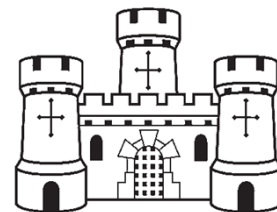


Public Document Pack

Date of meeting Monday, 24th June, 2019
Time 7.00 pm
Venue Astley Room - Castle House
Contact Geoff Durham



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Castle House
Barracks Road
Newcastle-under-Lyme
Staffordshire
ST5 1BL

Audit and Standards Committee

AGENDA

PART 1 – OPEN AGENDA

- 1 APOLOGIES
- 2 MINUTES OF PREVIOUS MEETING (Pages 3 - 6)
To consider the minutes of the previous meeting(s).
- 3 DECLARATIONS OF INTEREST
To receive Declarations of Interest from Members on items included in the agenda
- 4 TERMS OF REFERENCE (Pages 7 - 8)
- 5 CORPORATE RISK MANAGEMENT REPORT QUARTER 4 2018/19 (Pages 9 - 58)
- 6 HEALTH AND SAFETY ANNUAL REPORT 2018/19 (Pages 59 - 68)
- 7 TREASURY MANAGEMENT ANNUAL REPORT 2018/19 (Pages 69 - 76)
- 8 DRAFT STATEMENT OF ACCOUNTS 2018/19 (Pages 77 - 86)
- 9 ANNUAL GOVERNANCE STATEMENT 2018/19 (Pages 87 - 96)
- 10 INTERNAL AUDIT PLAN 2019/20 (Pages 97 - 98)
- 11 WORK PLAN 2019/20 (Pages 99 - 100)
- 12 URGENT BUSINESS
To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972

Members: Councillors P Waring (Chair), S. Dymond, S. Pickup, M. Stubbs, G. Burnett, B. Panter and K.Owen (Vice-Chair)

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

NOTE: THERE ARE NO FIRE DRILLS PLANNED FOR THIS EVENING SO IF THE FIRE ALARM DOES SOUND, PLEASE LEAVE THE BUILDING IMMEDIATELY THROUGH THE FIRE EXIT DOORS.

ON EXITING THE BUILDING, PLEASE ASSEMBLE AT THE FRONT OF THE BUILDING BY THE STATUE OF QUEEN VICTORIA. DO NOT RE-ENTER THE BUILDING UNTIL ADVISED TO DO SO.

AUDIT AND STANDARDS COMMITTEE

Monday, 15th April, 2019
Time of Commencement: 7.00 pm

Present:-	Councillor Paul Waring – in the Chair
Councillors	S. Dymond, S. Pickup, M. Stubbs, G. Burnett and K.Owen
Officers	Geoff Durham - Mayor's Secretary / Member Support Officer, Simon Sowerby- Business Improvement Manager, Partnerships Manager - Sarah Moore and Sarah Wilkes - Finance Manager
Also in Attendance	Claire Potts – Head of Internal Audit – Stoke on Trent City Council

1. APOLOGIES

Apologies were received from Mr P Butters

2. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

3. MINUTES OF A PREVIOUS MEETING

Resolved: That the minutes of the meeting held on 11 February, 2019 be agreed as a correct record.

4. MATTERS ARISING FROM THE MINUTES

Safeguarding:

The Council's Partnerships Manager, Sarah Moore advised Members about Safeguarding training.

The Council provided basic safeguarding training and had provided two e-learning modules – one relating to children and one to adults. A session has been arranged for 24 July prior to full council.

All Members are expected to attend as variations of the training may have been offered at their work place which may not cover everything that is required for a Councillor.

The Chair stated that Group Leaders would be notified to ensure the best attendance.

5. CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD JANUARY TO MARCH 2019 (QUARTER 4 (Q4))

Consideration was given to a report informing Members of the progress made by the Council in enhancing and embedding risk management for the period January to March, 2019.

Members were advised that there were no overdue risk reviews. There had a number of risk level increases and these were outlined in Appendix A. There had been four new risks identified, only one being a high risk. There were no outstanding issues.

Councillor Stubbs queried number 4, Failure to comply with relevant health and safety legislation, asking if it was an actual failure or an accident. Members were advised that it was an accident which had been investigated and found that all safety systems were in place and were working.

Councillor Stubbs stated that this should not have been recorded as a failure but as an accident. The Chair advised that it was to do with the software that was used and the procedures which had to be followed.

Councillor Stubbs felt that the narrative used for the risks could misinterpret the risks to anyone reading this from outside.

- Resolved:**
- (i) That point 2.1.1 showing the number of overdue risks be noted.
 - (ii) That point 2.2.1 advising of the risk level increases be noted.
 - (iii) That point 2.2.2 regarding the new risks identified between January and March, 2019 be noted.
 - (iv) That point 2.2.4 be noted.
 - (vi) That Appendix A be noted.

6. AUDIT PROGRESS REPORT AND SECTOR UPDATE

Mr Phil Jones of Grant Thornton explained the Audit Progress Report and Sector update for the year ending 31 March, 2019.

Members' attention was drawn to page 26 of the agenda which gave an overview of the main areas that had been looked at.

Reference was also made to page 29 of the agenda – Emerging accounting issues regarding the Council's interest in Castle House and valuation of the former Civic Offices site. The Council's Finance Manager, Sarah Wilkes confirmed that District Audit had been to value Castle House last week and the figures were awaited.

Regarding the Civic Offices, the council's Property Section had carried out a valuation, taking into account the issues with the asbestos. These figures were also awaited.

- Resolved:** That the report be received and the comments noted.

7. INTERNAL AUDIT UPDATE

The Head of Internal Audit at Stoke on Trent City Council, Claire Potts introduced a report informing Members of the proposed Internal Audit Plan for 2019-20 and to seek approval on its contents.

Members were advised that the Plan had been produced by Stoke City Council and that they were offering their support.

Members' attention was drawn to paragraph 9 and Appendix A of the report which outlined the work that would be carried out in 2019/20.

Councillor Stubbs enquired why only 5 days had been allocated to Brexit. The Council's chief Executive, Martin Hamilton stated that the figures did not reflect the amount of work that had gone on in preparation for Brexit.

Members were advised that the figures were open to amendment if required.

- Resolved:**
- (i) That, in accordance with the Committee's terms of reference, the Internal Audit Plan for 2019/20, be approved.
 - (ii) That the Internal Audit Charter for 2019/20 which sets out how the plan will be delivered, be approved.
 - (iii) That the Committee receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising.

8. COUNTER FRAUD ARRANGEMENTS

Consideration was given to a report regarding Counter Fraud Arrangements:

- Anti-Fraud and Anti-Corruption Framework 2019-20
- Fraud Response Plan 2019-20
- The Whistleblowing Policy 2019-20
- Anti-Money Laundering Policy 2019-20

The above documents are regularly reviewed and Members were advised that the only changes made to the documents were in respect of officer's names.

Councillor Stubbs felt that officers should be made aware of these documents more than once per year.

Councillor Pickup stated that she was surprised that the council would take up to £2000 in cash and asked if other authorities could be contacted to ascertain what they accepted.

Resolved: That the following policies which support the Counter Fraud function be noted:

- Anti-Fraud and Anti-Corruption Framework 2019-20
- Fraud Response Plan 2019-20
- The Whistleblowing Policy 2019-20

- Anti-Money Laundering Policy 2019-20.

9. URGENT BUSINESS

There was no Urgent Business.

COUNCILLOR PAUL WARING
Chair

Meeting concluded at 7.47 pm

Newcastle-under-Lyme Borough Council

Audit & Standards Committee

Terms of Reference (Approved at full Council on 17 May 2017)

Audit Activity

- To receive, review and approve, but not direct the annual internal audit plan, and audit charter.
- To review quarterly Internal Audit progress reports and the main issues arising and to seek assurance that action has been taken where necessary.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale and to monitor the Council's response to ensure that this is acceptable.
- To ensure that there are effective relationships between external and Internal Audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- To consider the Audit Managers annual report and opinion, and the level of assurance internal audit can give over the Council's corporate governance arrangements.
- To consider any reports dealing with the management or arrangements for the provision of the internal audit service.
- To ensure the internal audit section is adequately resourced and has appropriate standing within the Council.
- To receive, review and approve but not direct the annual external audit plan.
- To consider the external auditors annual audit and inspection letter, relevant reports to those charged with governance, delegating the consideration of such reports and any investigations to other committees as necessary.
- To consider specific reports as agreed with the external auditor.
- To monitor the Councils response to the external auditor's findings and the implementation of external audit recommendations.

Regulatory Framework

- To consider the internal control environment and the level of assurance that may be given as to its effectiveness, to include the review of the Annual Governance Statement and the recommendation to the Council of its adoption.
- To satisfy itself that the Council's assurance statements including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- To approve, monitor, review and amend from time to time the Councils Code of Corporate Governance to ensure that it is adequate and effective.
- To monitor the effectiveness of the Councils risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management. To review the effectiveness of corporate governance arrangements to ensure that the Council complies with best practice.
- To monitor the effectiveness of the Council's policies and arrangements for Anti-Fraud, Anti-Corruption, Whistleblowing, Bribery and Anti-Money Laundering.
- To review any issue referred to it by the Chief Executive, Section 151 Officer, Monitoring Officer, Executive Director or any Council body.
- To maintain an overview of the Councils Constitution in respect of Contract Procedure Rules, Financial Regulations and Codes of Conduct and make recommendations to Council in consultation with the Monitoring Officer and Section 151 Officer for any amendments.

Accounts

- To approve the Council's Statement of Accounts.
- To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Standards

- To promote and maintain high standards of conduct by Members
- To oversee the Register of Members Interests
- To monitor compliance with the Members' Code of Conduct;
- To advise the Council on the adoption or revision of the Members' Code of Conduct
- To oversee the effectiveness of the Council's procedures for investigating and responding to complaints of breaches of the Members' Code of Conduct
- To interview and make recommendations to Council on the appointment of Independent Person(s) in accordance with the requirements of the Localism Act 2011
- To deal with complaints of alleged breaches of the Code of Conduct which the Monitoring Officer, in consultation with the Independent Person(s), considers warrant detailed consideration and to make final recommendations thereon
- To advise, train or arrange to train Members and Independent Person(s) on matters relating to the Members' Code of Conduct;
- To consider requests from Members to grant dispensations from being precluded from participation in a meeting
- To oversee, review and make any recommendations on the effectiveness and operation of the Constitution and any of the provisions of it
- To have an overview of the complaints submitted to and being investigated by the Local Government Ombudsman.
- To oversee the maintenance of the List of Politically Restricted Posts within the Borough Council

Other Areas

- To consider reports from external inspectors (for example Office of the Surveillance Commissioner, Health & Safety Executive).
- To receive reports from the Corporate Health & Safety Officer.
- To monitor the effectiveness of the Councils information governance arrangements
- To receive reports in respect of the Councils Treasury Management arrangements.

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM
TO THE AUDIT AND STANDARDS COMMITTEE**

24 June 2019

CORPORATE RISK MANAGEMENT REPORT

Submitted by: Simon Sowerby – Business Improvement Manager

Portfolio: Corporate and Service Improvement, People and Partnerships

Ward(s) affected: All

Purpose of the Report

To provide Members with the reviewed Risk Management Policy Statement and Strategy documents.

Recommendations

The Committee is asked to:-

- (a) Note the current Risk Management Policy and Strategy for the 2019/20 year, subject to changes listed in the documents, and note that the Chief Executive and Leader of the Council have agreed and signed the Risk Management Policy Statement.**

Reasons

The risk management process previously adopted by the council has been reviewed to incorporate changes in the way the council works and to provide continuity and streamlined reporting of risks to the necessary stages so that it becomes further embedded at each level of the authority. This will further develop the identification of key risks that potentially threaten the delivery of the corporate priorities. The new Risk Management Strategy will provide a formal and proportionate framework to manage these identified risks and thus reduce the council's exposure.

To assist the council in its corporate ambitions by helping deliver effective corporate governance, this proactive approach also helps demonstrate good risk management in terms of evidencing that effective risk management is further embedded within corporate business processes.

1. Background

- 1.1 The council monitors and manages all its risks through the various risk profiles contained within GRACE (Governance Risk and Control Environment) – the council's software for recording and managing risk.
- 1.2 The council currently reviews its High Red 9 risks at least monthly and its Medium Amber risks at least quarterly.
- 1.3 Risk owners are challenged by the Risk Champions in respect of controls, further actions, ratings and emerging risks and challenge reasons for inclusion or non-inclusion and amendment of these.
- 1.4 Projects are managed to a high level in relation to risk and are reviewed in accordance with the Risk Management Strategy (i.e. at least monthly).

2. **Issues**

2.1 None

3. **Strategic, Operational, Project and Partnership Risk Registers (Appendices)**

3.1 The Council regularly reviews and refreshes its risk registers in accordance with the Risk Management Strategy.

3.2 These reviews are co-ordinated by the Strategic Risk Champion who works closely with Directors, Operational Risk Champions and Risk Owners.

3.3 The risk map below shows the descriptions of the ratings, for ease of use.

L I K E L I H O O D	High	7 Amber	8 Amber	9 High Red
	Medium	4 Green	5 Amber	6 Amber
	Low	1 Green	2 Green	3 Amber
		Low	Medium	High
IMPACT				

4. **Issues**

4.1 **Risk Management Policy and Strategy**

Appendix A is the reviewed and updated policy to be accepted and communicated to all officers and Members.

5. **Outcomes Linked to Corporate and Sustainable Community Priorities**

5.1 Good risk management is a key part of the overall delivery of the Council's four corporate priorities of:

- Local Services that Work for Local People.
- Growing our People and Places.
- A Healthy, Active and Safe Borough.
- A Town Centre for all.

6. **Legal and Statutory Implications**

6.1 The Accounts and Audit (England) Regulations 2015, state that:

*“The relevant body **is** responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control, which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”*

7. **Equality Impact Assessment**

7.1 There are no differential equality impact issues in relation to this report.

8. **Financial and Resource Implications**

8.1 None where actions are to be taken in order to mitigate the risks as these will be met from within existing budgets. Where this is not possible, further reports will be submitted to Members.

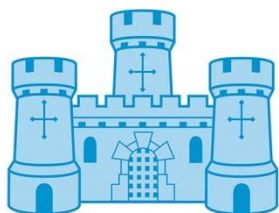
9. **List of Appendices**

Appendix A

10. **Background Papers**

2018/19 Risk Management Strategy and Policy documents agreed in 2018.

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NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT **2019/2020**

Date of Approval:	2019
Approved by:	Audit & Standards Committee
Next Review due:	April 2020
Version:	10.0
Changes:	See below

Date of Approval:	2018
Approved by:	Audit & Standards Committee
Next Review due:	April 2019
Version:	9.0
Changes:	See below

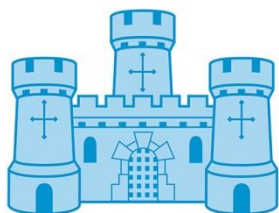
Date of Approval:	April 2017
Approved by:	Audit & Risk Committee
Next Review due:	April 2018
Version:	8.0
Changes:	See below

Date of Approval:	April 2016
Approved by:	Audit & Risk Committee
Next Review due:	April 2017
Version	7.0
Changes:	See below

Date of Approval:	April 2015
Approved by:	Audit & Risk Committee
Next review due:	April 2016
Version	6.0
Changes:	See below

Date of Approval:	July 2014
Approved by:	Audit & Risk Committee
Next review due:	July 2015
Version	5.0
Changes:	See below

Changes	30/06/2014	1. Page 1 – Title date changed to 2014/15
		2. Page 5 – Corporate priorities amended
		3. Page 7 – Leader of the Council details amended
Changes	25/03/2015	No changes made except dates
Changes	14/03/2016	No changes made except for dates
Changes	20/03/2017	1. Page 1 – Title date changed to 2017/18
		2. Page 5 – Para 3 (a) wording amended
		3. Page 5 – Para 3 (d) wording amended
Changes	05/02/2018	1. Date changes (2017/18 to 2018/19)
		2. Page 4 – Para 2.1 wording amended
		3. Page 6 – Para 3 Corporate Priority wording in (d) amended
		4. Page 7 – Para 7 first bullet point Committee name amended
Changes	31/05/2019	1. Date changes (2018/19 to 2019/20)
		2. Page 5 – Para 3 Corporate Priorities updated.



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT 2019/20

1. Purpose

The purpose of this policy statement is to recognise and communicate the responsibility of Newcastle-under-Lyme Borough Council ('the council') in managing both external and internal risks through identified and endorsed best practice as described by the Association of Local Authority Risk Managers (ALARM), CIPFA and other relevant bodies connected to effective risk management. There is also an agreed responsibility on the council to identify, examine and cost effectively control risks to ensure they are eliminated or reduced to an acceptable level.

The overall policy, therefore, demonstrates the Council's ongoing commitment to maintain risk management as an important part of the daily operations of the council.

2. Commitment to Risk Management

The Leader of the council, the council's Cabinet portfolio holders and the council's Executive Management Team (EMT) are committed, collectively, to:-

- Identifying and adopting best practice, where possible, in the identification, evaluation and cost effective control of risks;
- Ensuring risks are reduced to a level that sits within the council's appetite, and/or eliminated; and;
- Maximising opportunities to achieve the council's corporate priorities and to deliver core service provisions at all times

2.1 It is acknowledged that some risks will always exist and will never be eliminated. These risks, therefore, will be tolerated or mitigated as far as reasonably practicable by the council, and the council will ensure that they are reviewed and reported on a regular basis to ensure they do not worsen.

2.2 All employees must understand the nature of any risk and accept responsibility for those risks associated with their area of work. In doing so they will receive necessary support, assistance and commitment from senior management and elected Members.

- 2.3 The council's risk management objectives are an important part of good management and effective governance practices. These objectives need the full and continuing support of elected Members and the active participation of Executive Directors and Heads of Service in ensuring that they are realised and actioned where possible.

Risk management is one of the principal elements of Corporate Governance and is a key contributor to ensuring a sound internal control environment at any organisation. Through the implementation and embedding of an effective risk management framework, the council will ensure that it is better placed to positively manage its levels of performance, achieve its corporate priorities and provide an enhanced level of service to its stakeholders, including the citizens of the Borough.

- 2.4 This strategy, therefore, sets out and demonstrates how the council is discharging its responsibility to manage risk effectively and also how it is maximising opportunities to do so by using a structured and focused approach to risk management.

- 2.5 The council will continue to develop and maintain a systematic framework and process for managing strategic, operational, project and partnership risks and will review this framework annually. This will include assessing risks for impact and likelihood, identifying and allocating responsibility for their mitigation and receiving assurances about ongoing management of these risks.

- 2.6 The key benefits of this framework and a strong risk culture throughout the organisation are:-

- A consistent focus on what needs to be done to achieve our objectives;
- The encouragement of enhanced partnership working to identify, manage and mitigate the risks facing the community as a whole;
- Delivering improvements in meeting the needs of the community, minimising complaints and achieving improvements in service delivery;
- Supporting the use of innovative approaches to improving outcomes and achieving better value in the use of public money;
- Better management and delivery of change programmes;
- Greater control of insurance costs, including reductions/limitations in insurance premium costs;
- Protection and enhancement of the reputation of the council; and
- To anticipate and respond proactively and reactively to the changing social, environmental, political, legislative, economic, technological context the council works within and also to deal with a whole range of competitive and citizen-based requirements.

- 2.7 Newcastle-under-Lyme Borough Council is committed to genuinely embedding risk management and all its elected Members, employees, service providers, partners and stakeholders are encouraged and

expected to commit to developing the culture, ethos and practice of risk management in every activity they undertake. The overall risk management approach for the organisation will therefore focus on pragmatic, meaningful assessment and treatment of risks and will discourage the capturing of generic, intangible corporate risks or non-relevant information where possible.

- 2.8 Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely reactive, defensive responses. Measures to manage adverse risks are likely to help with managing opportunities both in the short and the long terms.

This policy, therefore, provides a clear statement of direction for risk management as it is operated in the council and also by the council in dealings with other bodies.

3. **The council**, in providing a risk management function: -

- Recognises that good risk management practice is an integral part of management responsibilities if the highest quality services are to be delivered to the community in the most cost effective way;
- Recognises that risk management can be used as a valuable tool at a corporate level as well as at operational/service/functional level;
- Is committed to manage all of its activities in a way which minimises risks to people, property, services and its finances and to protect its assets through effective and efficient risk management; and
- Recognises that effective risk management is an integral part of robust performance management and good governance within the Council, as managing identified risks and controlling the potential negative consequences, whilst identifying opportunities, helps to ensure the delivery of objectives and priorities.

The council's key corporate priorities, as set out in the Council Plan, are:-

- Local Services that Work for Local People.
- Growing our People and Places.
- A Healthy, Active and Safe Borough.
- A Town Centre for all.

Each of these priority areas has a number of objectives within them which the council works towards on an on-going basis as part of service planning and organisational development. Progress against these is measured and publicly reported through a number of different channels.

The council has a statutory responsibility to have in place arrangements for managing risks as stated in the Accounts and Audit Regulations:-

‘A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.’

4. In order to manage risks the council has adopted an approach that is used across all services. The Council acknowledges that risks occur in the day to day delivery of services, the delivery of individual projects and initiatives, and in relation to any important decisions facing the council and its key partners. We should do what is reasonable to prevent or minimise the impact of these risks and to maximise opportunities when they arise.
5. The rationale behind the risk management process is that the predictable risks are identified and managed, allowing the greatest level of control possible to be put in place. In this sense the risk management process then allows managers to free up capacity to deal with any as-yet unidentified risks as they emerge.
6. To meet the responsibilities above, the council will: -
 - Ensure that risk management retains a high profile in the culture of the council;
 - Ensure clarity as to what needs to be done to achieve objectives;
 - Manage risk in accordance with best practice in line with ALARM & CiPFA guidance and advice;
 - Anticipate and respond to changing social, environmental, legislative, political, economic, technological, competitive and citizen requirements;
 - Prevent injury, damage and losses and reduce the cost of risk where possible;
 - Protect the council's assets;
 - Provide the best possible service to customers;
 - Maintain the reputation of the council;
 - Realise opportunities;
 - Promote innovation to achieve objectives; and
 - Ensure that risk management arrangements with our partners are robust.
7. The above will be achieved by:-
 - Reporting risk to individual Executive Directors and Heads of Service; Departmental Management Teams (DMTs), Wider Management Team (WMT), EMT and the council's Audit & Standards Committee;
 - Implementing a Risk Management Strategy that establishes clear roles, responsibilities, escalation and reporting lines within the council for risk management;

- Providing opportunities for shared learning around risk management across the council;
 - Offering a platform for identifying and prioritising risk areas;
 - Reinforcing the importance of effective risk management as part of everyday work of employees;
 - Incorporating risk management considerations into all aspects of the council's work including risk management capabilities in to policy and strategy making, service plans and performance challenge of Heads of Service;
 - Monitoring arrangements on an ongoing basis;
 - Regularly reviewing its arrangements to ensure it is following best practice and will consult with stakeholders; and
 - Engaging with stakeholders, including key partners and contractors, to develop their understanding of risk management and to ensure that they are engaged in effective risk management themselves.
8. The Chief Executive and Leader of the Council will be asked to sign off the policy and strategy as part of displaying both their commitment to risk management and also the organisation's commitment to these processes.

Signed: ORIGINAL SIGNED

Date: 04/06/2019

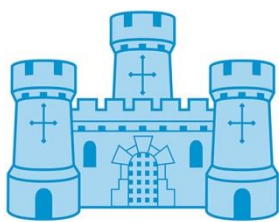
Leader of the Council

Signed: ORIGINAL SIGNED

Date: 04/06/2019

Chief Executive

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NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY 2019/20

1. Purpose

The purpose of this strategy is to: -

- Demonstrate how the Risk Management policy is to be implemented through Newcastle-under-Lyme Borough Council's commitment to risk management;
- Describe the objectives of risk management and provide a framework for embedding risk management further across the organisation with defined roles and responsibilities and a structured process. This will then ensure that opportunities are maximised and risks minimised; and
- Enable the council to develop risk management further through its effective use in its management and decision making processes.

2. Objectives of the Risk Management Strategy

The objectives of the strategy are:-

- To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand how they should contribute to effective risk management;
- To ensure a consistent process for identifying, evaluating, controlling, reviewing, reporting and communicating risks across the council is implemented, understood and embraced by all staff and members;
- To embed risk management into the ethos, culture, policies and practices of the council;
- To ensure that risk management is a key and effective contributor to the Annual Governance Statement; and
- To manage risk in accordance with recognised best practice through guidance provided by the Association of Local Authority Risk Managers (ALARM) & CIPFA (together with other relevant bodies)

3. Achievement of objectives

3.1 *To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand that they should contribute to effective risk management.*

Responsibility for risk management runs throughout the council and involves elected Members, senior officers and all other employees (see Appendix A). Clear identification of roles and responsibilities will ensure that risk management is embedded in all policy making, decision making, policy approval (strategic) processes and service delivery (operational) processes, as well as providing sufficient resources to both implement this strategy and thus ensuring systems are sustainable.

The roles and responsibilities are outlined at appendix A.

3.2 *To ensure the implementation of a consistent process for the identifying, evaluating, controlling, reviewing, reporting and communicating of risks across the council that is understood and embraced by all key stakeholders*

To assist with the approach to risk management and to ensure consistency across the council, a guidance document (appendix B) on the council's risk management process has been devised and developed for use by relevant individuals, services and organisations.

By effectively managing risks and opportunities the council will be in a stronger position to deliver its: -

- Corporate Priorities and Objectives;
- Services to the public;
- Partnership working agenda;
- Best value/value for money procedures and processes; and
- Identified outcomes

It will also inform the business processes of the council including: -

- Strategic/corporate planning;
- Financial planning;
- Service planning;
- Policy making and policy reviews;
- Performance management framework;
- Project management processes and frameworks;
- Partnership working;
- Internal controls and internal audit; and
- Business continuity and emergency planning arrangements

With responsibility for achieving objectives sits identifying risks, assessing them, developing controls and warning mechanisms, reviewing and reporting on progress by key individuals within the organisation.

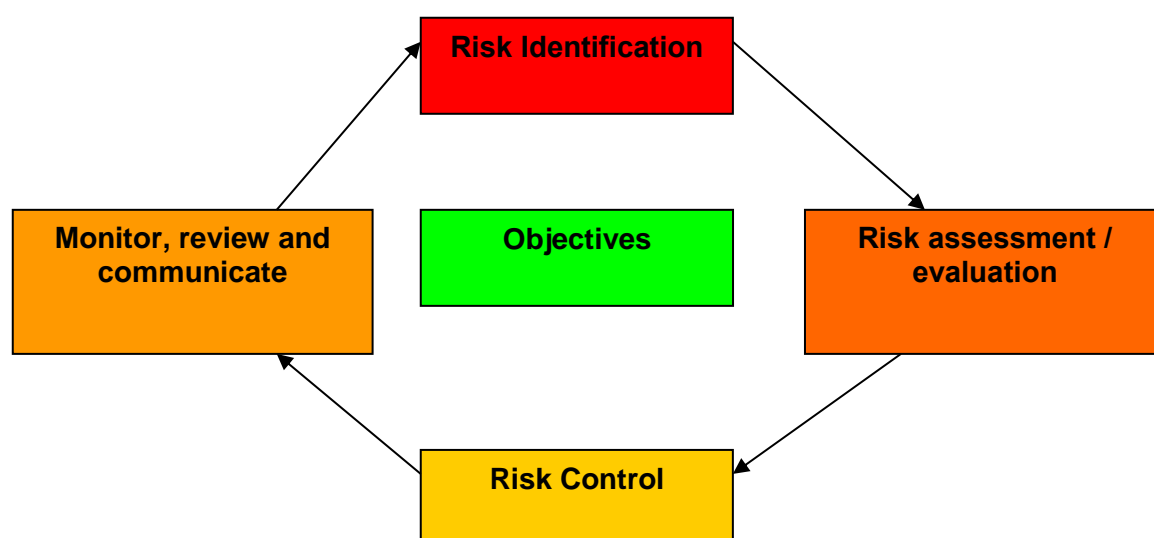
Some objectives, however, are reliant on external organisations with which the council works e.g. key partners and contractors. Working with external organisations could affect the achievement of objectives and this also must be taken into account when delivering the key elements of this strategy.

The strategic risk champion and other nominated risk champions have responsibilities including the support, challenge and recording of risks within their directorates or service areas. They will assist in the compiling of risk registers, whilst ensuring that the risk management strategy is adhered to as far as is possible. Officers who are involved in specific projects or operational activities will be responsible for identifying, assessing, developing, reviewing and reporting of risks. This will enable constructive discussions of the identification of risks, further actions and controls for the profiles to be undertaken on an ongoing basis.

The management of risk is an important part of the corporate planning and policy making/decision making processes and also in the key areas of project and change management.

Below is a summary of the council's risk management process. For an in-depth explanation, please refer to appendix B.

Summary Guide



3.2.1 Objectives

Any organisation is primarily concerned with the achievement of objectives. You need to know what you are trying to achieve before you can start to think about the risks that could have an impact on your success.

The more clearly objectives are defined, the more it will help you consider those risks that could actually impact on your objectives. When setting objectives remember to make them **S**pecific, **M**easurable, **A**greed, **R**ealistic and **T**ime bound (SMART).

At strategic level - the Council has four Corporate Priorities to which strategic risks are linked.

At operational level - each service has a number of business objectives contained within each service and financial plan to which operational risks are linked.

At project level - the relevant project brief or project initiation document details the aims and objectives of the project.

At partnership level - the partnership agreement or other formally agreed arrangements will detail the aims and objectives of the partnership.

3.2.2 Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Service Plan, appraisals etc to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk?	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this?
What type of risk is it?	Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

At strategic level, Executive Directors identify strategic and cross-cutting risks through facilitated awareness sessions. The risks identified are:

- Those that could significantly impact on the achievement of the Council's overall priorities;
- Those that are recorded in the individual Strategic Risk Registers; and
- Those that can be used to inform policy decisions.

At operational level – Heads of Service and Business Managers identify operational risks which may prevent them from achieving business objectives identified in their service plans, as well as any measures and actions to manage these risks. The risks identified are: -

- Those that could significantly impact on the achievement of the Business objectives;
- Those that are recorded in each Directorate's Operational Risk Register; and
- Those that can be used to inform meetings/actions between Business Managers and Heads of Service, and completion of the day to day services.

At project level - Project Managers will identify the risks that could impact on the successful delivery of the project. The risks identified are: -

- Those that could significantly impact on the achievement of the project;
- Those that are recorded in the Project Risk Register;
- Those that can be used to inform both strategic and operational risk identification

At partnership level - the Council has developed a working agreement to instigate the Lead Partner risk management framework. This will deliver

- A framework for all staff involved in considering new partnership workings.
- Assist members and officers wishing to review existing arrangements.

3.2.3 Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

The bold line on the matrix is the limit of the council's risk appetite, i.e. how much risk it is

willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii))

L I K E L I H O O D	HIGH	Amber 7	Amber 8	RED 9
	MEDIUM	Green 4	Amber 5	Amber 6
	LOW	Green 1	Green 2	Amber 3
		Low	Medium	High
		IMPACT		

3.2.4 Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying possible actions which may reduce either the impact or the likelihood of the risk and will therefore mean that the final rating is contained within the council's risk appetite (the green and amber sections of the table above). In undertaking risk control a number of questions can be asked as part of the risk management process.

Who owns the risk?	Priority	Review Period (months)	Action			
What could should be done to reduce the impact and/or likelihood of the risk?			Tolerate	Treat	Transfer	Terminate
What else do you need to do to control the risk?	High	1		√	√	√
(see Appendix B(iii))	Medium	2 - 6	√	√	√	√
	Low	9 - 12	√	√	√	√

3.2.5 Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as a result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?
- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually

3.3 *To embed risk management into the ethos, culture, policies and practices of the council*

Risk management is well established at the council but this strategy is seeking to build on it. The aim is to ensure that risk management plays an

integral part in decision making and the day to day business of the council in a structured uniform manner.

Risk management will be part of and included in the council's processes, policies and documents but not limited to: -

- Development and maintenance of the Constitution;
- Economic Development Strategy;
- Stronger and Safer Communities Strategy;
- Health and Well Being Strategy;
- Council Plan;
- Medium Term Financial Strategy;
- Service Plans;
- Code of Corporate Governance;
- Code of Practice on Procurement;
- Reports to support key decisions;
- Performance management;
- Policy planning; and
- Financial management

3.4 *To continue to ensure that risk management is a key and effective contributor to the Annual Governance Statement*

To achieve this: -

3.4.1 Heads of Service are required to make statements as to the effectiveness or otherwise of their systems for identifying, monitoring and managing corporate and operational risks. This is confirmed by each Executive Director signing a Controls Assurance Statement each year.

3.4.2 Confirmation is obtained from the Corporate Governance Working Group and the Audit & Standards Committee and internal Audit, who use CiPFA best practice that the council's risk management framework is judged to be sufficiently robust and that assurance statements properly reflect the risk environment and its management of those risks.

3.4.3 The risk registers of the council will be a factor in internal audit planning.

3.5 *To manage risk in accordance with best practice*

3.5.1 The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations:

'A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk'.

Risk management is recognised as an important element of good governance. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" seeks to ensure that risk

management is embedded into the culture of the authority with members and officers recognising that risk management is part of their jobs.

- 3.5.2** Good internal control ensures that the processes and procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded and records complete and accurate.
- 3.5.3** Performance monitoring ensures the treatment of risk remains effective and the benefit of implementing risk control measures outweighs the costs of doing so. It is a continual review not only of the whole process but also of individual risks or projects and of the benefits gained from implementing risk control measures.
- 3.5.4** Data quality needs to ensure that the data used for performance monitoring and to inform decision making is accurate, reliable, timely and fit for purpose. If data is misleading, it could lead to flawed decision making, wasted resources, services that may not improve and the development of ill-founded policy.
- 3.5.5** The business continuity process is a form of risk management applied to the whole council and its ability to continue with its service provision in the event something occurring which potentially affects that ability. The council must ensure risk management processes are applied throughout the business continuity lifecycle.
- 3.5.6** The achievement of effective Health and Safety policies, processes and procedures has been committed to by the council with the development of policy and guidance specifically addressing the management of health and safety risks.

4. Conclusion

By embracing risk management, the council will make the most of the opportunities which it faces whilst operating within a risk-aware environment.

Date of Approval:	2019
Approved by:	Audit & Standards Committee
Next review due:	April 2020
Version:	10.0
Changes:	See below

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Changes	25/03/2015	No changes made except dates
Changes	14/03/2016	No changes made except for dates
Changes	22/03/2017	No changes made except for dates
Changes	05/02/2018	1. Date changes made
		2. Audit & Risk amended to Audit & Standards Committee
Changes	31/05/2019	1. Date changes made
		2. Pg 2 – Point 3.2 Para 2 point 1 added words Corporate Priorities
		3. Pg 3 – Point 3.2.2 Para 2 title Operational level added words Heads of Service

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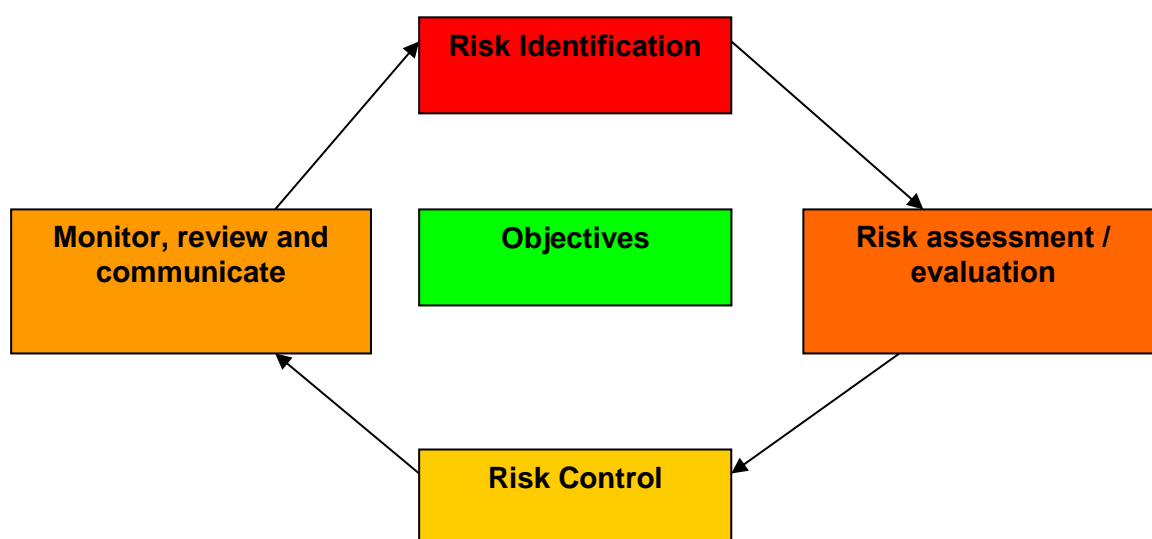
APPENDIX A

Group/Individual	Roles and Responsibility
Leader of the Council	<ul style="list-style-type: none"> Promotes the concept and practice of risk management across the organisation and amongst all elected Members
Corporate and Service Improvement, People and Partnerships Portfolio Holder	<ul style="list-style-type: none"> Member risk champion Promotes the concept and practice of risk management across the organisation and amongst all elected Members To receive quarterly updates on risk from the Business Improvement Manager for inclusion in Informal Cabinet meetings where appropriate
Audit & Standards Committee	<ul style="list-style-type: none"> Approves and agrees changes to the risk management policy and strategy. Monitors the council's risk management arrangements Monitors the council's high level risks as and when they occur Provides independent assurance that the risk management framework and associated control environment is being managed effectively and the statement of internal control correctly reflects the risk environment
All elected Members	<ul style="list-style-type: none"> Advocate good risk management processes Ensure that risks have been robustly assessed in reports presented to elected Members
Chief Executive	<ul style="list-style-type: none"> Ultimate responsibility for strategic and operational risk management across the council Ensures that all strategies and policies contain risk management as an inherent part of their structure which helps drive the organisational change leading to excellence Ensures that risk management practices across the council reflect best practice. Ensures that risk management issues are fully considered in the decision making process. Drives excellence through the council with strong support and well managed risk taking. Ensures that the council manages its risks effectively through the development and monitoring of its risk management strategy.
Executive Director (Resources & Support Services) - Chair of Corporate Governance Working Group (CGWG)	<ul style="list-style-type: none"> Ensures that Executive Management Team (EMT) are aware of any issues that have been escalated by the CGWG and cannot be resolved and ensures that these are noted in minutes of EMT and actioned accordingly either by or on behalf of EMT Provides assurance to the Audit & Standards Committee as appropriate that the risks are being

	managed in accordance with the Risk Management Strategy
Executive Directors (EMT)	<ul style="list-style-type: none"> • Ensure that the risk management process is promoted, developed, managed and implemented effectively in their service areas. • Make decisions with their heads of service as to which service risks may warrant inclusion on their strategic risk register • Take ownership of strategic risks in their directorates and include them in the strategic risk register • Disseminate relevant information to service managers and employees • Escalate where necessary any issues that cannot be resolved to the Audit & Standards Committee for advice on decisions • Establish and monitor a rolling programme of operational risk reviews • Promote good risk management practice throughout the council in conjunction with CGWG • Ensuring that when Cabinet reports are written by their officers, that a relevant up to date risk assessment is provided where applicable, before being signed off for submission to Cabinet • Ensure that the appropriate portfolio holder is aware of detailed risk assessments when discussions begin on any proposal
Corporate Governance Working Group (CGWG)	<ul style="list-style-type: none"> • Promote good risk management practice throughout the council in conjunction with EMT • Support the development of the risk management process, share experience on risk and aid/advise in the review of risk management reviews • To review the risk management policy and strategy where necessary • To identify trends and priorities across the council • Liaise with specialist risk groups in order to inform the strategic risk registers • Ensure processes are in place to report any new/perceived (key) risks or failures of existing control measures • Report on key performance results to EMT and Audit & Standards Committee • To accept and make decisions on the course of action of any issues brought to them by DMT or the strategic risk champion • To escalate any issues to EMT brought to the group by DMT or the strategic risk champion, where a stronger decision is needed and cannot be resolved at this level
Directorate Management	<ul style="list-style-type: none"> • Ensure the completion of project risk registers where

<p>Teams (DMTs)</p> <p>Wider Management Team (WMT)</p>	<p>appropriate (DMT)</p> <ul style="list-style-type: none"> • Liaise with specialist risk groups in order to inform the any relevant strategic and operational risk profiles (e.g. Health & Safety, legal, environmental) (DMT/WMT) • To accept and make decisions on any issues escalated to them by the risk champions (DMT) • To escalate, where necessary, any risks, overdue actions and reasons for such, overdue risk reviews to the CGWG, where a higher decision is needed and cannot be resolved at this level (DMT) • Monitor the implementation of action plans and control assurance programmes (DMT/WMT) • Report key performance results (DMT) • Promote and share best practice across the directorate (DMT) • Monitor (and share with the director) situations where: - <ul style="list-style-type: none"> - risks are rising in the level of security; - circumstances where managers have been unable to implement the agreed mitigating actions; - risks could potentially have an impact on other services (DMT) • To understand the escalation process of risks, action plans and issues (DMT/WMT) • To accept the notification of any incidents or near-misses reported to them by employees or risk champions, and record them appropriately (DMT)
<p>Business Improvement Manager (BIM)</p> <p>Business Improvement Officer (Risk) (BIO)</p>	<ul style="list-style-type: none"> • Develop and maintain a risk management process reflecting established best practice (BIM/BIO) • Lead on the annual review of the risk management policy, strategy and methodology, helping to ensure all aspects of the process remain robust. (BIM/BIO) • Ensure risks are reviewed and reported to management in line with the timelines in the risk management framework (BIM/BIO) • Collate and administer the strategic risk registers (BIO) • Prepare annual and quarterly risk management reports for the Audit & Standards Committee (BIM/BIO) • Identify and communicate risk management issues to DMT/EMT for dissemination to services and assist in undertaking risk management activity through guidance, training or direct support. (BIM/BIO) • Promote risk management process throughout the council with both members and officers ensuring the process is embedded, effective and reflects best practice. (BIM/BIO)

	<ul style="list-style-type: none"> • Consult with Executive Directors concerning risk issues (BIO) • Act as a lead support officer for the CGWG (BIO) • Manage the insurance fund and external insurance contract (BIO) • Liaise with external insurers to ensure that future premiums reflect all risk management activities being undertaken (BIO) • Administer the designated risk management system for managing and controlling risks (BIO) • Monitor and report to the CGWG any issues that arise either from strategic risk reviews, overdue risk review reports, non-compliance with guidelines laid out in the risk management framework/approach by employees of the council, reported to them by the operational risk champions (BIM/BIO) • Identify any emerging risks and incorporate into the relevant risk registers (BIO) • Report to the CGWG any further support required (BIO)
Operational Risk Champions	<ul style="list-style-type: none"> • Create and maintain operational risk registers in conjunction with heads of service. • Monitor and report to their respective DMTs any high risks and any issues that may arise in respect of overdue actions/overdue reviews and other problems they encounter for them to either deal with or to escalate to the CGWG via the strategic risk champion. • Update the operational risk profiles on the designated risk management system. • Report to the BIO any further support required. • Ensure that incidents occurring or near-misses are reported to DMT.
Employees	<ul style="list-style-type: none"> • Manage risks effectively in their jobs. • Raise any perceived/new risks for their service area with the appropriate line manager/business manager/head of service or risk champion for inclusion in the risk register. • Report any incidents or near-misses to their risk champion or head of service.

APPENDIX B**Risk Management Process**

Step	Title	Description
1	Objectives	<p>Start of the process – concerned with achievement of objectives – the clearer the objectives then more chance there is of achieving them.</p> <p>Objectives must be <u>SMART</u> – <u>S</u>pecific, <u>M</u>easurable, <u>A</u>greed, <u>R</u>ealistic, <u>T</u>ime-bound.</p> <p><i>Strategic:</i> the council has four priorities to which strategic risks are linked</p> <p><i>Operational:</i> each service has a number of business objectives contained within the Service Plan to which operational risks are linked</p> <p><i>Project:</i> each project document details the aims and objectives of the project</p> <p><i>Partnership:</i> the partnership agreement or formally agreed arrangements will details the aims and objectives of the partnership</p>
2	Risk identification	<p>Risk identification tries to identify the council's exposure to uncertainty. You need to use your imagination, creativity, involvement and experience in this part of the process. Identify the risks that <i>may</i> stop you from meeting your objectives – it may be useful to use the list of risk categories as a guide: political; e-government; regulatory; financial/fraud; opportunities; reputation; management; assets; new partnerships/projects;</p>

		<p>customers/clients/citizens/children; environmental (a description of these can be found at appendix B(i).</p> <p>Strategic risks are those that</p> <ul style="list-style-type: none"> • Could impact significantly on the achievement of the council's four priorities • Are recorded in the executive director's strategic risk assessment • Used to inform policy decisions <p>Operational risks are those that</p> <ul style="list-style-type: none"> • Impact significantly on the business objectives • Are recorded in the individual service risk registers • Are used to inform the Heads of Service <p>Project risks are those that</p> <ul style="list-style-type: none"> • Could impact significantly on the achievement of the project • Are recorded in the project risk register • Are used to inform both strategic and operational risk identification <p>Partnership risks are those that</p> <ul style="list-style-type: none"> • Could significantly impact on the achievement of the partnerships aims and objectives • Are recorded in the partnership risk registers • Are used to inform both strategic and operational risk identification <p>There are three elements to any risk scenario</p> <ul style="list-style-type: none"> • The vulnerability describes the situation (that may be perceived) that exposes the council to risk • The trigger is an event or change in situation that has a negative/positive result • The consequences are the events that follow should the risk occur
3	Risk assessment/evaluation	<p>Areas of potential risk need to be systematically and accurately assessed. The process requires an assessment of: -</p> <ul style="list-style-type: none"> • The <i>impact</i> it would have if a risk event occurs • The <i>likelihood</i> of the risk event occurring • Possible resources needed and other implications • The priority of the risk for action in relation to the

		<p>council's risk tolerance level (amber and green areas on the table/matrix of risk ratings)</p> <p>Once threats and opportunities have been identified their potential "inherent" risk is evaluated – i.e. with no controls in place and using the matrix found in appendix B (ii).</p> <p>The risk is then re-evaluated taking into account the effectiveness of the controls in place. This result is the "residual" risk rating, or – put another way – the final risk rating.</p>
4	Risk control	<p>Some risks cannot be eliminated completely. Risk management is the process of taking action to minimise the likelihood of the risk occurring and/or to reduce the impact if it does happen.</p> <p>To control the possibility of the event occurring, you need to determine a course of action to try to reduce the risk. Such actions are likely to include the following: tolerate (live with the risk), treat (deal with the risk), transfer (move the risk onto another organisation) or terminate (stop doing whatever it is that is creating the risk) – those actions can be determined by the further action plans you put in place to control the risk further (if any). A description of the action categories can be found at appendix B(iii).</p> <p>Clear responsibility for managing the risk to an appropriate 'risk owner' must be assigned. The risk owner can then give responsibility of further action to designated officers that enable them to still influence the risk.</p> <p>The further actions must be <u>SMART</u> and must be developed appropriate to the risk identified.</p> <p>Any such actions are entered into the risk register and monitored.</p>
5	Monitor, review and communicate	<p>There must be monitoring and review of:</p> <ul style="list-style-type: none"> • The risk itself • The implementation of the <i>agreed</i> control measures • The effectiveness (or otherwise) of any further actions • Were an incident to occur, it is recorded and used to inform a lessons-learnt report <p>As part of the review cycle, risks and actions will be re-analysed and the cycle will continue as shown in the</p>

		<p>cycle at the top of this appendix.</p> <p>Review and communication of the risks, controls and actions must be reported in line with the timescales shown at appendix B(iv) and dealt with accordingly – i.e. escalated, received and agreed.</p>
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APPENDIX B(i)**Check List for Risk Identification – Categories (not exhaustive)**

Political	Politicians and politics, including Member support/approval Electorate dissatisfaction, election changes and new political arrangements
E-Government	Using new or existing technology Lack of, or failure, of technology Lost or stolen data, Inaccurate or poor quality data, Disaster recovery, jacking or corruption of data, breach of security
Regulatory/Legislative	Central government policy, Legislation, internal policies and regulations, grant funding conditions, Data Protection, Freedom of Information, Race Equality and Diversity, Disability Discrimination, Human Rights, Employment Law, TUPE, Health & Safety, Potential for legal challenges, judicial reviews
Financial/Fraud	Budgetary pressures, loss of/reduction in income cost of living, interest rates, inflation etc Financial management arrangements, Investment decisions, Sustainable economic growth Affordability models and financial checks, Inadequate insurance cover External funding issues including loss of (or reduction in) funding System/procedure weaknesses that could lead to fraud
Opportunities	Opportunities to add value or improve customer experience/satisfaction Reduce social exclusion and disparities, Increase employment, education and training Improve health, reduce health inequalities and promote healthy lifestyles Opportunities to reduce waste and inefficiency and minimise the use of natural resources, increase Recycling, minimise air, soil, water, light, noise pollution, greenhouse gas emissions and energy use Reduce the need to travel and encourage the use of public transport, cycling and walking Encourage local sourcing of food, goods and materials, Conserve, restore and enhance biodiversity Reduce crime, fear of crime and anti-social behaviour
Reputation	Consultation and Communication, Negative publicity (local and national) from service or project failure, legal challenges
Management	Key personalities, loss of key staff, recruitment and retention, management arrangements/protocols Lack of/or inadequate management support, poor communication Capacity issues – enough, training issues, availability, sickness absence etc Emergency preparedness/Business continuity
Assets	Land, property, listed buildings and ancient monuments, equipment, information, cultural and recreational assets. Includes health and safety or business continuity, abuse of intellectual property, data protection

New/ongoing Partnerships/ Projects/Contracts	New initiatives, new ways of working, new arrangements/relationships New policies/procedures Managing change
Customers/Citizens Clients/Children	Demographic change, Current and changing needs and expectations of customers Impact on customer of service or project failure, Consumer protection Crime and disorder, Health and Safety risks, Impacts on health inequalities Effects on physical and mental health and sense of social wellbeing, loss of independence and need for social care support
Environment	Policies/plans that significantly affect the environment need a sustainability impact appraisal Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions, conservation and wildlife, habitats and species issues Impact of planning or transportation policies Climate change such as increased temperatures and flooding, Ecological footprint, flood plains Environmental assets such as landscape, countryside, historic environment and open space

IMPACT MEASURES AND CLASSIFICATION

APPENDIX B(ii)

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening <u>OR</u> permanent disability	Serious injury <u>OR</u> long-term absence from work (over 7 days)	Minor injury <u>OR</u> short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Executive Director reporting, Member interest	Short term local media attention, Wider Management Team reporting
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (upto 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and Executive Management Team	Wider Management Team

Likelihood Measures

	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year <u>OR</u> is highly likely to occur in the next year	An incident has occurred in the past 2-5 years <u>OR</u> is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years <u>OR</u> is likely to occur in the next 6+ years

L I K E L I H O O D	High	7 Amber	8 Amber	9 Red
	Medium	4 Green	5 Amber	6 Amber
	Low	1 Green	2 Green	3 Amber
		Low	Medium	High
IMPACT				

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ACTION CATEGORIES**APPENDIX B(iii)**

Action	Description
Tolerate	This action is appropriate when you judge that the control measures in place are sufficient to keep the risk at a tolerable level and there is no added value to doing more.
Treat	Some risks will need additional treatment to reduce their likelihood and/or impact to an acceptable level. This response is most likely where there have been further actions identified that are SMART and the risk rating has been identified as high (red) or in some cases medium (amber).
Transfer	Some risks can be transferred to an insurer or some other party eg legal liability, property and vehicles etc. Some service delivery risks can be transferred to a contractor by way of a contract or written agreement. However some risks cannot be transferred eg reputational risks.
Terminate	Sometimes a risk can be so serious that there is no option but to terminate the activity that is generating the risk.

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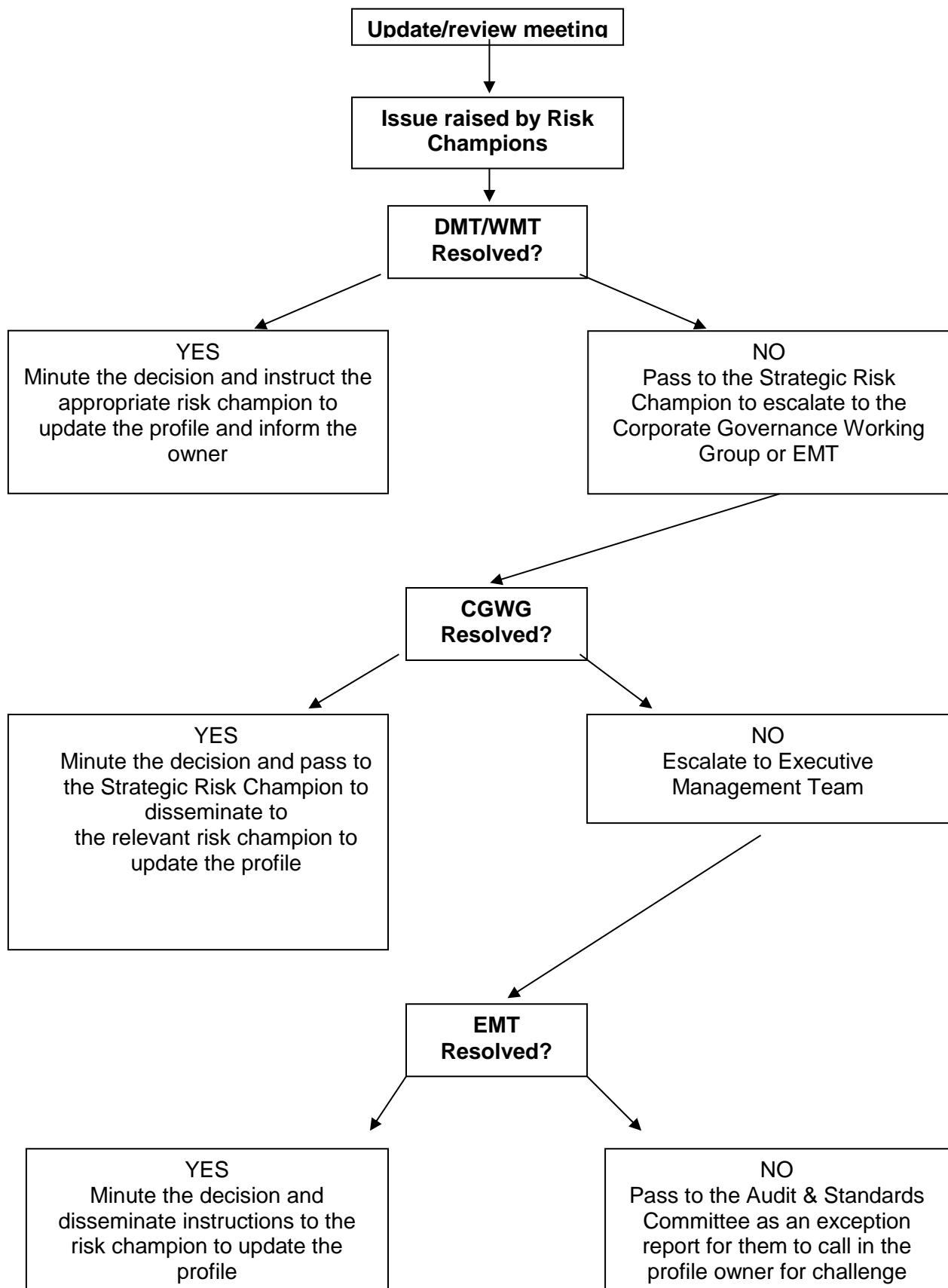
RISK MANAGEMENT REVIEWING & REPORTING, COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red 9	Treat Terminate Transfer Tolerate	<p>This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening <u>OR</u> permanent disability, wherever possible the activity should cease until the risk is effectively managed.</p> <p>Escalation of issues to go to DMT (via risk champion) or WMT (where appropriate), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution is found.</p>	<p>The appropriate Executive Director must be made aware immediately and the risk must be escalated to the appropriate group – the Departmental Management Team (DMT) or Corporate Governance Working Group (CGWG) (if called), where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. If the risk could affect the whole council or, if wider support is required to manage it, the risk must be escalated to the Executive Management Team (EMT).</p> <p>Progress to manage this risk must be reviewed by the relevant DMT (or WMT where appropriate) and risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.</p>
Amber 8 Amber 6 Amber 5	Transfer Treat Tolerate	<p>Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact.</p> <p>Escalation of issues to go to DMT (via risk champion) or WMT (where appropriate), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group (if called).</p> <p>If wider support is required to control this risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Amber 7 Amber 3	Transfer Treat Tolerate	<p>In view of the low likelihood of this risk occurring, this level of risk can be accepted, however management must first consider that all reasonable steps have been taken to reduce this risk in terms of the potential impact.</p> <p>Escalation of issues to go to DMT (via risk champion) or WMT (where appropriate), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group (if called).</p> <p>If wider support is required to control the risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Green 4 Page 45	Transfer Treat Tolerate	<p>Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact.</p>	<p>The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Head of Service.</p>

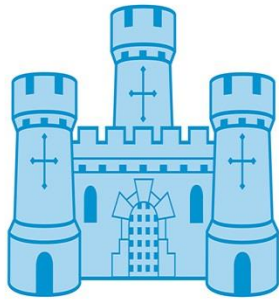
Escalation of issues to go to DMT (via risk champion) or WMT (where appropriate), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found.

If wider support is required to control this risk, it must be escalated to the Departmental Management Team.

Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register.

ESCALATION PROCESS

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NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

A QUICK GUIDE TO THE COUNCIL'S **RISK MANAGEMENT PROCESS**

Review date:	2019
Version:	10
Reviewed by:	Audit and Standards Committee
Next review date:	April 2020
Changes:	See below

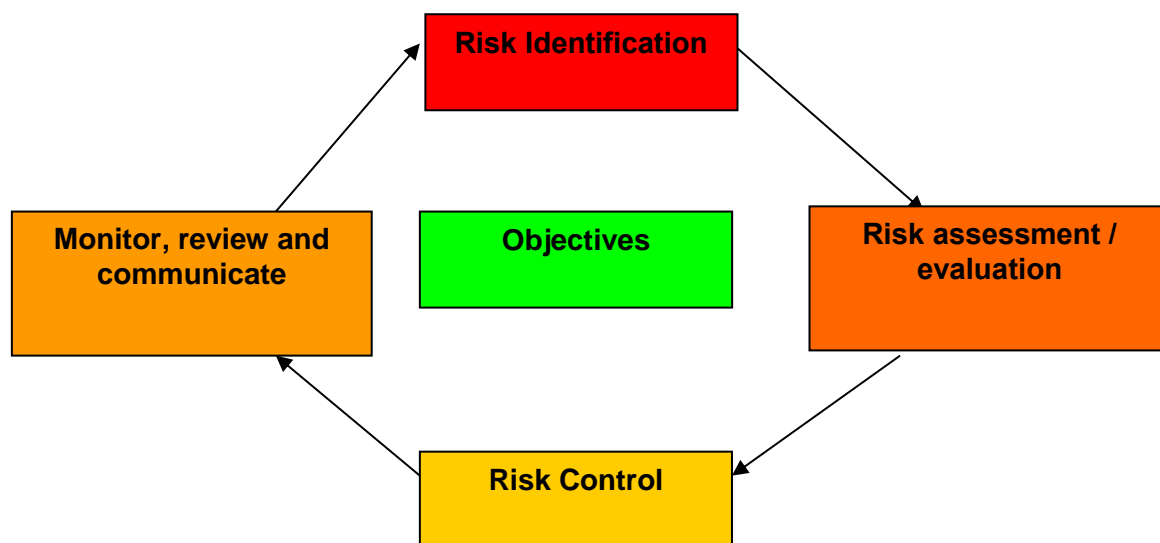
Review date:	2018
Version:	9
Reviewed by:	Audit and Standards Committee
Next review date:	April 2019
Changes:	See below

Review date:	April 2017
Version:	8
Reviewed by:	Audit and Risk Committee
Next review date:	April 2018
Changes:	See below

Changes Made

22/03/2017	None
05/02/2018	Audit & Risk Committee changed to Audit & Standards Committee
31/05/2019	None

	<u>Page No.</u>
Risk Management Process	3
Impact & Likelihood Measures	6
Reviewing, Reporting & Communicating Framework	7
Escalation Process	8



Objectives

In developing our approach to risk management, a key part at all stages of the process is to identify SMART objectives - in other words the objectives need to be Specific, Measurable, Achievable, Realistic and Time-bound. In other words, they need to be structured in such a way that they can be assessed as to whether they have worked properly or not. This section takes into account all the objectives set out above and provides more information on each.

Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Service Plan, appraisals etc to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk?	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this?
What type of risk is it?	Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

L I K E L I H O O D	HIGH	Amber 7	Amber 8	RED 9
	MEDIUM	Green 4	Amber 5	Amber 6
	LOW	Green 1	Green 2	Amber 3
		Low	Medium	High
IMPACT				

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

The bold line on the matrix is the limit of the council's risk appetite, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii))

Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying possible actions which may reduce either the impact or the likelihood of the risk and will therefore mean that the final rating is contained within the council's risk appetite (the green and amber sections of the table above). In undertaking risk control a number of questions can be asked as part of the risk management process.

Who owns the risk?	Priority	Review Period (months)	Action			
What could/should be done to reduce the impact and/or likelihood of the risk?			Tolerate	Treat	Transfer	Terminate
What else do you need to do to control the risk?	High	1		√	√	√
(see Appendix B(iii))	Medium	2 - 6	√	√	√	√
	Low	9 - 12	√	√	√	√

Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as a result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?

- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually

Classification: NULBC **UNCLASSIFIED**
RISK ASSESSMENT IMPACT MEASURES AND CLASSIFICATION

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening OR permanent disability	Serious injury OR long-term absence from work (over 7 days)	Minor injury OR short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Executive Director reporting, Member interest	Short term local media attention, DMT/WMT reporting (depending on the issue)
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (up to 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and/or EMT	DMT/WMT (where appropriate)

ALWAYS TAKE THE WORST CASE SCENARIO AS YOUR IMPACT LEVEL

Likelihood Measures

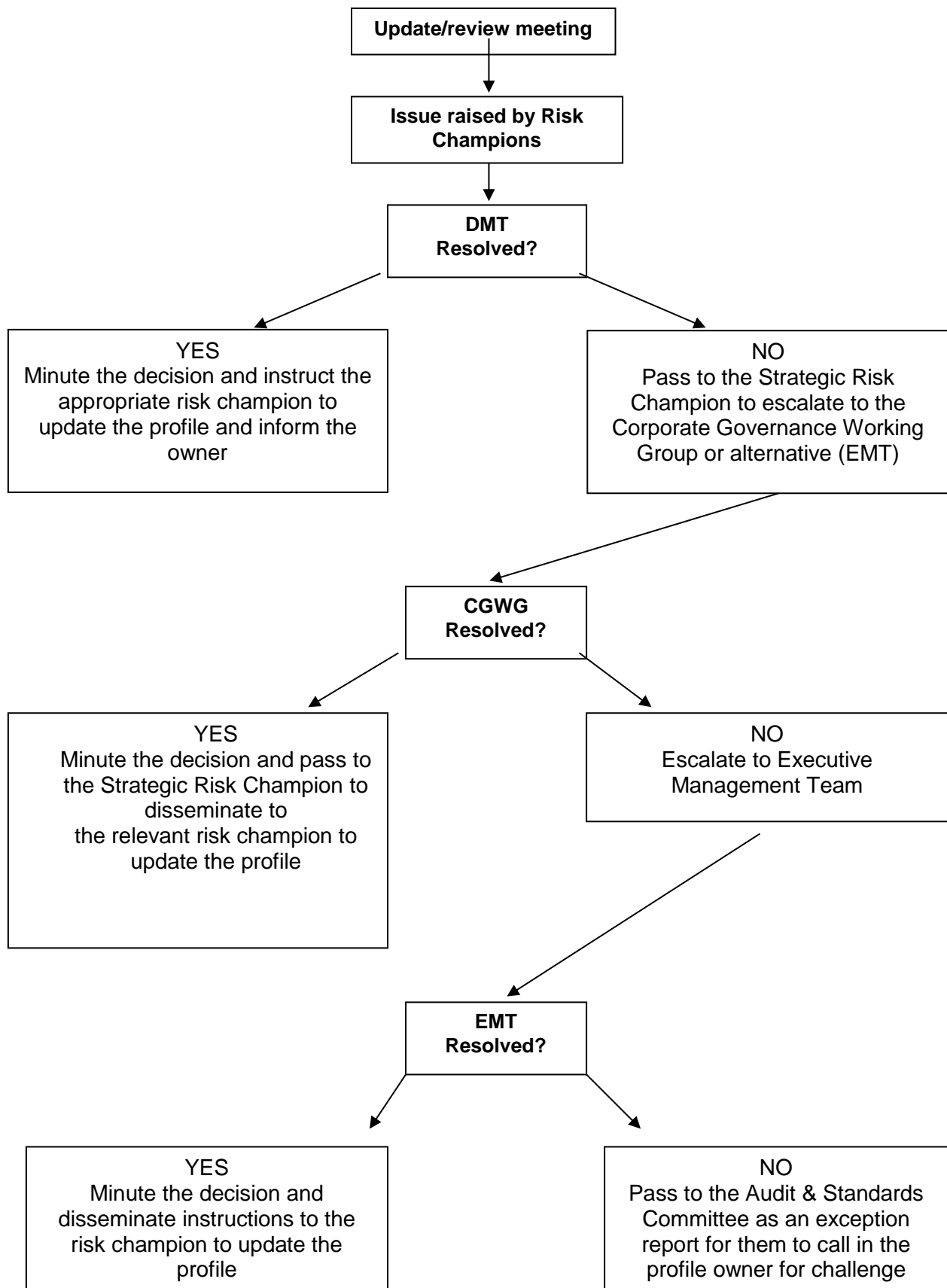
	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year OR is highly likely to occur in the next year	An incident has occurred in the past 2-5 years OR is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years OR is likely to occur in the next 6+ years

L I K E L I H O O D	High	7 Amber	8 Amber	9 Red
	Medium	4 Green	5 Amber	6 Amber
	Low	1 Green	2 Green	3 Amber
		Low	Medium	High
IMPACT				

Classification: NULBC UNCLASSIFIED

RISK MANAGEMENT REVIEWING, REPORTING & COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red 9 Orange 8 Amber 6 Green 5	Treat Terminate Transfer Tolerate	<p>This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening OR permanent disability, wherever possible the activity should cease until the risk is effectively managed.</p> <p>Escalation of issues to go to DMT (via risk champion) CGWG (via strategic risk champion) EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Executive Director must be made aware immediately and the risk must be escalated to the appropriate group – the Departmental Management Team or Corporate Governance Working Group (if called), where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. If the risk could affect the whole council or, if wider support is required to manage it, the risk must be escalated to the Executive Management Team.</p> <p>Progress to manage this risk must be reviewed by the DMT and risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.</p>
Amber 8 Amber 6 Amber 5	Transfer Treat Tolerate	<p>Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact.</p> <p>Escalation of issues to go to DMT (via risk champion) CGWG (via strategic risk champion) EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group (if called).</p> <p>If wider support is required to control this risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Amber 7 Amber 3	Transfer Treat Tolerate	<p>In view of the low likelihood of this risk occurring, this level of risk can be accepted, however management must first consider that all reasonable steps have been taken to reduce this risk in terms of the potential impact.</p> <p>Escalation of issues to go to DMT (via risk champion), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group (if called).</p> <p>If wider support is required to control the risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Green 4 2 1	Transfer Treat Tolerate	<p>Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact.</p> <p>Escalation of issues to go to DMT (via risk champion), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Head of Service.</p> <p>If wider support is required to control this risk, it must be escalated to the Departmental Management Team.</p> <p>Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register.</p>



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AUDIT AND STANDARDS COMMITTEE

HEALTH AND SAFETY ANNUAL REPORT 2018-19

Submitted by: Head of Environmental Health Services

Portfolio: Finance & Efficiency

Ward(s) affected: None

Purpose of the Report

To inform Members of issues and trends regarding health and safety at the council.

Recommendation

That the report be noted.

1. Background

- 1.1 Attached as an Appendix is the health and safety report submitted to the council. It covers the period 1st April 2018 to 31st March 2019.

2. Issues

- 2.1 The updated version of Target 100 has now been fully implemented and work continues to support employees on using the system.
- 2.2 Updates to the Corporate Health and Safety Policy, Drug, Alcohol and Substance Misuse Policy have been undertaken and approved.
- 2.3 The Health and Safety arrangements for Castle House have been developed and implemented.
- 2.4 Accident data and trends are provided within the report.

3. Recommendation

- 3.1 That the report be noted.

4. Legal and Statutory Implications

- 4.1 The council is required to comply with all relevant Health and Safety legislation.
- 4.2 Failure in ensuring suitable and sufficient arrangements for health and safety may lead to investigation and/or enforcement action by the Health and Safety Executive as the enforcing authority for the council's activities.

5. Equality Impact Assessment

- 5.1 The health and safety policy and procedures apply equally to all employees. Training is available to all employees as required.

6. **Financial & Resource Implications**

- 6.1 The majority of health and safety training courses are carried out in-house. On occasions, external providers are required to conduct specialist training courses i.e. first Aid. The cost of this is met from within the existing Corporate Training budget.

7. **Risks**

- 7.1 Failure to adopt best practice health and safety standards could result in wastage of council resources and the provision of an inefficient service.

8. **Outcomes Linked to Corporate Priorities**

- 8.1 In line with the Council's corporate priorities –
- Local services that work for local people.
 - A healthy, active and safe borough.
 - A town centre for all.

9. **Earlier Cabinet/Committee Resolutions**

H&S 6 month Report April-Sept 2018

Newcastle-under-Lyme Borough Council

HEALTH AND SAFETY ANNUAL REPORT APRIL 2018 – MARCH 2019.

1. INTRODUCTION

- 1.1 This report outlines the current state of health and safety matters during the year from 1st April 2018 to 31st March 2019.
- 1.2 There is considerable progress to report, including the delivery of training, fire evacuation drills and the revision of several health and safety policies.

2. POLICIES AND GUIDANCE

- 2.1 A significant amount of work has been undertaken to assist the Facilities Management team to prepare fire evacuation and first aid policies and procedures for Castle House. These documents have been prepared to align so far as possible with Staffordshire County Council requirements as the building landlord. However, implementation of these will form part of the Facilities Management agreement being undertaken by NULBC.
- 2.2 The Corporate Health and Safety policy has been reviewed and approved, the policy sets out the Councils commitment to health and safety and sets out responsibility at different levels.
- 2.3 The Drug, Alcohol and Substance Misuse policy has been reviewed, updated and approved, the policy now includes arrangements for alcohol and drug testing of employees.
- 2.4 The Lone Worker policy has been reviewed and approved, the policy review reflects changes to procedures following the implementation of new lone worker devices.
- 2.5 A use and management of portable ladders policy has been created and approved, the policy reflects the Councils position regarding the use and inspection of such equipment.

3. TARGET 100

- 3.1 Target 100 is the safety management system which the Council uses to manage and record health and safety policies, procedures, risk assessments and to organise routine assessments and tasks for the management and control of Health and Safety across the Council. This system also provides practical Health and Safety advice and guidance to assist in ensuring compliance with the law. This system was introduced in late 2010 and its use continues to be developed throughout the Council.
- 3.2 Work continues with the use of Target 100, in particular the focus has been on risk assessments and ensuring that these are regularly monitored and reviewed to ensure that they remain suitable and sufficient.
- 3.3 A number of report templates have been developed to assist in monitoring trends and to allow reporting to Corporate Health & Safety Committee and Directorate Management Team's.

4. HEALTH AND SAFETY TRAINING

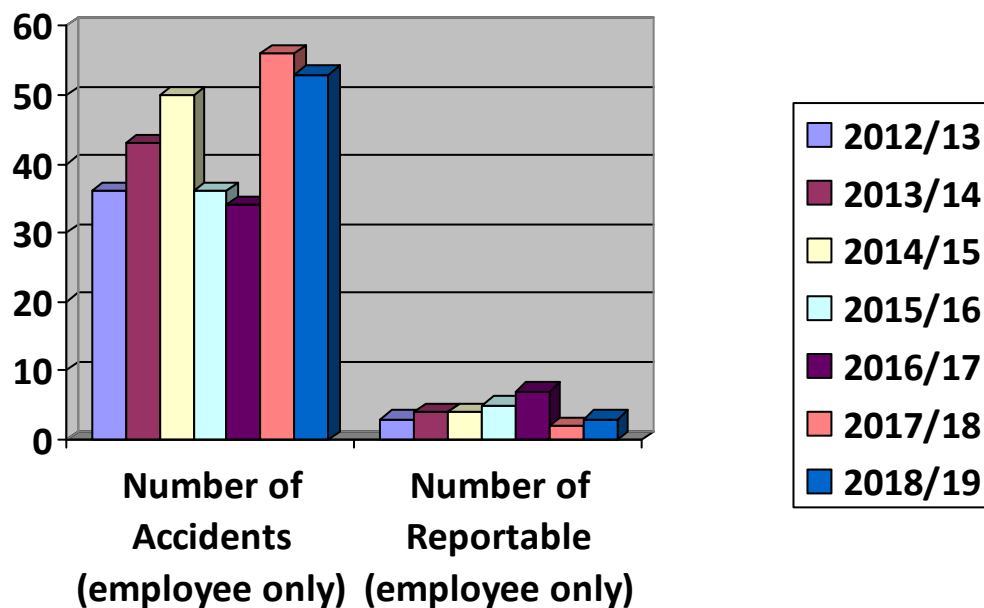
4.1 The following Health and Safety Training has been completed –

- Target 100 Version 6 User and Administrator
- Castle House Inductions
- Elected Members General Health & Safety Awareness
- Fire Marshal
- Evac Chair
- Controlling Officer
- Target 100 Version 6

5. ACCIDENT REPORTS

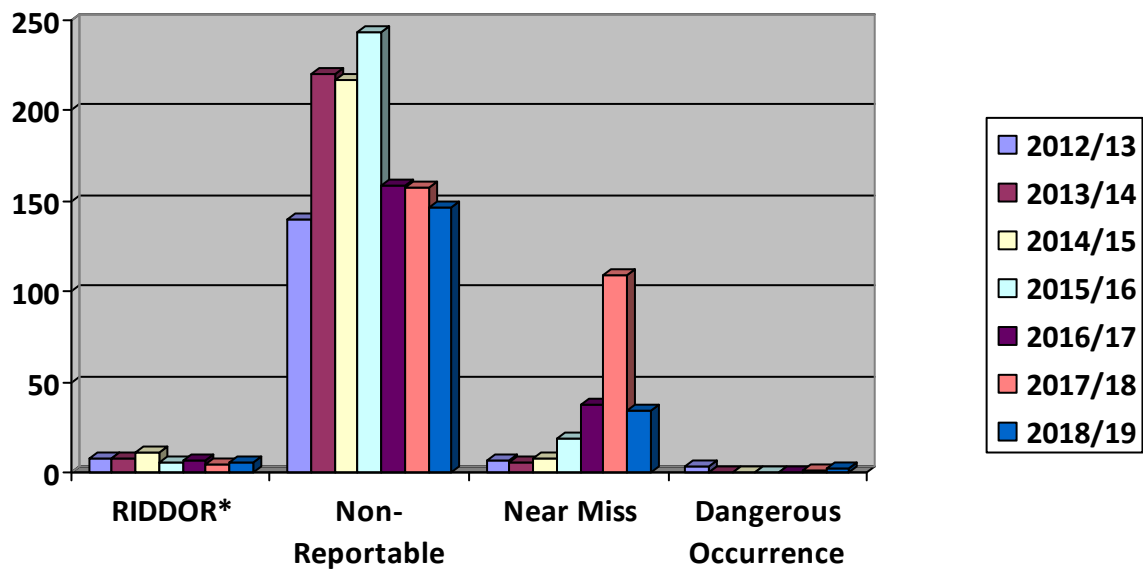
5.1 Please see table and graph below for a summary of employee accidents.

Year	Number of Accidents (employee only)	Number of Reportable (employee only)
2012/13	36	3
2013/14	43	4
2014/15	50	4
2015/16	36	5
2016/17	34	7
2017/18	56	2
2018/19	53	3



5.2 The table and graph below shows trends in all accidents (staff & members of public)

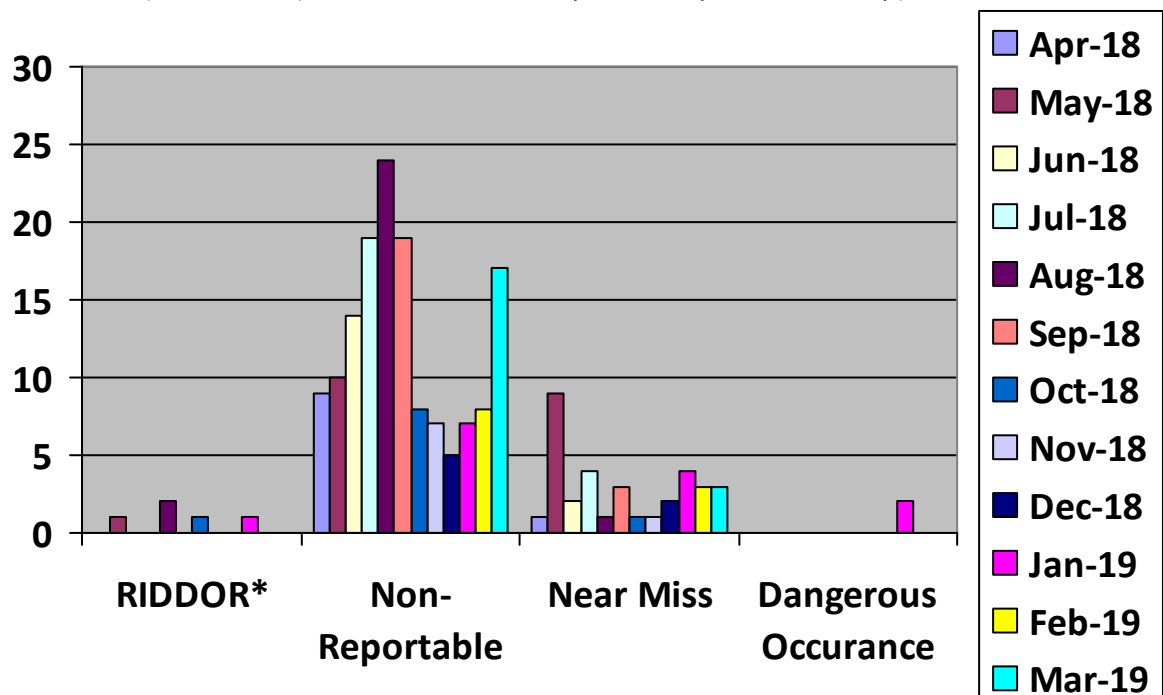
Year	RIDDOR*	Non-Reportable	Near Miss	Dangerous Occurrence
2012/13	8	140	7	3
2013/14	8	220	6	0
2014/15	11	217	8	0
2015/16	5	243	19	0
2016/17	7	159	37	0
2017/18	4	158	109	1
2018/19	5	147	34	2



5.3 The table and graph below shows a monthly breakdown of all accidents in 2018-19

Month	RIDDOR*	Non-Reportable	Near Miss	Dangerous Occurrence
April 2018	0	9	1	0
May 2018	1	10	9	0
June 2018	0	14	2	0
July 2018	0	19	4	0
August 2018	2	24	1	0
September 2018	0	19	3	0
October 2018	1	8	1	0
November 2018	0	7	1	0
December 2018	0	5	2	0
January 2019	1	7	4	2
February 2019	0	8	3	0
March 2019	0	17	3	0
TOTAL	5	147	34	2

* RIDDOR - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (Accidents which result in over a 7 day absence from work of an employee; a member of the public taken from the premises by ambulance and major injuries (broken bones etc) would all be reportable to the Health & Safety Executive by the Local Authority.)



5.4 RIDDOR Summary

Month	Injured Person	Location	Incident Type	Remedial Action
May	Employee	Waste & Recycling	Handling Injury	Investigation and refresher training
August	Employee	Garage	Slip/Trip	None required
August	Public	Park	Slip/Trip/Fall	Investigation, inspection and remedial works undertaken.
October	Public	Leisure	Slip/trip/Fall	Investigation and remedial works undertaken.
January	Employee	Waste & Recycling	Slip/Trip/Fall	None Required

All RIDDOR Accidents have been reported to the HSE and investigations have been completed by management.

6. HEALTH AND SAFETY AUDITS & INSPECTIONS

6.1 The Corporate Health and Safety Committee members also undertake inspections of Council premises to identify any Health and Safety matters, in order to remedy or alter the matters identified. Members of the committee carried out the following inspections –

- Castle House
- Knutton Lane Depot, Waste Transfer Station

6.2 Following the above inspections, reports were sent to the premises manager or other responsible officer outlining the findings and advising on any necessary corrective action.

6.3 Action Plans from these reports are reviewed as part of the Corporate Health and Safety Committee Agenda.

7. KNUTTON DEPOT

7.1 The Knutton Lane Health and Safety Committee held meetings on:

- 14th June 2018
- 13th September 2018
- 13th December 2018
- 14th March 2019

Matters arising from the meetings included:

- Accidents, Incidents and Near Misses
- Target 100
- Training
- Buildings, Utilities and Infrastructure
- External Yard, Waste Transfer Station, Salt Yard
- Feedback from depot walk around inspection
- Yard operations reorganisation
- Asbestos disposal procedures
- Site rules
- Fire evacuation and response

8 LEISURE (SHE) Safety, Health and Environment Meetings

- 8.1 The meetings have been established to oversee and monitor the implementation of British Standards for the management of Quality (ISO 9001), Environment (ISO 14001) and ISO 18001 (Health & Safety).
- 8.2 During the Meetings the following points (regarding health and safety) are discussed
- Accident Statistics
 - Accident / Incident Investigations
 - Risk Assessments
 - COSHH
- 8.3 Minutes/Action logs from the meetings are provided for review at Corporate Health and Safety Committee meetings.

9. CORPORATE HEALTH AND SAFETY COMMITTEE

- 9.1 The Corporate Health and Safety Committee held the following meetings during the period:
- 28th June 2018
 - 27th September 2018
 - 20th December 2018
 - 4th April 2019

The committee discussed the following items during this period:

- Health and safety arrangements for Castle House
- Fire – Risk Assessments, Evacuation, Training
- Lone Working
- Noise and Vibration
- Portable ladder policy
- Accidents, Incidents and Near Misses
- Accident and incident guidance and reporting procedures
- Accident & Insurance claims
- Target 100
- Health and Safety Training & record management
- Corporate H&S service delivery

10. FIRE

- 10.1 A number of evacuations have taken place in the last 12 months including
- Six month programmed Fire Drills across all sites.

11. EVENT SAFETY

- 11.1 There have been a number of events over the past 12 months where Corporate Health & Safety Services and partners from Staffordshire Police and Staffordshire Fire and Rescue Service have provided advice and assistance to help event organisers carry out a safe event. Examples of events receiving input include:
- Walk of Support (Lyme Valley Park & Town Centre)

- Midsummer Wakes Event
- Street Games
- Fun Day (Bradwell Lodge)
- Mayors Charity Firework Display
- Newcastle Dales Dash
- Kidsgrove 10K
- No Fit State Circus
- Christmas at Bradwell
- Kidsgrove Bonfire
- Funtopia

12. CASTLE HOUSE

- 12.1 A significant amount of work has been undertaken to support Facilities Management and the Council in preparation for the relocation to Castle House.
- 12.2 A first aid provision assessment has been undertaken for the building and first aiders, fire marshals and evac-chair users have been identified for each occupying organisation.
- 12.3 Written procedures have been prepared in respect of fire evacuation, bomb threat and first aid. Fire evacuation test have been completed to test the procedures and amendments made where necessary.
- 12.4 In addition, support and advice has also been provided to Facilities Management regarding the decant and close down of the Civic Offices, Guildhall and St Georges Chambers and the relocation to Castle House.

13. CORPORATE H&S SERVICE DELIVERY

- 13.1 The delivery of corporate health and safety services for the Council has been provided via contract with South Staffs District Council, this equated to 0.6fte. This contract ends in May 2019.
- 13.2 A review of the service delivery has been undertaken and the recruitment of a permanent in-house fte post is currently underway. It is anticipated that the post holder will commence in June 2019.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT AND STANDARDS COMMITTEE

24 June 2019

1. TREASURY MANAGEMENT ANNUAL REPORT 2018/19

Submitted by: Finance Manager

Portfolio: Finance and Efficiency

Ward(s) affected: All Indirectly

Purpose of the Report

To receive the Treasury Management Annual Report for 2018/19 and to review the Treasury Management activity for this period.

Recommendations

That the Treasury Management Annual Report for 2018/19 be received and be reported to Full Council on 24 July 2019.

Reasons

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year. Full Council resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports. Following submission to the Audit and Standards Committee the Treasury Management Annual Report will be reported to Full Council on 24 July 2019.

1. Background

- 1.1 The CIPFA Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year. It was resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports.
- 1.2 This report therefore ensures that this Council is embracing Best Practice in accordance with CIPFA's recommendations in the CIPFA Code of Practice.
- 1.3 Treasury Management operations are carried out in accordance with policies laid down in the currently approved Treasury Management Policy Statement, backed up by approved Treasury Management Practices and Schedules thereto, and the Annual Treasury Management Strategy Report for 2018/19 approved by Council on 21 February 2018.

- 1.4 The Council is provided with Treasury Management Advisory services for the period 1 April 2017 to 31 March 2020 by Arlingclose Ltd.

2. **Issues**

- 2.1 The Treasury Management Annual Report for 2018/19 is attached at Appendix 1. The economic background and economic forecast included in the report has been provided by the Council's Treasury Management Advisors, Arlingclose Ltd.

3. **Legal and Statutory Implications**

- 3.1 See Background for details.

4. **Financial and Resource Implications**

- 4.1 There are no specific financial implications arising from the report.

5. **Major Risks**

- 5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.
- 5.2 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital.
- 5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **List of Appendices**

- 6.1 Appendix 1, Treasury Management Annual Report 2018/19.

7. **Background Papers**

- CIPFA Treasury Management Code of Practice,
- Council's Treasury Management Policy Statement,
- Council's Treasury Management Strategy,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Ministry of Housing, Communities and Local Government's revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision
- Arlingclose Ltd. Treasury Management Outturn Report template

TREASURY MANAGEMENT ANNUAL REPORT 2018/19

1. INTRODUCTION AND BACKGROUND

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for the financial year 2018/19. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

The CIPFA Code of Practice on Treasury Management was adopted by this Council on 24 February 2010; this was updated in November 2011 and updated further in December 2017.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual treasury management strategy report (including the annual investment strategy) for the year ahead and an annual review report of the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of the treasury management strategy to a specific named body which in this Council is the Finance, Resources and Partnerships Scrutiny Committee.
6. Delegation by the Council of the role of scrutiny of treasury management performance to a specific named body which in this Council is the Audit and Standards Committee, a midyear and year-end review report is received by this Committee.

Treasury management in this context is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the annual review report of treasury management activities, for the financial year 2018/19.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council has complied with the requirement under the Code to give prior scrutiny to the annual review report by reporting this to the Audit and Standards Committee prior to it being reported to Full Council.

2. THIS ANNUAL TREASURY REPORT COVERS

- ❖ The Council's treasury position as at 31 March 2019;
- ❖ The strategy for 2018/19;
- ❖ The economy in 2018/19;
- ❖ Investment rates in 2018/19;

- ❖ Compliance with treasury limits and Prudential Indicators;
- ❖ Investment outturn for 2018/19;
- ❖ Involvement of Elected Members;
- ❖ Other issues.

3. TREASURY POSITION AS AT 31 MARCH 2019

The Council's investment position at the beginning and the end of the year was as follows:

	At 31/03/19	Return	Average Life (Days)	At 31/03/18	Return	Average Life (Days)
Total Debt	£0m	0.00%	0	£2.5m	0.95%	14
Total Investments	£0m	0.48%	3	£0m	0.37%	2

It should be noted that the above table is only a snapshot of the total Investments as at 31 March 2019. £2.5m was borrowed on 20 March 2018 to reflect a temporary cash flow position; this was repaid on 3 April 2018 following the receipt of the expected Council Tax and Business Rates payments by direct debit. Large fluctuations in cash inflows and outflows that occur throughout the month can have an impact on the figure reported.

4. THE STRATEGY FOR 2018/19

The strategy agreed by Council on 21 February 2018 was that:

- The Council may be required to borrow during 2018/19 if capital receipts did not materialise in order to fund the capital programme;
- Short term external loans (i.e. repayable on demand or within 12 months) can be taken to fund any temporary capital or revenue borrowing requirement. The amounts involved would fluctuate according to the cash flow position at any one time;
- All borrowing would be kept absolutely within the Authorised Limit of £15m and would not normally exceed the Operational Boundary of £7.5m (although it could for short periods of time be permitted to rise to a figure between £7.5m and £15m due to variations in cash flow);
- Temporary surpluses which might arise would be invested, either in short term deposits with the Council's various deposit accounts or in money market investments (cash deposits) if the size warranted this and for an appropriate period in order that these sums would be available for use when required;
- The proportions of loans and investments to be at fixed or variable rates were: fixed rate loans to be between 0% and 100% of the total and variable rate to be between 0% and 100% of the total, thus enabling maximum flexibility to take advantage of interest rate trends;
- Long term investments to be permitted as follows: maturing beyond 31/03/18 £5m, maturing beyond 31/03/19 £5m, maturing beyond 31/03/20, £5m;
- The overriding consideration is safeguarding the Council's capital. At all times the risk to the Council will be minimised. Within these constraints, the aim will be to maximise the return on investments; and,
- Forward commitment of funds for investment is permitted in respect of in house investments, in instances where market conditions warrant it.

5. THE ECONOMY AND INTEREST RATES - narrative supplied by the Council's Treasury Management Advisors – Arlingclose Limited

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

With the 29 March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including shooting down Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12 April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be showing signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic / populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

6. INVESTMENT RATES IN 2018/19 – narrative supplied by the Council's Treasury Management Advisors – Arlingclose Limited

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

7. CHANGES DURING 2018/19

There were no changes during 2018/19, as key changes had already taken place during the previous financial year. These 2017/18 changes included CIPFA's revised editions of the Treasury Management and Prudential Codes, the Ministry of Housing, Communities and Local Government's revised Guidance

on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision and changes to the Markets in Financial Instruments Directive (MiFID II)

8. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in Annex 1.

9. INVESTMENT OUTTURN FOR 2018/19

Internally Managed Investments

The Council manages its investments in-house and during 2018/19 invested with institutions in compliance with the credit worthiness service of the Council's treasury management advisors, Arlingclose Limited.

The Council invested for a range of periods from overnight to up to three and a half months during 2018/19, dependent on the Council's cash flows, its interest rate view and the interest rates on offer. Thirteen of the eighteen investments made in 2018/19 were for a period of two weeks or less. Eleven of the eighteen investments were deposited in the Council's business reserve account due to the available rate and liquidity. Five investments were made with other Local Authorities, with the remaining two investments being placed in the Council's 95 day notice account.

In addition funds that were held in the general fund account that the Council has with Lloyds Bank also earn interest on a daily basis.

Investment Outturn for 2018/19

During 2018/19 an average rate of return of 0.48% was achieved on an average individual investment of £3.363m. This compared with the target of 0.40% included in the departmental service plan.

10. INVOLVEMENT OF ELECTED MEMBERS

Elected members have been involved in the treasury management process during 2018/19 including:

- Scrutiny of the treasury management strategy by the Finance, Assets & Performance Scrutiny Committee prior to being submitted for approval by the Full Council.
- Scrutiny of treasury management performance by the Audit and Standards Committee through the receipt of a half yearly treasury management report.
- A quarterly budget monitoring and performance report is reported to Cabinet, this contains details of Treasury Management activity undertaken during the quarter.

ANNEX 1: PRUDENTIAL INDICATORS

Position/Prudential Indicator		2017/18 Actual	2018/19 Indicator	2018/19 Actual
1	Capital Expenditure	£6.296m	N/A	£2.980m
2	Capital Financing Requirement at 31 March *	£4.405m	(£0)	£4.405m
3	Treasury Position at 31 March:			
	Borrowing	£2.500m	N/A	£0
	Other long term liabilities	£0	N/A	£0
	Total Debt	£0	N/A	£0
	Investments	£0	N/A	£0
	Net Borrowing	£2.500m	N/A	£0
4	Authorised Limit (against maximum position)	£0	£15.0m	£0
5	Operational Boundary (against maximum position)	£0	£7.5m	£0
6	Ratio of Financing Costs to Net Revenue Stream	(0.46%)	(0.44%)	(0.44%)
7	Upper Limits on Variable Interest Rates (against maximum position)			
	Loans	0%	100%	0%
	Investments	0%	100%	0%
8	Actual External Debt	£0	N/A	£0
9	Principal Funds Invested for Periods Longer than 365 days (against maximum position)	£0	£5.0m	£0

GLOSSARY

CFR – Capital Financing Requirement

The Capital Financing Requirement is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.

CIPFA – The Chartered Institute of Public Finance and Accountancy

The Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.

CPI – Consumer Price Index

A measure that examines the weighted average of prices of a basket of consumer goods and services. The Consumer Price Index is calculated by taking price changes for each item in the predetermined basket of goods/services and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

DMO and DMADF - Debt Management Office and Debt Management Account Deposit Facility

The DMADF is the 'Debt Management Account Deposit Facility' which is a highly secure fixed term deposit account with the Debt Management Office, part of Her Majesty's Treasury.

GDP – Gross Domestic Product

Gross Domestic Product is the market value of all officially recognised final goods and services produced within a country in a given period of time.

MIFID II – Markets in Financial Instruments Directive

New European Union rules that came into effect on 3 January 2018, aiming to improve the functioning of financial markets and to strengthen investor protection.

MPC – Monetary Policy Committee

Interest rates are set by the Bank of England's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met.

MRP – Minimum Revenue Provision

The Minimum Revenue Provision represents the revenue charge for the repayment of debt.

Classification: NULBC **UNCLASSIFIED**

REPORT TO THE AUDIT AND STANDARDS COMMITTEE ON 24 JUNE 2019

DRAFT STATEMENT OF ACCOUNTS 2018/19

Submitted by: Finance Manager

Portfolio: Finance and Efficiency

Ward(s) affected: All

Purpose of the Report

To report upon the General Fund outturn for 2018/19 and the financial position as at 31 March 2019 as shown in the draft statement of accounts. The report highlights key issues arising, including a commentary on the General Fund outturn, the Collection Fund and the Balance Sheet and to note the position regarding the Council's reserves.

Recommendations

(a) That the information in respect of the outturn and key issues in respect of the Council's financial position as at 31 March 2019 be noted.

Reasons

The completion of the draft statement of accounts provides an opportunity to report upon the outturn position and key issues.

1. Background

- 1.1 The Accounts and Audit Regulations 2015 govern the way in which a local authority should present its financial affairs. The regulations require the Council to produce a statement of accounts for the financial year detailing its financial transactions for the year and its position at the year end and that this Statement be scrutinised and approved by an appropriate committee, in this case the Audit and Standards Committee, by 31 July. The Statement is produced in a standardised form in line with CIPFA (the Chartered Institute of Public Finance and Accountancy) guidelines. They set out procedures which must be followed with regard to public inspection rights, audit, approval and publication of the statement.
- 1.2 The Regulations require the draft Statement of Accounts to be certified by the responsible financial officer, the Executive Director (Resources and Support Services), as presenting a true and fair view of the Council's financial position by 31 May and this was done on 30 May. On presentation to the committee for approval the final audited version of the Statement will be recertified by her. The period during which the public have the right to inspect the accounts commenced on 3 June 2019 and closes on 12 July.
- 1.3 The audit of the 2018/19 statement of accounts is planned to commence on 10 June leading up to the production of the auditor's final audit findings report. The final version of the Statement of Accounts will then be submitted to the committee for scrutiny and approval at the meeting scheduled for 29 July 2019, following which the statement can be published to meet the 31 July deadline set out in the Regulations.
- 1.4 The full statement of accounts will be submitted to the Committee for formal approval at the 29 July meeting, when members can concentrate on reviewing an audited rather than draft statement. Should members wish to view the draft statement at this stage, it can be accessed via the Council's website and in addition a copy has been placed in the members' room. This report, therefore, concentrates on reporting upon the outturn position and the key elements of the Council's financial position as at 31 March.
- 1.5 Accordingly, the rest of this report consists of commentary on the outturn and information and explanation in respect of key areas in relation to the financial position. Appendix 1 shows the income and expenditure account, movement in reserves statement, balance sheet, and collection fund account, as included in the

published draft Statement of Accounts, to provide background information and context for what is discussed in the report.

- 1.7 Training has been provided for members of the committee to assist them in carrying out their role of approving the statement of accounts.
- 1.8 Elsewhere on your agenda the Annual Governance Statement is being submitted for approval, the Accounts and Audit Regulations require it to be published at the same time that the statement of accounts is first published for public inspection purposes (i.e. 3 June in respect of the 2018/19 statement) and finally by 31 July, if the initial publication was of an unapproved governance statement. It is intended to include it in the audited Statement of Accounts to be published at the end of July, as in previous years.

2. The General Fund Budget

- 2.1 The General Fund is the main account of the Council and relates to all of those services which are funded by the Council Tax, Retained Business Rates and Revenue Support Grant from the Government.
- 2.2 The budget for the General Fund for 2018/19 was originally set in February 2018 and amounted to a net total of £13,335,420. The eventual outturn for the year was a positive variance against this figure, of £8,155.

3. The General Fund Outturn

- 3.1 As mentioned above, the outturn in respect of the General Fund Revenue Account was £8,155 better than the original estimate. Whilst there were adverse variances against some budget heads, these have been offset by positive variances against others.

A number of areas of income, the majority being ones that are sensitive to the state of the local and national economy, were particularly adversely affected as shown in the following table:

Type of Income	Budget	Outturn	Variance
	£000s	£000s	£000s
Commercial Portfolio Rents	947	848	99
Car Parking Income	1,087	976	111
Jubilee 2 Income	1,474	1,354	120
Council Tax Court Costs	620	444	176
Waste Service - Recycling Credits and Material Sales	2,025	1,522	503
Total	6,153	5,144	1,009

There was also additional expenditure on a number of headings, which is outlined in the following table:

Item	Additional expenditure
	£000s
Elections	74
Resources and Support Services Management	70
Human Resources	25
Payroll	23
Total	192

These adverse variances, shown in the two tables above, have however, been met by favourable variances on other budget heads, the more significant of which are highlighted in the table below.

Item	Saving or additional income
	£000s
Additional Income:	
Markets	73
Planning Applications Fees	353
Bereavement Services - Crematorium	43
Chargeable Green Waste	107
Procurement Savings	
Materials – Streetscene and Parks	28
Good Housekeeping Efficiencies:	
Community Chest and Third Sector Commissioning Grants	20
Staffing Efficiencies:	
Overall employee costs savings	56
Corporate:	
Additional government grants	215
Capital financing Costs not required (re Castle House)	200
Business Rates Retention Pool	100
Other Variances	14
Total	1,209

- 3.2 An amount of £8,155 has been transferred into the Budget Support Fund in respect of the positive variance.
- 3.3 Some income streams continue to suffer adverse variances in the current financial year. The ongoing situation will be monitored and any significant shortfalls will be reported in the quarterly monitoring reports to Cabinet. The likely levels of income will also be considered during the compilation of the Medium Term Financial Strategy which is part of the budget setting process for 2020/21.
- 3.4 Further steps have been taken to strengthen the Council's financial position. These include a significant increase in the provision of Doubtful debts (from £0.104m to £0.275m) and to write off a large number of historical debts that are not collectible for which all recovery options have been exhausted.

4. The Collection Fund

- 4.1 The Collection Fund is a separate account which contains the financial details which refer to the collection of Council Tax and Business Rates. The purpose of the account is to illustrate how much of the above income has been collected and to see how this compares to the amounts of the levies and other pre-determined payments that have been made for the Borough Council, the County Council, the Office of the Police and Crime Commissioner and the Fire Authority and to central government.
- 4.2 Overall the Fund experienced a surplus of £1.261m for the year (including contributions to the previous years surpluses or deficits), leaving a balance of an accumulated surplus of £1.277m at the year-end. Separating this out into its individual components, the respective positions were as follows:

	Council Tax		Business Rates		Total
	£m	£m	£m	£m	£m
Balance Brought Forward – surplus/(deficit)		1.999		(1.983)	0.016
Contribution to previous years (surplus)/deficit (A)	(0.039)		0.062		
Surplus/(deficit) relating to 2018/19 (B)	(0.500)		1.738		
Overall surplus/(deficit) for year (A + B)		(0.539)		1.800	1.261
Balance Carried Forward – surplus/(deficit)		1.460		(0.183)	1.277

Details of the Collection Fund transactions are shown in the Collection Fund Account at Appendix 1.

- 4.3 As can be seen the Council Tax element of the Fund as at 31 March 2019 shows a surplus of £1.460m, which compares to a surplus of £1.999m at 31 March 2018. This will be shared with the precepting authorities (Newcastle Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner, Fire Authority) and will be used in calculating how much Council Tax will be levied in 2020/21. The main reason for the decreased surplus relates to the write off of bad debts and the subsequent replenishment of the bad debts provision to an agreed level.
- 4.4 The Business Rates element of the Fund as at 31 March 2019 shows a deficit of £0.183m which compares to a deficit of £1.983m at 31 March 2018. The deficit must be made good in subsequent years by the four participants in the business rates retention scheme, the Borough Council (40%), Staffordshire County Council (9%), the Fire Authority (1%) and central government (50%). The amounts each body must contribute are shown in brackets and are prescribed by regulations. The reduction in the deficit can be attributed to the provision for appeals which has not been required to be utilised to the extent anticipated when estimating 2018/19's movements.
- 4.5 The provision created in relation to business rates property value appeals to the Valuation Agency considers the amounts which may have to be refunded in respect of payments already made by ratepayers. This is intended to provide for appeals already lodged and appeals which may arise in the future relating to bills which have been paid. Movements on the Provision in 2018/19 were as follows:

	£m
Balance Brought Forward at 1 April 2018	4.695
Used in 2018/19	(1.321)
Contribution to Provision	1.774
Balance at 31 March 2019	5.148

The balance of £5.148m was assessed, using data supplied by a specialist firm, as being a prudent amount to set aside to meet future appeals. The arrangements for business rates retention mean that only 40% of the cost of contributions to the provision is borne by the Borough Council (because it affects the amount of rates retained), the rest falling to the other participants in the arrangements. The value included in the balance sheet is also 40%, i.e. £2.059. The amount has increased during 2018/19 to reflect appeals that may be settled in years during and after the financial year 2019/20.

5. The Balance Sheet

- 5.1 The main features of the Balance Sheet, which is shown in full at Appendix 1, are as follows:

- There are Net Tangible Fixed Assets of £71.066m (£67.126m at 31 March 2018) which consist of Plant, Property and Equipment, Surplus Assets, Investment Properties and Heritage Assets. The increase of £3.940m largely arises from revaluations in relation to Jubilee 2 £4.770m and car parks (£0.976m).
- Investments (all short term at 31 March 2019 - i.e. with less than 1 year to run from that date) were nil at 31 March 2019 compared to £0.081m at 31 March 2018. The amount invested at any one time reflects the prevailing cash flow situation but as reserves and capital receipts balances are reducing the sums available for investment correspondingly reduce.
- There is an increase in Cash and Cash Equivalents of £1.293m.
- The amount the Council owes to its creditors is £7.355m. Creditors have increased by £1.479m compared to 31 March 2018. This can largely be attributed to year end accruals relating to Disabled Facilities works undertaken, green waste income relating to collections during 2019/20 and a grant received for air quality works to be undertaken during 2019/20.
- The Net Liability relating to Defined Benefit Pension Schemes (i.e. the difference between liabilities and assets of the pension scheme) increased from £68.025m to £73.810m. Normally this decrease would be mirrored by an increase in the Pensions Reserve balance of the same amount, the two accounts

appearing in the balance sheet as equal and opposite amounts. However, this is not the case because of the prepayment of pension contributions in respect of 2018/19 and 2019/20 totalling £3.130m. These were paid in 2017/18 in return for a discount paid by the pension fund which significantly reduced the cost of pension contributions to the Borough Council in 2018/19 and 2019/20. In order to account for this transaction, the prepayment must be charged directly to the Pensions Liability, without any corresponding equal and opposite transaction in the Pensions Reserve. In 2018/19 the prepayment relating to that year will be transferred to the general fund revenue account via a transfer from the Pensions Reserve with a similar transaction in 2019/20. After these transactions have occurred, the two accounts will once more be mirror images of each other. These amounts are required to be included in the Council's accounts as a result of the application of International Accounting Standard 19 (IAS19) and the CIPFA Code of Accounting Practice. Neither directly relate to Borough Council transactions - they relate to those of the Staffordshire County Council Pension Fund of which the Council is a member and represent the Council's share of net scheme liabilities (after deduction of the value of scheme assets). Whilst the net liability indicates the Council's long term commitment to pay retirement benefits, statutory arrangements for funding the deficit mean that its financial position remains healthy.

6. Reserves

6.1 The Council has usable reserves totalling £6.404m. The main items, with their balances at 31 March 2019, are:

- General Fund Balance (£1.448m)
- Capital Receipts Reserve (£2.243m)
- Capital Grants Unapplied (£1.032m)
- Budget Support Fund (£0.302m)
- Contingency Reserve Fund (£0.100m)
- ICT Development Fund (£0.049m)
- Equipment Replacement Fund (£0.531m)
- Business Rates Reserve (£0.500m)

The majority of these balances are committed to various projects and initiatives and are not available for other use.

6.2 The General Fund Balance is (£1.448m) as at 31 March 2019. The amount required to be held in this reserve is assessed each year when the revenue budget is compiled, by identifying and quantifying the risks applicable to the revenue budget and using this information as the basis to calculate a prudent sum to keep in reserve to meet those risks should they arise.

6.3 The Capital Receipts Reserve is almost entirely committed to financing the currently approved capital programme plus slippage from 2018/19. As discussed at paragraph 7.2 and increased receipts from right to buy sales, will almost all need to be spent in 2019/20. The majority of the balance on the Capital Grants Unapplied Reserve is either already committed to finance current schemes or is earmarked for future schemes. The ICT Development Fund is also committed to finance new or replacement ICT software and hardware.

6.4 The balance of the Contingency Reserve remains at its agreed minimum level of £0.100m.

6.5 The Budget Support Fund and Business Rates Reserve are discussed at paragraphs 3.2 above and 3.4, respectively.

6.6 The levels of reserves will be considered as part of the budget preparation process for 2020/21. Some may require "topping up", either from the revenue budget or a transfer from another reserve. In particular, the Renewals and Repairs Fund was exhausted in 2018/19.

6.7 The introduction of the Flexible Use of Capital Receipts Strategy during 2018/19 has enabled the Council to increase the minimum level of un-earmarked reserves and contingencies from £1.300m to £1.548m in line with the Council's Section 151 Officer's recommendation to reflect the level of risk shown to the revenue budget.

7. Capital Expenditure

7.1 Capital expenditure totalled £2.980m in 2018/19.

7.2 A Capital Programme totalling £2,549,000 was approved for 2018/19 on 21 February 2018. Of this total £1,502,000 relates to the total cost of new schemes for 2018/19 together with £1,000,000 for schemes funded by external sources (Disabled Facilities Grants) and £47,000 brought forward from the original 2017/18 Capital Programme. In addition £347,630 slippage was incurred in 2017/18, and £446,134 additional Disabled Facilities Grants funding was received than originally budgeted for resulting in a total Capital Programme of £3,342,764 for 2018/19.

7.3 Actual capital expenditure during 2018/19 was £2.980m, leaving a balance of £0.363m to be carried forward to 2019/20. This expenditure was financed entirely by capital receipts, government grants and other contributions. Borrowing to finance the 2018/19 expenditure was not required.

7.4 Projects in progress or committed will be completed or commenced in 2018/19. The remainder will be reviewed to confirm they are still required and considered in the context of available resources to finance the capital programme, particularly in view of the continuing uncertainty regarding the timing of receipts from land sales, upon which much of the financing of the capital programme is dependent, owing to the delay in commencing the assets disposal programme. The new projects included in the 2018/19 programme will also need to be reviewed for the same reason.

7.5 The expenditure of £2.980m was financed as shown below:

Financed by:	£ (000)
Capital Receipts	1.265
Government Grants (DFG's)	1.574
Section 106 payments	0.141
Total	2.980

8. List of Appendices

Appendix 1: Extracts from Draft Statement of Accounts

9. Link to Draft Statement of Accounts

9.1 An electronic copy of the 2018/19 Statement of Accounts is available as one of the agenda documents on the Council's website.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services in accordance with accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis.

2017/18				2018/19		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£000	£000	£000		£000	£000	£000
3,455	968	2,487	Chief Executive	3,080	510	2,570
35,483	30,782	4,701	Resources & Support Services	33,878	30,246	3,632
8,650	5,457	3,193	Regeneration & Development	8,981	5,980	3,001
12,572	5,726	6,846	Operational Services	13,745	5,677	8,068
763	169	594	Corporate	571	108	463
60,923	43,102	17,821	Cost of services	60,255	42,521	17,734
411	981	(570)	Other operating expenditure (Note 10-p45)	560	(1,227)	1,787
6,447	4,281	2,166	Financing & investment income/expenditure (Note 11-p45)	6,408	4,386	2,022
9,279	24,251	(14,972)	Taxation & non-specific grant income/expenditure (Note 12-p45)	8,826	23,612	(14,786)
		4,445	(Surplus)/deficit on service provision			6,757
		1,083	(Surplus)/deficit on revaluation of assets			(8,510)
		(3,084)	Remeasurement of the defined benefit liability/asset (Note 29-p57)			2,263
		(2,001)	Other income & expenditure			(6,247)
		2,444	Total income & expenditure			510

- Resources and Support Services includes housing benefits grant income and expenditure of circa £29m.

Classification: NULBC **UNCLASSIFIED**
Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The movements in the year are broken down between gains and losses incurred in accordance with accounting practices and statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund balance	Capital receipts reserve	Capital grants Unapplied	Total usable reserves	Unusable reserves	Total Council reserves
2018/19	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 b/fwd	(4,019)	(2,162)	(1,158)	(7,339)	8,867	1,528
Movement in Reserves 2018/19						
Total comprehensive income & expenditure	6,757	-	-	6,757	(6,247)	510
Adjustments between accounting & funding basis (Note 8-p43)	(5,867)	(81)	126	(5,822)	5,822	-
Increase/decrease in year	890	(81)	126	935	(425)	510
Balance at 31 March 2019 c/fwd	(3,129)	(2,243)	(1,032)	(6,404)	8,442	2,038
2017/18						
Balance at 31 March 2017 b/fwd	(3,075)	(1,611)	(1,126)	(5,812)	4,896	(916)
Movement in Reserves 2017/18						
Total comprehensive income & expenditure	4,445	-	-	4,445	(2,001)	2,444
Adjustments between accounting & funding basis (Note 8-p43)	(5,389)	(551)	(32)	(5,972)	5,972	-
Increase/decrease in year	(944)	(551)	(32)	(1,527)	3,971	2,444
Balance at 31 March 2018 c/fwd	(4,019)	(2,162)	(1,158)	(7,339)	8,867	1,528

- The General Fund Balance includes £1.681m of Earmarked Reserves, leaving a general balance of £1.448m

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31/03/2018 £000		31/03/2019 £000
42,837	Property, plant & equipment (Note 19-p48)	52,607
830	Surplus assets (Note 19-p48)	330
17,835	Investment property (Note 20-p51)	16,700
4,195	Assets under construction (Note 19-p48)	-
1,429	Heritage assets (Note 21-p52)	1,429
77	Intangible assets	94
444	Long term debtors (Note 22-p52)	442
67,647	Long term assets	71,602
81	Short term investments (Note 31-p61)	-
194	Inventories	215
8,570	Short term debtors (Note 22-p52)	7,968
930	Cash/cash equivalents (Note 31-p61)	2,223
9,775	Current assets	10,406
(5,876)	Short term creditors (Note 23-p52)	(7,355)
(2,555)	Short term borrowing (Note 31-p61)	(77)
(1,004)	Provisions (Note 24-p53)	(1,216)
(9,435)	Current liabilities	(8,648)
(1,047)	Provisions (Note 24-p53)	(1,021)
(68,025)	Net pensions liability (Note 29-p57)	(73,810)
(443)	Capital grants receipts in advance	(567)
(69,515)	Long term liabilities	(75,398)
(1,528)	Net assets	(2,038)
	Usable reserves (MIRS-p25)	
1,200	General Fund balance	1,448
2,819	Other usable reserves	1,681
2,162	Capital receipts reserve	2,243
1,158	Capital grants unapplied account	1,032
7,339	Total usable reserves	6,404
	Unusable reserves (Note 25-p53)	
13,772	Revaluation reserve	22,282
49,014	Capital adjustment account	44,460
443	Deferred capital receipts reserve	443
(71,155)	Pensions reserve	(75,411)
(558)	Collection fund adjustment account	107
(383)	Accumulated absences account	(323)
(8,867)	Total unusable reserves	(8,442)
(1,528)	Total reserves	(2,038)

Classification: NULBC **UNCLASSIFIED**
Collection Fund Account

2017/18 Council Tax £000	2017/18 Business Rates £000	2017/18 Total £000		2018/19 Council Tax £000	2018/19 Business Rates £000	2018/19 Total £000
(58,343)	-	(58,343)	Income			
-	(34,777)	(34,777)	Council Tax Payers	(61,928)	-	(61,928)
			Business Rates Payers	-	(33,725)	(33,725)
			Transfer of previous years deficit			
-	-	-	- Newcastle-under-Lyme Borough Council	-	(25)	(25)
-	-	-	- Staffordshire County Council	-	(5)	(5)
-	-	-	- Office of Police & Crime Commissioner	-	-	-
-	-	-	- Staffordshire Fire and Rescue Authority	-	(1)	(1)
-	-	-	- Central Government	-	(31)	(31)
(58,343)	(34,777)	(93,120)	Total income	(61,928)	(33,787)	(95,715)
			Expenditure			
			Council Tax precepts			
7,188	-	7,188	- Newcastle-under-Lyme Borough Council	7,570	-	7,570
41,748	-	41,748	- Staffordshire County Council	44,562	-	44,562
6,620	-	6,620	- Office of Police & Crime Commissioner	7,088	-	7,088
2,615	-	2,615	- Staffordshire Fire and Rescue Authority	2,707	-	2,707
			Business Rates apportionment			
-	12,946	12,946	- Newcastle-under-Lyme Borough Council	-	12,493	12,493
-	2,913	2,913	- Staffordshire County Council	-	2,811	2,811
-	324	324	- Staffordshire Fire and Rescue Authority	-	312	312
-	16,182	16,182	- Central Government	-	15,617	15,617
			Other expenditure			
-	138	138	Cost of Collection	-	140	140
-	907	907	Transitional Protection	-	22	22
(1,828)	288	(1,540)	Provision for Bad Debts	501	140	641
-	2,883	2,883	Provision for Appeals	-	452	452
			Transfer of previous years surplus			
44	19	63	- Newcastle-under-Lyme Borough Council	5	-	5
260	4	264	- Staffordshire County Council	28	-	28
44	-	44	- Office of Police & Crime Commissioner	4	-	4
17	1	18	- Staffordshire Fire and Rescue Authority	2	-	2
-	24	24	- Central Government	-	-	-
56,708	36,629	93,337	Total expenditure	62,467	31,987	94,454
(1,635)	1,852	217	Deficit/(surplus) for the year	539	(1,800)	(1,261)
(364)	131	(233)	Balance brought forward at 1 April	(1,999)	1,983	(16)
(1,635)	1,852	217	Deficit/(surplus) for the year	539	(1,800)	(1,261)
(1,999)	1,983	(16)	Balance carried forward at 31 March	(1,460)	183	(1,277)
			Allocation of Collection Fund balance			
(235)	793	558	- Newcastle-under-Lyme Borough Council	(179)	73	(106)
(1,445)	178	(1,267)	- Staffordshire County Council	(1,055)	17	(1,038)
(90)	20	(70)	- Staffordshire Fire and Rescue Authority	(64)	2	(62)
-	992	992	- Central Government	-	91	91
(229)	-	(229)	- Office of Police & Crime Commissioner	(162)	-	(162)
(1,999)	1,983	(16)		(1,460)	183	(1,277)

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT AND STANDARDS COMMITTEE**

24 June 2019

1. Annual Governance Statement 2018/19

Submitted by: Executive Director – Resources and Support Services

Portfolio: Finance and Efficiency

Ward(s) affected: All

Purpose of the Report

To recommend that the Annual Governance Statement for 2018/19 be approved for inclusion in the financial statements.

Recommendations

That the Committee approve the Annual Governance Statement for 2018/19.

Reasons

To seek members approval of the Annual Governance Statement for 2018/19 based upon their satisfaction that it is based upon relevant and reliable evidence.

1. Background

- 1.1 Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.
- 1.2 The Council has approved and adopted a Code of Corporate Governance. A copy of the Code is on our website.
- 1.3 Under the Accounts and Audit Regulations 2015 the Council is required to publish an Annual Governance Statement (AGS) with the financial statements and emphasise the importance of embedding internal control, including the process of risk management throughout the Council. In response the Council produced an AGS for 2018/19 covering corporate governance, financial and other key control issues (the statement is provided as Appendix A).
- 1.4 The AGS is published with the financial statements. In considering the approval of the AGS Members should satisfy themselves that the statement is based upon relevant and reliable evidence. Details of the evidence relied upon when collating the AGS can be made available by contacting the Executive Director – Resources and Support Services.
- 1.5 The AGS includes the following headings:
 - Scope of responsibility,
 - Delivering good governance in Local Government: framework,
 - The governance framework,
 - Review of effectiveness and,

- Significant governance issues

2. **Issues**

- 2.1 In preparing the AGS your officers have considered the Chartered Institute of Public Finance (CIPFA) 'Delivering Good Governance Framework' guidance document.
- 2.2 The AGS has been produced combining findings from Assurance statements from the Chief Executive and Executive Directors, informed by Heads of Service and Business Managers, the work of Internal Audit and various corporate working parties and comments from external auditors and other review agencies.
- 2.3 Section 5 of the AGS identifies those areas, following the review of internal controls for the financial year 2018/19 that needs addressing. Action plans where not already in place will be drawn up by your officers to address the issues highlighted.
- 2.4 Not to complete an AGS would be in breach of the legislation already outlined in the background. Completion of the statement is best practice and demonstrates the transparency of the Council's Governance arrangements for 2018/19.

3. **Legal and Statutory Implications**

- 3.1 The Council must comply with the Accounts and Audit Regulations 2015, in particular the requirement to publish an AGS with the financial statements.

4. **Financial and Resource Implications**

- 4.1 There are no specific financial implications arising from the AGS, resource requirement linked to action plans will be brought to members as separate projects if required.

5. **Major Risks**

- 5.1 If internal controls are not managed effectively and within the law, public resources will not be safeguarded from waste or properly accounted for.
- 5.2 If internal controls are not reviewed regularly, continuous improvement may not be exercised.

6. **List of Appendices**

- 6.1 Appendix A – Annual Governance Statement 2018/19.

7. **Background Papers**

- Assurance statements,
- CIPFA guidance – Delivering good governance in Local Government

Appendix A - Annual Governance Statement 2018/19

1.0 Scope of responsibility

- 1.1 Newcastle-under-Lyme Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newcastle-under-Lyme Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Newcastle-under-Lyme Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Newcastle-under-Lyme Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on the Council's website at or can be obtained from the Executive Director (Resources and Support Services). This statement explains how Newcastle-under-Lyme Borough Council complies with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a Statement on Internal Control.

2.0 Delivering good governance in Local Government: framework

2.1 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing and embedded process designed to identify and prioritise the risks to the achievement of Newcastle-under-Lyme Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Newcastle-under-Lyme Borough Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

3.0 The governance framework

- 3.1 The Council operates a number of systems, policies and procedures that constitute or contribute to the operation of the internal control environment and support the principles set out in the Code of Corporate Governance as detailed in the tables below:

Core Principle A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
<ul style="list-style-type: none">• Behaving with integrity:<ul style="list-style-type: none">• The Council has in place Codes of Conduct for both Members and Officers which set out requirements that support the need to behave with integrity.• The Council has a set of values which are underpinned by a set of expected behaviours.• All new members and officers are made aware of the Code of Conduct when they join the council.	

Core Principle A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
<ul style="list-style-type: none"> • Demonstrating strong commitment to ethical values: <ul style="list-style-type: none"> • The council has a framework of policies that incorporate Anti-Fraud & Corruption, Anti- Money Laundering and a Whistleblowing Policy all of which are designed to in the first instance discourage inappropriate behaviour and then secondly encourage both Members and Officers to voice any concerns they have and report any instances found. • Members are required to renew their declaration of interest annually and also at any meetings. • Employees are required to notify their Executive Director or Head of Service about any potential conflict of interest. • A register of gifts and hospitality is maintained by the Monitoring Officer, an annual reminder is issued to all Employees. • Respecting the rule of law; <ul style="list-style-type: none"> • The Council has in place a Monitoring Officer who works with Members and Officers to ensure that the law is adhered to. • There is a protocol in place for the Monitoring Officer, which sets out their role and supports them in fulfilling their responsibilities. • Legal advice is given in reports for all decisions to be taken by Members. 	

Core Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> • Openness: <ul style="list-style-type: none"> • All meetings of the Authority are held in public unless the Part II requirements of the local authorities (Executive Arrangements) (Access to Information) Regulations 2000 are met in terms of confidentiality. • Copies of all minutes and agendas are available on the Councils website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. • The Council has a Freedom of Information Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so. • Engaging comprehensively with institutional stakeholders: <ul style="list-style-type: none"> • The Council has in place a Communications Strategy which sets out how we will communicate with our citizens, service users and stakeholders. • Engaging with individual citizens and service users effectively: <ul style="list-style-type: none"> • The Council has a consultation framework and toolkit in place and provides details of all on-going consultation exercises/surveys on its website. • Whenever we seek the views from the community we provide feedback on the information received and let our citizens know how it has or will be used to help shape Council decisions. 	

Core Principle C	Defining outcomes in terms of sustainable economic, social and environmental benefits
<ul style="list-style-type: none"> • Defining outcomes: <ul style="list-style-type: none"> • The Council has a clear vision of what it wants to achieve, which is set out in its Council Plan. The vision and priorities have been informed by an analysis of needs for the Borough and also via consultation with key stakeholders and the public. • Each service has a Service Plan that outlines outcomes to be achieved and how they link to the Council Plan. • Sustainable economic, social and environmental benefits: <ul style="list-style-type: none"> • A Sustainable Community Strategy is in place which aims to create an environment where local people can articulate their priorities, needs and aspirations. • In addition the capital strategy sets out the principles and objectives which the Council has identified for its capital investment and how its capital plans link to other strategies and areas of activity of the Council and its partners, this now extends to a 10 year period. • The Councils day to day services support the delivery of the Council Plan, performance in delivering the objectives are monitored by the Executive Management Team (officers), the Cabinet and Scrutiny Committees (Members). 	

Core Principle D	Determining and planning the actions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> • Determining Interventions: <ul style="list-style-type: none"> • The principles of decision making are detailed in the Councils constitution. • A calendar of meetings is approved and agreed by annual Council in May each year. • Planning Interventions: <ul style="list-style-type: none"> • The Councils Forward Plan details all the reports relating to key decisions and the timescales within which they will be presented. • Service Plans are produced annually which set out the planned activities for each service area for that year. • Optimising the achievement of intended outcomes: <ul style="list-style-type: none"> • The Medium Term Financial Strategy considers any changes that are required to be made to the base budget to ensure that service priorities are affordable and achievable. • The budget process takes account of the full cost of service delivery over the medium and longer terms. • The budget setting process ensures that a robust and balanced budget is approved. • The budget setting process allows for investment which is intended to bring future efficiencies. 	

Core Principle E	Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Members and Officers.
<ul style="list-style-type: none"> • Developing the councils capacity: <ul style="list-style-type: none"> • The Council regularly reviews its activities to ensure continuous improvement of service delivery. • The Council works closely with its partners to ensure the delivery of agreed outcomes to the community. • Developing the capability of the entity's leadership and other individuals: <ul style="list-style-type: none"> • The roles of Members, Committees, Officers and Statutory Officers are set out in the Councils Constitution, which is available on the Councils website. • The Council has a scheme of delegation in place which forms part of the Constitution, this sets out the types of decision made by the council and who can make these. • The Constitution also contains Financial Regulations and Contract Procedures which provide a framework for Officers to follow when running their services and making decisions. • An induction programme is in place to provide training and support for all new members and officers. • All officers have an annual appraisal to review performance identify any training and development needs. • A member development programme is in place in respect of members to identify all their training needs. • The Council is committed to supporting the health and well-being of the workforce through appropriate Human Resource policies, working practices and access to an occupational health service. 	

Core Principle F	Managing risks, performance and data through robust internal control and strong public financial management.
<ul style="list-style-type: none"> • Managing Risk: <ul style="list-style-type: none"> • The Council has a risk management policy and strategy in place. • A strategic risk register is maintained by the Executive Management Team, progress is monitored on a quarterly basis by the Audit and Standards Committee. • Operational risks are identified and managed by Heads of Service; these are reviewed and monitored quarterly. • Managing Performance: <ul style="list-style-type: none"> • Heads of Service and Business Managers are responsible operationally for the performance in delivering day to day services. This in turn is monitored by Executive Directors and the Executive Management Team. • The performance of delivering the Councils priorities is monitored by Cabinet. • There are Scrutiny Committees in place to monitor the performance of the Council and hold the Cabinet to account for the decisions that it makes. • Robust internal control: <ul style="list-style-type: none"> • The internal control framework comprises a range of policies and procedures to ensure sound management of the Councils operation and delivery of services. • Internal Audit undertakes reviews of systems that comprise the internal control and governance framework, 	

Core Principle F	Managing risks, performance and data through robust internal control and strong public financial management.
<p>it provides assurance and where necessary makes recommendations for improvement.</p> <ul style="list-style-type: none"> The Audit and Standards Committee receives reports with regards to the internal control framework. In addition quarterly reports are presented in respect of the progress and completion of the audit plan and the implementation of outstanding recommendations. <p>• Managing Data:</p> <ul style="list-style-type: none"> The Council has a suite of Information Security Policies to ensure and maintain the integrity of the data that it holds. In addition the Council has a Data Protection Officer in place to ensure that personal data is held securely and managed appropriately. The Council has prepared for the implementation of the new General Data Protection Regulations (GDPR). <p>• Strong public financial management:</p> <ul style="list-style-type: none"> The Executive Director (Resources & Support Services) as the Councils Section 151 Officer is appropriately qualified and complies with the CIPFA statement on the Role of the Chief Finance Officer. The Executive Director (Resources & Support Services) prepares and advises the Council on its Medium Term Financial Strategy and the Budget. Regular budget monitoring reports are provided to Members and Officers. Financial Regulations and Contract procedures provide a framework for the day to day management of the Councils financial transactions. 	

Core Principle G	Implementing good practices in transparency, reporting and assurance (including audit) to deliver effective accountability.
<ul style="list-style-type: none"> Implementing good practice in transparency and reporting: <ul style="list-style-type: none"> The following information is reported annually to Members and is available on the Councils website; <ul style="list-style-type: none"> Performance in delivering the Council's priorities; Statement of Accounts; Annual Governance Statement; Annual Internal Audit Report Annual External Audit Letter In addition to the above, the Council has a transparency page on the website which provides public access to information in accordance with the Local Government Transparency Code. Assurance and effective accountability <ul style="list-style-type: none"> Internal Audit provides assurance throughout the year on the key systems of internal control. The External Auditor provides assurance on the Councils financial statement. The Councils governance arrangements are reviewed on an annual basis. There is a Corporate Complaints, Compliments and Comments Policy in place. Independent reviews of council services are undertaken from time to time, any feedback in respect of such reviews are noted and acted upon accordingly. 	

3.2 A key element of the Councils governance arrangements concerns safeguarding. Newcastle-under-Lyme Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across all its services. As a Council we are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by us. We ensure this by;

- Having a Safeguarding Policy in place,
- Mandatory training in place for all Members and Officers,
- Carrying out the appropriate level of Disclosure and Barring Service (DBS) checks for employees, and
- Working closely with the Staffordshire Safeguarding Children's Board & Staffordshire and Stoke-on-Trent Adult Safeguarding Partnership.

4.0 Review of effectiveness

- 4.1 Newcastle-under-Lyme Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Directors within the authority who have responsibility for the development and maintenance of the governance and internal control environment and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The Code of Corporate Governance adopted by Newcastle-under-Lyme Borough Council demonstrates the Council is committed to ensuring that the principles of good governance flow from a shared ethos or culture, as well as from sound management systems, structures, and processes that are transparent to all its stakeholders. By making explicit the high standards of self-governance the Council aims to provide a lead to potential partners, to the public, private or voluntary sectors and to all citizens.
- 4.3 The Audit and Standards Committee monitors effectively the system of internal control, this has been demonstrated through the completion of a self-assessment against CIPFA's checklist on 'Measuring the effectiveness of the Audit Committee'. The Committee receives regular reports on both the Audit and Risk issues and has demonstrated effective challenge to senior officers in instances of non-compliance; it can therefore be relied upon when considering the Annual Governance Statement for 2018/19.
- 4.4 The Scrutiny function continues to ensure effective monitoring and challenge. There are Scrutiny Committees that reflect each of the Council's Corporate Priorities. The terms of reference for each of these committees ensure that performance is effectively monitored and challenged.
- 4.5 Internal Audit is responsible for monitoring the quality and effectiveness of the systems of internal control. A risk model is used to formulate a twelve month plan which is approved by the Audit and Standards Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Executive Director. The report includes recommendations for improvements that are included within an action plan and require agreement, or challenge, by Directors. The process includes follow ups on a monthly basis, the results of which are reported quarterly to the Audit and Standards Committee in terms of fundamental recommendations and the level of assurance that can be given for that directorate based on the implementation of their recommendations. Internal Audit has continued to receive very positive feedback from External Audit with regards to the coverage of their work and high professional standards.
- 4.6 Internal Audit can provide a level of assurance that the Council's systems of internal control are operating adequately, from their work in 2018/19. Whilst the Internal Audit Service has identified some material deficiencies in controls, the service is satisfied that based upon assurances from Management, action is now being taken to address the issues raised.
- 4.7 An assessment of the role of the Chief Finance Officer (CFO) has been completed in accordance with the 'CIPFA Statement on the role of the Chief Financial Officer in public service organisations'. The statement produced by CIPFA seeks to strengthen governance and financial management throughout the public sector, in addition it sets out the core responsibilities, personal skills and professional standards that are crucial to the role. It requires that the CFO is professionally qualified, reports directly to the Chief Executive and is a member of the Leadership team. Having undertaken the assessment of the role of the CFO within the Council it can be confirmed that the Authority complies with this statement.
- 4.8 The role of the Head of Internal Audit has been reviewed in accordance with 'CIPFA Statement on the role of the Head of Internal Audit'. The role of the Head of Internal Audit occupies a critical position within any organisation helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role on promoting good corporate governance. The main aim of the CIPFA statement is to promote and raise the profile of the Head of Internal Audit within public service organisations. The Council's current arrangements for the provision of Internal Audit, in partnership with Stoke-on-Trent City Council, ensure that the objectives of this role are achieved.

- 4.9 The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council keeps the Constitution under review throughout the year, with a report setting out changes to be consolidated to Council on an annual basis.
- 4.10 Managers Assurance Statements are produced annually by both Executive Directors and Heads of Service. These statements provide a level of assurance with regards to the adequacy of internal controls within their own Directorate and Service Areas.
- 4.11 There are various specialist working groups, i.e. Capital Programme Review Group, Corporate Governance, Information Governance, Procurement, and Corporate Health and Safety, that agree, oversee and review the various disciplines giving assurance that the Council complies with statute, identifies and manages its risks.
- 4.12 The External Auditors, Grant Thornton gave an unqualified opinion on the 2017/18 Accounts, in their Governance Report. In addition their review of the Council's arrangements for securing financial resilience concluded that the Council had robust financial systems and processes in place to manage its financial risks and opportunities and to secure a stable financial position that enabled it to continue to operate for the foreseeable future.
- 4.13 The Council has a zero tolerance to Fraud and Corruption, the Anti-Fraud and Corruption Framework, Fraud Response Plan and Whistleblowing Policy are in place to help deliver our commitment to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. The commitment to deterring fraud and corruption is actively promoted throughout the organisation. Anyone who has any concerns about any aspect of the Council's work is actively encouraged to come forward and voice those concerns.
- 4.14 Action has been taken after the Council received a report which it commissioned from the Association of Electoral Administrators (AEA) ("the Scallan Report"). It identified a number of issues linked to how Council staff prepared for and ran the Parliamentary election in June 2017 and recommended a number of actions which the Council incorporated into an action plan ("the Council's elections action plan") for delivery at the May 2018 elections and subsequent elections.

5.0 Significant governance issues

- 5.1 The former Chief Executive of the Council left the Council's employment during 2018/19 and was replaced by a new Chief Executive, Martin Hamilton.
- 5.2 The Executive Director (Resources and Support Services) was suspended from his role during 2018/19, this post is being undertaken by the Interim Executive Director (Resources and Support Services), Jan Willis during the period of suspension.
- 5.3 The following matters have been identified as issues that need to be addressed in order to further improve the Council's overall governance arrangements;
- To ensure that funding required for the Councils Capital Programme is maximised through the sale of assets identified for disposal as part of the Asset Management Strategy.
 - To ensure that the Council's Constitution is fit for purpose and up to date, regular reviews of its appropriateness will continue to be undertaken.
 - To continue to raise the profile and status of Information Security and Governance throughout the Council. Work to ensure that information security and data protection requirements and legislation are complied with, is to be continued.
 - To ensure that the Council continues to deliver services that meet the needs of our customers and respond to any issues our customers may have with the current level of service provision. Working with our partners we will ensure that we can deliver effectively and efficiently against citizen/customer requirements.

- To ensure that our services demonstrate value for money we will continue to review all Service Areas against best practice and implement actions outlined in Service Plans, in addition we will seek to improve efficiencies across all Council services and ensure that the savings identified from this process can be realised.
- To work in partnership as part of the North West Staffordshire Corporate Fraud Team to ensure that the Council remains vigilant in combating and tackling all aspects of fraud and corruption.
- To address the capacity of Senior Management within the Council to and develop the capability of officers.
- To ensure that the Council is committed to the safeguarding of all children and vulnerable adults and that they are protected and kept safe from harm whilst engaged in services organised and provided by us.
- To develop the commercial skill sets of Officers and the Council's investment capacity in order to support the Council's long term financial sustainability.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed _____

Councillor Simon Tagg, Leader of the Council

Signed _____

Martin Hamilton, Chief Executive

Dated _____

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Internal Audit Plan 2019/20

Audit Title	Days
Chief Executives	
HR - Absence Management	10
Work Force Planning	10
Elections	15
Total Chief Executives	35
Resources & Support Services	
Payroll	15
Purchase to Pay	15
Income Collection including Cash Handling	15
Asset Management Capital	5
Council Tax	5
Treasury Management	5
Housing Benefits	5
General Ledger	5
NNDR	5
Sundry Debtors	5
Total Resources & Support Services	80
Operational Services	
Recycling	15
Jubilee 2	10
Kidsgrove Sports Centre Community Asset Transfer	10
Total Operational Services	35
Regen & Dev	
Planning	10
Major Projects	30
Total Regeneration & Development	40
Corporate	
Commercial Review	15
Risk Management	20
Corporate Governance	15
Ethics	10
Procurement	10
GDPR Compliance	15
Contract Management Governance	15
Project Management	15
Brexit	5
Total Corporate	120

Audit Title	Days
IT Audit Assurance (Internal)	
IT Governance	10
Cyber Controls Risk Management Regime / User Education and Awareness.	10
Application system user security review – Housing and associated homelessness systems	5
Total IT Audit Assurance (Internal)	25
Total Internal Provision	335
IT Audit Assurance (External)	
Identity and Access Management (Cyber Controls Managing User Privileges)	10
Cyber Controls Framework – Malware Prevention – including Internet content filtering controls.	10
Application system user security review - Mitre Finch – Time Recording System / Guard and Payroll systems	10
Total IT Audit Assurance (External)	30
Total Plan Days	365

Audit and Standards Committee

Work Plan 2019/20

Committee Date	Reports
24 June 2019	<ol style="list-style-type: none"> 1. Terms of Reference 2. Work Plan 2019/20 3. Corporate Risk Management Report Quarter 4 2018/19 4. Health and Safety Annual Report 2018/19 5. Treasury Management Annual Report 2018/19 6. Draft Statement of Accounts 2018/19 7. Annual Governance Statement 2018/19 8. Internal Audit Plan 2019/20
29 July 2019	<ol style="list-style-type: none"> 1. Audited Statement of Accounts 2018/19 2. External Auditors Audit Findings Report 3. Internal Audit Annual Report 2018/19
23 September 2019	<ol style="list-style-type: none"> 1. Corporate Risk Management Report Quarter 1 2. Internal Audit Progress Report Quarter 1 3. Outstanding Recommendations and Assurance Report Quarter 1 4. External Audit – Annual Audit Letter
11 November 2019	<ol style="list-style-type: none"> 1. Corporate Risk Management Report Quarter 2 2. Health and Safety Half-Year Report April-September 2018 3. Treasury Management Half-Yearly Report 2019/20 4. Internal Audit Progress Report Quarter 2 5. Outstanding Recommendations and Assurance Report Quarter 2
10 February 2020	<ol style="list-style-type: none"> 1. Corporate Risk Management Report Quarter 3 2. Internal Audit Progress Report Quarter 3 3. Outstanding Recommendations and Assurance Report Quarter 3 4. Internal Audit Plan 2019/20 5. Internal Audit Charter 2019/20
20 April 2020	<ol style="list-style-type: none"> 1. Risk Management Policy and Strategy 2019/20 2. External Audit – Certification Work 3. Code of Corporate Governance 4. Corporate Fraud Arrangements

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