



Audit Agenda

Wednesday 27 July 2016 at 7.30 pm

DBC Bulbourne Room - Civic Centre

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Taylor
Councillor Barnes
Councillor Brown

Councillor Douris
Councillor Tindall
Councillor W Wyatt-Lowe

Substitute Members:

Councillors G Adshead, Anderson, Ransley and Link

For further information, please contact J Doyle (228222)

AGENDA

- (a) Additional Reports (Pages 2 - 28)

Additional Reports

**4a - 2015/16 Compliance Audit Programme-
2015/16 Compliance Audit Report-**

4b – Strategic Risk Register

Agenda Item 4a



FAO; Chair of the Audit Committee of the Council

Dear Sir/Madam,

Re: 2015/16 Compliance Audit Programme-

I write to confirm that the Compliance Audit assessment has been undertaken on a sample of HCA funded schemes delivered via your organisations partnership and provide you with the formal report.

As you will be aware, the general purpose of the compliance audit exercise is to carry out a comprehensive review of a sample of HCA funded schemes to validate adherence to the HCA guidelines as set out in the Capital Funding Guide and any other supplementary compliance audit criteria, to provide assurance on the expenditure of public funding, to government.

As a Grant Recipient you are responsible for using grant for the purposes stated in the relevant grant agreements; maintaining proper records complying with the HCA's terms and conditions of grant and providing relevant information to the HCA in accordance with the requirements of the grant conditions.

We use the audit findings, (which are confidential between the HCA, Independent Auditor and the Grant Recipient), to inform our future investment decisions and to reassure the HCA Chief Accounting Officer that public funds have been properly used.

To make the compliance audit process fully transparent, we address, when necessary, the findings raised by the independent auditor as procedural breaches and these are listed in the relevant appendix within the attached HCA audit report.

A copy of the HCA Compliance Audit Report is attached. Please draw your Committee's attention to this report at the earliest opportunity and sign and return the enclosed copy to myself by electronic copy. If there are breaches please provide a detailed response within 20 working days of receipt of this letter, indicating the action you intend to take.

A copy of this letter and report has been sent to the Chief Executive, and others, for information.

May I take this opportunity to thank you and the team at your organisation for input to this year's Compliance Audit process and making it a success.

With regard to the forthcoming 2016/7 programme of compliance audit, not all organisations are subject to this, and we will be in contact with the relevant organisations with indicative samples in July.

Yours sincerely,

Lesley Banfield Lead Auditor
Design Manager – East and South East
Homes and Communities Agency
Eastbrook, Shaftesbury Road, Cambridge, CB2 8BF
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cc. CEO & CA Lead Officers at Council, **Enc.** CA report

COMPLIANCE AUDIT REPORT

V 01 – November 2015

2015-16 AUDIT YEAR



**Homes &
Communities
Agency**

Partnership name & HCA registration code	Dacorum Borough Council AHP 11956
Lead Provider name & HCA registration code	26UC Dacorum Borough Council
Date(s) of audit visit(s)	20 th November 2015
Date HCA report issued	30/06/2016
Independent auditor name	Mazars- Rob Hanley
HCA lead auditor name	Lesley Banfield Design Manager ESE
List of audited providers	List of provider audited schemes
See appendix	See appendix

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B	PROCEDURAL CHECKS SUMMARY
C	HCA SIGNATURE
D	LEAD PROVIDER SIGNATURE
APPENDICES	
	1) Scheme Sample Report 2) Procedural grade definitions

REPORT OBJECTIVES AND PURPOSE

Compliance Audits check Provider compliance with the Homes and Communities Agency's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of HCA schemes funded under affordable housing programmes.

Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and the HCA concurrently.

The HCA lead auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and grades, at the level of Provider and Partnership, which are also reported here. Further information is available at <https://www.gov.uk/guidance/compliance-audit>

Where a scheme undergoes an HCA Quality Assessment visit, if additional procedural findings are identified that are subsequently determined to be breaches they will also be set out in this report. Further scheme quality assessment outcomes and recommendations are set out separately in a Quality assessment report as appropriate.

If you have queries regarding the detail of this audit, please contact the identified HCA lead auditor.

A PARTNERSHIP COMPLIANCE AUDIT ASSESSMENT

A1) Partnership grade

Grade Green - Meets requirements

Within the Dacorum Borough Council AHP Partnership, number 11956, there was one developing Provider Dacorum Borough Council, number 26UC, which had no breaches identified in the audit.

A2) Developing Provider(s) individual assessment(s) and grade(s)

Provider name	Provider HCA Code	HCA assessment and grade
Dacorum Borough Council	26UC	Grade Green - Meets requirements One scheme was audited and there were no breaches

B PROCEDURAL CHECKS SUMMARY

Number of schemes procedurally audited and number of breaches

One scheme has been audited, the independent auditor has identified no findings of procedural deficiency, and there are no recorded breaches.

Procedural recommendations

None.

C**HCA SIGNATURE**

This report is confidential between the Homes and Communities Agency and Providers within the Partnership Agreement.

The breaches identified in this report should be noted by the Provider(s). Remedial action must be taken in accordance with report recommendations to mitigate the potential for re-occurrence.

The information contained within this report has been compiled purely to assist the Homes and Communities Agency in its statutory duty relating to the payment of grant to Provider(s).

The Homes and Communities Agency accepts no liability whatsoever for the accuracy or completeness of any information contained within this report.

The assessment is confidential to the addressee and no third party can place any reliance upon it.

Name and position: Lesley Banfield Design Manager ESE



Signature and date:

30/06/2016

D**LEAD PROVIDER'S SIGNATURE**

The breaches identified in the report have been noted and accepted.

Remedial action will be taken in accordance with report recommendations to mitigate the potential for re-occurrence.

Name and position:

Signature and date:

[Click here to enter a date.](#)

APPENDIX 1**Scheme Sample Report**

for Partnership: Dacorum Borough Council AHP

Audit Year: 2015

11956

Region: East and South East

Organisation: 26UC Dacorum Borough Council

Scheme: 81-601716

The Elms Homeless Hostel, Redbourn Rd, Hemel Hempstead, HP2 7AZ

Exp Prog: ADP

Status

Final Grant Date: 26/3/2015

Scheme Class: RENT LA Code: 322 Dev Type: Not Specified MMC: ECO Homes:

Grant Amount: 841,500 Total Scheme Cost: 3,890,000 No of Units: 41

Audit Type Target Date

Lesley Banfield (ESE) **Overall Audit Status: Scheduled**

CSH Ind: Not meeting any


Procedural

Quality

SCHEME TOTALS FOR ORGANISATION: 26UC Dacorum Borough Council

Total Scheme Cost: 3,890,000 Total Grant Value: 841,500 Total No Of Units: 41

APPENDIX 2	COMPLIANCE GRADE DEFINITIONS
<p>Grade Green – The Provider or Partnership meets requirements</p> <ul style="list-style-type: none"> Through identifying no high or medium breaches, the HCA Audit Report will show that the Provider has a satisfactory overall performance, but may identify areas where minor improvements are required. <p>Grade Amber – There is some failure of the Provider or Partnership to meet requirements</p> <ul style="list-style-type: none"> Through identifying one or more high or medium breaches, the HCA Audit Report will show that the Provider fails to meet some requirements, but has not misapplied public money. The Provider will be expected to correct identified problem(s) in future schemes and current developments. <p>Grade Red – There is serious failure of the Provider or Partnership to meet requirements.</p> <ul style="list-style-type: none"> Through identifying one or more high level breaches, the HCA Audit Report will show that the Provider fails to meet some requirements and there is a risk of misuse of public funds. <p>This HCA Audit Report will set out any areas of non-compliance and any remedial action required. It should be noted that HCA lead auditors have discretionary powers in respect of grading.</p>	

<p>QUALITY ASSESSMENT REPORT</p> <p>V 01 – November 2015</p>	 Homes & Communities Agency
<p>2015-16 AUDIT YEAR</p>	

Partnership name & HCA registration code	Dacorum Borough Council AHP 11956
Lead Provider name & HCA registration code	26UC Dacorum Borough Council
Date(s) of assessment visit(s)	26 th January 2016
Date HCA report issued	30/06/2016
HCA lead assessor name	Lesley Banfield Design Manager ESE
List of assessed schemes	Scheme: 81-601716 The Elms Homeless Hostel, Redbourn Rd, Hemel Hempstead, HP2 7AZ

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C	HCA SIGNATURE
D	LEAD PROVIDER SIGNATURE
APPENDICES	
	1) Quality assessment findings 2) Quality definitions

REPORT OBJECTIVES AND PURPOSE
<p>In parallel with the annual Compliance Audit (CA) programme, HCA lead auditors (assessors) carry out Quality Assessment visits to an agreed sample of HCA funded schemes.</p> <p>If additional procedural findings are identified they will either be set out separately in the Compliance Audit Report (if the scheme forms part of the agreed annual audit programme), or the scheme may be recommended for procedural checks in a future CA programme.</p> <p>This report sets out further scheme quality assessment outcomes and recommendations for review and implementation, supporting the HCA’s statutory objective to “Contribute to the achievement of sustainable development and good design in England, with a view to meeting the needs of people living in England” as set out in the 2008 Housing and Regeneration Act.</p> <p><i>If you have queries regarding the detail of this assessment, please contact the identified HCA assessor.</i></p>

A	PARTNERSHIP QUALITY ASSESSMENT
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A1) Partnership assessment

Overall it is considered that the scheme(s) visited were judged to be acceptable quality.

A2) Developing Provider(s) individual assessment

Provider name	Provider HCA code	HCA assessment
Dacorum Borough Council	26UC	Acceptable quality

B	QUALITY SUMMARY AND RECOMMENDATIONS
<p><u>Number of schemes quality audited and key findings</u></p> <p>One schemes has been quality audited, the key findings were;</p> <p>A modern distinctive looking development providing temporary accommodation in the form of flats, with ensuite bedrooms and shared kitchen dining rooms on upper floors, and communal space for a variety of uses on the ground floor. The scheme is highly valued by the residents that were met on the day of the visit, on their journey to more independent living. Social support from services provided by the centre as well as informal support from peers was reported to be key to the success of the scheme and the communal spaces that facilitate this.</p> <p>See Appendix 1 for full details of the quality audit findings.</p> <p><u>Quality recommendations</u></p> <p>None</p> <p><u>Summary assessment</u></p> <p>A well designed scheme providing temporary housing in Hemel Hempstead.</p>	

C	HCA SIGNATURE
<p>This report is confidential between the Homes and Communities Agency and Providers within the Partnership Agreement.</p> <p>The findings and recommendations identified in this report should be noted by the Provider(s). Remedial action should be taken to mitigate the potential for re-occurrence.</p> <p>The information contained within this report has been compiled purely to assist the Homes and Communities Agency in meeting its statutory objective to achieving good design and sustainable development as set out in the 2008 Housing and Regeneration Act.</p> <p>The Homes and Communities Agency accepts no liability whatsoever for the accuracy or completeness of any information contained within this report.</p> <p>The assessment is confidential to the addressee and no third party can place any reliance upon it.</p> <p>Name and position: Lesley Banfield Design Manager ESE</p> <p style="text-align: center;"></p> <p>Signature and date: 30/06/2016</p>	

D	LEAD PROVIDER'S SIGNATURE
<p>The findings identified in the report have been noted and recommendations will be implemented.</p> <p>Name and position:</p> <p>Signature and date: Click here to enter a date.</p>	

APPENDIX 1	QUALITY AUDIT FINDINGS
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APPENDIX 1	QUALITY AUDIT FINDINGS
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Scheme 81-601716

Developing Provider name	Dacorum Borough Council
HCA registration code	26UC
Scheme IMS number	81-601716
Scheme IMS address	The Elms Homeless Hostel, Redbourn Rd, Hemel Hempstead, HP2 7AZ
Scheme type	Rent

General scheme background



A scheme to provide temporary housing for 41 homeless people in shared flats with en-suite bedrooms. Separately on the ground floor there is provision of a large communal dining area

with lunches served for all residents, along with a large sitting area. Ancillary accommodations of food and clothes store space is provided as well as various office space. The scheme is located in Hemel Hempstead, with access to a range of facilities

HCA comments:	
1 Resident satisfaction	
Three of the residents were interviewed and all found the physical design of the development to be very good, they all were highly appreciative of the facility and having been given a place to live in this accommodation. The Scheme Manager also felt the building well met the needs of the client and staff.	
2 Internal environment	
The residents private en-suite bedrooms provided suitable temporary accommodation in the flats with shared kitchen dining spaces. The communal accommodation, separate from the flats, appeared to be well laid out and functioned satisfactorily for its use.	
3 External environment	
The scheme is located off one of the main roads in Hemel Hempstead with good access to the town, and a supermarket next door. A communal garden has been created by the residents and staff since the scheme has opened, providing creative and physical activities and skills development in gardening. The external appearance is modern and distinctive and creates a landmark feature to this part of the town.	
4 Sustainability	
The scheme meeting the required standard for Building Regulations.	
HCA recommendations	
None	
HCA assessment:	Acceptable quality

APPENDIX 2	QUALITY DEFINITIONS
<p>Quality is reported by reference to resident satisfaction and, where relevant, meeting appropriate performance standards for internal environment, external environment and sustainability.</p> <p>The Homes and Communities Agency has a statutory objective to “Contribute to the achievement of sustainable development and good design in England, with a view to meeting the needs of people living in England” as set out in the 2008 Housing and Regeneration Act.</p>	

Resident Satisfaction: Outcomes of the resident interviews conducted as part of the Quality Assessment on-site visits.

Internal Environment: Internal environments should be comfortable, convenient, and capable of sensibly accommodating the necessary furniture and equipment associated with specific room activities and is suitable for the particular needs of intended user groups.

External Environment: The development of new homes should be undertaken in a manner which delivers great places to live, creates well-mixed and integrated communities and provides an appropriate balance between private and public open space.

Sustainability: New homes should be designed and constructed in a sustainable manner using products and processes that reduce environmental impact, better adapt to climate change, with lower running costs and incorporating features that enhance the health and well-being of constructors, occupiers and the wider community.

Using the standards set out above, schemes can be judged to meet one of the two outcomes set out below:

Acceptable quality

The HCA Report will normally express general satisfaction with a Provider's performance in respect of the quality of the scheme(s) assessed. It may also identify areas where minor improvements are required or make recommendations for future schemes.

Identified quality problems

This assessment is given where the Provider fails to meet identified requirements in scheme quality, measured against the criteria set out above. It is judged (and evidenced) that the quality of the scheme could have been better.

The Provider will be expected to correct identified problem(s) in future schemes and current developments where possible. This HCA assessment report will set out any areas recommended for improvement and any remedial action.

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C5 - The Council fails to comply with the regulatory framework within which it must operate.

Category: Legal & Regulatory	Corporate Priority: Dacorum Delivers	Risk Owner: James Deane	Portfolio Holder: Cllr Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
<p>As a public sector organisation, there a number of regulatory frameworks which govern the way in which the Council must operate both on a day-to-day basis and in the discharging of one-off duties or actions.</p> <p>Generally, compliance with these frameworks is considered an operational risk and is monitored and managed through a combination of the Operational Risk Register and Performance Indicators which are reported to the relevant Overview and Scrutiny Committees.</p> <p>However, there is a risk that in some circumstances failure to comply with regulations could result in a number of consequences for the Council that are sufficiently negative and high profile in nature to become, for a short time, strategic in nature.</p> <p>For example, failure to follow the correct protocols prescribed under the data protection legislation could result in the following consequences for the Council:</p>		<p>The Council has a number of strategies and policies in place which aim to provide clarity in the way Council Members and staff should operate.</p> <p>These documents are reviewed and updated periodically by Officers who are experts in the field and are frequently the subject of Internal Audit reviews in order to provide Members with independent, third-party assurance.</p> <p>These processes mitigate the likelihood of this risk crystallising and have resulted in my reducing the inherent risk score from '4', Very Likely, to '2', Unlikely.</p> <p>Data Protection policy & procedures Health & Safety policy & procedures Risk Management framework Safeguarding policy & procedures Financial Regulations Procurement Standing Orders Constitution</p>		<p>The Financial Regulations (Main Accounting) and Emergency Plan were audited by Mazars, the Council's Internal Auditors in 2014/15 and achieved a FULL level of assurance.</p> <p>The Risk Management framework and Procurement Standing Orders were audited in 2014/15 and achieved a SUBSTANTIAL level of assurance.</p> <p>Data Protection, Health and Safety, the Constitution (Corporate Governance) and the Financial Regulations (Main Accounting) are in the Internal Audit plan for review in 2015/16.</p>	

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1. Disclosure of personal information causing harm to a resident
 2. High profile negative publicity regarding the way the Council operates
 3. Significant financial penalty imposed by the Information Commissioner

This risk has been included on the Strategic Risk Register to ensure that there is scope to escalate an operational risk for Cabinet consideration and Audit Committee scrutiny should there be a period of intensified risk in a specific regulatory area.

Emergency Plan
 Human Resources terms & conditions

Sign Off and Comments

Sign Off Complete

The Health & Safety Executive (HSE) is currently undertaking a review of H&S procedures at Cupid Green Depot with reference to the prevalence of Hand Arm Vibration cases among machine operatives. There is a risk, depending on the outcome of this review, that the HSE could decide to take action against the Council. As a result of this review, I have increased the likelihood score of this risk crystallising from 2 to 3. More information will be provided to Members as it becomes available.

C6 - The Council does not attract and retain the skill sets within its workforce that will enable it to maximise opportunities for delivering its services more efficiently through increased partnership working.

Category: People/Employees	Corporate Priority: Dacorum Delivers	Risk Owner: Robert Smyth	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability 4 Very Likely	Inherent Impact 4 Severe	Inherent Risk Score 16 Red	Residual Probability 2 Unlikely	Residual Impact 4 Severe
Consequences		Current Controls	Assurance	
• The quality of service delivery is likely to be adversely		- Leading in Dacorum continues to be delivered (all	• Across 2015/16 the Council had a voluntary annual	

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affected due to a lack of resources and/or skills to effectively deliver services through increased partnership working.

- There is likely to be a reduction in efficiency savings due to inability to create more effective partnerships.
- There is also likely to be a negative impact on any proposals for devolved powers.
- A failure to create more examples of effective partnership working will result in a higher likelihood of back office and front line services being reduced as the financial constraints on the Council's budget continue to tighten.

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courses stated in risk register)

- People strategy to be implemented autumn 2016 which will cover issues including graduate scheme, apprenticeship scheme, succession planning, reviewing T&Cs etc.
- Continuation of sharing services with other LAs, with policy development and transactional/operational Hr activities
- The new approach for service planning for 2016/2017 focusses heavily on service innovation, service efficiencies and workforce planning.
- All leadership appointments are subject to behaviour tests which will assist with assessing their understanding and approach to partnership working. This control will reduce the risk as it will ensure that candidates who are appointed to leadership positions within the Council will have demonstrated that they display a positive approach to partnership working.

turnover rate of 10.6% (76 staff). This compares positively to the public sector average (18%) and it is below the level within local government (11.9%). It is also lower than average for district councils (11%).

- Opportunities for collaboration and shared services are being actively considered across Hertfordshire in relation to Legal, HR, Information Management, Insurance and Payroll Services.
- Recruitment for leadership posts is generally competitive with a good number of applications being received from suitably qualified candidates for vacant posts.

Sign Off and Comments

Sign Off Complete

We have continued to make good progress in this area. Leading in Dacorum continues to be delivered (all courses stated in risk register). We have also shared information and ideas with other LAs. The new approach for service planning for 2016/2017 focusses heavily on service innovation, service efficiencies and workforce planning.

Given the controls in place, it is not necessary to increase the risk or likelehood of it crystallising. However the new People Strategy will be central in setting out our long term vision for staff and it will provide the platform for future actions in relation to the retention and recruitment of the right workforce.

C7 - Controls do not develop at a sufficient pace to keep track with the continually emerging data protection risks

Category:	Corporate Priority:	Risk Owner:	Portfolio Holder:	Tolerance:
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Corporate		Dacorum Delivers		Sally Marshall	Cllr Neil Harden	Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score	
3 Likely	4 Severe	12 Red	2 Unlikely	3 High	6 Amber	
Consequences		Current Controls		Assurance		
<p>Cause of Risk - The Council is reliant on vast amounts of good quality data and information to determine sound decisions and plans, conduct operations and deliver services.</p> <p>It is also required by the Data Protection Act and Government's Public Sector Network (PSN) Code of Connection (CoCo) to maintain confidentiality, integrity, availability and appropriately authorised use of the data.</p> <p>With the Government's 'Open' agenda, increased flexible working patterns of staff, and increased partnership working and use of multiple information storage sources, controls on data management and security have become complex and important.</p> <p>Consequences of Risk –</p> <ol style="list-style-type: none"> Poor decision making due to ineffective use of or insufficient availability of data and information sharing. Loss, misrepresentation or unauthorised disclosure of sensitive data, DBC has the potential to be susceptible to cyber-attacks or sabotage. Under performance. Breach of Data Protection Act 		<p>Information Security Officer appointed -responsibilities include:</p> <ul style="list-style-type: none"> the Council's Corporate Information Assurance specialist the custodian, owner and updater of ICT Security and Information Governance strategy, policy and procedure ensuring that the Council complies with the latest legislation in terms of ICT Security standards and compliance. To ensure that the Council's policies and procedures regarding ICT Security and Information governance are adhered to across all the Council's services. To keep informed of relevant technical innovation and changes to technological, infrastructure, telecom and software systems in relation to Information Security. To be the custodian and owner of Information Security and Governance Standards. To manage Information Security and Governance strategies and to support the Council in the future development of Information Security, Governance and Business Continuity. To train Council Staff, Members on Information Security, Data Protection Act and Freedom of Information Acts. 		<ul style="list-style-type: none"> Information Security Officer appointed Various ICT policies and procedures in place Compulsory training for staff on Data Security PSN Compliance 		

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leading to legal actions, fines, adverse publicity, and additional remedial and data protection costs. 4. Significant interruption of vital services leading to failure to meet duties and to protect people, finances and assets. 5. Potential damage to DBC's reputation.	Compulsory training for staff on Data Security - PSN Compliance - Audit of data protection approach	
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Sign Off and Comments

Sign Off Complete

We have received full PSN compliance for our environment - which demonstrates that our processes and network & security controls are compliant with the requirements of the Cabinet Office. We also continue to provide training on information security, data protection and FOI to Members and staff and all staff are required to comply with Data Protection rules as part of their employment at DBC.

We are also continuing to work with services to ensure that we manage the data security implications of a move to the Forum through the use of detailed service level plans, senior manager sign-off and central reviews of all rooms and areas. We also received a strategic audit of data protection in Q4 and no serious issues were identified (and the report was presented to the Audit Committee).

F6 - Changes to legislation could negatively affect the medium to long term viability of the HRA Business Plan.

Category: Financial	Corporate Priority: Affordable Housing	Risk Owner: Mark Gaynor	Portfolio Holder: Cllr Margaret Griffiths	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	4 Very Likely	3 High	12 Red
Consequences		Current Controls		Assurance	
Since the 'once and for all' settlement with government on the self financing of the HRA there have been major legislative and policy changes which, overall, have impacted detrimentally on the HRA Business Plan:		Elements of the changes are yet to apply (the rent changes start from April 2016) and the current controls – proper business planning, the disciplines of the MTFs, project and programme management arrangements,		A remodelling of the HRA Business Plan has been made to take account of the impact of the changes which will be considered by Cabinet (initially in November 2015 and periodically thereafter). This has demonstrated that	

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- The re-invigoration of the RTB which has increased sales from around 15-20 per year to well over 100
- The parallel introduction of the RTB 'one for one' replacement scheme where the Council can use receipts to build new homes but only to pay for 30% of costs (leaving the other 70% to be sourced)
- A change to national rent policy which moved from RPI + 0.5% to CPI + 1% and ending the process of reaching target rents (leaving 60% of DBC properties below target)

The government now propose two further changes which, if enacted, will further constrain the capacity of the HRA Business Plan viability:

- A rent reduction of 1% per year for four years and a complete inability to make any progress towards convergence to target rents (a reduction of income of £30M over the first four years and over £500M over the lifetime of the HRA Business Plan)

- Enforced sales of 'high value' council homes as they become vacant to fund Housing Association RTB
- The first of these changes is already in draft legislation and the assumption must be that it will happen. The consequences are very significant, and even with mitigation will continue to be so:

The financial viability of the HRA to meet its current business plan objectives in full cannot be made due to loss of income and economies of scale as stock numbers diminish.

Services to tenants will have to reduce, including proposed investment in the existing stock, to deal with

effective contract management, annual efficiency programmes and so on – reflect on the existing position and could provide sufficient mitigation to the long term business plan. The controls proposed for the new changes – if the proposed legislation is enacted – will only mitigate the impact to an extent as the scale of change, compounded with previous changes, are so significant. The controls are as follows:

A complete review of the HRA Business Plan to spread the impacts over activities and over time. Initially, in order to deliver the current new build programme, this will be focused on a slowing down of the investment into current stock.

Reducing the costs of running the service through efficiency and service redesign (in partnership with tenants and leaseholders).

Improved procurement of services and renegotiation of existing contracts (though these have been procured within the last year or so and will restrict potential). This would include seeking shared services with other partners and models of operation which reduce the overheads of the HRA.

Maximising the income to the HRA by altering use of parts of the stock (increased use of HRA stock for temporary accommodation and provision of low level care as part of a tenancy where rent controls do not apply).

Altering the tenure mix of the current new build programme to include shared ownership and market sale in order to cross subsidise new rented provision.

the current new build programme can be completed. The ability to extend this further will depend on the success of the mitigations above.

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the scale of resource reduction.
The new build programme at its proposed scale will have to reduce, and possibly cease, in order to provide services to tenants and balance the books.
That resources provided through RTB one for one replacement will be unused and lost to the Borough as it is returned to the Treasury as a result of the Council's inability to provide the 70% match funding and as Housing Associations reduce their supply of new affordable homes (as a result of the same legislative changes impacting on the Council).
The Council's housing stock will progressively reduce through RTB, enforced sales and reduction in new build which will reduce its ability to meet the housing needs in the Borough and achieving the strategic objective of increasing the supply of affordable homes.

This could incorporate an element of affordable rent to increase revenue.
Development of a partnership approach to use of RTB one for one replacement funding with local Housing Associations in order to minimise losses of resource to the Borough and to increase supply of new homes.
Fully exploring the potential of a Local Housing Company to improve the cost of delivery of new homes alongside the benefits to the General Fund.
Lobbying of government regarding the disproportionately severe impacts of the changes, though historical reasons, on DBC seeking some local amelioration.
Ensuring that our intelligence on the changing position and on developments within the sector are fully up to date through membership of ARCH, liaison with CIH and other key bodies.
The following controls are in place already with regard to the financial and strategic management of the HRA Business Plan:

- An annual refresh of the HRA Business Plan reported both to CMT and to Cabinet
- Monthly meeting between budget holders and accountants monitoring progress against original timeframes and costs
- Regular meetings of the Corporate New Build Group considering performance and new schemes
- CMT receive a fortnightly update on the new build programme
- Performance Board comprising Chief Officers and

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cabinet members receive a report on progress before each cabinet meeting	
<ul style="list-style-type: none"> • Reports on HRA performance go the Overview and Scrutiny every quarter • The HRA is reported as part of the overall corporate financial reporting process 	

Sign Off and Comments

Sign Off Complete

The Welfare and Work Act and Housing and Planning Act are now approved by parliament. These confirm the 1% rent reduction for four years and the sale of 'higher value' council homes to fund Housing association Right to Buy. It is not yet clear the extent of the enforced sale of higher value homes but likely that the Council will be given a sum of money that DCLG will require and it will be up to each Council to decide how they fund this. Adjustments have already been made to the development programme for new build and the HRA Business Plan. The development at Wood house will be 50% shared ownership and the development at Martindale will be 50% market sale which will provide sufficient cross subsidy to ensure the programme can be delivered.

F7 - Funding and income is not sufficient to deliver the Council's corporate objectives

Category: Financial	Corporate Priority: Dacorum Delivers	Risk Owner: James Deane	Portfolio Holder: Cllr Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
The government's austerity programme has led to reduced Local Authority funding over the last five years, resulting in the Council's need to find savings of £5m since 2010/11. Further funding reductions in excess of £3m are forecast over the next four years, which increase the risk of the Council being unable to deliver		The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment, which allows for more effective forward planning. These controls are detailed below, and have resulted in my		There were three internal audit reviews undertaken by Mazars during 2014/15, which provide an external view of the effectiveness of the controls implemented by the Council to manage the financial risks to delivering its priorities.	

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its vision for the borough, as detailed in the Corporate Plan.
(http://www.dacorum.gov.uk/docs/default-source/council-democracy/dacorum_corporateplan_web.pdf?sfvrsn=2)

Sustained funding reductions of this magnitude are not only a risk to the Council's capacity to grow and enhance the community, but more fundamentally they are a risk to the continued provision of high quality frontline services to residents.

If the Council is unable to deliver its vision or to protect its frontline service provision, it risks the following consequences:

Increased community hardship as the services provided to the most vulnerable residents in the borough are impacted, leading to delays in their accessing financial and residential help.

The impact of reducing standards of environmental services across the borough could lead to a less attractive environment and a loss of community identity and civic pride for residents.

Reputational damage as residents become dissatisfied with their experience of interacting with the Council. This risk is exacerbated by the growth of social media and the ability of residents to share their experiences with large numbers of people instantaneously.

reducing the inherent risk score from '4', Very Likely, to '3', 'Likely'.

The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version is accessible via the following link:

<http://www.dacorum.gov.uk/docs/default-source/council-democracy/mtfs-july-cabinet-2015.pdf?sfvrsn=0>

The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.

The Council's reviewing of its Corporate Plan together with its Communications Strategy mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently

The audits on 'Efficiency Savings' and 'Main Accounting' received a Full level of assurance (the highest available), and the audit on 'Budgetary Control' received a Substantial level of assurance (the second highest available).

These internal audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives.

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by managing aspiration and expectation (detail below).
On this basis, I have reduced the Impact score from '4',
Severe, to '3', 'High.

The Council reviews its
Corporate Plan periodically to ensure that the vision for
the borough remains relevant and realistic within the
financial constraints outlined within the MTFS and the
HRA plan. The aspirations of the Council and the
community are managed through the Council's
Communications Strategy both through social media,
the local press and Digest.

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The Local Government Finance Settlement issued by Government in February 2016 provided an indicative four-year settlement for the Council up to and including financial year 2019/20, which will see Revenue Support Grant (RSG) fall by £3m over the period, from £2m in 2015/16 to -£1m in 2019/20.

£1m of this reduction related to 2016/17, and the Council has therefore already taken the necessary steps to absorb it within the annual budget approved by Council in February 2016. However, the remaining £2m reduction, when incorporated into the draft Medium Term Financial Strategy (MTFS), leaves the Council with an updated savings target of £2.7m over the next three years, an amount equivalent to around 15% of its current Net Cost of Services. This represents a £1.1m increase over the same three-year period to the forecast savings target in the most recently approved MTFS in July 2015.

This increase is due to Government's changing the means by which it allocates RSG in 2016/17 to reflect the ability of a Local Authority to generate its own funding through Council Tax, a concept known as Core Spending Power. This represented a departure from the allocation method employed in previous years, and hit Dacorum particularly hard due to its having the 15th highest Council Tax income of the 200 district councils in England (£10.1m against an average of £6.3m).

The implications to the Council of this reduction are further compounded by uncertainty over the future of both the New Homes Bonus, on which we currently await Government's response to the recent consultation, and of amendments to the Business Rates Retention scheme beyond 2019/20. Changes to both of these funding streams are likely to further increase the Council's savings targets, and Members will be updated on these issues as more detail becomes available.

At this stage, I have not increased the likelihood score for this risk crystallising on the basis that additional mitigations have been put in place to offset the increased risk. As part of the budget setting process last year, three-year planning was put in place which has ensured that Service managers have already put in place schemes to reduce their operating costs over the next two years. The renewed MTFS scheduled for cabinet in July 2016 will augment this with details of a more structured approach to co-ordinating strategic savings initiatives.

I3 - The Borough does not secure sufficient investment in infrastructure to ensure that housing delivery and economic and community growth is sustainable in the longer term.

Category: Infrastructure	Corporate Priority: Affordable Housing	Risk Owner: Mark Gaynor	Portfolio Holder: Cllr Graham Sutton	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score

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4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
<p>The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it. Failure to provide this infrastructure will have a number of damaging consequences:</p> <ul style="list-style-type: none"> • Reduction in the quality of life and opportunities for people in the Borough • A serious constraint to economic growth with the impact on the contribution to service provision through Business Rates growth • Increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope • Damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council 		<p>Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities) or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.</p> <p>The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:</p> <p>Ensuring that the Local Plan (and its component elements such as the Core Strategy, site allocations, supporting policies and so on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials. Use of masterplanning supports what is required to be delivered to produce sustainability on larger sites.</p> <p>The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes</p>		<p>The process for setting out development delivered is through the Annual Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure.</p> <p>Regular reports are made as set out above in controls.</p>	

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an element of CIL which can be spent by local communities and act to link growth directly with infrastructure provision local people want.

Operating a 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision making within required time limits.

Stimulating required growth through the Council's own regeneration activity, including Hemel Evolution, Gade Zone and Heart of Maylands resulting in inward investment being more likely.

Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.

Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.

Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)

Working to create key partnerships to bring forward development capable of funding major infrastructure

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Page 25	(such as Gorhambury) These controls are exercised within the following: <ul style="list-style-type: none"> • Monthly reporting to Hemel Evolution Board and Corporate Regeneration Group • Fortnightly reporting on key projects to CMT • Reporting to Performance Board before each Cabinet Meeting • A clear programme for the Local Development Framework and CIL • Quarterly reporting to Overview and Scrutiny • Regular reporting to Cabinet • Adherence to the agreed performance and project management processes 	
	Sign Off and Comments	

Sign Off Complete

The announcement in the Chancellors Autumn Statement in 2015 that the Hertfordshire LEP's bid for an Enterprise Zone including Maylands (which DBC led on) is successful brings the potential to fund up to £100M of infrastructure much of which will benefit Hemel Hempstead. This will focus on resolving the inability of the current road structure to cope with demand and to deal with increased growth.

R5 - The Council does not embrace the increased use of social media as a tool for social engagement and increased community engagement.					
Category: Reputational	Corporate Priority: Dacorum Delivers		Risk Owner: Sally Marshall	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	3 High	9 Amber	2 Unlikely	3 High	6 Amber
Consequences		Current Controls		Assurance	
The risk of not using social media		In order to mitigate these risks we have put in place a		o Corporate Information Security Management Policy	

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<p>- This will mean that our approach to engagement (i.e. letters, workshops, printed magazines) is likely to exclude key demographic groups including younger residents and those who are more technologically minded.</p> <p>- We will not be able to respond to negative posts or views which could cause significant reputational damage or risk.</p> <p>- We will have less opportunity to influence Government and media through the use of targeted campaigns and communications.</p> <p>- The organisation may not be viewed as 'technologically forward thinking' which could lead to reputational risks. This includes more difficulty in attracting hi-tech investment or exclusion from innovation pilots.</p> <p>Managing the risk of social media</p> <p>- Members of the public can use DBC's profile to raise negative or incorrect statements that damage the reputation of DBC.</p> <p>- Employees may breach data security rules regarding the management of private or confidential information.</p> <p>- Inappropriate or unacceptable content posted by</p>	<p>number of controls:</p> <p>The risk of not using social media</p> <p>- Our social media strategy sets out how we will proactively engage with residents through Twitter, Facebook, Linked In, Instagram and using online videos.</p> <p>- We have 13 social media accounts covering corporate and operational services including from the CSU.</p> <p>- We regularly use social media to actively promote campaigns, events and messages.</p> <p>- We interact with partners and other third parties (eg HCC) to promote joint initiatives via social media</p> <p>- We generate reports and analysis on scale and content of Facebook and Twitter posts.</p> <p>Managing the risk of social media</p> <p>- We employ the Crowd Control system to enable the Communications team to manage and authorise services posts and tweets.</p> <p>- The Crowd Control system also enables the Communications team to monitor and respond to any negative posts.</p>	<ul style="list-style-type: none"> o Corporate Information Technology Security Policy o Data Protection Act Policy o Freedom of Information Policy o PSN/Government Connect (GSx) Acceptable Usage Policy o Information Security Incident Procedure o Social Media Strategy o Facebook and Twitter accounts o Social Media Management System
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<p>employees</p> <ul style="list-style-type: none"> - Our social media accounts are 'identity jacked' which occurs when fake accounts are set up to look like those of DBC. This is a risk because the fake accounts can post incorrect or inappropriate information which is then associated with DBC. - Weak authentication in the use of social media accounts can lead to them being hacked. The hacked accounts are then used to post inappropriate, derogatory or libellous comments. - The use of social media can make it easier for 'pressure groups' to generate support behind negative campaigns. 	<ul style="list-style-type: none"> - Our system provides automatic moderation of abusive messages. - We provide in-house training for all staff posting on DBC social media accounts. - We use a subscription service that manages and secures accounts. - All staff are required to read and sign-up to a range of policies including: <ul style="list-style-type: none"> Corporate Information Security Management Policy Corporate Information Technology Security Policy Data Protection Act Policy Freedom of Information Policy PSN/Government Connect (GSx) Acceptable Usage Policy Information Security Incident Procedure 	
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Sign Off and Comments

Sign Off Complete

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In the last three months we have continued to manage our social media presence in a positive and proactive way. During the reporting period we posted over 1,000 outbound messages, received over 250 direct messages and had a total twitter reach of 1.7million viewers. Most popular campaigns included Be like Bill (recycling), Hemel Evolution social media takeover day (recap on all projects under the Hemel Evolution programme and opportunity to ask any questions), launch of new bus interchange and the first “Clean for the Queen” events in 2016.

From a security perspective we have also continued to remind all staff of their responsibilities in relation to social media posts/comments and we have considered social media security as part of our new communication and consultation strategy and policy. This is an important issue but given the controls in place, we do not consider that any changes need to be made to the risk or the likelihood of it occurring.

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