

Public Document Pack

Date of meeting Monday, 11th November, 2019
Time 7.00 pm
Venue Lancaster Buildings, - Ironmarket, Newcastle, Staffs
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 MEETINGS** (Pages 3 - 8)
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 **REVIEW AND UPDATE OF RESPONSIBILITIES OF THE COUNCIL, ITS COMMITTEES AND SUB-COMMITTEES** (Pages 9 - 18)
- 5 **HEALTH AND SAFETY SIX MONTH REPORT - 2019-20** (Pages 19 - 26)
- 6 **LOCAL GOVERNMENT ETHICAL STANDARDS - REVIEW BY COMMITTEE ON STANDARDS IN PUBLIC LIFE** (Pages 27 - 44)
- 7 **CORPORATE RISK MANAGEMENT REPORT Q2** (Pages 45 - 62)
- 8 **TREASURY MANAGEMENT HALF YEARLY REPORT** (Pages 63 - 70)
- 9 **INTERNAL AUDIT PROGRESS REPORT - QUARTER TWO - JULY TO SEPT, 2019** (Pages 71 - 78)
- 10 **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), K.Owen (Vice-Chair), S. Dymond, S. Pickup, M. Stubbs, G. Burnett and B. Panter

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.

SUBSTITUTE MEMBER SCHEME (Appendix 9, Section 4 of Constitution)

The Constitution provides for the appointment of Substitute members to attend Committees. The named Substitutes for this meeting are listed below:-

Substitute Members:	M. Holland	K. Robinson
	Hutton	G Williams
	A. Parker	B. Proctor

If you are unable to attend this meeting and wish to appoint a Substitute to attend in your place you need go:

- Identify a Substitute member from the list above who is able to attend on your behalf
- Notify the Chairman of the Committee (at least 24 hours before the meeting is due to take place) NB Only 2 Substitutes per political group are allowed for each meeting and your Chairman will advise you on whether that number has been reached

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, 23rd September, 2019
Time of Commencement: 7.00 pm

Present: Councillor Paul Waring (Chair)

Councillors: S. Dymond M. Stubbs K.Owen
S. Pickup G. Burnett
B. Panter

Officers: Geoff Durham Mayor's Secretary / Member Support Officer
Simon Sowerby Business Improvement Manager
Jan Willis Interim Executive Director - Resources and
Support Services and Section 151 Officer
Martin Hamilton Chief Executive
Craig Turner Principal Accountant
Sarah Wilkes Finance Manager

Also in attendance: Phil Butters – Keele University
Paul Harvey – Grant Thornton
Grant Pattison – Grant Thornton
Councillor Sweeney – Portfolio Holder for Finance and Efficiency

1. **APOLOGIES**

Apologies were received from Ms Clare Potts – Stoke on Trent City Council.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the meeting held on 29 July, 2019 be agreed as a correct record.

4. **MATTERS ARISING FROM THE MINUTES**

Under item 5 of the Minutes. Councillor Pickup had asked which five audits were not required. As outlined in Table 4. The Chair had a list of the items which would be circulated to Members.

5. **LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER**

Consideration was given to a report informing Members of the Council's performance in relation to complaints made to the Local Government Ombudsman for the year ended 31 March, 2019.

Members' attention was drawn to paragraph 2.3 of the report which outlined the number of decisions had increased from 18 in 2017-18 to 20 this year. However, none of these complaints had been upheld.

Members were also referred to the letter from the Ombudsman that was appended to the report.

Resolved: That the report be received.

6. CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD APRIL TO JUNE 2019 (QUARTER 1 (Q1))

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

Members were advised that there were no overdue risk reviews. There had been 7 risk level increases and these were shown at numbers 1 and 2 of the appendix

There had been 22 new risks added. The majority of these were low level.

Members' attention was drawn to the risks outlined at Appendix A.

Councillor Stubbs asked where the three new medium/high risks had come from.

The Council's Business Improvement Manager, Simon Sowerby that these had arisen from problems encountered at Castle House; failure of the air conditioning and an interruption of the power supply. Members were advised that these issues were being monitored.

Councillor Stubbs asked if the County Council were putting things in place and whether the building was still under warranty.

The Council's Interim Director of Resources and Support Services, Jan Willis explained that issues had been uncovered with power fluctuations and the harmonics of the building. Investigations were being carried out to pinpoint the source and it was thought that the source had now been found. The issues had been added to the risk register because of the time that had been taken to locate the source and engaging with the County Council to find a resolution. It would be the responsibility of Kier and the sub-contractors to fix the problem.

Councillor Stubbs asked that when a resolution was found and fixed, - that it be reported back to this Committee. The Chair asked Mr Sowerby that he give an update at the next meeting.

Phil Butters raised concerns about risks staying at level 9 on a recurring basis and asked whether an assessment was needed as to how they were calculated. Mr Butters asked if this could be reviewed in more detail at a future meeting.

Mr Butters also referred to the risk relating to Newcastle Bus Station (number 1) in that it appeared to have been resolved. Mr Butters asked how a risk that had been realised was signalled.

The Chair stated that, in the past there had been more detail on how risks were calculated. Mr Sowerby was asked to do a worked example for Members and to make the example a high risk or controversial one.

Councillor Pickup asked what the fire risk occurrences were, shown at number 7 of the appendix. Mr Sowerby stated that these had possibly been down to aerosol cans or batteries at the Council Depot. He would check this.

Councillor Pickup also enquired about risk '16' and the failure to replace key staff and what the current position was as the target date was October.

The Council's Chief Executive, Martin Hamilton stated that the Council was in the midst of recruiting key staff at the moment. The situation had been mitigated in the short term by bringing in interim members of staff.

Councillor Stubbs stated that he understood that the mitigation was required but this had been at a huge cost.

- 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 April to June 2019 be noted.**
 - (iv) **That it be noted that there were no issues outstanding from the previous meeting.**
 - (v) **That it be noted that the updated Risk Management Strategy and Policy have been uploaded to the website and intranet.**
 - (vi) **That it be noted that an upgraded web based version of the corporate risk management system (GRACE) has been implemented.**
 - (vii) That Appendix A be noted and the progress that has been made in managing the risks identified within the Strategic, Operational, Project and Partnership Risk Registers, be noted.

7. AUDITED ACCOUNTS FOR 2018/19

Consideration was given to a report to receive the final accounts and audit findings report for the financial year 2018/19.

Jan Willis introduced the report stating that the accounts had been certified and the external auditors had given an unqualified opinion on the financial statements and the Council's Value For Money arrangements.

The accounts had already been signed by the Chair under delegated authority and the Committee were now being asked to formally receive them.

Councillor Stubbs enquired about the fee summarised at 9.1 of the covering report and was advised by the Chair that this was covered under an item later in the meeting.

Members' attention was drawn to paragraph 2.1 of the report which outlined key issues that had contributed to the delay in completing the audit.

- Resolved:**
- (i) That the final accounts for the financial year 2018/19, be received.
 - (ii) That the audit findings report for the financial year 2018/19 be received.
 - (iii) That the additional fee estimate of £20,000 in respect of additional audit work arising from national and local issues be noted.

8. **ANNUAL AUDIT LETTER**

Mr Grant Pattison of Grant Thornton introduced the report which summarised the completed work of the previous year.

Grant Thornton were satisfied that the Council had adequate resources in place and no concerns had been raised in this regard.

The 'McCloud' judgement had been a national issue and all local authorities needed to change their accounts as the net pension liability had moved. However, this would have no impact on Council Tax or the General Fund.

The former Civic Offices had previously been listed as an operational asset which should have been listed as surplus.

The Spons indices - had been incorrect and this had impacted on the valuation of J2 and a number of other properties. Grant Thornton had to take advice from their own valuation team which had contributed to the additional fee request.

Members' attention was drawn to pages - 83 and 84 of the agenda which outlined two Value for Money risks and to appendices A and B – the Reports Issued and fees and the Recommendations and Action Plan.

Councillor Pickup asked if there would be any redress or compensation in respect of the Spons issue.

Jan Willis advised that the Council could attempt to sue but chances would be low for a successful outcome.

Councillor Stubbs stated that this was a key document that all local authorities relied upon. Councillor Stubbs suggested that a cross-action approach from every local authority should be undertaken.

Councillor Pickup referred to paragraph 2.4 on page 39 of the agenda and asked if Members could see the 'lessons learned'.

Jan Willis undertook to report back to the Committee on the key learning points.

Councillor Stubbs queried the additional £20,000 that related to the Statutory audit.

Members were advised that this had been due to additional audit work arising from national and local issues. It was noted that the local issues were in no way related to the retirement of the former Head of Finance.

Councillor Stubbs also queried the fee of £9,000 as shown on page 85 of the report. Members were advised that non-audit services includes areas such as Housing Benefit. For transparency reasons Grant Thornton were required to disclose any non-audit services in the annual audit letter.

Councillor Stubbs asked about the reduction in the valuation of the assets and whether the adjustments to the accounts should be reviewed by Scrutiny. Grant Thornton advised that the Auditors had issued their opinion and therefore the audit could not be reopened. There was no impact upon the bottom line or resources available to the Council and therefore further review would be of limited utility.

Councillor Stubbs asked for a short note setting out the accounting adjustments.

It was agreed that Jan Willis would produce a note and circulate it to Members.

Resolved: That the Annual Audit Letter be received.

9. INTERNAL AUDIT PROGRESS REPORT - QUARTER ONE - 2019/20

Consideration was given to a report advising Members on the work undertaken by the Internal Audit Section during April and June, 2019.

Members' attention was drawn to paragraph 2 of the report showing completed audit reviews.

Resolved: That the information be received.

10. QUARTERLY REPORT: ADOPTION OF INTERNAL AUDIT HIGH RISK RECOMMENDATIONS AND SUMMARY OF ASSURANCE - APRIL TO JUNE, 2019

Consideration was given to a report outlining any high risk recommendations.

Members were advised that at the end of quarter one there were no outstanding high risk recommendations.

Members' attention was drawn to Appendix A which gave a summary,

Resolved: That the information be received.

11. URGENT BUSINESS

There was no Urgent Business.

Chair

Meeting concluded at 7.55 pm

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Classification: NULBC **UNCLASSIFIED**

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO AUDIT & STANDARDS COMMITTEE**

11 November 2019

Report Title: Review and Update of Responsibilities of the Council, its Committees and Sub Committees

Submitted by: Interim Head of Legal & Monitoring Officer

Portfolios: Leader of the Council – Corporate and Service Improvement, People and Partnerships

Ward(s) affected: All

Purpose of the Report

To advise members of the Audit and Standards Committee of proposed changes to the terms of reference for the Committee.

Recommendation

To note the proposed changes to the current Terms of Reference as set out at Appendix A of this report and recommend their approval to full Council.

Reasons

The proposed changes to the Terms of Reference are part of a comprehensive review of the Terms of Reference all Committees and Sub Committees and form part of the review of the Council's Constitution. Any changes will require full Council approval.

1. **Background**

1.1 The responsibilities of the Council, its Committees and Sub Committees are currently set out at Appendix 1 of the Constitution. The document was last updated in September 2016 and so requires reviewing to reflect the Council's current committee structure and generally. There are a number of proposed changes which affect the Audit and Standards Committee and members views are sought. Any changes will require the approval of full Council and will also be considered by the Constitution and Member Support Working Group.

2. **Issues**

2.1 The Council should regularly review its Constitution and update the provisions.

2.2 Appendix 1 is currently divided into three main sections:

- Appendix 1 sets out the responsibilities of Full Council
- Annex 1 to Appendix 1 sets out Non executive Statutory Functions
- Annex 2 to Appendix 1 sets out the Terms of Reference for Committees, Sub Committees and Working Parties of full Council

2.3 The opportunity has been taken to move all the Terms of Reference for Council and all Committees and sub Committees and Working Parties into one Appendix and just keep Annex 1. Annex 1 has

not been reviewed but was only updated in September 2018.

3. **Proposal**

3.1 There are a number of significant changes to the current Terms of Reference for the Audit and Standards Committee. An overview of the proposed changes are set out below and the full text of the amended Terms of Reference for the Audit and Standards showing track changes is set out at Appendix A.

APPENDIX 1	CONTENT	COMMENT
Audit and Standards Committee	<p>Changes the name from Audit and Risk Committee to Audit and Standards</p> <p>Updates the current Terms of Reference based on CIPFA guidance</p> <p>Adds the former Terms of Reference of the Standards Committee</p>	<ul style="list-style-type: none"> • Adds the Terms of Reference from the Standards Committee and deletes that as a separate committee • Re-writes the Terms of Reference for the Audit Committee & replaces with the suggested Terms of Reference from CIPFA for Audit Committees & includes additional items which NULBC gives the Committee responsibility to deal with • Incorporates all the Terms of Reference from the former Standards Committee and establishes a new Sub Committee of 3 members (politically balanced) to sit as a Hearings Panel to determine complaints under the Code of Conduct. This is to avoid the full Audit and Standards Committee sitting to hear complaints

4. **Reasons for Proposed Solution**

4.1 It is important to regularly review and update the Terms of Reference of Committees to reflect the latest legislative requirements, best practice and changes in the Councils Governance arrangements.

4.2 CIPFA has recently updated its practical guidance on the function and operation of Audit Committees. This represents best practice for Audit Committees in Local Authorities throughout the UK. Appendix B of the Guidance sets out suggested Terms of Reference for Local Authorities and it is recommended that this replaces the current Terms of Reference for the former Audit and Risk Committee. The CIPFA Terms of Reference are very comprehensive and so very lengthy in comparison to the original wording but as they are considered to best practice it seems sensible to recommend their adoption.

4.3 The terms of Reference for the former Standards Committees have also been added but a new and separate Hearings Panel is proposed to be established to consider formal complaints under the Code of Conduct rather than the whole Committee sitting to hear complaints. This tends to be the practice adopted elsewhere.

5. **Options Considered**

There is an option to do nothing but this would mean continuing to work with Terms of Reference which are out dated which is not good practice and unhelpful to both officers and elected members.

6. **Legal and Statutory Implications**

All local authorities are required to have a written Constitution which must be kept under regular review and publicised. Any amendments to the Constitution require the approval of full Council.

7. **Equality Impact Assessment**

Where any equality impact has been identified it has been addressed.

8. **Financial and Resource Implications**

No significant additional resources will be required in relation to the recommendations

9. **Major Risks**

That the Terms of Reference do not reflect up to date legal requirements and /or best practice resulting in challenge to Council decisions and/or reputational damage.

10. **Sustainability and Climate Change Implications**

There are no direct implications

11. **Key Decision Information**

N/A

12. **Earlier Cabinet/Committee Resolutions**

N/A

13. **List of Appendices**

Appendix A – showing new draft Terms of Reference for Audit and Standards Committee with tracked changes

14. **Background Papers**

CIPFA - Practical Guidance on the Function and Operation of Audit Committees.

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APPENDIX 1 (ANNEX 2)

TERMS OF REFERENCE OF THE COMMITTEES, SUB-COMMITTEES AND WORKING PARTIES OF COUNCIL

COMMITTEE OF FULL COUNCIL

To determine any matter referred to it by the Mayor, the Council, Cabinet or any Committee of the Council and not otherwise reserved to Full Council. The Committee of Full Council is chaired by the Leader of the Council.

AUDIT AND ~~RISK STANDARDS~~ COMMITTEE

Governance, Risk and Control

1. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.

2. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

3. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

4. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

5. To monitor the effective development and operation of risk management in the council.

6. To monitor progress in addressing risk-related issues reported to the committee.

7. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

8. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

9. To monitor the counter-fraud strategy, actions and resources.

10. To review the governance and assurance arrangements for significant partnerships and collaborations.

Internal Audit

10. To approve the Internal Audit Charter.

Commented [CE1]: Numbers 1- 33 are suggested Terms of reference in the CIPFA Practical Guidance

11. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

12. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

13. To approve significant interim changes to the risk-based internal audit plan and resource requirements.

14. To make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.

15. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

16. To consider reports from the Chief Internal Auditor on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.

b) Regular reports on the results of the Quality Assurance and Improvement Programme.

c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

17. To consider the Chief Internal Auditor's Annual report:

a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.

b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.

18. To consider summaries of specific internal audit reports as requested.

19. To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

20. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

21. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

22. To provide free and unfettered access to the Audit Committee Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the committee.

External Audit

23. To support the independence of the external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSSA) or the authority's auditor panel as appropriate.

24. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

25. To consider specific reports as agreed with the external auditor.

26. To comment on the scope and depth of external audit work and to ensure it gives value for money.

27. To commission work from internal and external audit.

28. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

29. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

30. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

31. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

32. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

33. To publish an annual report on the work of the committee

34. To maintain an overview to ensure compliance with the Council's Constitution in respect of Procedure Rules in relation to Contracts and Financial Regulations and make recommendations to Council in consultation with the Monitoring Officer and Section 151 Officer for any amendments

Audit Activity

Commented [CE2]: Deleted as now replaced by the terms in the CIPFA Practical Guidance

- ~~(6) To review issues referred to by the Chief Executive, Senior 151 Officer, Monitoring Officer, Executive Director or Council body~~
~~(8) To receive annual reports on exceptions and exemptions to the Council's Financial Regulations and Procedure Rules in Relation to Contracts.~~

Commented [CE3]: Moved with slight wording change to 34

Accounts Other Areas

Standards

Commented [CE4]: 38 – 45 & 47 are moved from the former Standards Committee Terms of Reference

(38) To promote and maintain high standards of conduct by Members

(39) To monitor the operation of the Members' Code of Conduct

(40) To advise the Council on the adoption or revision of the Members' Code of Conduct

(41) To oversee the effectiveness of the Council's procedures for investigating and responding to complaints of breaches of the Members' Code of Conduct

(42) To interview and make recommendations to Council on the appointment of Independent Person(s) in accordance with the requirements of the Localism Act 2011

~~(43) 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~~

Commented [CE5]: Now to be dealt with by a Hearings Panel of 3 as a Sub Committee of the Audit and Standards Committee – rather than the full Committee sitting to hear complaints

(44) To advise, train or arrange to train Members and Independent Person(s) on matters relating to the Members' Code of Conduct

(45) To consider requests from Members to grant dispensations from being precluded from participation in a meeting (**see Appendix 18 Annex 4 Dispensations Process & Form**)

(46) To appoint a sub-committee to act as a Hearing Panel of 3 Members drawn from the committee on a politically proportionate basis to conduct hearings and make decisions on allegations under the Code of Conduct. (Terms of Reference for the Hearings Panel are below.)

Commented [CE6]: New power to appoint a Hearing panel in the event of an investigation under the Code of Conduct

(47) To maintain an overview of complaints handling and Local Government Ombudsman investigations.

Audit and Standards Sub Committee

Hearing Panel

Commented [CE7]: Sets out Terms of reference for a Hearing Panel to conduct local hearings and to determine initial complaints where the Monitoring Officer considers a referral is appropriate

The Hearing Panel may be convened by the Monitoring Officer when required:

(1) To conduct local hearings and make decisions on allegations following investigation of a complaint under the Code of Conduct

(2) To make decisions on allegations where the Monitoring Officer considers it appropriate to refer the initial complaint to the Panel for determination

(3) The Panel will seek and take into account the views of an Independent Person

Commented [CE8]: This is required by the Localism Act 2011

appointed under the Localism Act 2011 before making a decision on any allegation which has been investigated

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO AUDIT & STANDARDS COMMITTEE

11 November 2019

Report Title: Health & Safety 6 month report 2019-20
Submitted by: Nesta Barker – Head of Environmental Health Services
Portfolios: Finance & Efficiency
Ward(s) affected: All

Purpose of the Report

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

Recommendation

That the report be noted.

Reasons

To update and inform members of any recent issues and trends in relation to the management of health and safety at the council.

1. **Background**

1.1 Attached as an Appendix is the health and safety report submitted to the council. It covers the period 1st April 2019 to 30th September 2019.

2. **Issues**

2.1 There is considerable progress to report, including the delivery of training, fire evacuation drills and inspections of many council buildings.

2.2 Work continues to support employees on using the health and safety IT system, Target 100.

2.3 Accident data and trends are provided within the report.

2.4 The works of the various health and safety committees and sub-committees are detailed within the report.

2.5 The report also details work which has commenced and is planned for delivery in the next 6 months, this includes; updating the employee handbook, lone working policy, implementation of Target 100 v6.1 and a programme of training.

3. **Proposal**

3.1 That the report be noted.

4. **Reasons for Proposed Solution**

- 4.1 Regular updates in relation to health and safety service delivery, information and trends ensures effective review of service delivery.
5. **Options Considered**
- 5.1 Not applicable.
6. **Legal and Statutory Implications**
- 6.1 The council is required to comply with all relevant Health and Safety legislation.
- 6.2 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.
7. **Equality Impact Assessment**
- 7.1 The health and safety policy and procedures apply equally to all employees. Training is available to all employees as required.
8. **Financial and Resource Implications**
- 8.1 The majority of health and safety service delivery is carried out in-house from existing resources, this also includes training courses. 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.
- 8.2 Good health and safety management also ensures that insurance claims can be effectively managed.
9. **Major Risks**
- 9.1 Failure to adopt best practice health and safety standards could result in wastage of council resources and the provision of an inefficient service.
10. **Sustainability and Climate Change Implications**
- 10.1 No sustainability or climate change implications identified.
11. **Key Decision Information**
- 11.1 This is not a key decision.
12. **Earlier Cabinet/Committee Resolutions**
- 12.1 Annual and 6 month reports are presented to Audit & Standards committee each year.
13. **List of Appendices**
- 13.1 Appendix 1 – Health & Safety 6 month report.
14. **Background Papers**
- 14.1 None

Newcastle-under-Lyme Borough Council

HEALTH AND SAFETY SIX MONTH REPORT APRIL 2019 – SEPTEMBER 2019.

1. INTRODUCTION

- 1.1 This report outlines the current state of health and safety matters during the six months from 1st April 2019 to 31st September 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 review of the Lone Working policy is being undertaken to reflect changes brought about by the introduction and implementation of the Skyguard MySOS lone worker protection devices.
- 2.2 The employee handbook is also currently under review.
- 2.3 The above documents, once agreed, will be communicated to staff and made available on the intranet.

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 has continued with individuals requiring assistance, to create, review and monitor risk assessments and safe systems of work
- 3.3 A meeting with T100 was established to identify current issues with the system in which it was discussed about transferring over to version 6.1. This transfer may provide solutions to many of the issues users are currently experiencing with version 6.0. Some work is required to the organisational structure following the recent departmental changes so that users and staff are allocated to the correct area prior to the introduction of the new version.

4. HEALTH AND SAFETY TRAINING

- 4.1 The following Health and Safety Training has been completed –
 - Fire Marshal
 - Evac Chair
 - Controlling Officer
 - Target 100 Version 6

UNCLASSIFIED

- 4.2 The following training has been scheduled following site inspections where it was identified the last practical sessions had not been completed for considerable time.
- Manual handling training – Museum, Jubilee2 and Waste all scheduled
 - Streetscene and remaining departments to be scheduled for the New Year

5. ACCIDENT REPORTS –

5.1 All accidents (staff & members of public)

Month	RIDDOR*	Non-Reportable	Near Miss	Dangerous Occurrence
April 2019	1	16	4	0
May 2019	0	19	7	0
June 2019	0	19	6	0
July 2019	1	13	10	0
August 2019	0	23	6	0
September 2019	0	10	4	0
TOTAL	2	100	37	0

* 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 specified injuries (broken bones etc) would all be reportable to the Health & Safety Executive by the Local Authority.)

5.2 RIDDOR Summary

Month	Injured Person	Incident Type	Remedial Action
April	Staff	Slip whilst tipping waste	Staff stood on plastic bottle and stumbled, turning ankle over Correct footwear in use, vehicle and surrounding floor inspected and no issues identified Only action is to remind staff to take care when they are walking and be vigilant for slip, trip hazards
July	Member of public	Slip on poolside	Area and CCTV inspected, nothing untoward identified, no remedial actions required Staff checked on MOP welfare, no fracture identified by hospital, provided with sling and advised to take painkillers

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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 Officer has completed inspections of the following properties –
- Brampton Museum
 - Jubilee2
 - Streetscene sections of Knutton Depot
 - Garage workshops of Knutton Depot
 - Waste transfer section of Knutton Depot
 - Bradwell Crematorium
 - Chesterton Park
 - Westlands Tennis Centre
 - Clough Hall Park
- 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 The Corporate Health and Safety Officer will review the progress on the remedial actions recommended within these inspections at the three month mark, items identified as incomplete will be forwarded to the Head of Service.

7. KNUTTON DEPOT

- 7.1 The Knutton Lane Health and Safety Committee held meetings on:
- 13th June 2019
 - 26th September 2019
- 7.2 Matters arising from the meetings included:-
- Accidents, Incidents and Near Misses
 - Target 100
 - Training
 - Site Rules
 - HAVS update
 - Buildings, Utilities and Infrastructure
 - External Yard, Waste Transfer Station, Salt Yard
 - Site re-organisation

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

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- Accident / Incident Investigations
- Risk Assessments
- COSHH

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

- 4th April 2019
- 18th July 2019

9.2 The committee discussed the following items, throughout past six months:

- HAVS working group
- Fire Prevention Policy
- Accidents, Incidents and Near Misses
- Accident & Insurance claims
- Target 100 update
- Health and Safety Matrix
- Castle House Invac Procedures and ongoing issues
- Portable Ladder Policy
- Facilities Management Updates
- Leisure and Cultural SHE
- Driving at Work Policy / Vehicle Familiarisation
- First Aid provision

10. FIRE

10.1 A number of evacuations have taken place in the last 6 months including

- 6 month programmed Fire Drills across the majority of sites.

11. EVENT SAFETY

11.1 There have been a number of events over the past six 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:

- Lyme Valley play day
- Wild play events (multiple)
- Funtopia
- Praise in the park
- Lymelight
- Bradwell Fun Day
- Party in the Park
- Aspire family Fun Day

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12. LONE WORKING REVIEW

- 12.1 Further to the lone working device review and the implementation of Skyguard as the lone worker device, further trials are planned to investigate the man-down function as an additional service. The current trial is planned for 10 units and will monitor the number of false alarm activated in comparison to the current units with no man-down function.

13. CASTLE HOUSE

- 13.1 As the transition to Castle House has now completed and staff have been in the building for over 12 months there have been a number of ongoing issues noted.

The first is with regards to the lift where breakdowns were regular. This issue appears to have now been resolved and no further issues have been reported.

General health complaints, many in respect of headaches, migraines and general ill health have been noted by a number of NULBC staff across all occupied areas. Investigations are ongoing as initial reading for light (lux) levels do highlight that levels are excessive in some areas and may be part of the problem. BSRIA have been requested to complete a variety of testing across all levels of the building, to include thermal comfort as an additional measurement to identify if any other remaining issues are contributing to the ongoing health complaints recorded.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S

INFORMAL CABINET 22 October 2019

REPORT TO AUDIT & STANDARDS COMMITTEE

11 November 2019

1. **Report Title** **Local Government Ethical Standards – Review By Committee On Standards In Public Life**
- Submitted by:** **Interim Head of Legal Services & Monitoring Officer**
- Portfolios:** **Corporate and Service Improvement, People & Partnerships**
- Ward(s) affected:** **All**

Purpose of the Report

To update Members on the recent report from the Committee on Standards in Public Life on ethical standards in local government. A number of the recommendations within the report will require legislative change, but the Committee also identifies “best practice” for local authorities in the expectation that these can and should be implemented. The intention is that there will be a review of implementation in 2020.

Recommendation

That Members:

- a. Note the list of recommendations from the Committee on Standards in Public Life at Appendix A to the report.
- b. Agree to adopt the list of Best Practice recommendations at Appendix B to the report and approve the draft action plan.
- c. Note the intention to bring a revised Code of Conduct to the next meeting of the Committee together with an updated Action Plan.

Reasons

The Committee on Standards in Public Life has undertaken a review of ethical standards in local government and concluded more robust safeguards are needed to strengthen the current system. A number of their recommendations require legislative changes, however there is also a list of “best practice” which all Councils are expected to adopt and put into practice as soon as reasonably practicable.

1. **Background**

- 1.1 The twentieth report from the Committee on Standards in Public Life re-visits standards in local government to review whether the current local framework is sufficient to promote and maintain the high standards of conduct which are considered necessary to protect the integrity

of decision making, maintain public confidence and safeguard local democracy. The report found that the vast majority of councillors and officers want to see high standards of conduct within their own authorities, although unfortunately a small minority of councillors engage in bullying or harassment, or other disruptive behaviour and a small number of parish councils generate a disproportionate number of complaints of poor behaviour. The challenge is therefore to maintain a system which is robust enough to address the problem of the small minority of councillors who display unacceptable behaviour but which maintains and supports an ethical culture and ethical practice across the organisation as a whole.

1.2 The Committee concludes that there are clear benefits for local authorities having responsibility for ethical standards at a local level and the current locally devolved arrangements should be retained. This means they do not recommend a return to a centralised body, such as the Standards Board, with responsibility for overseeing standards in local government. However, the Committee did find that there was a need to introduce new measures to improve consistency and independence and also found that the current lack of robust sanctions available to local authorities damaged public confidence in the standards system and leaves Councils with no means of enforcing lower level sanctions or of addressing serious or repeated misconduct.

1.3 A number of the recommendations will require the government to implement new legislation and so, if accepted, will require Parliamentary timetabling. In the meantime, the Committee also identified a number of changes which it considers to be “best practice” as a benchmark for ethical standards and which it expects all local authorities to adopt. This report advises the Committee on the 15 best practice requirements and assesses what the Council will need to do to comply with the proposals.

2. Issues

2.1 There are 26 formal recommendations which the Committee have made following their review. The majority are for the Government to implement and will require legislative changes, although a very small number are the responsibility of the LGA or for political groups to implement. **A summary of the recommendations together with the Committee’s reasoning are set out at Appendix A.**

2.2 Briefly the recommendations cover the following areas:

- There should be a new national model Code of Conduct to be drafted by the LGA & available for all local authorities to adopt
- Councillors should not be required to publicly disclose their home address
- The Code of Conduct will apply whenever members claim to act, or give the impression that they are acting, as an elected member
- The list of Disclosable Pecuniary Interests (DPI) should be extended but the current criminal offence to fail to comply with the all the requirements around disclosure should be abolished
- Councils will be required to keep a register of gifts & hospitality & to record gifts over £50 (or £100 a year from a single source)
- Councils must adopt a new definition which clarifies when a Councillor must declare an interest and withdraw

- Independent Persons must be appointed for a fixed term of 2 years (renewable once) & their role extended with the option to allow them to vote at Standards Committees
- Councillors may be suspended for up to 6 months for breach of the Code but will have a right of appeal to the Local Government Ombudsman
- Councils must publish annually details of all complaints received under the Code & the outcome
- Specific recommendations relate to the special requirements of Parish Councils
- Disciplinary Protection for Statutory Officers should be extended to all disciplinary action
- Whistleblowing Codes should be updated to provide a named contact in External Audit & permit disclosure to Elected Members
- Councillors will be required to attend formal induction training by their political groups with National Parties adding the requirement to their model group rules
- LGA Corporate Peer Reviews should also include consideration of processes for maintaining ethical standards

2.3 Taken as a whole the recommendations are a package of reforms intended to strengthen and clarify the current local devolved arrangements by encouraging consistency with the re-introduction of a model code of conduct, clarifying rules around declaring interests and gifts and hospitality, strengthening the role of Independent Persons and introducing stronger sanctions for breaches of the Code.

2.4 In addition to their formal recommendations the Committee also identified a list of 15 areas of best practice which are considered to be a benchmark which all local authorities can and should implement. The Committee will review the implementation in 2020.

2.5 **Appendix B sets out the Best Practice requirements** and assesses what the Council will need to do to comply.

2.6 The Best Practice Proposals deal with the following issues:

- Prevention of Bullying & Harassment should be included in all Codes of Conduct together with a definition & examples
- The Code of Conduct must require Councillors to comply with any formal standards investigation & prohibit trivial or malicious allegations by Councillors
- Codes should be reviewed annually and consulted upon
- Gifts & Hospitality Registers should be updated at least once a quarter & published in an accessible format

- Councils must adopt a clear and straight forward Public Interest Test against which allegations are filtered
- Councils must appoint at least 2 Independent Persons who must be consulted with before certain action is taken
- Decision Notices must be published as soon as possible on Council websites after a formal investigation & a misconduct finding
- All Councils should publish clear guidance on how to make a complaint & the process to be followed
- MOs should be given training & resources to support Parish Council complaints
- Councils should have processes in place to prevent conflicts of interest in undertaking an investigation
- Councils should report on separate bodies which they have set up or own as part of the Annual Governance Statement
- Senior Officers should meet regularly with political group leaders or group whips to discuss standard issues

2.7 If the Council is to address the Best Practice proposals then there is a need to review current practice and ensure that an effective Action Plan is in place to delivery any necessary improvements. Appendix B sets out a draft Action Plan and members views are sought. The intention is to bring a revised Code of Conduct and updated Action Plan to the next meeting of the Committee.

2.8 There is a link to the full text of the Report “Local Government Ethical Standards – A Review by the Committee on Standards in Public Life” at paragraph 13.1 of this report.

3 **Reasons for Proposed Solution**

3.1 The aim of the standards system is to build an ethical culture and to embed high standards throughout the authority so that it becomes an integral part of both how the organisation works as a whole and also how each individual undertakes their role. The report concludes that a system which provides for the effective investigation of complaints and is punitive where necessary is important, but what is more important is a system which enables good behaviour.

3.2 Chapter 8 of the Report deals with “Leadership and Culture” stressing that Leadership is an essential element in embedding an ethical culture and must be demonstrated by a range of senior individuals who must set the correct tone when it comes to ethics and standards.

3.3 The following are identified as having a key role:

- **Audit & Standards Committee** – by dealing with breaches of the Code, setting expectations of behaviour & continually reviewing & holding the authority to account on Standards issues

- **Chief Executive** – by modelling high standards of conduct particularly political impartiality & objectivity, guarding the demarcation between officer & member roles & supporting senior officers to undertake their roles
- **Leaders of Political Groups** – by setting the tone for how councillors engage with each other & with officers & by modelling high standards themselves & addressing inappropriate behaviour using party discipline if necessary
- **Leader of the Council** – by modelling the highest standards of conduct as the most visible Group Leader & addressing any inappropriate behaviour by Portfolio holders
- **Mayor** – by setting the tone at full Council & ensuring all councillors are aware of the expectations for how they engage with each other & officers
- **Political Groups** – by mentoring new councillors & supporting existing councillors, with senior officers regularly engaging with leaders & group members to understand training needs & setting expectations for how councillors act in the Council chamber, on committees, with officers & on outside bodies

3.4 The report concludes that ultimately responsibility for ethical standards rests with local authorities and that senior councillors and officers must show leadership in order to build and maintain an ethical culture in their own authority.

3.5 The Committee on Standards in Public Life will be reviewing progress and implementation in 2020 and the Council's Peer Review, also due to take place in 2020, are likely to be considering ethical matters as part of their overall assessment of the culture and effectiveness of the authority.

4. **Options Considered**

4.1 Although compliance with the best practice recommendations is not mandatory the Committee on Standards in Public Life has set out their very clear expectation that all local authorities can and should implement them. Accordingly any decision not to do so should be clearly articulated and justified.

5. **Legal and Statutory Implications**

5.1 Section 27 of the Localism Act 2011 requires each local authority to adopt a code of conduct which must reflect the Seven Principles of Public Life. The Act also sets out the processes to followed upon receipt of an allegation of breach of the Code and also the role of the Independent Person.

5.2 The majority of the formal recommendations by the Committee on Standards in Public Life would require legislation to amend the Localism Act or to amend relevant Statutory Instruments and so even if all the recommendations were accepted by the Government this may take some little time. In the meantime the Best Practice recommendations can be implemented quickly as no legislative changes are required.

6. **Equality Impact Assessment**

6.1 No direct implications.

7. **Financial and Resource Implications**

7.1 There are no significant resource implications in complying with the Best Practice proposals.

8. **Major Risks**

8.1 The Council is expected to comply with the best practice proposals and failure to do so may result in reputational risk to the Council particularly in view of the proposed review by the Committee and forthcoming Peer Review.

9. **Sustainability and Climate Change Implications**

9.1 No direct implications.

10. **Key Decision Information**

10.1 N/A

11. **Earlier Cabinet/ Committee Resolutions**

11.1 N/A

12. **List of Appendices**

12.1 Appendix A – List of Recommendations by the Committee on Standards in Public Life
Appendix B - List of Best Practice Proposals by the Committee on Standards in Public Life & Draft Action Plan

13. **Background Papers**

13.1 Report “Local Government Ethical Standards – A Review by the Committee on Standards in Public Life”

APPENDIX A

Recommendations	Reasoning	Responsible Body
<p>There should be a new national model code of conduct drafted by the LGA which, although not mandatory, would be available for Councils to adopt.</p>	<p>Local codes vary considerably in their requirements. A model code would create consistency across authorities whilst still enabling a degree of local ownership.</p>	<p>Local Government Association</p>
<p>Candidates standing for election, or elected as a councillor, should not be required to publicly disclose their home address.</p>	<p>Intimidation of Councillors is an issue, particularly on social media, and with instances of confrontation within their local area and/or home address.</p>	<p>Government</p>
<p>Councillors should be presumed to be acting in their official capacity in their public conduct & the Code should state it applies when a member claims to act, or gives the impression they are acting, as a member.</p>	<p>The current code only applies when a councillor is acting in their capacity as a councillor. The Committee felt this was too narrow – particularly in relation to social media use.</p>	<p>Government</p>
<p>The list of Disclosable Public Interests (DPI) should be extended.</p>	<p>This is designed to make more transparent those interests & relationships which are most likely to lead to a conflict of interest.</p>	<p>Government</p>
<p>Councils should be required to have a register of gifts and hospitality to record gifts over a value of £50 or totalling £100 pa</p>	<p>There is currently no legal requirement to maintain a register of gifts & hospitality.</p>	<p>Government</p>

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from a single source.		
Councils must include a new definition in their codes of when a Councillor must not participate in any discussion or vote.	The current definition & guidance around declaring & managing interests is unclear & too narrow. The Committee proposes a new test to clarify when a Councillor should declare an interest & withdraw.	Government
The Localism Act 2011 should be amended to require Independent Persons to be appointed for a fixed term of 2 years – renewable once.	This is to allow an Independent Person's term of office not to be compromised by a long term of office with a single authority but equally to have some security of tenure to prevent unpopular advice resulting in their removal.	Government
Independent Person's views must be recorded in the minutes/ decision notice and they must also agree to the proposed suspension of a Councillor. Local Authorities must provide an indemnity to IP's if their views/advice is disclosed.	This will ensure there is transparency around the role of the IP & demonstrate that they are being consulted on cases. The need for an indemnity arises should a Councillor take legal action against them once any advice they have given is made public.	Government/ all local authorities
Councils will have the discretion to establish a decision making Standards Committee with voting Independent Members & Parish	Some respondents felt allowing the IP to vote strengthened the committee & the inclusion of Parish Representatives would build more	Government

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Representatives to decide on allegations & impose sanctions.	effective relationships with Parish Councils.	
Councillors will be given the right to appeal to the Local Government Ombudsman if they are suspended for breach of the code. The Ombudsman will have the power to investigate & determine the appropriate sanction & his/ her decision will be binding in the Council.	The right to appeal is an important part of natural justice & a safeguard to ensure the standards process is both fair & impartial. The Ombudsman Service is seen as the appropriate body to undertake this role rather than establishing a new external body.	Government
Councils must publish annually the number of complaints received under the code, the type of complaint, the outcome & any sanctions imposed.	This would be added to the current requirements of the Local Government Transparency Code to demonstrate how open local councils are in their dealings.	Government
Councils should be given the power to suspend Councillors without allowance for up to 6 months & the Government should clarify exactly what powers Councils have to bar Councillors from premises and/or withdraw facilities as sanctions.	The Committee concluded Councils needed stronger sanctions. They did not see a compelling case for disqualification but did conclude it was appropriate to introduce the power to suspend for 6 months, although they envisaged it would be likely to be used rarely.	Government
The criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Offences	It is currently a criminal offence for a Councillor to fail to comply with their duties to register or declare a DPI or	Government

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should be abolished	to take part in discussions or vote where they have a DPI. The maximum penalty is a level 5 fine & disqualification for up to 5 years. The Committee felt this was a disproportionate sanction as well as costly to the public purse and has recommended its abolition.	
Parish Council Clerks should hold an appropriate qualification.	Clerks are often the only employee of a Parish Council & can experience difficulties if inexperienced or untrained.	Government
Parish Councils must adopt the Code of Conduct of their principal authority (with necessary amendments) or the new model code and the sanction imposed on a Parish Councillor following a breach is to be determined by the principal authority.	Local Codes of Conduct with differing requirements can cause confusion for dual hatted Councillors & can be an additional burden for the MO when advising & investigating matters. At present a Parish Council can disregard a sanction recommended by the principal authority.	Government
Disciplinary protections for statutory officers should be enhanced & extended to apply to all disciplinary action, not just dismissal.	The Committee heard evidence of MOs put under pressure or forced to resign because of unwelcome advice or decisions & felt the need to recommend that disciplinary protection should be enhanced.	Government
Councils must ensure that their	External Auditors are now "prescribed	Government

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<p>whistleblowing policies specify a named contact for the external auditor with full contact details. The information should be published on the Council website.</p>	<p>persons” for the purpose of the Public Interest Disclosure Act 1998 & so their contact details should be available.</p>	
<p>Councillors should be added to the list of “prescribed persons” under the 1998 Act.</p>	<p>In some instances officers may feel more comfortable disclosing to an elected member rather than a line manager.</p>	<p>Government</p>
<p>Councillors should be required to attend formal induction training by their political groups. National parties should add such a requirement to their model group rules.</p>	<p>Evidence suggests that induction for Councillors at the earliest stage is crucial to ensuring high standards of conduct.</p>	<p>Political Groups National Political Parties</p>
<p>Local Government Association peer reviews should also include consideration of a local authority’s processes for maintaining ethical standards.</p>	<p>Councils should be open to processes such as peer reviews to test the effectiveness of their organisational & governance structures.</p>	<p>Local Government Association</p>

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Best Practice Proposal	Reasoning	Comment & Draft Action Plan
<p>Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.</p>	<p>Evidence received by the Committee suggests that most allegations of breaches of the Code relate to bullying & harassment & that most Codes do not cover this behaviour adequately. Such behaviour can have a significant impact on the well-being of officers & members & so it is important that it can be dealt with effectively.</p>	<p>The Current Code does have a section on bullying & intimidation but does not define the behaviour or give examples.</p> <p>Action: Update Code – will require Committee & Full Council approval.</p>
<p>Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.</p>	<p>Complying with standards investigations is important as noncompliance can affect public confidence in the process, waste public money & indicate disrespect for the ethical standards within the organisation.</p>	<p>There is no such requirement in the current code.</p> <p>Action: Update Code – will require Committee & Full Council approval.</p>
<p>Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.</p>	<p>Codes of Conduct vary considerably with many Councils adopting minimal codes which have not been revisited in the light of learning experiences.</p>	<p>The Code was last reviewed in 2016.</p> <p>Action: Review & Refresh Code – will require Committee & Full Council approval. It would be sensible to consult with the County Council and the 10 local Parish Councils for the benefit of twin hatted members & to publicise generally on the Councils website. Members’ comments are sought on the extent of any wider</p>

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		consultation.
An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.	Codes of Conduct are central to upholding high standards in public life and should not be inaccessible on a Council website or only published as an annex to an authority's constitution.	The Code is within the Constitution but not in a prominent position on the Councils website. Action: Once approved new Code of Conduct to be clearly displayed on the website & available at Council House.
Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.	Although there is currently no legal requirement for Councils to maintain a Gift & Hospitality Register most codes do require this in some way. However accessibility to registers and timeliness of updating entries vary widely.	The current Member Gift & Hospitality Register is in hard copy & kept by the Legal Team. There are five entries in 2019. Action: Set up on line register & remind members quarterly of the need to declare gifts & hospitality.
Councils should publish a clear and straightforward public interest test against which allegations are filtered.	Standard Bodies in the rest of the UK all make use of a "public interest test" when filtering complaints which sets out clear expectation to those making complaints & ensures consistency.	The Council does have a test which sets out guidelines for filtering complaints. Action: Review the current guidelines in accordance with the best practice guidelines & consult with Independent Persons.

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<p>Local authorities should have access to at least two Independent Persons.</p>	<p>Councils use Independent Persons in different ways & there is a range of good practice, but there are also instances of an antagonistic or dismissive attitude to the role. The Committee felt the role needed to be strengthened & better supported.</p>	<p>The Council does have 2 Independent Persons who have been appointed to the role.</p> <p>Action: Circulate this report & the link to the Committee on Standards in Public Life Report to the two Independent Persons & highlight the sections on the role of Independent Persons. Invite the Independent Persons to relevant meetings of this Committee where ethical standard matters are being considered.</p>
<p>An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.</p>	<p>Independent Persons should be seen as an impartial advisor to the Council on Code of Conduct matters & should be consulted on allegations & investigations undertaken under the Code.</p>	<p>The Council does consult the Independent Persons on allegations as necessary.</p> <p>Action: Review guidance on Investigations to ensure best practice guidance is included & ensure Independent Persons are clear on their role.</p>
<p>Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker,</p>	<p>Openness and transparency are important safeguards to ensure the process can be scrutinised by other Councillors & the public.</p>	<p>There have been no recent decision notices published.</p> <p>Action: Ensure updated guidance also includes best practice guidance on Decision Notices.</p>

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and any sanction applied.		
A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.	The Committee found that the best examples of good practice involved a single easily accessible page on the Council website explaining the process & outcomes & with links to recent decisions on allegations which came before the Standards Committee.	The Council does have guidance on its website on how to make a complaint. Action: Review current guidance & update to comply with Best Practice guidance.
Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.	Parish Councils should take corporate responsibility when allegations of a Councillor bullying an employee are received & lodge a complaint by the Council or the Chair, rather than expecting the Clerk to do it themselves.	There have been no recent instances of complaints of bullying or other inappropriate conduct against Parish employees. Action: Circulate this report & the link to the Report to Parish Council Chairs & Clerks & highlight the advice to on corporate responsibility for complaints.
Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.	Dealing with standards issues in Parish Councils can be onerous for Monitoring Officers & in some cases MO's have decided to decline to provide advice or accept complaints. The report recommended they should be given the resources to carry out their duties to Parish Councils.	There are 10 Parish Councils within the Borough who have generated very few complaints in recent years. Accordingly for now there is now requirement for additional resources to deal with Parish issues. Action: None required.

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<p>A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.</p>	<p>MO's roles are very varied & there can be the potential for conflict of interests when assessing complaints or overseeing investigations & especially so where matters relate to a senior member of the authority (particularly a Portfolio holder). The Committee therefore suggests best practice is to have the process overseen by a MO from another Council or the Deputy Mo with the MO kept at arm's length.</p>	<p>There is currently no nominated Deputy Monitoring Officer although this may change on the appointment of a permanent postholder. Prior to the appointment of an Interim Monitoring Officer the role of MO was undertaken by an employee of the County Council.</p> <p>Action: Seek confirmation County Council Legal Staff could act as MO in the event of a conflict of interest arising.</p>
<p>Councils should report on separate bodies they have set up, or which they own, as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.</p>	<p>The Committee found that a complex environment of partnerships, joint ventures & other new entities creates the potential for new ethical risks & makes it difficult to identify who is accountable for decisions & outcomes. There is the potential for conflicts of interests & less transparency over decision making.</p>	<p>There are no relevant separate bodies which ought to be included within the Annual Governance Statement.</p> <p>Action: None required.</p>

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<p>Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.</p>	<p>Senior Officers should regularly engage with Group Whips & Members to understand training needs of members & to ensure the right expectations are set for how Councillors behave. The MO should seek early informal resolution of emerging issues & work with Leaders & Whips to deal with conduct issues.</p>	<p>The Chief Executive meets regularly with all Group Leaders on a range of issues & is able to use this opportunity to discuss ethical & standards matters.</p> <p>Action: Consider whether a more formal liaison meeting with Group Leaders & the Chief Executive & Monitoring Officer would be helpful.</p>
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**REPORT OF THE EXECUTIVE MANAGEMENT TEAM
TO THE AUDIT AND STANDARDS COMMITTEE**

11 November 2019

Report Title: Corporate Risk Management Report for the period - July to September 2019 (Quarter 2 (Q2))

Submitted by: Executive Management Team

Portfolio: Corporate and Service Improvement, People and Partnerships

Ward(s) affected: All

Purpose of the Report

To inform Members of the progress made by the Council in enhancing and embedding risk management for the period July to September 2019 (Q2), including progress made in managing identified corporate risks.

Recommendations

The Committee is asked to:-

- (a) Note that there are no overdue risk reviews (point 2.1.1).
- (b) Note that there are no risk level increases (point 2.2.1).
- (c) Note that there are no new risks identified (point 2.2.2).
- (d) Note the issues from the previous meeting (point 2.2.4).
- (e) Note point 3.
- (f) Note Appendix B and scrutinise the progress that has been made in managing the risks identified within the Strategic, Operational, Project and Partnership Risk Registers, where applicable.
- (g) Identify, as appropriate, individual risk profiles to be scrutinised in more detail at the next meeting of the Committee.

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 allow the process to become further embedded at each level of the authority. This will also aid the identification of key risks that potentially threaten the delivery of the Council's corporate priorities. The Risk Management Strategy provides a formal and proportionate framework to manage these identified risks and thus reduce the Council's exposure.

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 used to record and manage risks.
- 1.2 The Council currently reviews its high (red 9) risks at least monthly and its medium (amber) risks at least quarterly.
- 1.3 The last review of these risks (Q1 2019) was reported to the Council's Audit & Standards Committee in September 2019.
- 1.4 Risk owners are challenged by the Council's Risk Champions in respect of the controls, further actions, ratings and emerging risks related to their risks, and are also challenged on the reasons for inclusion or non-inclusion and amendment of these.
- 1.5 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 Further to an Audit Assurance recommendation, your officer has been asked to report on overdue risk reviews that are 6 months out of date.
 - 2.1.1 At the time of running the report, there were no overdue reviews.
- 2.2 Following a previous meeting a brief point is now produced to show any risks where the risk level has increased to a Medium 7, 8 or High 9.
 - 2.2.1 Your officer can report that there were no risk level increases.
 - 2.2.2 There were no new risks identified.
 - 2.2.3 Should there be any changes or increases during October to December 2019 these will be reported to the next relevant meeting of the Committee.
 - 2.2.4 Questions raised at the September meeting – see Appendix A.

3. Options Considered

- 3.1 Following discussions with EMT, arrangements have been made to complete a comprehensive review of all risk registers and reporting to this Committee.

4. Proposal - Strategic, Operational, Project and Partnership Risk Registers (Appendices)

- 4.1 The Council regularly reviews and refreshes its risk registers in accordance with the Risk Management Strategy.
- 4.2 These reviews are co-ordinated by the Strategic Risk Champion who works closely with Directors, Operational Risk Champions and Risk Owners.
- 4.3 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				

4.4 Appendix B now highlights the risks that fall into the top line of the above risk map.

5. Reasons for Preferred Solution

5.1 To offer a continual review process to minimise and mitigate risks.

6. Outcomes Linked to Corporate and Sustainable Community Priorities

6.1 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.

7. Legal and Statutory Implications

7.1 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”*

8. Equality Impact Assessment

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

9. Financial and Resource Implications

9.1 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 of relevant Committees.

10. Major Risks

10.1 As highlighted in Appendix B.

11. Sustainability and Climate Change Implications

11.1 Officers assess sustainability and climate change implications as part of their local services.

12. Key Decision Information

12.1 This report is for information and there are no key decision requirements pertaining to the information contained within the report.

13. Earlier Cabinet/Committee Resolutions

13.1 Previous Minutes from Committee meeting held on 23 September 2019.

14. List of Appendices

14.1 Appendix A – Questions raised at meeting held 23 September 2019.

14.2 Appendix B – Notable High and Medium risks

15. Background Papers

15.1 Previous Minutes and reports have been circulated to relevant Members and Officers.

Queries raised at Audit & Standards Committee Meeting 23.09.2019:

1. Risk Register (items 2, 5, 21) there was a question raised around landlord liability & if there was any liability on Kier during any disputes/defects period - we were requested to comment on this at the next meeting;
 - These risks are a positive step towards testing the Council's business continuity plans.
 - Following positive engagement from Morgan Sindall during September and October 2019, it is anticipated that this risk will be re-rated from December 2019.

2. Risk Register (item 1) "Illegal or unsafe customer access to taxi's at Newcastle Bus Station" target date for completion 19.09.2019 – what is the current position as this date has passed?
 - Public Protection Committee are due to consider this in January 2020

3. Risk Register (general) - Members again picked up on the number of risks that have stayed on the register at high 9 and prior to or at the next Audit & Standards Committee meeting officers need to:
 - a. Provide Members with a simple step by step process on how the initial risk assessment was undertaken. (Item 6 potential claims growth – this is one of the more long standing risks that has sat on the register for some time);
 - Members, as part of the Audit and Standards Committee have previously been asked if they wanted this risk (Potential Claims Growth) to be continually reported and the response has always been in the positive i.e. yes.
 - Rating of the Risk: Using the impact and likelihood ratings (copy in the Risk Management Policy – Appendix B(ii)) rate the risk:

Impact Measures & Classification Strategy and Policy)

(Appendix B(ii) Risk Management

	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)

Appendix A

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

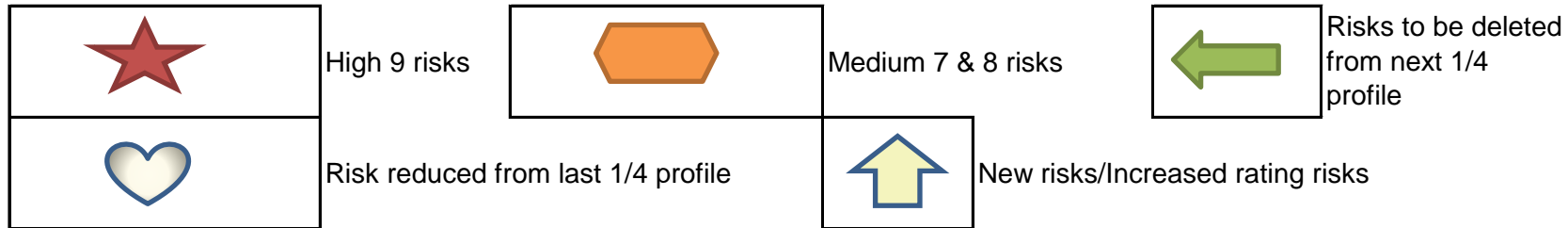
Likelihood		7 Amber	8 Amber	9 Red
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Appendix A

	Medium	4 Green	5 Amber	6 Amber
	Low	1 Green	2 Green	3 Amber
		Low	Medium	High
Impact				




- With the controls in place, officers re-rate the risk (using the matrix) to what is agreed to be the new rating – the likelihood is qualitative and length of time since last occurrence.
- b. Propose a mechanism and timescales for review and reduction and/or removal (unless we can evidence any new occurrences linked to the risk reported);
 - Following discussions with EMT, a comprehensive review of all risk registers and reporting to this Committee will be taking place.
- 4. Risk Register (7) Members wanted to know what the cause of the fire was at the depot/bailer – (but we need to include a reference to this in the next update if the risk doesn't reduce);
 - The cause of the last fire was related to electrics in that a safety circuit was found to be faulty, a contributory factor to the fire in the bailing machine. This has now been replaced minimising the risk of re-occurrence. The fire was controlled by operatives and there was no requirement to utilise the services of the fire brigade.

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Appendix A								
Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
		in order to reduce the risk	for action completion	Strategic, Operational, Project	as at March 19	as at June 19	as at Sept 19	as at 01/11/2019
1 Illegal or unsafe customer access to taxi's at Newcastle Bus Station	Licensing Enforcement	Send report to Public Protection regarding the current use of the bus station and possible decisions to be made	Jan-20	Operational		I = H L = H High 9	I = H L = H High 9	Await decision from Public Protection Committee on desired action to take

1

Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
		in order to reduce the risk	for action completion	Strategic, Operational, Project	as at March 19	as at June 19	as at Sept 19	as at 01/11/2019
 2  Failure of air conditioning in Communication Room in Castle House	Comms Room Castle House	Systems and processes in place to assist with the shutting down of the Council systems in a way that allows recovery. The room will remain cool enough to allow the systems to shut down and protect the hardware.		Operational	I = L L = L Low 1	I = L L = H Medium 7	I = L L = H Medium 7	Risk being reassessed in context of a wider risk of loss of operational building
 3 Lack of engagement from Morgan Sindall in respect of the Aqua Sauna issues	Leisure	Roles and responsibilities to be defined and agreed	Dec-19	Operational		I = H L = H High 9	I = H L = H High 9	Following positive engagement from Morgan Sindall during September and October it is anticipated that this risk will be re-rated from December 2019

Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk in order to reduce the risk	Target Date for action completion	Risk Category Strategic, Operational, Project	Status as at March 19	Status as at June 19	Current Rating as at Sept 19	Current position / progress as at 01/11/2019
Authority Public Protection Resource support unavailable	Digital Delivery	Risk removed from Appendix at next report		Project / Operational		I = M L = H Medium 8	I = M L = M Low 4	Jadu system is up and running. Assistance is on hand from other Borough's should there be a need.
The risk of a building wide power loss within each of the Communication rooms at Castle House for more than 30 minutes.	Comms Room Castle House	Systems and processes in place to assist with the shutting down of the Council systems in a way that allows recovery. The room will remain cool enough to allow the systems to shut down and protect the hardware. Back-up off site to assist with recovery.		Operational		I = L L = H Medium 7	I = L L = L Low 1	Devices in the comms room can be powered down safely. All data is stored off-site and should not be lost in the event of a power failure. Staff can work in an agile way - other sites or at home



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Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
Failure to deliver Local Air Quality Management action plans function in line with statutory requirements - annual reporting	Environmental Protection	in order to reduce the risk Outline and or full business case to be delivered to JAQU Regular submissions of finding requests to be made to JAQU To formalise procurement / legal / financial and delivery arrangements for measures identified as securing compliance in shortest time possible Clean Air Fund bid to be submitted	for action completion Oct-19 Dec-19 Dec-19 Jan-20	Strategic, Operational, Project Operational	as at March 19 I = H L = H High 9	as at June 19 I = H L = H High 9	as at Sept 19 I = H L = H High 9	as at 01/11/2019 Partial JAQU funding received. Consultants have revised project plan and this is showing as of 04/06/19 that OBC/FBC will not now be delivered until early 2020. Project team is concerned to ensure that outcomes are evidenced based and justifiable.

<p>Appendix A</p> <p>Risks and Action Plan</p> <p>Risk Identified</p>	<p>Risk Owner</p>	<p>Action Required to Address Risk</p> <p>in order to reduce the risk</p>	<p>Target Date</p> <p>for action completion</p>	<p>Risk Category</p> <p>Strategic, Operational, Project</p>	<p>Status</p> <p>as at March 19</p>	<p>Status</p> <p>as at June 19</p>	<p>Current Rating</p> <p>as at Sept 19</p>	<p>Current position / progress</p> <p>as at 01/11/2019</p>
<p>7</p> <p>Ministerial Direction served on NULBC ON 5th October 2018 requiring buses running on specified census ID's equating to (A53 between Sandy Lane and Etruria/A500 roundabout) to be either retrofitted to bring upto Euro 6 or Euro 6 buses to be used no later than 1st Jan 2021 or in the shortest possible time. Reliant on First Bus and First Group fully engaging and supporting project.</p>	<p>Environmental Protection Service</p>	<p>Procurement solution agreed for the equipment to retrofit the buses. Solution to be agreed and started</p>	<p>Jan-20</p>	<p>Operational</p>	<p>I = H L = H High 9</p>	<p>I = H L = H High 9</p>	<p>I = H L = H High 9</p>	





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Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
<p>Failure of the Borough Council (both officers and Members) to recognise both a moral and legal obligation to ensure a duty of care for children and adults across its services. The Borough Council is committed to ensuring that all children and adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. Safeguarding is everybody's responsibility.</p>	Safeguarding	<p>To drive across the Council business support by the Executive Management Team, the need for strengthening safeguarding through training and awareness of staff, Members and partners; recording any training on personal files; providing safeguarding champions and the support of; inclusion in Service planning; use of Communications and social media to raise awareness; further HR awareness support in the recruitment process; support for Whistleblowing situations; inclusion in appraisal process and Team Meetings.</p>	Oct-19	Operational	<p>I = H L = H High 9</p>	<p>I = H L = H High 9</p>	<p>I = H L = M Medium 6</p>	<p>70% of members have now received robust training and officers are arranging for the remaining to be scheduled.</p>

Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
Lack of capacity due to failure to replace key staff or provide resources to cover the work of other staff	Human Resources	in order to reduce the risk Develop a full working training plan - This Plan will take into account the Corporate Priorities and all of the appraisals which will formulate a training plan to be delivered over the next 12 months (to be approved by EMT)	for action completion Mar-20	Strategic, Operational, Project Operational	as at March 19 I = H L = H High 9	as at June 19 I = M L = H Medium 8	as at Sept 19 I = M L = M Medium 5	as at 01/11/2019 Final rating reduced due to the recruitment to key posts
Work priorities take over completion of the audit plan	Audit	Collaboration with local council for reporting and support in the audit plans. Contract in place and will be reviewed annually.		Operational	I = M L = H Medium 8	I = M L = H Medium 8	I = M L = M Medium 5	The new arrangement with SOTCC is working well and satisfactory progress is being made against the audit plan.









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Appendix A Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress
The accidental loss of information containing personal details of a data subject that do not fall within a non specialist category	Revenue Services	Staff awareness training. Review of Procedures	Dec-19	Operational	I = M L = H Medium 8	I = M L = H Medium 8	I = M L = M Medium 5	This is being reviewed as part of the corporate risk review.

Appendix A									
Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk	Target Date	Risk Category	Status	Status	Current Rating	Current position / progress	
		in order to reduce the risk	for action completion	Strategic, Operational, Project	as at March 19	as at June 19	as at Sept 19	as at 01/11/2019	
  12 	Increased energy useage at Jubilee2	Leisure	Monitor	Ongoing	Operational	I = L L = H Medium 7	I = L L = H Medium 7	I = L L = H Medium 7	This risk will be re-rated as part of the recent work to reduce energy usage across the Council.
 13	UPS hardware failure	Castle House Communication Room	No deadline for NBC - the quotes will be down to SCC to decide on the way forward and to deal with the Contractors		Operational	I = L L = H Medium 7	I = L L = H Medium 7	I = L L = H Medium 7	Risk being reassessed in the context of a wider risk of loss of operational building.
  14 Page 61	Failure to train and develop employees to meet the needs of the council	Human Resources	Workforce development plan to be delivered	Mar-20	Operational	I = H L = M Medium 6	I = M L = H Medium 8	I = M L = M Medium 5	Final rating reduced due to the recruitment to key posts and acting up appointments to senior roles.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

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

11 November 2019

1. **Report Title:** Treasury Management Half Yearly Report 2019/20
- Submitted by:** Head of Finance
- Portfolio:** Finance and Efficiency
- Ward(s) affected:** All indirectly

Purpose of the Report

To receive the Treasury Management Half Yearly Report for 2019/20 and to review the Treasury Management activity for this period.

Recommendations

- (a) That the Treasury Management Half Yearly Report for 2019/20 be received.**

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.

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. **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 approved by Council on 20 February 2019.

2. **Issues**

- 2.1 The Treasury Management Half Yearly Report for 2019/20 is attached at Appendix 1. The economic background included in the report has been provided by the Council's Treasury Management Advisors, Arlingclose.

2.3 **Heritable Bank**

The original investment with Heritable Bank was £2.5m. Fifteen dividends have been received from administrators Ernst and Young representing a return of 98%, with the most recent payment of £99,932 being made in August 2015.

The bank's administrators have confirmed the execution of a settled de-minimis payment from the parent company of Heritable Bank which will be paid to the Council in the event that the remaining 2% of the original investment is no longer contingent.

The de-minimis payment would be the equivalent amount EUR 11,913.10, which as at 8 February 2016 (the date of the published selling rate of the EUR as registered by the Central Bank of Iceland) equates to £9,411.35.

The latest update from the administrators of March 2018 stated that there is no intention to make any final distribution until the conclusion of an ongoing claim relating to two buildings. The Council will be notified by the bank's administrators of the timescale for the payment following the conclusion of the administration (timescale not currently known).

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 Half Yearly Report 2019/20.

7. **Background Papers**

- CIPFA Treasury Management Code of Practice (revised December 2017),
- Council's Treasury Management Policy Statement,
- Council's Treasury Management Strategy,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Guidance on Local Authority Investments issued by the Ministry of Housing, Communities and Local Government (revised April 2018),
- Ernst and Young creditors of Heritable Bank report (March 2019).

Treasury Management Half Yearly Report – 2019/20

1. Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate security and liquidity initially before considering optimising investment return (yield).

Accordingly Treasury Management 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 second main function of a treasury management service is the funding of an authority’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasions any debt previously drawn may be restructured to meet Council risk or cost objectives.

2. Introduction

In February 2010 the Council adopted the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

The Council’s treasury management strategy for 2019/20 was approved at a meeting on 20th February 2019. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council’s treasury management strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council’s Capital Strategy, complying with CIPFA’s requirement, was approved by full Council on 20th February 2019.

This Half Yearly Report to members is intended to provide an update of the treasury management strategy and performance for the period April to September of this financial year. It has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:

- An economic update for the 2019/20 financial year to 30 September 2019;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy; and
- A review of the Council’s investment portfolio for 2019/20.

3. Economic Update – as provided by the Council’s Treasury Management Advisors, Arlingclose

UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England’s target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 Gross Domestic Product (GDP) confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September.

Recent activity in the bond markets and Public Works Loan Board (PWLB) interest rates highlight that weaker economic growth remains a global risk.

Outlook for the remainder of 2019/20

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Official Bank Rate													
Upside Risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

4. Regulatory Updates – as provided by the Council’s Treasury Management Advisors, Arlingclose

Readiness for Brexit

The scheduled leave date for the UK to leave the EU is now 31st October 2019 and there remains little political clarity as to whether a deal will be agreed by this date and there is the possibility that the exit date is pushed back yet again. As 31st October approaches the Council will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency. The Council currently does not have any accounts outside of the UK.

5. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy for 2019/20 was approved by Full Council on 20 February 2019. The Council’s annual Investment Strategy, which is incorporated in the Treasury Management Strategy, outlines the Council’s investment priorities as follows:

- Security of Capital
- Liquidity

The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions using the Arlingclose suggested creditworthiness matrices. Currently investments are only being made with UK financial institutions.

Investments during the first six months of the 2019/20 financial year have been in line with the strategy, and there have been no deviations from the strategy.

As outlined in Section 3 above, there is considerable uncertainty in the financial and banking market, both globally and in the UK. In this context, it is considered that the strategy approved on 20 February 2019 is still fit for purpose in the current economic climate.

6. Investment Portfolio 2019/20

In accordance with the CIPFA Code, it is the Council’s priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council’s risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.75% Bank Rate. Given this environment, investment returns are likely to remain low.

The Council held investments of £7.1m as at 30 September 2019; £6m was placed with three other local authorities and £1.1m was held in the Council’s Lloyds Current Account. In comparison only £1.9m was held as at 31 March 2019, entirely within the Council’s Lloyds Current Account.

Classification: NULBC PROTECT Management

Funds available for investment purposes can vary between nothing and £10m due to fluctuations in cash inflows and outflows during each month. Large cash inflows include council tax & business rate direct debits and the Housing Benefit subsidy from the Department for Work and Pensions. Large cash outflows include payment of the precepts to Staffordshire County Council, the Fire Authority and the Police, payment of salaries and payment of business rates to Central Government and the Staffordshire Business Rate pool.

The investment portfolio yield for the first six months of the year is 0.52%, above the target of 0.40%. The Council's budgeted investment return for 2019/20 is £49,000 (£24,500 for first 2 quarters). As at the end of the first 2 quarters of 2019/20 £23,806 of interest has been earned. Despite a slightly greater return in terms of interest rates, fewer funds have been available for investment during this period; this is expected to be the case during the rest of 2019/20.

7. Borrowing Position 2019/20

The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The only borrowing envisaged by the 2019/20 Treasury Management Strategy is temporary borrowing to cover short-term cash flow deficits. During the first six months of 2019/20 no borrowing has taken place.

With short-term interest rates remaining much lower than long-term rates, the Council consider it to be more cost effective in the near term to use internal resources or borrow on a short-term basis. This is also in line with advice provided by Arlingclose Ltd.

However, it was resolved at the meeting of the Council that took place on 7 September 2016, due to the delay in capital receipts; prudential borrowing will most likely be required towards the end of the 2016/17 financial year. However, this is almost certainly expected to happen during 2020/21.

8. Prudential Indicators 2019/20

Treasury management activity during the first half year has been carried out within the parameters set by the prudential indicators contained in the approved 2019/20 Treasury Management Strategy. Consequently, there is no intention to revise any of the indicators for the remainder of the year.

Treasury Management – Glossary of Terms

- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.
- **CPI** – 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.
- **DMADF** – Debt Management Account Deposit Facility is provided by the DMO as part of its cash management operations and in the context of a wider series of measures designed to support local authorities' cash management.
- **DMO** – The Debt Management Office is an Executive Agency of Her Majesty's Treasury responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.
- **GDP** – 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.
- **Liquidity** – relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **MHCLG** – the Ministry of Housing, Communities and Local Government is the UK Government department for housing, communities and local government in England. Known previously as Department for Communities and Local Government (DCLG), it was renamed to add Housing to its title and changed to a ministry in January 2018.
- **PWLB** – is a statutory body operating within the United Kingdom Debt Management Office. PWLB's function is to lend money from the National Loans Fund to local authorities, and to collect the repayments.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

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

Date: 11th November 2019

Report Title: Internal Audit Progress Report – Quarter Two 2019/20

Submitted by: Chief Internal Auditor, Clare Potts

Portfolio: Finance and Efficiency

Ward(s) affected: All

Purpose of the Report

To report on the work undertaken by the Internal Audit section during the period 1st July to September 2019. This report identifies the key issues raised. The full individual reports issued to Officers contain the key issues and recommendations.

Recommendations

1. That Members consider the report.
2. That Members agree to defer the audits listed in section 3.2 (Table 2) below

Reasons

The role of Internal Audit is to ensure that the Council has assurance that controls are in place and operating effectively across all Council Services and Departments. Where required, recommendations are made and agreed with management to ensure that key controls are well designed and operating effectively which provides assurance as to the efficiency and effectiveness of the system, service or process under review.

1 Background

1.1 The Internal Audit Plan for 2019/20 allows for 365 days of audit work.

1.2 This is the second progress report of the current financial year presented to the Committee and the areas that it will cover are as follows;

- Actual against planned performance for the first two quarters, demonstrating progress against the plan
- Details of audit reviews completed and final reports issued
- Outstanding recommendations for audit work previous undertaken
- Consultancy and non-audit work

The opportunity has been taken to review the format of this progress report to ensure the most appropriate details are provided to the Committee.

2. Performance Against Plan

2.1 The Audit & Standards Committee approved the internal audit plan for 2019/20 at the April 2019 meeting. Progress against the annual audit plan (i.e. planned audits completed), is outlined in table 1 over. As at the end of September 2019, of the 32 areas / services of

scheduled assurance work for 2019/20, 10 (31.2%) had either been completed or were in progress.

**Table 1
2019/2020 Planned Audit Activity as at the end of September 2019**

Stage	No.	%	Comment
Audits completed	2	6.2%	Listed at Table 3: July to September 2019
Audits in progress	8	25.0%	Listed at Table 4
Remaining Audits due this Year	16	50.0%	
Audits Deferred	6	18.8%	Listed in Table 2
Total	32	100.0%	

2.2 The planned work in progress at the end of September 2019 is outlined at Table 2 below. It is intended that this will be completed during the third quarter of 2019/2020.

3 Issues

3.1 Following the most recent review of the plan it has been identified that the percentage of audits completed or in progress is below the expected 50% at the half year stage. The plan is regularly monitored and where necessary revised to take into account both unforeseen and new developments. During the past 6 months the internal audit team have been involved in special investigations which have meant that a number of planned audits have been delayed. Whilst flexibility was included in the original plan to support internal investigations, this has not been sufficient to cover all the work required.

3.2 As audit resources are finite, it is important to target resources at areas considered to be high risk (where risk includes potential impact on the delivery of the council's objectives) and high priority, ahead of medium/low ranked audits. In this way the audit resource will be most efficiently utilised and will produce the greatest benefit. A review has therefore been undertaken and it is proposed that the audits listed in table 2 below are deferred for the reason given in the table.

Table 2 - Audits to be Deferred

Audit	Rationale for Deferral
Jubilee 2	Audits undertaken in previous financial years. To be risk assessed for 20/21 audit plan.
Major Projects	To be deferred to 20/21 when Director for Commercial Development and Economic Growth in post
Commercial Review	To be deferred to 20/21 when Director for Commercial Development and Economic Growth in post
GDPR Compliance	GDPR work undertaken in 2018/19 by external IT resource. To be risk assessed for 20/21 audit plan.
Project Management	To be deferred to 20/21 when Director of Commercial Development and Economic Growth is in post
Application system user security review - Mitre Finch – Time Recording	Deferred as decision required on future use of the system.

System / Guard and Payroll systems	
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3.3 In addition, IT work originally planned to be undertaken by the internal audit team on application system user security review for housing and associated homelessness systems has been transferred to the external IT resource due to the proposed deferral of the time recording system audit.

3.4 It is hoped that deferring the audits listed in table 2 above will enable the remainder of the 2019/20 planned to be delivered within the financial year. This will be kept under review and a further update provided to the Committee at the end of quarter 3.

4. Audit reviews completed and final reports issued between July to September 2019

4.1 On completion of the audit reviews an opinion can be given as to the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Well Controlled	Controls are in place and operating satisfactorily. Reasonable assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money (VFM)
Adequately controlled	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.
Less than adequately controlled	Controls are in place but operating poorly or controls are inadequate. Only limited assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.
Poorly controlled	Controls are failing or not present. No assurance can be given that the system, process or activity should achieve its objectives safely whilst achieving value for money.

4.2 The table below shows the overall audit opinion and the number and types of recommendations agreed to improve existing controls, or introduce new controls on the audit review completed since the 1st July 2019.

**Table 3
Audits Completed July to September 2019**

Audit Area	Level of Assurance	Number of Recommendations and Classification			Total
		High	Medium	Low	
Chief Executives					
Risk Management (2019/20)	Adequately controlled	0	2	6	8

4.3 In addition, a number of audits were in progress at the end of September 2019 and these are shown in the table 4 over.

**Table 4
Planned Audits in progress at the end of September 2019**

Directorate	Audit	Status (Preparation / Fieldwork / Draft / Since issued)
Chief Executives	HR - Absence Management	Draft
Resources & Support Services	Purchase to Pay	Draft
	Civica - General Ledger	Fieldwork
Corporate	Risk Management	Since Issued
	Corporate Governance	Draft
	Ethics	Preparation
	Procurement	Fieldwork
	Contract Management Governance	Fieldwork
IT Audit Assurance (External)	Application system user security review – Housing and associated homelessness systems	Fieldwork
	Identity and Access Mgmt (Cyber Controls Managing User Privileges)	Fieldwork

5. Number of Recommendations Implemented

- 5.1 At the conclusion of every audit, an audit report is issued to management detailing findings of the audit review together with any recommendations required to be implemented to address any weakness identified.
- 5.2 At the end of quarter two there were no outstanding high priority recommendations. High priority recommendations are those where action is considered imperative to ensure that the authority is not exposed to high risks. It is therefore agreed with management that high level recommendations are implemented within one month of the report date.
- 5.3 For the current financial year, up to the end of September 2019, 23 recommendations had been made, of which 20 have not yet reached their due date for implementation. Three recommendations are not implemented and are overdue. These relate to medium level recommendations from the recycling audit.
- 5.4 For the previous financial year (2018/19), a total of 54 recommendations were made, of which 37 have been implemented, which represents 75% of those recommendations due. The target for the implementation of all recommendations is 96% by the end of the financial year. Therefore this target has not been achieved. Internal audit will continue to work with managers to ensure that all remaining recommendations are implemented as soon as possible.

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5.5 A number of recommendations also remain overdue from prior financial years. A summary of all overdue recommendations by financial year is in table 5 shown below. A further summary of outstanding recommendations for each of the four directorates can be found at Appendix A.

Table 5 – Recommendations Not Yet Implemented

Financial Year	Total	Not Yet Due		Overdue		Total
		Extended	Not Extended	Extended	Not Extended	
2019/20	23	0	11	0	3	14
2018/19	54	2	2	7	6	17
2017/18	39	0	0	1	1	2
2016/17	12	0	0	1	0	1
2015/16	92	3	0	4	1	8
Total	220	5	13	13	11	42

5.6 With the production of the Annual Governance Statement in conjunction with the Statement of Accounts the follow up and implementation of recommendations is increasingly important, since they provide both officers and Members with assurance as to the effectiveness of key internal controls.

5.7 Assurance is provided on an annual basis as part of the Internal Audit Annual Report. It is also provided to each Executive Director on a monthly basis, based on the number of recommendations that have been implemented, and where the target date has been changed more than twice on either medium or high risk recommendations.

5.8 Internal audit will continue to work with appropriate service managers to ensure that all remaining outstanding recommendations are implemented. A full review of all outstanding recommendations is planned during quarter 3 and a further update will then be provided to the Committee.

6 Options Considered

6.1 Audit recommendations are discussed and agreed following the issue of the draft audit report. These draft discussions give management the opportunity to discuss and agree the recommendations that have been proposed.

6.2 The audit plan is monitored on a regular basis to ensure that it is achievable and reflects the key risks affecting the council. Due to internal audit involvement in an on-going special investigation, a review of the planned audits not yet started has been undertaken and an option to defer a number of audits is therefore proposed.

7 Proposal

7.1 In agreeing to audit reports, management acknowledge the issues raised and risks identified from the review and therefore accept the recommendations that have been made.

8 Reasons for Preferred Solution

8.1 By implementing the recommendations, the exposure to risk is reduced and achievement of the Council's objectives maximised. The completion of the audit plan provides assurance of the Council's systems and internal controls.

9 Outcomes Linked to Corporate Priorities

- 9.1 The Internal Audit team directly contribute to the corporate priority “transforming our Council to achieve excellence”. The mission of internal audit is “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight” (Public Sector Internal Audit Standards). The results of the work undertaken during the year contribute to the overall annual internal audit opinion. This assists the Audit & Standards Committee and the Executive Management Team to discharge their roles of accountability and stewardship which represents a key element within the Authority’s governance framework.
- 9.2 The Internal Audit function also contributes to the prevention, detection and investigation of potential fraud and corruption incidents as well as giving assurance on the effectiveness of services in terms of value for money. Therefore ensuring the best use of the Council’s resources and improving efficiency where weaknesses are identified to support all the council’s priorities.

10 Legal and Statutory Implications

- 10.1 The Accounts and Audit Regulations 2015 require the Council to ‘maintain an adequate and effective system of internal control in accordance with the proper internal audit practices’.

11 Equality Impact Assessment

- 11.1 There are no equality impact issues identified from this proposal.

12 Financial and Resource Implications

- 12.1 The work of the Internal Audit team is carried out within an approved budget. The financial implications resulting from the recommendations made within audit reports will be highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.

13 Major Risks

- 13.1 The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working effectively. High risk recommendations identify areas where action is required in order to manage exposure to risk. If managers fail to act upon audit recommendations assurance cannot be given on the adequacy of the systems of internal control.
- 13.2 The further risk to be considered in noting this report is that the independent and objective assurance provided by Internal Audit is, or is perceived to be, compromised. The consequence of which is that opportunities to improve the Authority’s system of internal controls, governance framework and the delivery of its objectives are not identified or acted upon. This risk is managed through a combination of the governance and reporting frameworks within which Internal Audit operates and the overview carried out by this Committee. No risks have been identified that are not within acceptable tolerances.

14 **Key Decision Information**

14.1 Not applicable

15 **Earlier Cabinet/Committee Resolutions**

15.1 Approval of the Internal Audit Plan for 2019/20 (Audit and Standards Committee 15 April 2019).

16 **Appendices**

16.1 Summary of Outstanding Audit Recommendations and Level of Assurance 2018/19 – at Quarter Two 2019

17 **Background Papers**

17.1 None.

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