

# Audit Committee Agenda

**Wednesday, 2 June 2021 at 6.00 pm**

Council Chamber, Muriel Matters House, Breeds Place, Hastings, TN34 3UY.  
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democraticservices@hastings.gov.uk

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1.	Apologies for absence	
2.	Declarations of interest	
3.	Minutes of the last meeting	1 - 4
4.	Notification of any additional urgent items (if any)	
5.	Draft Risk Registers <i>(Tom Davies, Chief Auditor)</i>	5 - 16
6.	Proposed Internal Audit Plan 2021-22 <i>(Tom Davies, Chief Auditor)</i>	17 - 22
7.	Chief Auditor's Summary Audit and Risk Report <i>(Tom Davies, Chief Auditor)</i>	23 - 26

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# Agenda Item 3 Public Document Pack

## AUDIT COMMITTEE

15 FEBRUARY 2021

Present: Councillors Rankin (Chair), Levane (Vice-Chair), Davies and Forward.

### **103. APOLOGIES FOR ABSENCE**

None.

### **104. DECLARATIONS OF INTEREST**

None.

### **105. MINUTES OF THE LAST MEETING**

**RESOLVED** - that the minutes of the meeting held on the 21<sup>st</sup> January 2021 be approved as a true record.

### **106. FINAL ACCOUNTS 2019/20**

The Chief Finance Officer introduced the report to approve the Statement of Accounts (2019-20) on behalf of the Council in accordance with the Accounts & Audit Regulations 2015.

The Accounts & Audit Regulations 2015 would normally require the Council to approve the Statement of Accounts by the 31st July each year. This year the Council had until 30th September 2020 to publish its accounts, which it did achieve.

The 2019/20 accounts highlight a reduced deficit to what was originally anticipated. The main changes that have been made since publication in September 2020 relate to pension costs, with an improved position being reported on the pension fund deficit. Other amendments to the draft accounts relate to the redundancy reserve although the accounts have not changed in any material way.

The final accounts audit is still to be completed and will require full sign-off at a later date. Therefore, an additional recommendation (recommendation 2 in the resolution below) was proposed to allow the Chief Finance Officer, with the approval of the Chair of the Audit Committee, to make any further minor amendments to the final accounts before sign-off.

### **RESOLVED (unanimously):**

- 1. The draft Statement of Accounts be approved and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2015.**
- 2. Delegated authority is given to the Chief Finance Officer to put through changes to the approved accounts subject to gaining the approval of the Chair of the Audit Committee**

Reasons:

## AUDIT COMMITTEE

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Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

### **107. GRANT THORNTON AUDIT COMPLETION REPORT - AUDIT FOR THE YEAR ENDED 31 MARCH 2020**

The Chief Finance Officer introduced Mr Conlan and Mr Wells from the external auditors, Grant Thornton. Mr Wells updated the Committee on the Audit Completion Report.

The Audit Plan was presented to the Committee last year and set out the areas of focus and those areas described as significant risks. That assessment of risks is reflected through the audit process and the outcome presented in the Audit Completion Report.

Mr Wells said that one of the implications of the Covid-19 pandemic was the slight delay in the production of the financial statements. It is envisaged that the audit process will be completed within the next two weeks.

One of the areas that has been impacted due to the pandemic has been property valuation. The valuers provide what is known as a material uncertainty, acknowledging uncertainty in the valuation. This highlights that a regular revaluation is required. The material uncertainty is reflected in the draft statement of accounts, and the final audit opinion will point to the disclosure of the material uncertainty.

In relation to the value for money assessment Mr Wells said the external auditors had considered the arrangements concerning the medium-term financial sustainability of the Council. It is concluded that the Council does have appropriate arrangements in place to maintain its financial sustainability in the medium term. Therefore, an unqualified value for money conclusion will be issued.

The Chair asked if the Council's property portfolio had been valued within recent years. The Chief Finance Officer confirmed that the Council operates a rolling programme of valuations and the entire portfolio is revalued over a 5-year period. If any material changes occur in-year those specific properties would be looked at. Mr Wells informed the Committee that the statement of accounts shows the years over which the Council's assets have been valued, with around £72 million of assets being revalued in 2019/20. The Council has taken a prudent approach of valuing a large proportion of its assets in-year which improves that accuracy of reported financial statements.

### **RESOLVED (unanimously):**

**That the report and action plan be accepted.**

### **Reasons:**

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for

## **AUDIT COMMITTEE**

**15 FEBRUARY 2021**

Money. The Council's external auditors are required to submit a report to the Council's Audit Committee on any matters that are identified during their audit.

(The Chair declared the meeting closed at. 6.15pm)

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# Agenda Item 5



**Report To:** Audit Committee

**Date of Meeting:** 2 June 2021

**Report Title:** Draft Risk Registers

**Report By:** Tom Davies

**Key Decision:** N/A

**Classification:**

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## Purpose of Report

The purpose of the report is to inform the Audit Committee of the risks and countermeasures in place for the council and to comment on the new format of the draft risk registers.

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## Recommendation(s)

1. To review the risks and comment as appropriate.
2. To provide feedback on the new format of the draft risk registers.

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## Reasons for Recommendations

1. As part of the Corporate Risk Management Strategy agreed by Cabinet, the Risk Registers are to be reviewed by the Audit Committee each year.
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## Introduction

1. The Strategic Risk Register is subject to periodic review at the Corporate Management Group meetings. Operational Risks are reviewed periodically at Directorate Management Team level. In accordance with the Risk Management Strategy, both Risk Registers are reviewed by the Audit Committee each year. Due to the pandemic, the last time the Risk Registers were presented Audit Committee was on 19 November 2019. The risks were, however, being actively updated to reflect the risks emerging from Covid19.
2. During that time, a SmartSheet system was introduced and this is the first time the new draft risk registers are being presented to a meeting of councillors.

## SmartSheet Risk Registers

3. The Risk Registers are still in draft and the new process is still a 'work in progress' but it is important that councillors and particularly the Audit Committee are informed of the risks without more delay.
4. Officers are aware of the refinements still needed and will be actioning these shortly.
5. Efficiencies have been realised especially in terms of collation of data. There is also dashboard reporting enabling more efficient monitoring.
6. Opportunity was taken to freshen up the risks and for the Strategic Register, this involved starting from a 'blank sheet of paper'.
7. There are now good controls for supervisory review and automated controls for ensuring registers are updated or reviewed frequently.
8. The risk registers will also link to the Corporate Management Centre.
9. In summary, the new risk registers are a key working document that have been refreshed and are dynamic.

## Risk Management Training

10. All managers and supervisors were given risk management training 12 years ago. It is recognised that there is an important need for refresher training, particularly to cover the key principles of risk avoidance and risk mitigation. A meeting is to be held on 25 May 2021 to discuss in detail the content of the course with our insurer, Zurich Risk Management Services.
11. The Strategic Risks are shown at appendix A and the Operational Risks in appendix B.



## Timetable of Next Steps

12. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Refine further in the light of councillor feedback	Yes	30 June 2021	Chief Auditor plus a team effort
Deliver refresher Training	Yes	15 October 2021	Chief Auditor

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### Wards Affected

None

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### Policy Implications

None

Reading Ease Score: Flesch 49.3%

**Please identify if this report contains any implications for the following:**

Equalities and Community Cohesiveness	Y/N
Crime and Fear of Crime (Section 17)	Y/N
Risk Management	Yes
Environmental Issues & Climate Change	Y/N
Economic/Financial Implications	Yes
Human Rights Act	Y/N
Organisational Consequences	Y/N
Local People's Views	Y/N
Anti-Poverty	Y/N
Legal	Y/N

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### Additional Information

Appendix A – Strategic Risks  
Appendix B - Operational Risks

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### Officer to Contact

Officer: Tom Davies  
Email: tdavies@hastings.gov.uk  
Telephone: 01424 451524

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# Strategic risks



Primary	Assigned to	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
Significant Contracts for renewal; grounds maintenance	Mike Hepworth	Financial risk Reputational risk if poor performing contractor is selected		●	East Sussex Procurement Hub processes followed to ensure best value and effective  Senior management overview of the stages of this procurement project  2019	●	No change	R039
<b>Systems audit - Risks of not identifying key weaknesses, or threats in a constantly changing risk environment</b>	<b>Peter Grace, Tom Davies</b>	<b>- Loss of credibility of audit and false assurance</b>	<b>Worst case scenario, a malicious cyber attack would cost something in the low £millions.</b>	●	<b>- Experienced staff</b> <b>- Chief Auditor review of work performed</b>	●	<b>Increasing</b>	<b>R073</b>
Insufficient organisational capacity to deliver existing commitments set out in the corporate plan alongside implementing required changes to meet the challenge of the council's budget deficit. No resilience in the organisation.	Jane Hartnell, Mark Horan, Stephen Dodson	Reductions in HBC capacity necessitated as a result of reduced government funding and a £1.5m budget deficit for 20/21 and circa 2.5 million for 21/22 exacerbated further by the pandemic. Increased pressure on staff as a result of uncertainty/pandemic. Higher levels of staff sickness impacting on individuals and on teams ability to deliver. Potential staff turnover and loss of key roles. Opportunities to implement more efficient ways of working constrained by limited capacity – and affected by unplanned losses of team members through sickness etc. Council is already significantly less resilient. Financial and reputational. Failure to deliver corporate objectives. Service standards slip. Efficiencies not met. Pressure on individual staff continues to increase.		●	Budget process to review strategic and operational priorities. Acceptance and communication of limitations on capacity. Political prioritisation.  Organisational Blueprint, informed by independent review of management layers (by LGA) to determine ways of working and budget process to prioritise resource allocation. Prioritisation process implemented for assessing new initiatives and opportunities based on agreed criteria. Re-prioritise existing plans to meet available resources. Utilise refreshed performance arrangements and the council's new management centre to better evidence demand to assist in prioritising and decision making as part of the developing corporate standard. Mechanisms in place to address impacts on staff of increasing pressure – to include appropriate workload assessments and mental health support when required.	●	No change	R028
Ineffective Project/ProgrammeControl.	Mark Horan, Stephen Dodson	Projects overrun in time/budget or do not achieve objectives. Reputational damage.		●	Use of Corporate project management methodology and Council Management Centre (CMC) Specialist resources available to support delivery and skills development from Programmes Team. Programme and Project Boards to monitor delivery of key projects. Effective project assessment and monitoring by PAG & COG. Regular Risk Reviews by Audit team and COG. Further project management expertise to be developed at all levels to ensure all project team members are suitably skilled, and gain best practice experience. Adequate reserves and contingency built into business cases	●	Pending	R040
Partnership regeneration needs to be re-appraised as affected by focus of regeneration resources to North England away from South East.	Jane Hartnell	Loss of private sector investment. Regeneration programme stalls.		●	<b>Actively seek inward investment.</b>  <b>Active participation in LEP and its several funding streams. Seek alternative funding to maintain programme.</b> <b>Active Involvement in Task Force and ESEID.</b> <b>Reappraise regeneration programme in light of funding opportunities and models – we will still have an ambitious programme.</b>  <b>Raise profile at government.</b>  <b>Utilising 'stronger towns' opportunity to leverage further investment.</b>	●	<b>Increasing</b>	<b>R025</b>
Serious Breaches of Health and Safety legislation.	Mike Hepworth	Serious Injury/death. Reputational damage. Prosecution. Civil litigation. Financial penalties.		●	Maintenance and implementation of effective health and safety management systems including regular inspections and reviews. Implementation of effective health and safety training and awareness programme. Insurance and reserves	●	No change	R047
Government Funding - Continued lower levels of funding with potentially even more reductions in the years ahead. Fair funding review postponed, Business rate review delayed	Peter Grace	Council unable to deliver Corporate Plan objectives and deliver services. Reserves diminish to below minimum recommended levels. Unsustainable budget necessitating reductions in staff and activities and inability to sustain Capital programme.	Budget Deficit of £1.483m in 2021/22, £2.258m in 2022/23 and £2.6m in subsequent years.	●	PIER review - efficiencies/cuts, budget process, medium term financial strategy / plan. Energy generation options being considered which may provide additional income.	●	<b>Increasing</b>	<b>R023</b>
Impact of economic climate, Covid-19, on Income and Expenditure levels	Peter Grace	Loss of income. Increased service demand. Corporate regeneration priorities not delivered.	Decreased rental values, increased non payment of Council Tax and business rates, more bad debts, more court action	●	Reprioritisation of service provision ensuring that 'must do' priorities are delivered to 'statutory' levels. Review Corporate regeneration priorities. Adjust the capital spending programme.	●	<b>Increasing</b>	<b>R024</b>
Changes in Central Government policy and legislation e.g. new environmental legislation	Peter Grace	Changes over which the Council has little, or no control will happen. Changes in responsibilities and role of District/Borough Councils. Loss of income. New demands.  Impact on contracts and tendering, reserves and staff resources	New legislation should result in new burdens funding. However funding is often "one off" whilst legislation is ongoing...	●	Play an active role in lobbying Government to ensure the best awareness of District Councils views about key policy agendas via professional bodies and LGA.  Track decisions and consider implications at an early stage to ensure HBC can respond. Project manage implementation of changes, potentially reallocating resources and reprioritising activity if required.	●	No change	R033

Primary	Assigned to	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
'Brexit' implications	Peter Grace	Loss of most/all European Grant Funding Decline in European visitors or workers Lost benefits of those European grant funded projects terminated Medium to long term economic uncertainty Loss of key industries whose trade is with Europe New impacts on small/medium businesses in town that trade with EU		●	Government short term guarantee for approved grants Reserves and potential Government funding depending on requirements	●	Reducing	R044
Treasury Management - Loss of money	Peter Grace	Any loss of money through fraud, investment loss, etc is likely to be significant to the Council whether financially or reputationally. The investigation into cash losses and fraud are time consuming and often complex.	Gross budget £84.6m £15- £40 million invested at any one time, cash collection, electronic payments,	●	- Use of External Advisers – Link Asset Services - Ensure staff are well trained - Ensure adequate cover - Treasury Management Strategy and Treasury Management Practices that are reviewed at least annually - Spread of investments Use of reserves Insurance - Money Policy/ Cash in Transit	●	No change	R054
Increased demand for council services (e.g. Housing, Homelessness and associated risks around rough sleeping and Community Safety) because of economic/social deprivation as a consequence of the economic situation, constraints on Public Spending and changes in welfare benefit systems.	Andrew Palmer	Increased pressure on HBC services including benefits and homelessness; increased poverty and deprivation; negative impact on community cohesion. Adverse impact on Council Tax collection rate. Less Housing Benefit paid More pressure on DHP fund Migration from London Boroughs.  Potential impact on homelessness presentations and acceptances, including temporary accommodation usage.		●	Maintain and widen partnership working, e.g. the successful approach to tackling social issues around street community. Seek appropriate external economic development financial opportunities where the business case justifies and capacity allows  Community Safety Partnership.  Council Tax Our CPF programme directed at advice and support for vulnerable people.  Performance targets for homelessness reviewed and agreed. Additional financial support for prevention measures supported through Discretionary HB payments etc. and new Government funding. Review and monitoring of staff capacity to be carried out mid-year.  New housing and homelessness strategies being developed.  Acquisition programmes for Temporary Accommodation.  Further development of social letting agency.  Development of new housing on council land Local Plan review. Rough sleepers funding programme  Adequate level of reserves to cope with excessive unplanned changes  Reduce or end other non-statutory services to be able to address this priority.	●	No change	R034
Loss of key staff / skills / knowledge.	Jane Hartnell, Mark Horan, Stephen Dodson, Verna Connolly	Loss of resilience. Loss of capacity to deliver services to a desired or statutory standard. Lack of resources Service delivery impacts missed opportunity to develop and retain talent in-house	Management Development Programmes are expensive. Could only train one or two potential candidates once a year. Could utilise apprenticeship levy but existing staff not receptive to attending college or university of chosen providers.	●	Capture of knowledge and working practices through mechanisms including Business Process Mapping. Succession planning and talent management at all levels through the 1-1 conversation performance management toolkit. Business Continuity Planning resilience. Recruitment/Retention Policy. Training support mechanisms utilisation of apprenticeship levy. One-Team working – opportunities to divert skilled resources to higher priority areas for a limited time.	●	Pending	R029
Failure of IT equipment	Mark Bourne, Stephen Dodson	Very serious impact in the short term for all services.		●	Alternative and back-up services being provided. Regular back-up off-site of data. Servers now 'virtualised'. Other risks mitigated through improved recovery times.	●	No change	R027
IT Systems loss (IT Systems exposed to some vulnerability).	Mark Bourne, Stephen Dodson	Loss of power supply. Hardware failure.		●	Regular maintenance and inspection of building services. Business Continuity and disaster recovery plans in place and tested. Insurance	●	Increasing	R046
Data loss (protected through regular frequent back-ups).	Mark Bourne, Stephen Dodson	Viral attack could leave the council's key systems, communications and customer engagement tools redundant		●	Back up data systems in place to protect data	●	Increasing	R045

Primary	Assigned to	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
Risk of a successful legal challenge.	Mary Kilner	Financial penalty. Reputational damage.		●	Access to and provision of timely legal advice at all stages and levels. Legal overview of council activity maintained. Specialist Legal support available if required. Planning Advice appropriately triggered for a response. Maintain high quality Development Control Service	●	No change	R030
Contractual Partnerships: Breakdown in contractor performance, for example, Waste contract, Building Control, Leisure contract, White Rock Theatre contract and Ground Maintenance etc.	Andrew Palmer, Mike Hepworth, Victoria Conheady	Failure to achieve corporate objectives. Financial and reputational loss. Additional drain on officer's time on dispute resolution.		●	Regular review and monitoring of Contracts and Service Level Agreements combined with firm contract management. Appropriate Governance arrangements. Development and implementation of Audit Plan. Business Continuity Planning	●	No change	R035
Failure to comply with the General Data Protection Regulation (GDPR)	Mark Bourne, Mary Kilner	Reputation for safeguarding data. Large financial fines imposed.		●	GDPR policies and procedures in place supported by regular training and review	●	No change	R048
Severe Business Disruption.	Jane Hartnell, Natasha Tewkesbury	Service failure. Reputational damage.		●	Detailed review of Business Continuity Plans (BCP's) undertaken with external support. Security arrangements have been enhanced and are regularly checked updated. Systems have stood up to real life incidents One Team to be diverted to priority areas. Insurance and reserves	●	No change	R042
Emergency Planning for a Major Emergency in the borough	Mike Hepworth	Statutory duty to have appropriate arrangements in place.  Reputational risk if not seen to be managed professionally  Financial risk as resources will need to be used		●	HBC is an active participant in emergency planning arrangements for Sussex, through membership of the Sussex Resilience Forum, and the East Sussex Resilience and Emergencies Partnership.  Use of SRF generic and tailored emergency plans, and access to training through the SRF and ESREP.  We operate a 365 days a year emergency on call system, so that operational staff, and tactical and strategic managers can be mobilised to liaise with the emergency services if incidents occur in the borough.  Arrangements in place to mobilise emergency assistance centres such as for evacuated residents, and we have recently significantly increased the number of staff volunteers for rest centres, and trained them.	●	No change	R043
Deterioration of the Council's assets i.e. those that create tourism public safety issues e.g. cliffs & sea front	Mike Hepworth	Financial Loss. Reputational Loss. 3rd Party Public Liability  Adequate level of reserves mitigating Insurance.		●	Appropriate maintenance schedules and investment programmes informed by expert advice. Ensuring tenancy obligations are met.  Adequate level of reserves mitigating Insurance.	●	No change	R031
Deterioration of the Town's image and culture.	Victoria Conheady	Town assets include history, culture etc. If a town asset fails then it is a reputational risk for HBC but not strictly within the Council's remit. Additional demands on financial reserves. Adverse impact on tourism. Adverse impact on the local economy.		●	Planning and Conservation. Enforcement. Attract inward investment through regeneration programme and external funding opportunities to enhance our USP's.  Effective Marketing resources directed to attract new and maintain existing markets.  Work with Police and community safety partners to promote a safe, secure image.  1066 Country Campaign management  New Local Plan process  External Funding opportunities from stronger towns	●	No change	R032
Extreme weather incidents increase as climate changes •Drought •Rainfall •Snow and high winds •Landslip and other natural hazards on coastal cliffs •Flood risk management and coastal protection	Mike Hepworth	Impact on local economy and on council's business operations  Flood damage to property and land  Disruption to services  Loss of life / serious injury Damage to property Loss of access / amenity Financial impact Reputation undermined		●	Strengthened water conservation measures in place and further measures under investigation  Surface water management action plan in place  Severe weather management action plan in place  Bi-annual programme of inspection and remedial action. Maintain existing controls in place (catch fences, signage, barriers) Reporting system in place with other relevant stakeholders.  Tested flood risk management plan. Environment Agency funded coastal protection works.  One Team resources to respond Insurance Reserves  Participation in county wide resilience structures and training.	●	No change	R041

Primary	Assigned to	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
<p>Following the mutually agreed early termination of the joint waste contract with Kier, new service arrangements commenced in July 2019. Street cleansing is now carried out through the new HBC Cleansing DSO, and refuse and recycling collections are carried out by Biffa through a new joint waste contract.</p> <p>The potential risks are that the performance of the DSO and/or Biffa will not be to the appropriate standards.</p>	Mike Hepworth	<p>Poor service to residents such as missed waste collections. Negative impact on street scene and thereby on the economy of the town. For example through decreased tourism, and investment by business. Increased costs due to need to monitor contractor more closely. Reputational damage to HBC</p>			<p>The DSO arrangements have been carefully managed to reduce the risk of failure, and operational performance will continue to be closely monitored. The new joint waste contract was procured against the backdrop of a failing contract, and learning from this informed the new contract specification and terms and conditions.</p> <p>There is also provision for regular senior level performance review meetings, as well as the routine Joint Waste Committees attended by Lead members from across the partnership.</p>		No change	R038
<p>Government's Environment Bill proposing mandatory service changes that could result in significant loss of income and/or additional expense for waste collection authorities such as this council. For example free garden waste collections, weekly food waste collections, and kerbside separated recycling collections rather than our existing popular co-mingled service.</p>	Cameron Morley, Mike Hepworth	<p>Unless the government reimburses all the council's lost income and additional costs associated with such changes, on an ongoing basis, waste services will require significant additional revenue and capital funding.</p>	<p>Not known. Although the government says any changes will be funded as 'new burdens', LAs are generally sceptical about this.</p>		<p>Responding to government consultations making it clear we are extremely concerned about the proposals. Working with the East Sussex Joint Waste Partnership considering how we might implement any new mandatory measures arising from the Bill.</p>		Pending	204

# All operational risks



Description	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
<b>Treasury Management - Cost of borrowing</b> Increased borrowing or an increase in interest rates, plus eligibility to borrow from the Public Works Loan Board	£64.689m borrowed at 31 March 2021 Operational borrowing limit £110m in 2021/22 Authorised borrowing limit £115m in 2021/22	Each £1m of new borrowing, financing an asset with a life of 40 years would cost the Council some 5%p.a. (based on a maturity loan with a 2.5% interest rate) i.e. £50,000 p.a.	●	- Use of External Advisers – Link Asset Services - Ensure staff are well trained - Ensure adequate cover - Treasury Management Strategy, Capital Strategy and Treasury Management Practices that are reviewed at least annually  Use of Capital Receipts	●	Increasing	R057
Risk of abusive, aggressive or violent behaviour towards staff	-Increase in stress levels experienced by staff and related illness absence -Potential legal claims -Physical harm/injury - Financial		●	-Security arrangements enhanced Panic buttons -Manager supervision and support	●	No change	R094
Risk of serious abusive, aggressive or violent behaviour towards staff	-Increase in stress levels experienced by staff and related illness absence -Potential legal claims -Physical harm/injury -Financial Implications		●	-Regular H&S training and refresher -Security arrangements enhanced -Lone worker training -Conflict training for all staff -Options to interview in secure rooms -Panic buttons -Appropriate use of alert scheme -Manager supervision and support	●	No change	R095
Loss of key staff and inability to recruit	- Loss of knowledge and relationship with tenants - Tenants dissatisfied and leave		●	Use agency staff either for general staff or specialist role as the situation dictates - Maintain adequate staffing levels - Ensure knowledge shared within Team - Terms and Conditions	●	No change	R061
Income streams	- Budget deficits, Collection Fund Deficits, Bad debts	Reduced income levels due to Covid-19 pandemic. Structural changes in shopping habits will lead to reduced income from shops and potentially offices as market rentals reduce	●	Adequate provisions - Ensure regular budget monitoring reports distributed followed up by meetings - Report variances quarterly through performance review -Active management of properties and services	●	No change	R050
Business Continuity	- Payments, benefits, creditors & Treasury Management		●	Communications plan to payee if delays are unavoidable Various ad-hoc options all depending on nature of the incident, for example, use the Lloyds high street branch to trade - Ensure finance system meets changing needs of business - Ensure full staff complement or cover - Business Continuity Plan in place	●	No change	R051
Loss of key staff	- Stress - Errors / omissions - Financial loss - Poor advice		●	Use agency staff Use specialist agencies to temporarily fill senior staff positions - Procedures documented - Ensure knowledge is shared and resilience built in - Terms and Conditions	●	Increasing	R052
External suppliers - Bankruptcy, administration	- Depends which contract		●	Security bond in place for contracts over £250,000 (where appropriate) - Financial health checks - Adherence to Financial Rules when letting contracts - Effective use of Procurement Hub expertise	●	No change	R058
Corporate Governance - Financial Information, Transparency, Effective Financial Management and controls.  Non Compliance with Financial Management Code of Practice as a Council and ensuring proper management of the Council's financial affairs	Council not sustainable without a sustainable budget, effective working relations in the leadership (councillors and officers)	large budget deficits. Reserves all used within 3 years at current rates if sufficient savings are not identified and actioned in a timely manner.	●	Affordable Plans and realistic expectations Lobbying government for additional resources Seek external funding Identify savings, maximise income, manage efficiently and effectively, Retain key staff	●	Increasing	203
Failure to secure affordable housing solutions to prevent rising numbers of homeless households.	•Rise in homeless applications •Increased levels of spending on B&B •Increased levels of rough sleeping and associated ASB •Legal challenges •Reputation undermined	•Rise in the cost of B&B spend	●	•Regular stakeholder engagement through strategic liaison meetings with main Social Landlords (Optivo & Orbit) Housing and Support Service meetings, Private Landlord forums. •Allocations Policy review •New Housing and Homelessness Strategies introduced •The Housing and Wellbeing Hub reviewed quarterly with Clinical Commissioning Group and associated partners. •Council developing a programme for direct investment in affordable housing	●	Increasing	R133

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Description	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
Failure to meet statutory duties under the various pieces of legislation enforced by the Local Housing Authority	<p>1. Impact on Community - reduction in the number of properties where conditions will be improved to mitigate any risks to the occupiers health and safety</p> <p>2. Legal Challenge - for failure to meet statutory duty</p> <p>3. Financial Impact - Deteriorating stock condition increase risk of the council having to intervene in terms of costly emergency works E.G. dangerous structures. Increased risk of Homeless presentations to the Council</p>		●	<p>1. Monitoring of demand on resources through weekly team meetings, 121 with Technical Officers and triage of complaints received by the Team Leader</p> <p>2. Quarterly reviews based on reports from M3 database, showing numbers and types of complaints being received and the level of proactive inspection work of licensed HMO's is being undertaken.</p> <p>3. Service Reviews - continuing to review policies and procedures (e.g. Enforcement Policy / Financial Assistance Policy)</p> <p>4. Utilising and maintaining partnership working</p>	●	Increasing	R131
Failure to meet targets agreed in Cabinet Report in relation to delivery of the Additional HMO Licensing Scheme (runs to 2023)	Community Impact - reduction in the level of properties that could be improved as a result of the licensing scheme		●	Implementation of a risk based inspection program to ensure proactive HMO inspections are being focused on the properties in the worst condition which pose the greatest risk of harm to the health and safety of occupiers.	●	Increasing	R143
Loss of key staff within the people and Business support service: - Turnover -Redundancy/retirement - Re-structure (failure to take a strategic approach to workforce planning puts key services at risk)	<ul style="list-style-type: none"> <li>- Support for managers / organisation reduced</li> <li>- Processes not followed increase in claims via E.T.</li> <li>- Loss of knowledge</li> <li>- Reduced services</li> <li>- Increased complaints</li> <li>- Increased sickness</li> <li>- Staff over loaded</li> <li>- Reputation of HBC undermined</li> </ul>		●	<ul style="list-style-type: none"> <li>Agency staff</li> <li>- Senior HR working alongside service managers and developing workforce plan to meet future organisational/service needs.</li> <li>- Workforce plan prepared.</li> <li>- HR briefings on HR policies / procedures, employment legislation</li> <li>- Sickness absence – refresher &amp; mental health training for managers – focus on handling short term absences.</li> <li>-Mental health first aiders in place throughout org</li> <li>- Managers Training apprenticeship scheme rolled out</li> </ul>	●	No change	R088
Litigation either criminal or civil Large Claims brought against the Council	<ul style="list-style-type: none"> <li>- Reputational</li> <li>-Not being in a position to defend actions brought against the Council</li> </ul>	Vulnerability to council including costs orders against the Council	●	<ul style="list-style-type: none"> <li>-Use of trusted agency staff that legal services have used previously</li> <li>-Legal compliance – professionally trained staff subject to CPD, training, library and on-line research tools</li> <li>-Capacity built within the team for cover for short term absences</li> <li>-Training for client departments</li> </ul>	●	No change	R075
Corporate Governance non –compliance with Constitution, procedures, financial rules and standing orders, ultra vires, legal challenge standards issues for members	- Failure to deliver on Priorities (reputational and financial)	legal challenge and associated costs	●	<ul style="list-style-type: none"> <li>Training to officer client departments</li> <li>-Professional legal advice time/capacity built into project development and forward planning processes</li> <li>-New Iken system in place to coordinate and allocate legal work</li> <li>-Training, advice and support for staff and members</li> <li>-Legal advice available to Member decision-making meetings</li> <li>-Regular monitoring and review of constitution.</li> </ul>	●	No change	R076
Property, Planning & Contracts: instructions - lack of full, precise and timely instructions from client departments  Failure to follow procurement rules  Not enough attention paid to specification of contracts	<ul style="list-style-type: none"> <li>- Reputational</li> <li>- Time pressures on funding</li> </ul>	<ul style="list-style-type: none"> <li>- failure to achieve best value for authority</li> <li>- legal challenge from unsuccessful tenderers</li> <li>- challenge from contractors where we are in breach of contract – cannot comply with specification</li> </ul>	●	<ul style="list-style-type: none"> <li>Advice from East Sussex Procurement Hub</li> <li>- Professionally qualified staff providing advice on what is required</li> <li>- Contribution to training of client officers</li> <li>- Use of Iken system clarifies instructions</li> <li>- Project and Programme Management processes require procurement issues to be addresses in a timely manner</li> <li>- Regular updating training on procurement rules</li> <li>- Work with East Sussex Procurement Hub</li> <li>-Clients need to ensure that they know what they want and are ready to comply with contract</li> </ul>	●	No change	R077
Losing staff at a key time – impacting on resilience	<ul style="list-style-type: none"> <li>- Risk of failure to deliver</li> <li>- Undue pressures on Service</li> <li>- Difficulty in recruiting staff</li> </ul>	- cost of outsourcing or locum assistance	●	<ul style="list-style-type: none"> <li>-Use of known locum staff</li> <li>-High profile matters – identified for outsourcing at an early stage of instruction.</li> <li>-Resilience built within the team</li> <li>-Administration resilience across teams</li> <li>-May have to pay more money</li> </ul>	●	Increasing	R078
Leisure Services externally funded projects Reduction of external funding.	Reduction or loss of services. Reduction or loss of externally funded posts. Failure to meet Physical Activity Strategy targets and public expectations.		●	We continue to submit external funding applications in order to sustain a range of leisure projects in line with council priorities agreed in the corporate plan.	●	No change	R166
Production of the Local Plan Review and other Local Plan related documents Work demands that are not programmed e.g. Neighbourhood Plans	Delay Possible financial cost		●	Review programmes for priority policy documents Increase staff capacity/refocus staff	●	Reducing	R178
Production of the Local Plan Review and other Local Plan related documents Changes to Planning Policy and Guidance	Delay		●	Increase staff capacity/refocus staff Reassess priorities through review of LDS	●	Reducing	R181



Description	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
Production of the Local Plan Review and other Local Plan related documents Staff shortages e.g. unable to recruit, long term sick leave etc	Delay Possible financial cost		●	Increase staff capacity/refocus staff Subject to timing of absence, purchase expertise on short term basis via consultancy	●	Reducing	R185
Planning Policy Team may not have enough resources	Programme completion may not meet target deadline		●	Programme performance regularly discussed at officer working group and programme board.	●	No change	R197
Lack of staffing / financial resilience	<ul style="list-style-type: none"> <li>- Inability to do the work</li> <li>- inability of staff to work from home but equally not permitted into office (COVID)</li> <li>- admin support less productive when working from home given supporting equipment in office</li> <li>- difficulty recruiting into admin role - (appears to be a council wide issue related to corona)</li> <li>- long term empty role in admin has meant that validation and other work has slowed down, this will affect our ability to determine applications in the 8 or 13 week period, could affect our stats and could lead to complaints or designation.</li> <li>- Unacceptable deficit</li> <li>- Planning Committee decisions that don't have sufficient regard to officer advice</li> <li>Increased likelihood of errors leading to Judicial reviews/complaints/lost appeals and cost to authority</li> <li>Possible designation if speed of decisions is below government targets.</li> <li>Loss of Income to Local Land Charges</li> <li>- volume of work in enforcement is in excess of what can be reasonably handled by the 2 FTE members of staff in the team</li> </ul>		●	<p>Procedures have been reviewed to ensure maximum efficiency. Development Management – planning officers: Workloads to be monitored and reviewed in the event of significant under capacity.</p> <p>Local Land Charges:</p> <p>Cross trained staff across DM Admin team provides resilience to the Local Land Charges and planning application processes but this does put pressure on all admin staff. Search turn around times monitored to ensure that we do not exceed 10 working days as exceeding this would mean that we would not be competitive with the private sector search companies and may lose business to them as a result.</p> <p>Service remains 2 staff short of full capacity and Senior / Principal Level despite advertising posts</p> <p>Clr training on quarterly bases but in part is subject to the clr listening to the training.</p> <p>Report to CMG etc identifying three solutions for enforcement team. 1) do nothing 2) temporary non investigation on certain types of enforcement 3) new enforcement post created</p> <p>There is no counter measure identified with Inability to fill post other than an increase in salary.</p>	●	No change	R155
Loss of income due to changes in legislation and economy	<ul style="list-style-type: none"> <li>- Financial implications</li> <li>- Pressure on resources trying to rectify situation</li> </ul>		●	Close monitoring of performance is undertaken by the section managers and finance staff and this is reported to the Service Manager on a regular basis. Measures are undertaken to respond to any significant variation of actual income to budget.	●	No change	R145
Marketing & Major projects Reputational risk of a bad PR story	<ul style="list-style-type: none"> <li>- Reputation undermined locally and nationally</li> <li>- Resources used to deal with situation</li> <li>- Staff morale declines</li> <li>- Political fall-out</li> </ul>		●	<ul style="list-style-type: none"> <li>- Not possible to avoid this risk</li> <li>- Weekly PR meetings held at senior level</li> <li>- Senior politicians and officers aware of impact of bad PR</li> <li>- Immediate damage limitation for bad stories, PR officer on call 24/7</li> <li>- Very difficult to prevent a journalist writing a 'bad' story if they want - and the damage is done once published</li> </ul>	●	Pending	R156
Downturn in inwards travel from overseas, including language students, post Covid and EU exit	Reduced tourism spend Tourism business job losses/closures	Inwards overseas business worth c£75m to Hastings, so significant	●	We are reviewing visitor economy and need to consider our strategic position as a destination for overseas visitors and language students once Covid position internationally is clearer; this may take some time.	●	Pending	R167
Stretched/ insufficient staff capacity	Failure to deliver corporate / contractual targets / unsound operational decision making / reputational and/or financial cost/loss		●	<ul style="list-style-type: none"> <li>Realign staff resource to priority projects - towns fund.</li> <li>Reduce targets</li> <li>Reduce workload in line with reduction of staff</li> <li>Increase staff resources via external funding</li> <li>Secure external contractors as required to cover workload peaks, curtail/reduce activities of lesser priority.</li> <li>External consultants contracted to deliver work related to projects. Use of external contractors will continue to be necessary.</li> </ul>	●	Increasing	R173
External Funding activity Over-commitment of Council resources on external funding opportunities	Reputational damage Financial costs		●	<ul style="list-style-type: none"> <li>Withdraw from funding programmes. CMG to monitor EF activity and allocate resources accordingly</li> <li>Ongoing monitoring of cross-council activity and regular updates to CMG.</li> <li>Establishing priority areas of work to focus resources on.</li> <li>Drafting of External Funding Protocol to implement for 19/20.</li> </ul>	●	Increasing	R180

Description	Impact	Financial impact if known	Priority	Counter measures	Residual Priority	Status	RAID ID
<p>Connecting Hastings and Rother Together (CHART) (see project specific risk register)</p> <p>Delivery of the programme within the budget and time-frame work agreed with DCLG</p>	<p>Delay</p> <p>Financial cost</p> <p>Reputation</p>	<p>Financial impact of failure to deliver programme provided to CMG with wide ranging number of impacts. CMG regularly updated.</p>	●	<p>Working closely with partners and HBC cross council officers to ensure identification of projects / match to deliver programme</p> <p>Monitoring arrangements, and employment of dedicated staff.</p> <p>Jan 19 - Staff team in place Call 1 launched in June 18. First projects to be commissioned by Spring 19. 2nd call to be launched by April 19. April 2021 - @£500k un allocated grant fund. This impacts on our costs and plans made to reduce these. In discussion with other CLLD areas to explore and potentially co-ordinate return of funds and minimise any penalties for non-performance.</p>	●	Increasing	R189
<p>Bathing Water Quality</p> <p>Bathing water fails to meet annual European Union standard</p>	<p>Beach closes</p> <p>Loss of tourism income</p> <p>Reputational damage</p>		●	<p>Multi-agency Executive Board met in Nov 2018. Agreed to reconvene Technical Group consisting of HBC, SWS and the EA to explore options for reducing likelihood of failure during 2019 season.</p> <p>Group met in Jan 2019 and agreed measures to be implemented prior to the start of the 2019 season. Throughout the bathing water season the Council, Southern Water and the Environment Agency have continued to work together to identify and address illegal drainage connections to the surface water drainage system.</p> <p>Nationally bathing water monitoring regime suspended due to pandemic in 2020. Not clear whether this will continue during 2021. Have contacted Environment Agency for clarification.</p>	●	No change	R123
<p>Bathing water fails to meet new EU standards</p> <p>Ownership and responsibility of Outfall Pipe</p>	<p>Loss of tourism income</p> <p>Reputational damage</p> <p>Extensive operational coordination required.</p>		●	<p>Continue working with partners to address known problems.</p> <p>Capping/re-siting/lengthening of outfall pipe (Major investment)</p> <p>Project continuing with EA and Southern Water focusing on:</p> <p>Missed connections, sewer system faults, de-silting ponds, natural stream filtration and community engagement (HVA).</p> <p>Feasibility study will assess longer term protective options including long-sea outfall.</p> <p>Legal Services researching outfall pipe ownership issues.</p> <p>AW to update</p>	●	No change	R163
<p>Flood Risk Management &amp; Coastal Protection</p> <p>Impact of severe weather.</p> <p>Failure of defences.</p> <p>Loss of Government Funding.</p>	<p>Loss of life</p> <p>Loss of amenity</p> <p>Financial impact</p>		●	<p>Enhanced / cost effective revenue based maintenance programme to increase time frame for replacement of flood defences. Alternate funding streams identified via DEFRA and Environment Agency. Medium Term Plan used effectively and in close liaison with EA Flood Risk Management Team.</p> <p>Funding for MTP secured</p> <p>Hastings Multi Agency Flood Plan Implemented</p> <p>Externally funded (c£3m) flood defence scheme completed, strengthening the harbour arm and seafront defences</p> <p>19/20 repair/refurbishment/replacement of 37 timber groynes between Pier and Cinque Ports Way</p> <p>No other effective avoidance measures identified</p>	●	No change	R161
<p>Failure to meet collection targets in respect of council tax &amp; business rates</p>	<p>- Collection fund</p> <p>- budget setting</p>	<p>£55m Council Tax collected annually</p> <p>£22m Business rates collected annually</p>	●	<p>- Ensure a robust recovery strategy</p> <p>- Adequate resources</p> <p>- Promote CTR</p>	●	No change	R068
<p>Effectiveness of Business Continuity Plan</p>	<p>- Loss of staff</p> <p>- Loss of IT systems</p> <p>- Loss of accommodation</p>		●	<p>- All staff able to operate from home</p> <p>- IT system backed up daily</p> <p>- Agency staff</p>	●	Reducing	R067
			●		●	No change	R060

# Agenda Item 6



**Report to:**               **Audit Committee**

**Date of Meeting:**   **2 June 2021**

**Report Title:**       **Proposed Internal Audit Plan 2021/22**

**Report By:**           **Tom Davies, Chief Auditor**

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## **Purpose of Report**

To consider the proposed internal audit plan for 2021/22.

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## **Recommendation(s)**

- 1. That the Audit Committee approves the Internal Audit Plan 2021/22**

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## **Reasons for Recommendations**

To ensure that proper financial management arrangements and controls are in place and operating effectively in the Council.

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the efficiency and effectiveness of Internal Audit.

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## Introduction

1. The audit programme for 2021/22 includes both traditional areas of work and scope for flexibility in a changing work environment.
2. The Strategic and Operational Risk Registers have been referred to.
3. The plan is developed in relation to planning assumptions reviewed annually and made in accordance with available days.
4. The plan is spread across, financial, operational, value for money and computer auditing. Information Communications Technology also receives a Public Service Network (PSN) audit by the Cabinet Office every 2 years.
5. The specific terms of reference for each audit will be agreed with the relevant Directors and Assistant Directors before commencement of each assignment.
6. As in previous years, audit carries out some ad-hoc work, some of which has and will continue to be significant. In 2021/2022, Internal Audit will for example be involved in:
  - CHART
  - Contract Audit of final accounts
  - Museums and Arts grant sign-offs
  - Government Business Grant Assurance work

	Fundamental and Financial Audits	Risk Reviews, Follow-up and Other
April	NFI Matching	Risk Registers transitional work & Business Grants Assurance
May		
June	National Non-Domestic Rate (NNDR)	Housing Developments including a Syrian Refugees Resettlement Programme - update
July		
August	Main Accounting	IT Council Resilience
September		
October	Housing Benefits	Emerging Risks
November		
December	Debtors	Value for money
January		Emerging risks
February	Payroll	Post Implementation Review of ERP phase I (focused on system functionality)
March		Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan

<b>Assignment</b>	<b>Reason</b>	<b>Outline Scope</b>
NFI Matching	Statutory	To review the data matches produced by NFI earlier this year for the detection and investigation of potential fraud
Risk Registers transitional work & Business Grants Assurance	Management/ Government request	Development of the risk registers and both pre and post assurance work for business grants paid
National Non-Domestic Rate (NNDR)	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
Housing Developments including a Syrian Refugees Resettlement Programme – update	Audit request	To review new housing initiatives and also provide an update on the Syrian Refugees Resettlement programme
Main Accounting	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
IT Council Resilience	Audit request	A thorough examination of all security and protection arrangements around the council's IT systems and recovery procedures (starting from even before trying to access our systems through to complete recovery).
Housing Benefit	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
Debtors	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.

Payroll	Cyclical regulatory - Expected by External Audit	Comprehensive programme as per programme carried out in previous years.
Post Implementation Review of ERP phase I (focused on system functionality)	Audit request	Deferred from the 2020/2021 plan to allow more complete implementation, to assess whether the council is achieving full functionality from the ERP system phase I.

## Timetable of Next Steps

7. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Distribute to auditees	-	3 June 2021	Chief Auditor

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### Wards Affected

None.

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### Implications

Relevant project tools applied? ~~Yes/No~~/N/A

Have you checked this report for plain English and readability? Yes/~~No~~

Climate change implications considered? ~~Yes/No~~ – N/A

Flesch reading ease 35.3

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness

Crime and Fear of Crime (Section 17)

Risk Management ✓

Environmental Issues

Economic/Financial Implications ✓

Human Rights Act

Organisational Consequences

Local People's Views

Anti-Poverty

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### Additional Information

The following internal documents were used:

Operational Risk Register

Planning assumptions

Cyclical audit frequency document

Resource planning paper

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### Officer to Contact

Tom Davies

tdavies@hastings.gov.uk

Telephone: 01424 451524



# Agenda Item 7



**Report to:** Audit Committee

**Date of Meeting:** 2 June 2021

**Report Title:** Chief Auditor's Summary Audit and Risk Report

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To inform the Audit Committee of the key findings from the Council Tax Reduction Scheme audit.

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## **Recommendation(s)**

**1. That the Audit Committee accepts the report.**

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## **Reasons for Recommendations**

To monitor levels of control within the organisation.

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## Summary Report to Audit Committee

### Report to Audit Committee

### Council Tax Reduction Scheme

#### Background Information

This review was undertaken as part of the 2020-21 agreed revised audit plan. In April 2013, Council Tax Benefit awarded on behalf of the Department for Work and Pensions (DWP) was replaced by a locally administered Council Tax Reduction (CTR) scheme. From this date, CTR was no longer supported by DWP subsidy but instead financed via a combination of Council funding and annual grant settlements from the Government, which have now declined by around 70% since 2010.

The Council Tax Reduction service awards over £10 million each year in Council Tax reductions to approximately 9,500 claimants in the Borough. The current coronavirus pandemic has seen local residents being placed into 'furlough' by their employers. Under this scheme, government subsidy ensures that employees continue to receive 80% of their earned income. However, it is expected that the furlough scheme will end in April 2021 and unemployment levels are then predicted to rise. This increase in unemployment is therefore likely to generate a higher number of CTR claims throughout 2021/22 and beyond.

The administration of Council Tax Reduction plays a vital role in the economy of the Borough and it is therefore imperative that the service is carried out effectively, efficiently and economically.

This aspect of the Council's activities was last audited in 2017. The Service was then graded as B: Satisfactory and a number of minor improvement recommendations were made.

We believe that there is a very positive management attitude towards continual improvement of the efficiency and quality of service and commend management for the progress that has been made

#### Audit Conclusion

##### Overall Audit Assessment: A – Good

Most controls are in place and working effectively. Some minor improvements are possible to ensure statutory compliance, best practice and efficiency.

## Key Findings

This audit found that the Council Tax Reduction service is carried out effectively and efficiently. Performance targets for processing new claims and change of circumstances calculations were within target levels for both assessment categories during the period 01/04/20 to 30/09/20.

The Council established its own CTR schemes for Working Age and Pensionable Age claimants in April 2013. The schemes have seen a continual reduction in recipients since it was introduced – decreasing by 21% from 11,985 in March 2014 to 9,450 in March 2020. This general downward trend in claimants can partly be explained by the introduction of a minimum entitlement threshold of £5.00 in 2013; the commencement of Universal Credit (UC) full service in December 2016; and additional changes introduced to the CTR Working Age scheme in 2019.

More recent figures (as at 30/09/20) show a slight increase in the number of CTR recipients (9,533), which is likely to have been caused by the impact of COVID-19 on local residents' financial circumstances.

The total value of the CTR scheme has reduced since it commenced, decreasing from £11,004,926 in 2013/14 to £10,389,853 in 2019/20. Consequently, the cost to Hastings Borough Council has also reduced from £1,607,820 in 2013/14 to £1,390,162 in 2019/20. In turn, the Council's percentage contribution of the overall cost has reduced from 14.61% in 2013/14 to 13.38% in 2019/20.

The introduction of Universal Credit has impacted significantly upon the number of change in circumstance calculations for UC cases. As at 30/09/20, 32% (3,072) of CTR recipients were in receipt of UC. During the period 01/04/20 to 30/09/20, a total of 8,790 change in circumstances calculations were undertaken for these cases alone – on average, 1,465 per month. This equates to around three changes per claim over a six month period. The Revenues and Benefits service have been able to accommodate the increase of work in this area as the Housing Benefit caseload has significantly decreased in recent years.

Additionally, the need for interventions (targeted claim reviews) has also reduced. This is because CTR awards based on earnings often involve claimants in receipt of UC and, for these claims, earnings are now automatically updated.

The Northgate Revenues and Benefits system was originally designed to record Council Tax Benefit overpayments. It is not equipped for displaying CTR excess reduction amounts or periods for an individual claim. Additionally, there are no reports currently available detailing the annual value of CTR excess reductions.

## Management Response

Overall I am happy with the Audit Assessment "A".  
I have commented on individual recommendations.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

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**Additional Information**

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**Officer to Contact**

Tom Davies  
Email: [tdavies@hastings.gov.uk](mailto:tdavies@hastings.gov.uk)  
Telephone: 01424 451524

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