of recycling and its impact upon the environment.			✓
Stores Follow up Review	Follow up review to ensure the recommendations made during the audit review undertaken in 2018/19 have been implemented.	✓		
Fleet Follow up Review	Follow up review to ensure the recommendations made during the audit review undertaken in 2018/19 have been implemented.	✓		
Home to School Transport	If the new software is not fit for purpose, the council may not manage its school contracts effectively and efficiently resulting in additional costs being incurred.	✓		
Highways Reactive Maintenance – Requests & Responses	The Council may fail to maintain a dialogue with the residents reporting faults resulting in damage to the Council's reputation and a deteriorating local highways network.		✓	
Commercial Waste	New sales activity started May 16. Some invoices outstanding. Now actively seeking and winning new business. If processes are not robust, the Council may not be billing customers and getting in the income.			✓
Community Safety	Non-compliance with section 17 of the Crime and Disorder Act relating to the Council's duty to consider crime and disorder implications may leave them open to legal challenge.		✓	
Fraud Team – Income Generation	Failure to achieve income targets may result in the service not meeting its objectives and plans and resources may have to be diverted from other services to support the team.		✓	
Enforcement Team	If processes are not robust and fair, the council may not issue penalties and fines in line with legislation resulting in appeals and damage to the council's reputation.			✓
ISO 9001 – Environmental Services	If the council does not meet the requirements set out in the standard, it will lose its accreditation which could result in a reduction in controls around management, processes and procedures.	✓	✓	✓
<b>Place</b>				
Project Control Framework	The council is working with a consultant to develop a project control framework. Failure to adopt the framework could result in projects not meeting their outcomes within agreed budgets.	✓		
A13 Kier issues and compensation claims	If compensation claims are not robustly monitored and managed, the council may be paying the contractor for claims which are not reasonable or within the scope of the project resulting in escalating costs.	✓		
Stanford Le Hope Contracts	If the design stage of the project is not properly managed and challenged, the consultants may not work with the council to identify the key risks resulting in additional build costs.		✓	

Auditable Area	Risks	2020/21	2021/22	2022/23
East Facing Slips	If lessons learned from previous projects and not actioned, in conjunction with the new project control framework, costs will escalate.	✓		
Project Health Checks	If projects do not have the proper governance, risk management and control processes in place, they are more likely to fail. Internal Audit to undertake “gateway checks” at key stages of the project for assurance and challenge.	✓	✓	✓
Economic Development Purfleet Centre Regeneration Ltd	Failure to manage the project effectively could result in the Council failing to deliver on time and within budget which could have financial and reputational consequences.	✓		
Economic Development Grays Town Centre	Failure to manage the project effectively could result in the Council failing to deliver on time and within budget which could have financial and reputational consequences.		✓	
Economic Development Tilbury Town	Failure to manage the project effectively could result in the Council failing to deliver on time and within budget which could have financial and reputational consequences.		✓	
Housing Development	If the process for identifying new sites for housing developments is not transparent to the public, objections may result in the development being delayed or not happening at all.	✓		
Belmont Road contract review	There have been problems with this site which have resulted in delays in completing the work. This includes one of the contractors walking off site and putting in a compensation claim and the fact the contract was not novated to TRL so remains with the council.	✓		
Thurrock Regeneration Limited (TRL) Governance Arrangements	If governance arrangements are not robust and the Board do not have the necessary skills, decisions may be made which cannot realistically be delivered resulting in less properties being built than are required.	✓		
Environmental Health (Air Quality) Follow up	Follow up of the review carried out by Internal Audit in 2018/19 to ensure actions have been implemented and improvements made and the council are meeting their statutory obligations for air quality management.		✓	
Licencing - Premises	If premises are trading without the required licence, they may be operating from premises that are not legal and do not meet applicable health and safety requirements.	✓		
Licencing - Taxis	If taxi drivers are working without a relevant licence, they may not have been subjected to appropriate safeguarding checks or be operating in unregistered vehicles.	✓		
Building Control	If the service do not respond in a timely manner and their rates are excessive, they may lose business and income to competitors resulting in a loss of income to the council.	✓		



Auditable Area	Risks	2020/21	2021/22	2022/23
Local Plan	Due to issues around the Lower Thames Crossing, the council are developing a new Local Plan. Failure to adopt a Local Plan could result in sites not being identified and developed to benefit the local community.		✓	
Strategic Transport Plan	If the council do not have a Strategic Transport Plan, it may not take into account the effects of development and regeneration within Thurrock resulting in increased congestion and a negative impact on the environment.		✓	
Trading Standards	Non-compliance with statutory requirements in respect of Trading Standards might result in dissatisfaction amongst local residents.			✓
Shop Premises	Arrangements' around the management of shop premises may not be robust leading to loss of income to the Council.			✓
<b>Strategy, Communication and Customer Services</b>				
Performance Management (Data Quality)	Performance Management may not be embedded in the organisation resulting in poor performance, poor quality information and poor decision making.	✓	✓	✓
Thurrock Registrar's Office	The Council may not comply with legislation resulting in increased external scrutiny by the Cabinet Office.			✓
Cash & Banking	To provide assurance to external audit around key financial systems.		✓	
<b>HR, OD &amp; Transformation</b>				
Complaints	If complaints from members of the public and members are not responded to correctly and within timeframes, the reputation of the council may be damaged and there could be fines and penalties levied by the Ombudsman.	✓		
Data Protection	Failure to comply with the Data Protection Act 2018 could result in sensitive information being shared, resulting in significant fines and penalties being levied against the council.	✓		
Geographic Information System	If the Council does not have an up to date GIS system, including the Local Land & Property Gazetteer and Local Street Gazetteer, it may not be utilising the system efficiently or meeting its statutory responsibilities.			✓
Disclosure and Barring Service (DBS)	DBS checks that are due for renewal may not be identified resulting in changes to their circumstances not being reflected which could result in inappropriate persons being employed/used.	✓	✓	✓
Payroll	If payroll processes and procedures are not robust and accurate, staff may not get paid correctly, or at all.	✓	✓	✓
Off Payroll Engagement (IR35)	The Council may not be identifying personal service companies (PSC's) so will not be making the appropriate tax and NI deductions from the invoice net of any material costs resulting in the council being responsible for paying any back tax and NI due.	✓	✓	✓



Auditable Area	Risks	2020/21	2021/22	2022/23
Health and Care Professions Council Social Work England Registration	If health and social care staff are not registered, they may not have the necessary skills and knowledge to perform the tasks required of them.		✓	
Recruitment	Poor recruitment policies, procedures and practices could result in the council employing staff who are not suitable for the role.		✓	
Probation/Induction (On Boarding)	If staff are not properly on-boarded to the council, they may not be able to properly undertake their job and not complete their probation satisfactorily resulting in the need to incur additional expenditure recruiting someone more suitable.	✓		
Annual Leave	If annual leave is not correctly calculated, input or authorised, staff may take more, or less, leave than they are entitled to.		✓	
Sickness Management	Failure to effectively manage sickness could result in absences increasing, costs for cover staff escalating and the council not meeting its duty of care towards its employees			✓
Mileage Claims	With the move to self-service and automated approval of mileage claims, there is a greater risk that inaccurate claims could be submitted resulting in additional cost to the council.			✓
General Data Protection Regulations (GDPR)	A rolling programme of audits to cover the following: Preparation for the adoption of GDPR including arrangements around data storage (electronic and physical); confidentiality, integrity and availability of data; information governance; compliance with DPA and FOI; detection of data breaches and how they are dealt with and reported (internally and externally), organisational awareness and training; and data classification and management.			✓

Auditable Area	Risks	2017/18	2018/19	2019/20
<b>Other Internal Audit Activity</b>				
Follow up	To meet internal auditing standards, and provide assurance on action taken to address recommendations previously agreed by management.	✓	✓	✓
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year.	✓	✓	✓
Management	This will include: <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the annual opinion.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group and Essex Audit &amp; Counter Fraud Group meetings.</li> <li>• Preparation of the Annual Governance Statement.</li> </ul>	✓	✓	✓

## Appendix C: Internal Audit Plan 2020/21

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Internal Audit plan 2020/21</b>			
<b>Corporate/Thematic Reviews</b>			
Contract Procedures	To ensure the procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.	Compliance	On-going
Budget Management	To review the new reporting system "Beyond" which supports Oracle and ensure it has been rolled out appropriately, staff have been trained and reports are understood by budget holders.	System	December 20
Contract Management	To ensure there are robust monitoring and governance arrangements around key contracts so the council can be confident that they are being managed properly.	Assurance	On-going
Project Management & Governance	To review the terms of reference and effectiveness of project boards and the arrangements around the project control framework.	Assurance	On-going
<b>Children's Services</b>			
Fostering	To review the controls around the assessment, appointment and payment of foster carers.	System	February 21
Adoption (incl. Special Guardianship and Adoption Allowances)	To review the controls around the assessment, appointment and payments of adopters.	System	February 21
School Visit Programme	Cyclical school visits programme to review financial management arrangements.	System	On-going
No Recourse to Public Funds (NRPF)	A review of the process for assessing entitlement and allocating funds to persons who appear to be in need but have no access to the benefits system.	Assurance	May 20
Homelessness	The council has a duty of care to ensure children in need are provided with suitable accommodation.	Assurance	January 21
Troubled Families Programme	Checking of a sample of claims to determine if evidence is sufficient to confirm that the claims being submitted are appropriate and correct.	Advisory	On-going when claims are due.
<b>Adults, Housing &amp; Health</b>			
Extra Care Follow-up	A review to ensure that the financial arrangements at the Extra Care facilities are	Follow up	July 20

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
	robust and protect the vulnerable adults who reside there and the staff who work there.		
Collins House	To undertake a review of the financial arrangements at Collins House to ensure they are robust and protect the vulnerable adults who reside there and the staff who work there.	Assurance	August 20
External Providers	To undertake a review of the governance, monitoring and financial arrangements with external providers to ensure they are robust and protect the vulnerable adults who reside there.	Assurance	October 20
Day Care Centres	To undertake a review of the financial and operational arrangements at Day Care Centres to ensure they are robust and protect the vulnerable people who visit the centres.	Assurance	September 20
Placements – financial checks and use of resources	To review how management monitor and check placements including controls around financial limits and the use of resources.	Assurance	February 21
Temporary Accommodation	To review the processes and procedures in place around the mandatory licencing scheme and additional licences and determine if non-compliance is resulting in robust enforcement.	Assurance	November 20
Houses in Multiple Occupation (HMO's)	To check the processes and procedures around the mandatory licencing scheme and additional licences that may be granted and ensure income from community penalties is ring-fenced for enforcement purposes.	Assurance	December 20
Homelessness	To review the arrangements of the council in meeting its statutory obligations under homelessness legislation.	Compliance	January 21
Leaseholders	New Northgate module for revenue service charges being implemented so there is a need to review that it meets the council's requirements.	System	November 20
Housing Voids	To review the policies and procedures surrounding the voids process, including the identification of void properties and turnaround targets against actual performance.	Assurance	March 21
Water Charges to Tenants	To ensure the council is being fair in its treatment of residents who pay their water charges as part of their rent.	Compliance	June 20
<b>Finance, Governance &amp; Property</b>			
VAT	Follow up of the action plan following the visit by HMRC in 2019/20 to ensure recommendations have been implemented.	Compliance	October 20

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
Treasury Management	A review to look at new processes and procedures introduced as a result of the use of a consultancy to scope a design pack for interest received and the amount of borrowing.	Assurance	November 20
Corporate Purchase Cards	To review the application, monitoring and management of the purchase card process following the decision to roll them out across the council to reduce the need to set up numerous suppliers for small value purchases.	Compliance	January 21
Section 113 Agreement charging mechanism (Barking & Dagenham)	To ensure that the mechanism for charging for staff who are paid by B&D but also work in Thurrock is operating effectively.	Assurance	October 20
Committee Services Function and Resources	With an increasing number of committees and member boards, there is a need to ensure that the Democratic Services team have sufficient capacity to deliver.	Assurance	December 20
Local Government Ethical Standards – Action Plan	The Committee on Standards in Public Life published their latest report in January 2019 which made a number of recommendations to enhance ethical governance for members. There is a need to ensure the council adopts these recommendations.	Assurance	August 20
Register of Interests, Gifts & Hospitality	Annual review to ensure members and senior officers review and update the register in line with guidance. This may be incorporated into the Local Government Standards Action Plan review.	Assurance	August 20
Asset Management – Disposals & Acquisitions	Changes introduced to encourage local authorities to identify and potentially dispose of surplus assets to generate income need to be reviewed. In addition, assets may be acquired for investment purposes including land purchases for housing developments.	Assurance	November 20
IT - Business Continuity & Disaster Recovery	Identified as a high risk area when completing an audit needs assessment of IT coverage.	Assurance	TBA (provider not yet sure due to COVID 19)
IT – Data Back-up	Identified as a high risk area when completing an audit needs assessment of IT coverage.	Assurance	TBA (provider not yet sure due to COVID 19)
IT – Data Applications - Oracle	Identified as a high risk area when completing an audit needs assessment of IT coverage.	Assurance	TBA (provider not yet sure due to COVID 19)
<b>Environment, Highways &amp; Corporate Fraud</b>			
Arboricultural Services	New asset management system being implemented and management requested a	System	September 20

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
	review to determine that it is operating as expected and benefits are being realised.		
Stores Follow up Review	To ensure recommendations made as a result of the advisory audit undertaken in 2019/20 have been actioned.	Follow up	July 20
Fleet Follow up Review	To ensure recommendations made as a result of the advisory audit undertaken in 2019/20 have been actioned.	Follow up	July 20
Home to School Transport	A new transport system is being introduced and management requested a review to determine that it is operating as expected and benefits are being realised.	System	November 20
ISO 9001 – Environmental Services	Previous Auditor had to pull out of contract so internal team now provide this service which covers a number of areas in Environment.	Compliance	On-going as and when inspections are due.
<b>Place</b>			
Project Control Framework	A new Project Control Framework is being developed and management have requested that it be independently reviewed to ensure it can be used across the council to provide a consistent approach.	Assurance	June 20
A13 Kier issues and compensation claims	Management request to review a sample of compensation claims to ensure they are appropriate and payments have been checked and correctly authorised.	Advisory	May 20
East Facing Slips	This project will trial the new Project Framework so internal audit asked to test the methodology at key stages during the process.	Advisory	September 20
Project Health Checks	Random sample testing of projects to ensure they are being managed in line with the new methodology.	Assurance	On-going
Economic Development Purfleet Centre Regeneration Ltd	To review the project management, funding and governance arrangements to ensure the project is meeting its objectives and will be completed in line with agreed timeframes.	Assurance	February 21
Housing Development	Management request to review the process around identifying and reporting new sites for housing, including transparency around consultation with the public.	Assurance	October 20
Belmont Road contract review	Management request to review the contract with Engie and determine why the contract was not novated increasing the risk to the council.	Advisory	May 20
Thurrock Regeneration Limited	A review to determine the robustness of the corporate governance including the skill set of	Assurance	September 20

Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
(TRL) Governance Arrangements	the Board, decision making and monitoring processes around the Council's wholly owned housing company.		
Licencing - Premises	Not audited for some time. There need to be robust arrangements in place to ensure only those premises that fully meet requirements are awarded a licence and there are regular inspections to ensure they are still compliant.		March 21
Licencing - Taxis	A number of authorities have identified concerns around taxi firms and safeguarding of local residents. Having robust checking processes around the licencing of drivers can reduce this risk.		March 21
Building Control	This is a self-financing service which competes with the private sector. Management have requested a review to provide assurance that it is competitive and is retaining its market share (stated as 80%).		January 21
<b>Strategy, Communication &amp; Customer Services</b>			
Performance Management (Data Quality)	Sample testing of key performance indicators taken from the balanced scorecard, both national and local to verify accuracy of data. This may be done through a one-off audit around a sample of KPI's or checks undertaken on individual audit reviews.	Advisory	On-going
<b>HR, OD &amp; Transformation</b>			
Complaints	If complaints are not dealt with in accordance with prescribed timeframes and processes, the number being appealed and dealt with by the Ombudsman could escalate.	Assurance	September 20
Data Protection	The Data Protection Act 2018, which compliments GDPR, has changed the requirements on local authorities and increased the penalties for non-compliance.	Assurance	January 21
Disclosure and Barring Service (DBS)	Management request to review arrangements for identifying renewals before they expire. Request includes taxi drivers and foster carers.	Assurance	April 20
IR35	Whilst changes to IR35 will not come into effect until 2021, the council is still required to be prepared for the additional responsibilities and continue to meet the current requirements.	Assurance	October 20
Probation/Induction (On Boarding)	New strategy has been introduced in early 2020 and need to ensure there is compliance across the council so all new staff are treated fairly.	Assurance	February 21

Auditable Area	Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Core financial reviews to provide assurance to External Audit</b>			
Accounts Payable	<ul style="list-style-type: none"> <li>• Ordering &amp; authorisation</li> <li>• Invoice matching</li> <li>• Separation of duties</li> <li>• Payment processing</li> <li>• BACS transfers</li> <li>• Reconciliation</li> </ul>	System	November 20
Accounts Receivable	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Write-offs</li> <li>• Recovery</li> <li>• Analysis</li> </ul>	System	November 20
Council Tax	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Billing</li> <li>• Collection &amp; Recovery</li> </ul>	System	April 20
National Non Domestic Rates	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Reconciliation</li> <li>• Billing</li> <li>• Collection &amp; Recovery</li> </ul>	System	May 20
Housing Benefits	<ul style="list-style-type: none"> <li>• Processes and procedures</li> <li>• Processing of forms</li> <li>• Entitlement checks</li> <li>• Reconciliation</li> <li>• Raising Debts</li> <li>• Year-end balancing</li> </ul>	System	December 20
HR/Payroll	<ul style="list-style-type: none"> <li>• Starters/Leavers</li> <li>• Authorisation</li> <li>• System access</li> <li>• Amendments</li> <li>• Exception reporting</li> <li>• Reconciliation</li> <li>• Suspense accounts</li> </ul>	System	December 20
Housing Rents	<ul style="list-style-type: none"> <li>• Tenant checks</li> <li>• System access controls</li> <li>• Reconciliation</li> <li>• Calculations of payments</li> </ul>	System	July 20



Auditable Area	Rationale for Internal Audit Coverage	Audit Approach	Proposed Timing
<b>Other Internal Audit Activity</b>			
Contingency	To allow additional reviews to be undertaken in agreement with the Standards & Audit Committee or management based in changes in risk profile or assurance needs as they arise during the year. Ad hoc project work for services in an advisory capacity.	N/A	On-going
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow up	On-going
Management	<p>This will include:</p> <ul style="list-style-type: none"> <li>• Annual planning.</li> <li>• Preparation for, and attendance at, Standards &amp; Audit Committee.</li> <li>• Regular liaison and progress updates.</li> <li>• Liaison with external audit and other assurance providers.</li> <li>• Preparation of the Head of Internal Audit's Annual Report.</li> <li>• Attendance at Directorate Management Team, Leadership Group, Home Counties Chief Internal Auditors Group, London Audit Group, Essex Audit and County Chief Auditors Network meetings.</li> <li>• Preparation of the Annual Governance Statement</li> </ul>	N/A	On-going

This page is intentionally left blank

<b>9 July 2020</b>	<b>ITEM: 9</b>
<b>Standards &amp; Audit Committee</b>	
<b>Counter Fraud &amp; Investigation Annual Report &amp; Strategy</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A
<b>Report of:</b> David Kleinberg, Assistant Director for Counter Fraud, Investigation & Enforcement	
<b>Accountable Assistant Director:</b> David Kleinberg, Assistant Director for Counter Fraud, Investigation & Enforcement	
<b>Accountable Director:</b> Julie Rogers, Director of Environment, Highways and Counter Fraud	
<b>This report is Public</b>	

## Executive Summary

The Counter Fraud & Investigation team is responsible for the prevention, detection and deterrence of all instances of alleged fraud and economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

The work of the service is predicated on the overall strategy of the council which is approved following consultation with the council's services and intelligence from partners in government and policing.

Over the last year the team has detected £3.5m of fraud, recovering £205,334 in cases prosecuted or through civil recovery regimes led by the service. This performance of the team has demonstrated for every £1 spent on the service by the council it detected £3 in fraud.

This report outlines the performance of the team over the last year as well as proposes the new Counter Fraud strategy to tackle fraud for the council in 2020/21.

### 1. Recommendation(s)

**1.1 The Committee notes the performance of the Counter Fraud & Investigation team over the last year.**

**1.2 The Committee approves the Counter Fraud & Investigation strategy and work programme for 2020/21.**

## **2. Introduction & Background**

- 2.1 The council's Counter Fraud team is responsible for delivering the corporate counter fraud programme which includes proactive activity to enhance the council's controls as well as respond to intelligence from that proactive work and information from other sources.
- 2.2 The team was reorganised in early 2015 where enhanced measures and capabilities to prevent, detect and deter attacks from criminality were installed. During the six years CFI have utilised the new ways of working, the team has detected over £33.5m in fraud and economic crime and supported over 60 local authorities that have been affected by fraud and economic crime.
- 2.3 In 2019, that outward-facing function that supports the wider local government sector was named the 'National Investigation Service' known as 'NATIS.' this ring-fenced part of the council works hand-in-hand with the government and police regional organised crime units to tackle serious & organised economic crime including cyber-crime. This has been recognised not only locally but nationally, via local government and central government departments.

## **3. Performance**

- 3.1 CFI met all of the objectives set in the 2019/20 proactive work plan where:
- 349 reports of suspected fraud have been received
  - 106 of those cases have been closed as 'no fraud'
  - 80 sanctions have been delivered in cases of proven fraud
  - Received £211,562 in to the authority through traded services
- 3.2 The detailed annual report shown in **Appendix 1** provides the background to these figures as well as the overall programme of work delivered by the service in the last year.

## **4. Work Plan for 2020/21**

- 4.1 CFI has a programme of proactive work proposed to ensure the council's posture against fraud is robust and effective. **Appendix 2** sets out the proposed proactive work programme this year.
- 4.2 The work programme is a working document and if during the year changes or additions to the plan are proposed between the CFI and the Section 151 Officer, these will be brought back to the Committee for approval.

## **5. National Counter Fraud**

- 5.1 CFI is an Executive Board member of NAFN.gov Data & Intelligence Service, is similar to Thurrock's NATIS (National Investigation Service) in that it supports local government to protect it from fraud and economic crime. CFI

developed a national paper to enhance the work of NAFN to increase its leadership role for the sector. CFI's strategy sought to increase the recognition and professionalisation by councils in the areas of Digital Forensics, Cyber-Crime, Criminal Finances and Fraud Awareness.

- 5.2 The NATIS function in the Counter Fraud team works on behalf of central and local government bodies to investigate the most serious fraud offences, in partnership with the Crown Prosecution Service and Cabinet Office. That work continues and provides financial and resource resilience to the service in protecting Thurrock Council.

## **6. Reasons for Recommendation**

- 6.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council and how it is reducing fraud under the council's counter-fraud strategy.

## **7. Consultation (including Overview and Scrutiny, if applicable)**

- 7.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-fraud approach.

## **8. Impact on corporate policies, priorities, performance and community impact**

- 8.1 Work undertaken to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities supporting corporate governance.

## **9. Implications**

### **9.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director, Corporate Finance**

This report shows the financial implications within **Appendix 1**.

### **9.2 Legal**

Implications verified by: **Deirdre Collins**  
**Barrister, Law & Governance**

The work completed by CFI assists the council with its legal obligations as noted below:

The Accounts and Audit (England) Regulations 2015 section 4 (2) require that:

*The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a*

*sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.*

### 9.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project  
Monitoring Officer, Adults, Housing & Health**

There are no diversity or equality issues within this report.

### 9.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

### 10. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None.

### 11. **Appendices to the report**

Appendix 1 – CFI Annual Report 2019/20  
Appendix 2 – CFI Annual Strategy & Work Programme for 2020/21

### **Report Author:**

Michael Dineen  
Senior Manager  
Counter Fraud & Investigation

Appendix 1

## Counter Fraud & Investigation



See it. Report it. Stop it.

# Annual Report 2019/20



## Foreword

*“This report demonstrates the progress the counter fraud service and the council as a whole has made in protecting the public money we are charged with safeguarding.*

*The value for money achieved this year by having an effective fraud service shows that for every £1 spent on the team it has detected £3m in fraud.*

*The continuing challenges for the service are to strengthen our controls by using the learning from every identified incident with our Internal Audit Service and continue to use the powers to take redress from those who do defraud the public purse.”*

**David Kleinberg,**  
Assistant Director for Counter Fraud, Investigation  
and Enforcement



## Performance and Partnerships

Our key role is to protect Thurrock and Castle Point Councils from fraud and economic crime and has been since 2014. However, in 2019 we saw growth in our national capability providing expertise to other public bodies to reduce economic crime, which has seen us work with a number of police agencies across the UK and complete work on behalf other local authorities.

This work is provided by our capabilities not present in other public authorities, including:

- Criminal Intelligence Bureau – Strategic Assessment Programmes, helping organisations understand the threats they face and implementing plans to deal with them
- Digital Forensics – providing access to electronic evidence in investigations to international standards (ISO17025)
- Criminal Finances – providing officers, accredited by the National Crime Agency to investigate, restrain and confiscate criminal proceeds, putting them back in to public finance.
- Cyber Resilience – providing advanced technology and expertise to protect public bodies from cyber-crime.

### CFI totals since its launch



**£35m**  
Detected



**£5.5m**  
Recovered



**63**  
Public  
Bodies  
Supported



**167**  
Insider Threats  
Apprehended



**87**  
Adult &  
Children  
Safeguarding  
Cases



**14**  
Organised Crime  
Groups (OCGs)  
Disrupted



**12**  
Police  
Forces  
Supported

## Governance & Accountability

The provision of a national capability brings with it national responsibilities and oversight. Recognising our role and responsibilities, we sought assistance from national bodies to implement an appropriate inspection regime to provide assurance over our work.

The governance structure overseeing the directorate's work is now formed of several independent bodies:

### **Local & Central Government – Standards & Audit Committees**

- Monitoring of Performance against each annual strategy for the bodies to provide assurance of crime risk and organisational governance

### **Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services**

- Annual inspection to monitor use of police data by the Directorate and its use in investigative work

### **Investigatory Powers Commissioner's Office**

- Inspections to monitor the use of investigative tactics regulated by the Regulation of Investigatory Powers Act 2000, Investigatory Powers Act 2016 and Human Rights Act 1998

### **Home Office - National Police Information Risk Management Team**

- Inspections to monitor the security of data used in the department

## Governance & Accountability

### College of Policing

- Delivery of Accredited programmes for all the officers in the directorate, including Professionalising Investigation Practice (PIP) & Intelligence Professionalisation Programme (IPP) accreditations

### United Kingdom Accreditation Service

- Inspections to monitor our forensics activity for criminal casework

### UK Forensic Science Regulator

- The Regulator ensures that the provision of forensic science services by CFI across the criminal justice system is compliant to an appropriate regime of scientific quality standards.

### National Crime Agency – Proceeds of Crime Regulator

- CFI uses a number of powers afforded by Parts 2, 5 and 8 of the Proceeds of Crime Act 2002. The National Crime Agency is the regulator of these powers. An inspection in to CFI's use of the powers will take place in July 2018.

### UK Accreditation Service

- CFI has its own forensic laboratory to deal with digital media, recovering material from electronic devices for use in in criminal or civil outcomes. All laboratories conducting this work in the UK must now be accredited to ISO17025 (International Standards). CFI has worked towards this accreditation for 2 years. This year the final inspection will take place to accredit CFI's laboratory to ISO17025 standards.

## Finances

The Counter Fraud & Investigation team is hosted at Thurrock Council and also provides a full Counter Fraud Service to Castle Point Borough Council and other Housing Associations. Other partners can join the service with a financial contribution or with the secondment of its staff into the team.

In some cases where CFI is providing a partner's on-site counter fraud resource CFI will have an 'on-site' budget to maintain the counter fraud & investigation operations for that partner.

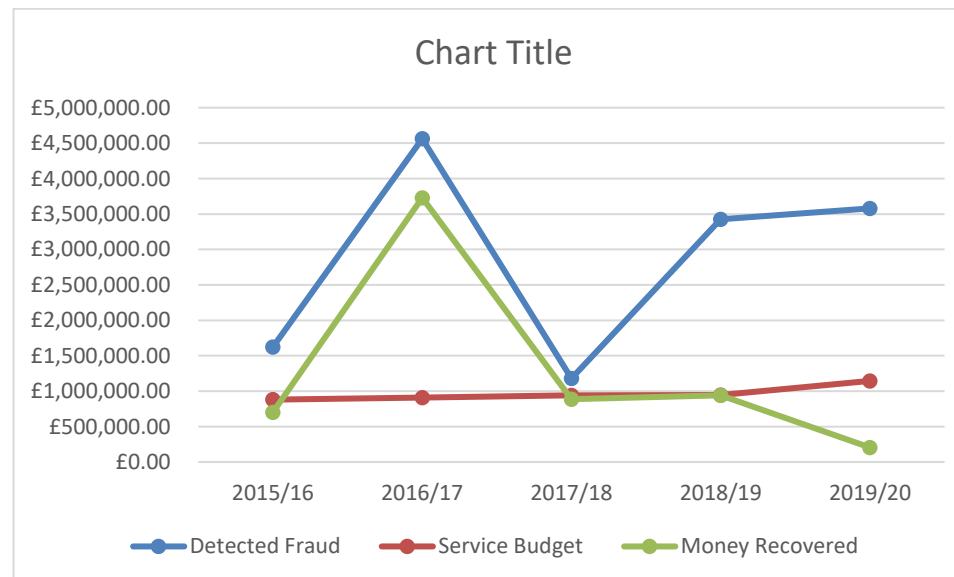
### Overall CF&I Budget 2019/20

	<b>Contribution</b>	<b>Contributor</b>
	£1,144,949	Thurrock Council
	£60,000	Castle Point Borough Council
	£45,187	Other Partners
<b>Total Budget</b>	<b>£1,250,136</b>	

## Finances

### Return on Investment (2014-2019) Thurrock Council

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Detected Fraud</b>	£1,622,604	£4,562,032	£1,179,987	£3,426,474	£3,578,285
<b>Service Budget</b>	£880,637	£909,556	£939,313	£945,876	£1,144,949
<b>Money Recovered</b>	(£701,418)	(£3,729,705)	(£889,097)	(£941,155)	(£205,334 <sup>1</sup> )

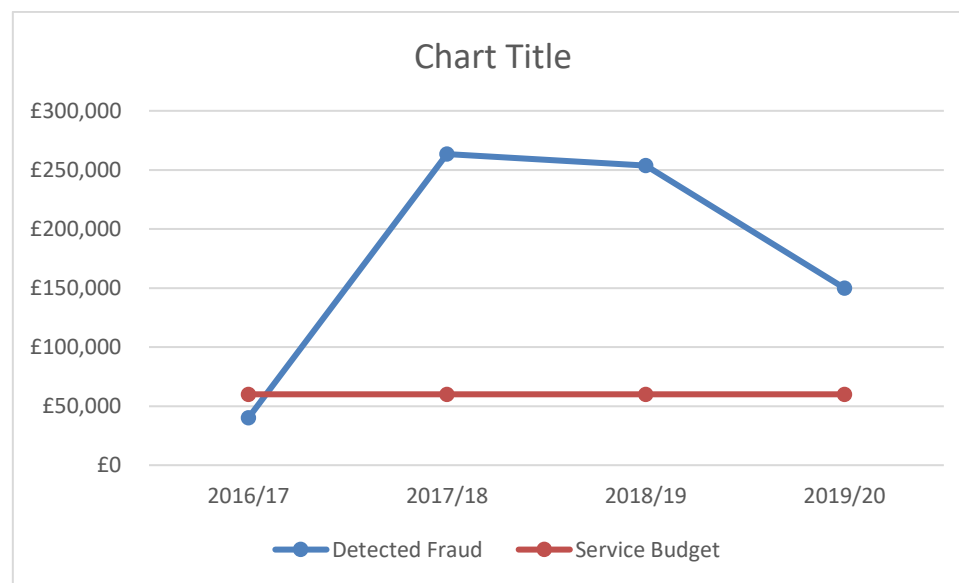


<sup>1</sup> This figure represents the available assets which can be ordered to be paid back by criminals to the council under the Proceeds of Crime Act 2002 or civil remedy, which is different to the amount of fraud that was proven at court.

## Finances

### Return on Investment (2016-2019) Castle Point Borough Council

	2016/17	2017/18	2018/19	2019/20
<b>Detected Fraud</b>	£40,000	£263,400	£253,800	£149,900
<b>Service Budget</b>	£60,000	£60,000	£60,000	£60,000



## Operational Activity

### Social Housing Fraud

Last year 36 social housing properties were recovered by the team in 2019/20. Recovering properties lost due to fraud and preventing further housing stock being lost ensures the use of temporary accommodation for those in need is reduced. Had these properties not been recovered then the potential loss to the public purse would have neared £1million.



# 36

## Social Housing Properties Recovered

#### Case Example

An allegation was made to CFI stating the occupant of social housing had in fact never lived at the address but had been renting the property out to a number of occupants of a period of nearly five years. The tenant had also made a “right to buy” application which if successful would have provided them a substantial discount. Financial and utilities enquiries were made by investigators which identified the real occupants of the council property, details of the actual property the tenant lived in and rent payments made to the subletting tenant.

A search warrant was obtained and executed at both the council property and the property the tenant was in fact living in. Evidence was seized and the tenant was interviewed under caution. No admissions were made and a criminal case prepared and passed to legal. The tenant was summonsed to court and prior to the trial starting entered guilty pleas to a number of fraud offences. The tenant is awaiting sentence and a confiscation timetable has been set.

## Operational Activity

### Insider Threats

The sad reality for any large organisation is the small minority of individuals who seek to take advantage of the trust their employer places in them. It is of some comfort that these cases are extremely rare but where fraud or corruption does occur, CFI has the expertise and experience to resolve any allegations swiftly and professionally reducing the potential impact on frontline service delivery. CFI works closely with business areas in each partner agency as well as its Executive and Human Resources teams in a collaborative approach.

#### Case Example

CFI undertook an investigation into a member of council staff who was allegedly utilising/stealing council materials for private work, carrying out private work in work time and using a corporate fuel card to obtain fuel and placing this in their own private vehicle. CFID carried analysis of vehicle telematics and mounted a protracted surveillance operation. This resulted in evidence being obtained showing the staff member carrying out private work using Council materials and him purchasing fuel with a corporate fuel card and subsequently placing this in his own vehicle.

As a result of the investigation the member of staff was dismissed by the council.

CFI also investigated a member of staff that was found to be working for a different company whilst declaring to be long term sick for the council. It was established that the employee had been completing work with an agency for 'full-time' hours, whilst continuing to claim sick pay from the council. CFI gained the required evidence, interviewed the member of staff and after consideration by the councils legal services department, the staff member was prosecuted.

This resulted in the staff member being found guilty and subject to compensation and a fine.



## Operational Activity

### Grant Fraud

#### Case Example

CFI carried out an investigation against a Thurrock based company who were involved in the fitting of emissions devices to vehicles in response to the rollout of the London Low Emissions Zone (“LEZ”). The scheme meant that vehicle owners would have to pay for the device and for it to be fitted. The cost varied but was typically several thousand pounds. The company fraudulently supplied a number of customers with exhaust devices that did not meet the emission standards and made false declarations to the Driver and Vehicle Standards Agency (DVSA) as to what device they had fitted. This practice continued over a number of years and involved the fitting of well over 380 devices to customer vehicles that failed to meet the emissions criteria.

A complex enquiry began involving hundreds of witnesses, searching of business premises, the arrest of four suspects and subsequent complex financial investigation and scientific examination of numerous vehicles. This spanned several years of evidence gathering and then the legal process resulting in a lengthy trial and subsequent convictions of the suspects. Custodial sentences were passed by the Judge and a proceeds of crime confiscation timetable set.

## Operational Activity

### Joint Working

CFI works closely with policing partners and other law enforcement bodies to protect the public purse. Intelligence is lawfully shared under statute, including the new Data Protection Act 2018 where crime is suspected.

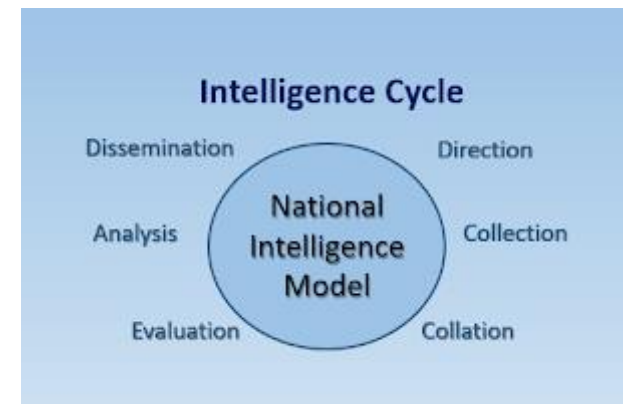
CFI's Criminal Intelligence Bureau works closely with law enforcement to develop intelligence that will assist in protection of the public. Over the last year **48 Alerts** and guidance notes were disseminated by CFI across all our local authority and public partner service areas.

The Criminal Intelligence Bureau has also disseminated **159 Intelligence Reports** to other agencies to assist with their criminal investigations.

CFI's specialist expertise has been used by other local authority services to protect the public including tactical support to other enforcement teams in Planning, Trading Standards and Housing to Human Resources, Procurement and ICT.

In 2019 CFI looked to increase joint working within the intelligence sphere, arranging for a member of staff to be seconded up to NAFN in Manchester, so that both CFI and NAFN could learn from each organisations approach to intelligence support and also establish a working link between the two organisations.

This has resulted in close working relationships with NAFN, and the clear advantages that come from joint working between our two organisations.



## Results

The Counter Fraud & Investigation team present all of its cases to Legal Services across the different partners or in some cases the Crown Prosecution Service where serious criminality is identified. A framework of different sanctions, redress and punishment outcomes are then considered by a Lawyer independently of the CF&I team.

This process includes the use of the Code for Crown Prosecutors in consideration of any criminal litigation.

In 2019/20 the number of fraud cases identified by the team increased, as did the number of sanctions delivered.

The overall fraud detected figure for **2019/20** is **£3,578,285**

The following tables detail the investigations, sanctions and compliance activities completed by the team across partners for 2019/20. The tables has been developed to show details of all sanction types as opposed to previous reports which only showed prosecutions, value and 'other'. This table enables a clearly understanding of the work conducted by CFID as it relates to solely CFID investigations:

## Comparison to Previous Years

The table below shows the number of investigations completed year on year, over the last 5 years

Year	2015/16	2016/17	2017/18	2018/19	2019/20
Number of reports of Fraud	514	302	324	576	349

## Comparison to Previous Years (detected fraud)

The table below shows the detected fraud value year on year since the inception of the Counter Fraud & Investigation team.

Year	2015/16	2016/17	2017/18	2018/19	2019/20
Detected Fraud Value	£8,768,957	£6,958,808	£5,138,836	£5,497,805	£3,578,285 <sup>2</sup>

The total value of fraud detected from April 2014 to June 2019 is **£33,582,618**

## Delivery of the Proactive Work Programme

The work programme implemented across the council was delivered in full last year. The purpose of the programme is to ensure that there is an enterprise-wide acknowledgement of the risks from fraud and economic crime and the areas most at risk have mechanisms to both prevent and detect suspicious activity.

<sup>2</sup> The reduction in detected fraud has been affected by previous years including some work for previous local authorities

## Delivery of the 2019/20 Proactive Work Programme

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Launch a new e-Learning Package for Countering Fraud, Bribery, Corruption and Money Laundering.	July – Sep 2019	The eLearning Package was successfully rolled out across the authority and our partners. This has resulted in 1000s of employees gaining further knowledge and awareness of Counter Fraud and the role they play in combating crime against the council.	Michael Dineen	Sep 2019
Council-wide	Develop an early intervention risk matrix for social housing tenants targeted by criminality.	July 2019 – March 2020	This risk matrix allows for the early intervention of young/vulnerable persons entering the housing system. It will allow for cross departmental sharing of information, for the benefit of the residents.	Philip Butt	March 2020
Council-wide	Cybercrime risk assessment across the council.	Nov 2019 - Now March 2020	The risk assessment across the council was being completed, it was agreed with the key stakeholders in the council that this scope would be expanded to include the overall programme of cyber-crime protection. The January 2020 meeting it was agreed that activity would be extended into the 2020/21 plan.	David Nash	Ongoing in to 2020/21

## Delivery of the 2019/20 Proactive Work Programme

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Enhancing counter fraud and money laundering controls for Social Care Finance.	Nov 2019 - Now Jan 2020	A new digital analytic system has been obtained and is to sit behind online application processes so that instantaneous checks can now take place to highlight any application that is a 'risk' this can then be verified by the particular council department.	Michael Dineen	March 2020
Council-wide	Renewed Education & Marketing Campaign for Countering Fraud, Bribery, Corruption and Money Laundering	January 2020	The new 'See it, Report it, Stop it' campaign has been developed and a further 2 posters have been designed (below) Snr Manager to meet with Communications Team to agree strategy.	Nicholas Coker	December 2020
Revenues	Use of Data Matching Solution to compare NNDR data with law enforcement data.	July 2019	Oneview is to be utilized for the material that has been gained so that the original data and then be actioned.	Nicholas Coker	August 2019
Council-Wide	National Fraud Initiative results to be analysed and any criminal investigations to be raised and dealt with by NATIS.	June 2019- March 2020	NATIS to review results and ensure any required investigations are recorded. This is in fact an ongoing yearly requirement that will feature on the 2020/21 work plan	David Kleinberg Tanya Furber	Ongoing Requirement

# Counter Fraud & Investigation



See it. Report it. Stop it.



# thurrock.gov.uk

## Counter Fraud Strategy

2020/21

Official

DRAFT

Official

Counter Fraud  
& Investigation



See it.



Report it.



Stop it.



## Foreword

*“The country has been affected by the significant impact of the COVID-19 pandemic with significant loss of life and continuing damage to the economy, with many businesses closing and workers moved from their workplaces to their homes.*

*Sadly, criminals didn’t stop working, with many increasing their persistent attacks on the public sector support schemes and the most vulnerable in society, particularly those shielding from the virus.*

*This year, as we begin to recover from the emergency, our focus will be targeting those criminals in an unprecedented co-ordinated response by the council’s Counter Fraud function joining forces across government and policing.”*

**David Kleinberg,**  
Assistant Director for Counter Fraud,  
Investigations & Enforcement



# Our Control Strategy

Official

This year we install our control strategy which defines how we will be working over the next 12 months. This means that all the casework we adopt will be assessed and progressed in consideration of the 4 Questions below.

The Counter Fraud & Investigation team's partnership with the National Investigation Service ensures that we are able to identify at an earlier stage intelligence relating to the key priorities below, particularly those affecting the most vulnerable of society.



Page 128

Official

## Proactive Work Plan

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	<p><b>Application of Counter Fraud Risk Analytics across the council's 10 threat areas.</b></p> <p>This work will commence with sampling exercises, fraud loss measurement programmes and testing of analytic tools across those high-risk areas.</p>	June 2022 To May 2021		Michael Dineen	
Council-wide	<p><b>Install improved Anti-Money Laundering (AML) controls at all of the council's Customer Contact Points.</b></p> <p>Fraud, Bribery, Corruption and Money Laundering are intrinsically linked by a common theme – persons and businesses being compromised by crime. That may be intentional or unintentional (e.g. stolen identities (unintentional) or fictitious businesses (intentional))</p>	June 2022 To May 2021		David Kleinberg	
Revenues & Treasury	<p><b>COVID-19 Business Grants Counter Fraud Programme</b></p> <p>The council has awarded £19m of government grants to businesses during the COVID-19 pandemic. The team will be using the Counter Fraud tools provided by the Cabinet Office and commercial sector to</p>	June 2022 To May 2021		Dave Nash	



Official

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
	assure the payment already made and prevent future frauds.				
Council-wide	Renewed Education & Marketing Campaign for Countering Fraud, Bribery, Corruption and Money Laundering	July 2020		Nicholas Coker	

DRAFT

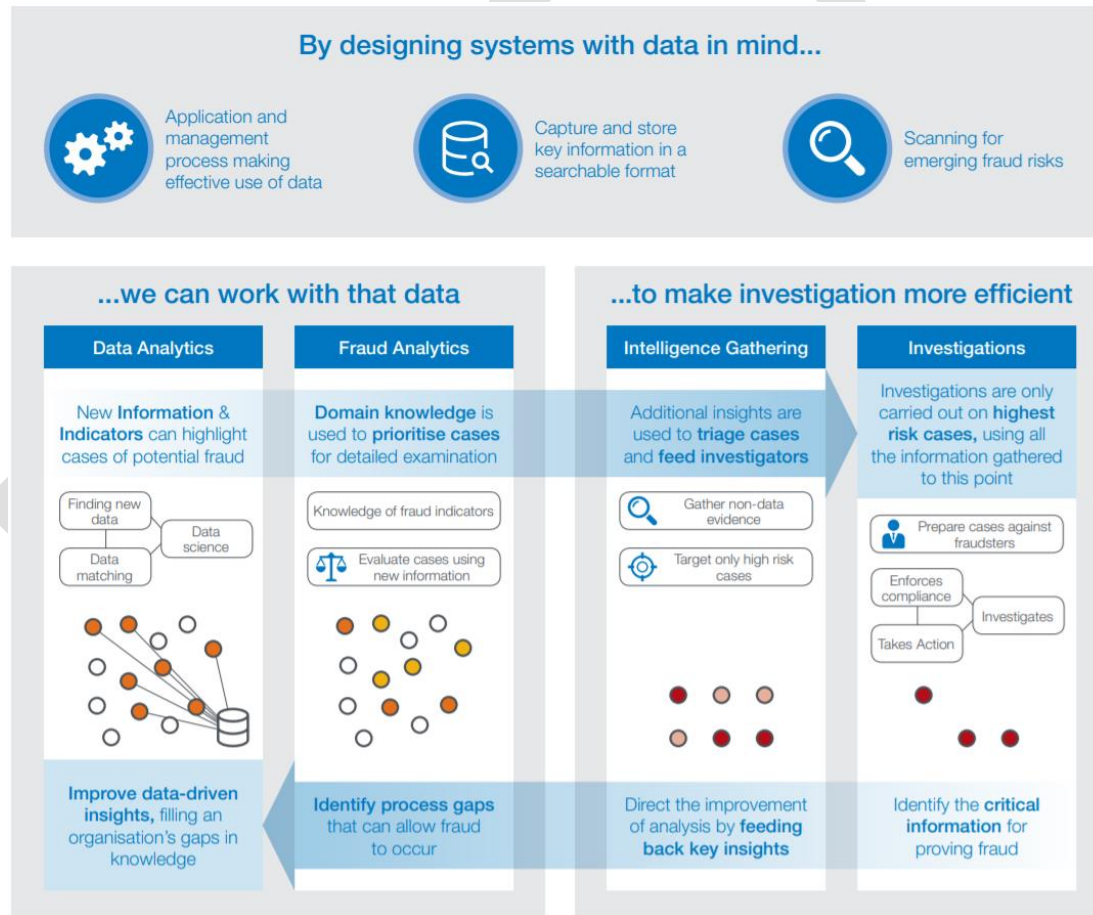
Official

# Official 2020/21 Strategy Components

## Counter Fraud Analytics

The key focus of any counter fraud function should be preventing fraud and “stopping it at the door.” The council has been working with the HM Government Counter Fraud Profession in designing and testing many of the standards in the profession. This year the council will be applying the Counter Fraud Data Analytics model (shown below) to both prevent fraud and root it out our systems.

### *Counter Fraud Analytics Model*



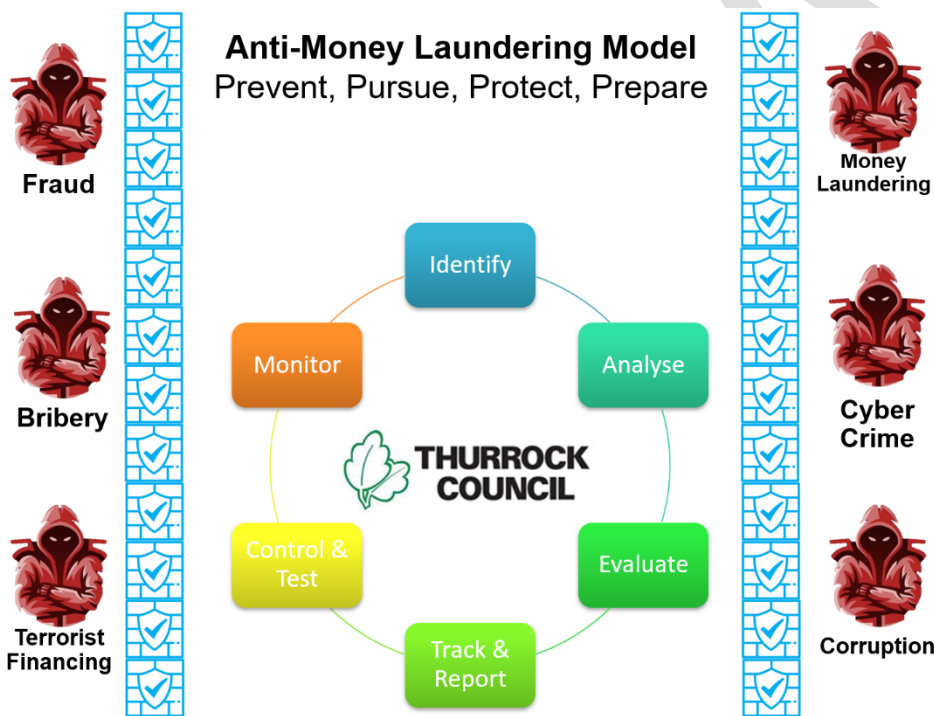
### Anti-Money Laundering (AML) Controls

The crimes of Fraud, Bribery, Corruption and Money Laundering are intrinsically linked by a common theme – a requirement to compromise a person or business as an ‘enabler’ to further crime. The initial compromise may be intentional or unintentional (e.g. Stolen Identifies (unintentional) or a fictitious business being formed to commit crime (intentional).

Finding those compromises are extremely difficult in large organisations like the council with the creation of millions of transactional records a day. The implementation of automation and intelligence-led processing of transactions to find the risk of fraud and other economic crime requires a scored weighting of the customers you have applying to, or already in your systems.

This year the Counter Fraud cyber team and system leads across the council will be applying those controls at all our customer contact points, e.g. Housing, Council Tax, NNDR, Social Care, Licensing. The purpose will be to both prevent fraud and financial crime against the council but also where someone attempts to use a stolen identify causing losses to businesses or the public.

Page 132



The council’s new model will ensure that the right enhanced controls are placed over our existing access points – which take place before any further transactions will occur.

This method ensures the flags developed through cross-government intelligence sharing are applied to patterns of behaviours used to compromise a relationship with the council.

<b>9 July 2020</b>	<b>ITEM: 10</b>
<b>Standards &amp; Audit Committee</b>	
<b>Investment Briefing</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> No
<b>Report of:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>Accountable Assistant Director:</b> Jonathan Wilson, AD Finance	
<b>Accountable Director:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>This report is</b> Public	

## Executive Summary

Further to the impacts of COVID-19 and the various media reports on the council's borrowing levels and investments, the Chair of the Standards and Audit Committee has asked for a report to cover:

- How the £1.2bn rising to £2bn has been invested;
- How safe are the investments; and
- The impact should there be a collapse brought about by the looming economic depression.

This report sets out the actual level of investments and related financial returns, a section on the security and viability of the solar portfolio, especially in the current economic climate.

### 1. Recommendations:

#### 1.1 That the Standards and Audit Committee note the report.

### 2 Introduction and Background

- 2.1 Members will recall that, previously in Thurrock, the Medium Term Financial Strategy (MTFS) forecasts only presented a one year balanced budget up until the Investment Strategy was agreed. Future years were shown with significant deficits projected for the remaining years. This short term approach meant the Council had to focus on efficiencies and service reductions to deliver the budget in the relevant financial year without the ability to think longer term to transform services more effectively.

- 2.2 While there has been a greater focus on commercial investment in the public sector in the last five years, it is important to note that councils have always carried out investments – traditionally through money markets but also including commercial property such as industrial units.
- 2.3 In 2014, the council changed its approach with its first investment in the Churches, Charities and Local Authorities (CCLA) property fund of £20m. In 2015, two further investments were made in this fund bringing the overall total to £50m. In May 2016, the council made its first investment in the renewable energy sector. These two investment streams have different characteristics.
- 2.4 Whilst it is possible to withdraw funding from CCLA, with notice, this is more unusual. It is seen as a long term investment and has no pre-agreed repayment dates.
- 2.5 The renewable energy investments are different though. They are all for set periods but, in each case, the bond issuer – the borrower – has the right to repay the bond in full to the bond holder – the council in this case – at any earlier time.
- 2.6 Following the success of the initial investments in CCLA and renewable energy, the council unanimously agreed a new, formal Investment Strategy at its meeting in October 2017. This was again supported by Council in February 2018, February 2019 and February 2020. Whilst the approach was again agreed at Council in February 2020, a specific request was raised to further improve democratic oversight of the investment process – a commitment that the Cabinet had already given. A report will come forward in due course.
- 2.7 Whilst there has also been significant focus on the council's level of debt, it is important to remember that the amounts relating to these investments will all be repaid at the end of the term or, as explained in 2.7 above, earlier.
- 2.8 Set out below is key financial information on the council's investment performance and position as at 31 March 2020. The overall debt position is £100m higher than it would normally be as the Council, like a number of authorities, increased its cash balances as the COVID restrictions commenced. As the year progresses, this will naturally reduce.



<b>Source</b>	<b>£m</b>	<b>£m</b>
PWLB – GF (March 2020)	100	
PWLB – HRA (2012)	161	
LOBOS (Various Pre May 2005)	29	
Other Public Bodies – Short Term (rolling debt built since start of council)	1,063	
Other Public Bodies – Long Term (rolling debt built since start of council)	63	
<b>Gross Debt</b>		<b>1,416</b>
Less:		
COVID Related Borrowing	100	
Investments – Bonds, CCLA, etc	985	
<b>Total Repayable</b>		<b>1,085</b>
<b>Net Debt</b>		<b>331</b>

2.9 The net hard-debt shown above largely relates to the historic and current capital programme expenditure.

The overall surplus from investments in 2019/20 was a net position, after borrowing costs and fees where applicable, of £35.7m, annually (or circa £80m since October 2017), which is delivering services beyond statutory minimum.

2.10 The spread of the investments are as follows:

- Renewable Energy Sector      79.8% (spread over approx 60 interests)
- CCLA                                      10.5%
- Other, including TRL              9.7%

2.11 The impact of COVID restrictions has now highlighted the likely loss of income for those authorities who purchased, for example, shopping centres, airports or retail parks. Some councils are reporting up to 25% loss of income in property-related investments.

2.12 The administration have always maintained that owning a shopping centre or retail park leaves any council with long term borrowing costs – fixed costs – but variable income streams, as has been evidenced in recent months.

- 2.13 This potential risk is not the case for Thurrock where the investments have been in bonds and where the drive to increase investment in renewable energy schemes is well documented at a national level.
- 2.14 There has been no adverse impact from the start of the COVID pandemic on the council's investments, through to current day. Income streams remain stable,
- 2.15 With regard to security and viability, the following should be noted for the council's solar investments:
- Approximately 63% of the portfolio's total forecast revenue over the period of the bond term consists of government backed subsidies;
  - The UK solar and power industry is underpinned by a strong regulatory framework;
  - Baringa forecasts GB power prices will increase by real terms in the medium term, driven by rising commodity prices, tighter capacity margins and higher profit margins of conventional power producers;
  - The largest site has a long term PPA with a large bank, which increases the power price we receive and continues for over 10 years from now;
  - Solar irradiance can be seen over the past years to be relatively consistent. The geographical spread of the portfolio in the UK helps reducing local area variances against long term averages;
  - Toucan has a diverse portfolio of 56 assets and generally performs preventive maintenance in the winter (as solar resource is lower) so the assets are ready for the summer;
  - All the assets were constructed between Q1 2014 and Q1 2017, ahead of Thurrock's involvement, and the portfolio has a history of performing strongly since being constructed, and put into operational sites;
  - Key equipment was sourced from reputable manufacturers with the latest available technology;
  - O&M agreements provided by experienced operators;
  - Quintas Energy have been appointed as the asset manager. Quintas Energy specialises in and is the leading provider of solar asset management services in Europe and manages more than 400 sites with capacity over 3 GW across 8 countries with a team of 170+ people;
  - The portfolio benefits from full market standard insurance cover, provided by a regulated insurer, to protect against the risk of interruption to revenues received owing to damage of the solar PV projects;
  - All sites have lease agreements and planning approval to more than cover the Bond term;
  - The council holds security against each of the assets; and
  - The bond issuer has always paid the bond coupon in full and on time.

- 2.16 Whilst the above covers the viability of the most significant portion of the council's investments, the following should also be noted:
- CCLA has a track record of continuous delivery and the bounce back of capital values through two previous economic crashes, in part, due to the diversity of its portfolio; and
  - Other investments provide diversity through other renewable sources such as wind farms and biomass across additional sites.
- 2.17 Due to the nature, diversity and spread of locations of the investments that the council holds, they have been deemed as low risk and this has been substantiated in the current climate to date. Additionally, there has been no adverse impact from COVID on the council's investments and income streams remain stable.

### **3 Issues, Options and Analysis of Options**

- 3.1 There are no options related to this report as it is simply a briefing on the council's investment position.

### **4 Reasons for Recommendation**

- 4.1 The recommendation is simply to note the report as it is a report for information only.

### **5 Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 Whilst there has been scrutiny through the Corporate Overview and Scrutiny, Council Spending Review and Council annually, there has been no consultation on this information report.

### **6 Impact on corporate policies, priorities, performance and community impact**

- 6.1 The council made a unanimous decision in October 2017 to supplement the council's budget through an investment approach. This has allowed investment across all of the council's front line services and includes additional services such as increasing the police presence across the borough.
- 6.2 There are other obvious benefits such as supporting renewable energy, a key approach against the impact of climate change.

## **7 Implications**

### **7.1 Financial**

Implications verified by: **Sean Clark**  
**Corporate Director of Finance, Governance  
and Property**

The benefit of the investment approach has been set out in the report.

It is clear that the approach has significantly contributed to the provision of services to Thurrock's residents against a national norm of service reductions and closures.

It had always been intended that the level of investment would reduce over time and the nature of the bond periods facilitated this.

Members need to be aware that there are significant commercial considerations when discussing investments and Local Authority inter-lending.

### **7.2 Legal**

Implications verified by: **Ian Hunt**  
**Assistant Director of Legal & Governance -  
Monitoring Officer**

The Council has a requirement to finance its operation in order to deliver services to residents and to have a balanced budget.

The legislative framework underpinning local government financing permits Councils to undertake borrowing and lending activities as part of their routine treasury management.

In considering the approach to scrutinising the Councils activities Members should have regard to the commercial sensitivities which can arise from detailed discussions of the Councils investment and borrowing portfolio. Members are reminded that the Councils own commercial interests can be considered as a ground for excluding the press and public from a meeting under schedule 12A Local Government Act 1972, however in assessing the need for this Members should also consider the public interest and need for transparency in the Councils operations. The information contained in this report is provided in a public form balancing the competing interests.

### 7.3 Diversity and Equality

Implications verified by: **Natalie Smith**  
**Community Development and Equalities  
Manager**

There are no specific diversity and equalities implications as part of this report.

### 7.4 Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder)

The Council's financial position has allowed for additional investment across all services with additional funding, specifically, for services to the vulnerable, fighting Anti-Social Behaviour and Climate issues including allocations for tree planting and air quality measures.

### 8 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

### 9 Appendices to the report

- None

### Report Author:

Sean Clark

Corporate Director of Finance, Governance and Property

This page is intentionally left blank

<b>9 July 2020</b>	<b>ITEM: 11</b>
<b>Standards &amp; Audit Committee</b>	
<b>A13 Widening Project</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A
<b>Report of:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>Accountable Assistant Director:</b> N/A	
<b>Accountable Director:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>This report is Public</b>	

## Executive Summary

This report is provided at the Chair’s request in order to inform members on the A13 overspend, the completion date and any budget implications for Thurrock Council in the current and subsequent financial years.

### 1. Recommendation(s)

**1.1 That the Standards and Audit Committee notes and comments on the report content.**

### 2. Introduction and Background

2.1 This project involves widening the A13 Stanford le Hope by-pass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (The Manorway) in the east and replacing four bridges. Once the project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, reducing congestion and resultant pollution, improving journey times and supporting further economic growth

2.2 It is important to set out a few complicating factors to the delays and costs issues with the A13:

- 2.2.1 there is no single issue which has caused the delay in the programme, rather a combination of issues which have had impacts resulting in delay and therefore also increasing costs;
- 2.2.2 modifying existing linear infrastructure is often more greatly impacted by issues and delays than ‘greenfield’ projects which

are contained within a single site. This means that a number of programmed activities in a linear scheme are inextricably linked resulting in a minor impact at one end of the programme becoming a recurring issue throughout the linear route causing delay and with delay comes cost.

- 2.3 There have been three significant issues which have impacted on the delivery of the scheme. Two of those issues relate to the design of the drainage and the four bridge structures. There have been a range of issues which include differences between the as built drawings and the conditions on the ground, the need to design the scheme to the standard set out in the Design Manual for Road and Bridges (DMRB) and the need to undertake further survey work and re-design which then has to progress through technical assurance processes.
- 2.4 The third issue relates to the diversion of utility apparatus. Statutory Undertakers can only undertake activities to their apparatus at particular times of the year, usually when there is less demand on the system. For example, communications works cannot take place over the Christmas period, gas and electricity diversion works can only take place during optimum outage windows between April and October. Further Statutory Undertakers only permit their own contractors to undertake works on their apparatus. A lot of apparatus needed to be moved out of the way to enable works to commence. This was an employers' risk under the contract.
- 2.5 the delay and cost overrun on the project originate from:
  - 2.5.1 delay in commencement of construction which is an employers' risk under the contract and therefore the cost sits with the Council.
  - 2.5.2 the late delivery of the completed detailed design and changes to the works information (in relation to drainage and structures), again an employers' risk under the contract and therefore the cost sits with the Council.
  - 2.5.3 the funding requirements driving the decisions on the project which led to a need to tender on a preliminary design and the resultant separate design and build contracts.
- 2.6 A report in relation to this project was considered at the Planning and Transport Overview and Scrutiny Committee on 6<sup>th</sup> July 2020 to respond to specific questions raised by the Chair.

### **3. Issues, Options and Analysis of Options**

#### **Programme**

- 3.1 As a consequence of a programme review, which looked at issues and delays which had occurred or could be reasonably anticipated in the future, the revised open to traffic date has gone back by a year. The published



programme now anticipates the road being open to traffic in autumn/winter 2021. This does not yet take account of any delays resulting from the Covid-19 pandemic as it is too early to be able to ascertain with any certainty the true impacts of a situation which is still very much current at the time of writing this report.

- 3.2 Work has continued throughout the current Covid 19 pandemic albeit on a slightly reduced workforce to allow for compliance with all Government guidance. Adjustments have been made and it is anticipated that productivity could return to approximately 90% in the near future. Prior to the Covid 19 crisis, the project was meeting programme month to month and there has been some recent successes on the project with the installation of the bridge structures over a recent run of weekend closures which were major programme milestones to achieve.

### **Current Out Turn Forecast**

- 3.3 The project team held a series of workshops in order to revise the cost model of the project and arrive at the revised forecast. Those workshops involved reviewing and updating key project documents including the programme, compensation events and the risk register. This enabled values to be assigned to remaining works identified in the programme as well as undertaking a risk simulation exercise to assign values to the risks that the project is carrying.
- 3.4 The result of that work culminated in the revised anticipated out turn cost of £114,675,000 set out in the table below:

<b>Cost Summary</b>	
Construction	£ 91,000,000
Statutory Undertakers	£ 9,619,480
Preliminary Design	£ 1,175,000
Contract Supervision	£ 2,017,987
Detailed Design	£ 3,120,629
Land Purchase	£ 1,832,472
Technical Support	£ 2,613,399
Risk Allowance	£ 3,296,032
<b>Total Anticipated Out turn costs</b>	<b>£114,675,000</b>

- 3.5 The original approved project budget was agreed at £78,866,586. These costs were arrived at based on a preliminary design and certain elements of the scheme were not included such as the utilities diversion works.
- 3.6 The Council has recently undertaken a value for money (VfM) exercise on the project which has identified that based on the current out turn forecast, the scheme still represents high VfM. The significance of this means that an additional un-ringfenced grant was made available by DfT to SELEP of £8.9m and the SELEP Accountability Board agreed to provide this funding to the A13 on the condition that the scheme can still illustrate a high rating on the VfM

and the Council provides a commitment to secure any additional short fall in funding. It is worth noting that this money was originally identified as part of the scheme funding but retained by the DfT

- 3.7 The Accountability Board was scheduled to take place on 15<sup>th</sup> May however, as a consequence of the current Covid 19 pandemic, the meeting is now scheduled to take place at the end of June 2020 (date to be confirmed). Officers will provide a verbal update on this matter at the meeting as this report will be finalised prior to the outcome of the Accountability Board being known.
- 3.8 If the allocation of £8.9m is provided, the remaining difference will be £26,908,414.

### **Budget Implications**

- 3.9 The potential options available to bridge the forecast funding gap are currently being explored and have not yet been confirmed. It is likely that a combination of funding sources will be required to meet the funding gap. The main options under consideration include:
- An increase in grant funding towards the delivery of the Project;
  - Funding contributions from the private sector; and
  - Funding contributions from Thurrock Council.
- 3.10 Thurrock Council recognises the need to seek alternative funding through whatever route is available and the likely need to use its own funds.

## **4. Reasons for Recommendation**

- 4.1 To respond to the Chair's request for information on the A13 project.

## **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 A communication plan has been prepared and agreed.
- 5.2 Member briefing sessions are held periodically at the A13 Site Offices and provide an opportunity for Members to receive a presentation from the contractor and raise issues on behalf of local residents.
- 5.3 Meet the team sessions are held monthly at the A13 Site Office and are a popular way for residents and road users to find out more about the works and ask any questions, although as a result of Covid-19 these (and the Member briefing sessions) are currently postponed

## **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 The A13 Widening scheme supports the corporate priorities by encouraging and promoting economic prosperity.
- 6.2 The A13 Widening scheme also supports the Thurrock Transport Strategy (2013 – 2026) and in particular policy TTS18: Strategic road network improvements by creating additional capacity to reduce congestion, improve journey times, facilitate growth and improve access to key strategic economic hubs.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director - Finance**

The financial implications are set out in the body of the report.

### **7.2 Legal**

Implications verified by: **Tim Hallam**  
**Deputy Head of Law and Deputy Monitoring Officer**

This an update report and there are no specific direct legal implications arising.

### **7.3 Diversity and Equality**

Implications verified by: **Becky Lee**  
**Team Manager – Community Development and Equalities**

There are no implications arising from this update report.

### **7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder, or Impact on Looked After Children)

The contractor is required to risk assess all aspects of this project and put in place appropriate procedures and measures to safeguard lives as well as the environment.

The contractor is also required to prepare a sustainability plan that reduces carbon emissions and reduces the project's carbon footprint.

**8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

**9. Appendices to the report**

- None

**Report Author:**

Sean Clark

Corporate Director of Finance, Governance and Property

<b>9 July 2020</b>	<b>ITEM: 12</b>
<b>Standards &amp; Audit Committee</b>	
<b>Stanford Le Hope Transport Projects</b>	
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A
<b>Report of:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>Accountable Assistant Director:</b> N/A	
<b>Accountable Director:</b> Sean Clark, Corporate Director of Finance, Governance and Property	
<b>This report is Public</b>	

## Executive Summary

This report is provided at the Chair's request in order to inform members on the following specific matters relating to the Stanford Le Hope Transport Hub:

- (i) the £7million spend on consultants and how the £7 million spend on consultants was financed and what did it achieve and who authorised this;
- (ii) the price for the Old Brewery to accommodate the parking and waiting area for buses and coaches going to DP World

### 1. Recommendation(s)

**1.1 That the Standards and Audit Committee notes and comments on the report content.**

### 2. Introduction and Background

2.1 This scheme involves the construction of new station buildings with footbridge and lifts, passenger information system, bus turnaround facility, passenger drop-off points and cycle parking.

2.2 There are a number of stakeholders involved in the scheme including UK Power Networks, C2C, Network Rail and the Port of London Authority and it will be delivered under a Development Agreement with C2C, who are the principal land owner.

- 2.3 A cabinet decision on 3 September 2014 approved the Local Growth Fund Transport Programme of which this scheme forms part. The report delegated the role of Project Director to the Head of Service for Transportation and Highways to:
- 2.3.1 agree the Board and Group membership for the scheme;
  - 2.3.2 agree and sign off project plans including proposals for public, partner and Member engagement;
  - 2.3.3 have the overarching responsibility for project management, including going out to tender, in the role of Project Director.
- 2.4 A subsequent Cabinet decision on 9 March 2016 agreed to delegate authority to the Head of Service for Transportation and Highways to commission the detailed design and business case for the scheme.
- 2.5 A contractor was appointed under a two stage Early Contractor Involvement (ECI) design and build contract to bring forward the scheme. Stage 1 was intended to be preliminary design with stage 2 including detailed design and construction.
- 2.6 As a consequence of the complexity of the scheme, it became necessary to bring forward some of the Stage 2 works into Stage 1. This resulted in scope creep, more optioneering than had been originally budgeted and anticipated and further, due to the emerging complexities of the design, the site constraints and land ownership it became apparent that the forecast expenditure would increase and the project would fall outside the budget envelope.
- 2.7 Due to the scheme being part funded by the National Station Improvements Scheme (NSIP), there were key milestones that had to be achieved within the programme to secure funding from Network Rail otherwise that funding would be lost. A decision was taken by the Director of Place in February 2019, to procure the footbridge and to demolish the station building therefore securing approximately £3.3m of NSIP funding.
- 2.8 In September 2019, the project underwent a pause and review to understand the key challenges and look at all the options to bring the project forward. An opportunity to acquire some additional land to bring the project forward in a way which removed a lot of risk and provided alternatives to deliver a much improved scheme including public realm area in front of the station and a dedicated drop off, bus turnaround, transport hub and parking on the former Brewery Site opposite.
- 2.9 A report in relation to this project was considered at the Planning and Transport Overview and Scrutiny Committee on 6<sup>th</sup> July 2020 to respond to specific questions raised by the Chair.

### 3. Issues, Options and Analysis of Options

#### Project spend, funding sources, outcomes and governance

3.1 The table below shows the funding sources for the project:

Source	£
SELEP	7,500,000
London Gateway (DPW)	550,000
NSIP (Network Rail)	3,050,000
C2C	737,000
Other S106 contributions	1,533,000
Council	5,720,000
<b>TOTAL</b>	<b>19,090,000</b>

3.2 Of this budget, costs incurred to date amount to £10,367,500. The costs incurred to date include the acquisition of the Old Brewery site, contract costs and professional fees under the ECI Design and Build Contract, demolition of the station, removal of apparatus, de-vegetation of the site, ongoing management and maintenance of the construction site.

3.3 Of the work done to date, there is a significant amount of the design work and studies undertaken that can be used to support the revised scheme. Currently the design team is working up the detailed design from the general arrangements to fit the available budget.

3.4 With regard to governance arrangements, the Cabinet reports set out in 2.3 and 2.4 delegated the authority to the Head of Transportation and Highways. That post has now been removed from the Council structure but has been incorporated within the Director of Place.

#### The Old Brewery Site

3.5 The land was acquired by negotiation in May 2020 at a cost of £3,087,500. A Cabinet report from 15 January 2020 delegated authority for the acquisition of the land to the Corporate Director of Finance, Governance and Property and the Director of Place in consultation with the Portfolio Holder for Regeneration.

### 4. Reasons for Recommendation

4.1 To respond to the Chair's request for information on the Stanford-le-Hope Interchange project.

### 5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Consultation was undertaken as part of planning process and further stakeholder engagement is continuing. This includes meetings with the residents of Chantry Crescent and local Councillors.

**6. Impact on corporate policies, priorities, performance and community impact**

6.1 The Stanford-le-Hope scheme supports the Place corporate priority, in particular:

- roads, houses and public spaces that connect people and places

**7. Implications**

**7.1 Financial**

Implications verified by: **Rosie Hurst**  
**Interim Senior Management Accountant**

There are no direct implications arising specifically from this update report

**7.2 Legal**

Implications verified by: **Assaf Chaudry**  
**Major Projects Solicitor**

Since this is an update report, there are no specific direct legal implications. Legal Services will provide any legal advice in relation to this project as and when required.

**7.3 Diversity and Equality**

Implications verified by: **Becky Price**  
**Team Manager – Community Development and Equalities**

There are no direct implications arising specifically from this update report.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Not applicable.

**8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

**9. Appendices to the report**



None

**Report Author:**

Anna Eastgate

Assistant Director of Lower Thames Crossing and Transport Infrastructure Projects

Place

This page is intentionally left blank

**Standards & Audit Committee  
Work Programme  
2020/21**

Dates of Meetings: 9 July 2020, 10 September 2020, 24 November 2020 and 11 March 2021

Topic	Lead Officer
<b>9 July 2020</b>	
Regulation of Investigatory Powers Act (RIPA) 2000 - 2019/20 Activity Report	Lee Henley
Chief Internal Auditor's Annual Report – Year ended 31 March 2020	Gary Clifford
Counter Fraud & Investigation Annual Report & Strategy	David Kleinberg
Annual Information Governance Report	Lee Henley
Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21	Gary Clifford
Investment Briefing	Sean Clark
A13 Widening Project	Sean Clark
Stanford Le Hope Transport Projects	Sean Clark
Red Reports (as required)	

<b>10 September 2020</b>	
Annual Complaints & Enquiries Report 2019/20	Lee Henley
Internal Audit Progress Report 2019/20	Gary Clifford
Counter Fraud & Investigation - Q1 Update	David Kleinberg
Internal Audit Charter 2020	Gary Clifford
In Quarter 2 Refresh of the Strategic/Corporate Risk & Opportunity Register	Andy Owen
Investment Briefing	Sean Clark
<b>Red Reports (as required)</b>	
<b>24 November 2020</b>	
Regulation of Investigatory Powers Act (RIPA) – Activity Report April 2020 – September 2020	Lee Henley
Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register	Andy Owen
Internal Audit Protocol 2020	Gary Clifford
Internal Audit Progress Report 2020/21	Gary Clifford
Counter Fraud & Investigation Quarterly Update (Q2)	David Kleinberg
Audit Results Report for the Year Ended 31 March 2020	BDO / Sean Clark / Jonathan Wilson

Financial Statements and Annual Governance Statement 2019/20	BDO / Sean Clark / Jonathan Wilson
Investment Briefing	Sean Clark
Red Reports (as required)	
<b>11 March 2021</b>	
External Audit Plan 2020/21	Lisa Clampin (BDO)/Jonathan Wilson
Certification of Claims and Returns Report 2019/20	BDO/Jonathan Wilson
Complaints and Enquiries Report – April 2020 to September 2020	Lee Henley
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework	Andy Owen
In Quarter 4 Review of the Strategic/Corporate Risk & Opportunity Register	Andy Owen
Internal Audit Progress Report 2020/21	Gary Clifford
Counter Fraud & Investigation Quarterly Update	David Kleinberg
Thurrock Annual Audit Letter 2019/20	BDO / Sean Clark
3 Year Strategy 2020/21 to 2022/23 and Annual Plan 2021/22	Gary Clifford
Investment Briefing	Sean Clark
Red Reports (as required)	

Clerk: Jenny Shade  
Last Updated: May 2020