



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

17 October 2018

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 25th October, 2018 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'AJS', followed by a long horizontal line extending to the right.

CHIEF EXECUTIVE

A G E N D A

NON CONFIDENTIAL

- 1 Minutes of the Previous Meeting (Pages 5 - 8)**
- 2 Apologies for Absence**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

- 4 Member Training - Role of the Audit and Governance Committee**
(Presentation from the External Auditors)
- 5 Annual Audit Letter 2017-2018** (Pages 9 - 20)
(Report of the External Auditors)
- 6 Audit Progress Report** (Pages 21 - 34)
(Report of the External Auditors)
- 7 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2017/18** (Pages 35 - 56)
(Report of the Executive Director Finance)
- 8 Risk Management Quarterly Update** (Pages 57 - 100)
(Report of the Assistant Director Finance)
- 9 Regulation of Investigatory Powers Act 2000** (Pages 101 - 104)
(Report of the Assistant Director Partnerships)
- 10 Local Government and Social Care Ombudsman Annual Review** (Pages 105 - 108)
(Report of the Assistant Director People)
- 11 Internal Audit Update Report 2018/19 Quarter 2** (Pages 109 - 124)
(Report of the Head of Audit & Governance)
- 12 Counter Fraud Update** (Pages 125 - 196)
(Report of the Head of Audit & Governance)
- 13 Audit and Governance Committee Timetable** (Pages 197 - 200)
(Discussion Item)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: M Summers, R Kingstone, R Claymore, C Cooke, J Faulkner, M Gant
and M Greatorex

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**MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD ON 26th JULY 2018**

PRESENT: Councillor M Summers (Chair), Councillors R Claymore, C Cooke and J Faulkner

Officers Kerry Beavis (Principal Auditor), Stefan Garner (Executive Director Finance), Lynne Pugh (Assistant Director Finance) and Angela Struthers (Head of Audit & Governance)

Visitors Laurelin Griffiths and John Gregory

14 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Kingstone, Councillor M Gant and Councillor M Greatorex

15 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 7th June 2018 were approved and signed as a correct record.

(Moved by Councillor M Summers and seconded by Councillor C Cooke)

16 DECLARATIONS OF INTEREST

There were no declarations of Interest.

17 UPDATE FROM EXTERNAL AUDITORS

RESOLVED: That the update from the External Auditors be endorsed

(Moved by Councillor C Cooke and seconded by Councillor R Claymore)

18 AUDIT FINDINGS REPORT 2017-18

RESOLVED: The Audit Findings for Tamworth Borough Council were presented to the Members by Grant Thornton and a discussion followed

Members thanked the external audit team for their hard work in meeting the deadline

(Moved by Councillor J Faulkner and seconded by Councillor C Cooke)

19 MANAGEMENT REPRESENTATION LETTER 2017-18

A Management Representation Letter was submitted to the Members by the Executive Director Finance

RESOLVED: That the letter of representation was approved and agreed by Members

(Moved by Councillor M Summers and seconded by Councillor R Claymore)

20 ANNUAL STATEMENT OF ACCOUNTS & REPORT 2017/18

The Executive Director Finance requested Members to approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2018 following completion of the external audit.

Resolved That Members approved the Annual Statement of Accounts 2017/18

(Moved by Councillor J Faulkner and second by Councillor C Cooke)

21 REGULATION OF INVESTIGATORY POWERS ACT 2000

The Report of the Assistant Director – Partnerships on the Regulation of Investigatory Powers Act 2000 updated the Members on the Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) which specified that quarterly reports be taken to Audit &

Governance Committee to demonstrate to elected members that the Council complied with its own Code of Practice when using RIPA

RESOLVED That the RIPA monitoring report for the quarter to 30 June 2018 be endorsed

(Moved by Councillor M Summers and second by Councillor C Cooke)

22 RISK MANAGEMENT UPDATE

The Assistant Director Finance reported on the Risk Management process and progress to date for the current financial year.

RESOLVED That the Corporate Risk Register be endorsed

(Moved by Councillor M Summers and second by Councillor J Faulkner)

23 INTERNAL AUDIT UPDATE REPORT 2018/19 QUARTER 1

The Head of Audit and Governance reported on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 1st quarter of 2018/19 – to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RESOLVED That the Internal Audit Report was considered and endorsed

(Moved by Councillor M Summers and second by Councillor C Cooke)

24 INTERNAL AUDIT CHARTER

The Head of Audit and Governance sought the Members' endorsement of the revised Internal Audit Charter following the recent management restructures and changes to the role of the Head of Audit & Governance.

RESOLVED That the Internal Audit Charter be endorsed

(Moved by Councillor J Faulkner and second by Councillor M Summers)

25 COUNTER FRAUD UPDATE

The Head of Audit and Governance provided Members with an update of Counter Fraud work completed during the financial year 2017/18

RESOLVED That the Committee:

- 1 Considered this report; and
- 2 Endorsed the Fraud Risk Register Summary (Appendix 1)

(Moved by Councillor J Faulkner and second by Councillor M Summers)

26 CHANGES TO POLICIES

The Head of Audit and Governance sought Member approval to revise Policies under the remit of the Head of Audit & Governance to take into account changes to job titles following the recent management restructure.

RESOLVED That approval be given to the Head of Audit & Governance to amend policies within her remit to show current post titles

(Moved by Councillor C Cooke and second by Councillor M Summers)

27 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE

The Committee reviewed the timetable.

Chair

Annual Audit Letter

Year ending 31 March 2018

Tamworth Borough Council

August 2018

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Your key Grant Thornton
team members are:

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Section

1. Executive Summary
2. Audit of the Accounts
3. Value for Money conclusion

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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Tamworth Borough Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 26 July 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work
Page 11

Materiality	We determined materiality for the audit of the Council's financial statements to be £1,129,000, which is 2% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 26 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 26 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Tamworth Borough Council in accordance with the requirements of the Code of Audit Practice.

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We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's accounts to be £1,129,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts and the narrative report, annual governance statement and Annual Report published alongside the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks for the Council

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; obtained a full listing of journal entries, identified and tested unusual and significant journal entries for appropriateness; and evaluated the rationale for any changes in accounting policies or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>The Council revalues its land and buildings on a 5 year basis to ensure that carrying value is not materially different from current value. This represents a significant estimate by management in the financial statements.</p> <p>We identified land and building revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; considered the competence, expertise and objectivity of any management experts used; reviewed the basis on which the valuation is carried out and challenged the key assumptions; reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding; tested revaluations made during the year to ensure they are input correctly into the Council's asset register and financial statements; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Our audit work did not identify any issues in respect of the valuation of the Council's property, plant and equipment.</p>

Audit of the Accounts

Significant Audit Risks for the Council (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p> <p style="text-align: center; font-size: 2em;">Page 15</p>	<p>We undertook the following work:</p> <ul style="list-style-type: none"> • identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation; • gained an understanding of the basis on which the valuation is carried out; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made; and • checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from the Council's actuary. 	<p>Our audit work did not identify any issues in respect of the valuation of the Council's pension fund net liability.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 26 July 2018, in advance of the national deadline.

Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Audit Committee on 26 July 2018.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Tamworth Borough Council in accordance with the requirements of the Code of Audit Practice. We certified the closure of the audit within our audit report issued on 26 July 2018.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

We carried out an initial risk assessment in February 2018, and identified no significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03.

We continued our review of relevant documents up to the date of giving our audit report, and did not identify any significant risks requiring us to perform further work.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	April 2018
Audit Findings Report	July 2018
Annual Audit Letter	August 2018

Fees

	Planned fees £	Actual fees £
Statutory audit	49,838	49,838
Housing Benefit Grant Certification	11,074	TBC
Total fees	60,912	TBC

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

Fees for non-audit services

Service	Fees £
Audit related services	
Certification of Pooled Capital Receipts grant	2,500
Non-Audit related services	
None	-

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



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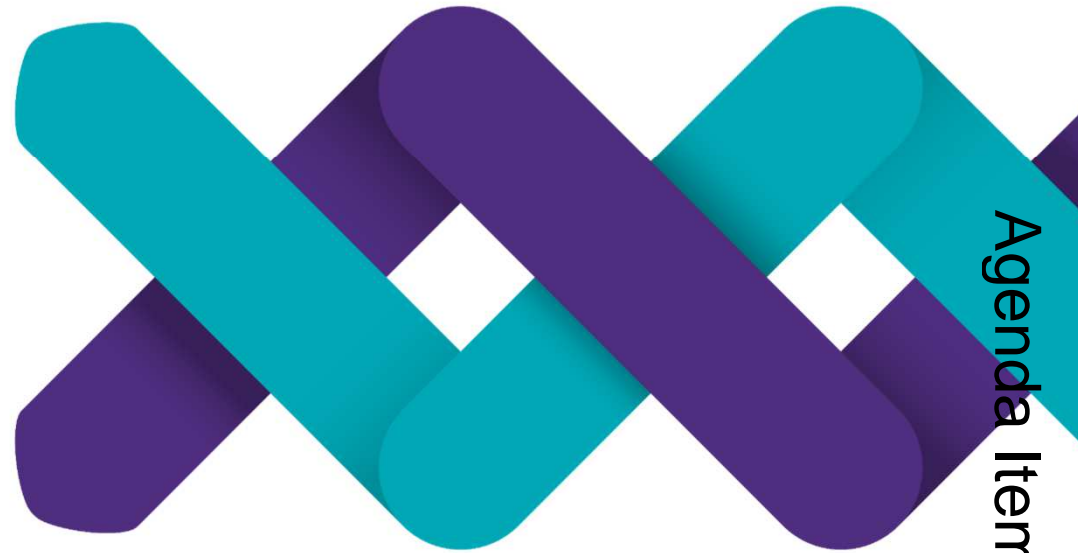
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Audit Progress Report and Sector Update

Tamworth Borough Council
Year ending 31 March 2019

October 2018



Agenda Item 6

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Introduction



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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grant-thornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at October

2017/18 Audit

We have completed all of the work required for our audit of your accounts and value-for-money for 2017/18 and have certified completion of the audit.

Work on the Housing Benefits subsidy claim is still underway and we do not foresee any difficulties in completing this work by the 30 November deadline. We will report the outcome to you in due course through our annual Certification Letter.

2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year and we will discuss the timing of these visits with management. In the meantime we will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

Other areas

Events

We will be holding chief accountant workshops for our clients at our Birmingham Office in January / February 2019. Our workshop has been designed and will be delivered by our highly experienced public sector assurance team and will help officers prepare for your financial statements audit by highlighting potential risk areas and giving an opportunity for discussion and questions.

We will be sending out invitations to these workshops shortly.

Audit Deliverables

2018/19 Deliverables

Fee Letter

Confirming audit fee for 2018/19.

Planned Date

April 2018

Status

Complete

Accounts Audit Plan

We are required to issue a detailed accounts audit plan to the Audit and Risk Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.

January 2019

Not yet due

Interim Audit Findings

We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.

March 2019

Not yet due

Audit Findings Report

The Audit Findings Report will be reported to the July Audit & Governance Committee.

July 2019

Not yet due

Auditor's Report

This is the opinion on your financial statement, annual governance statement and value for money conclusion.

July 2019

Not yet due

Annual Audit Letter

This letter communicates the key issues arising from our work.

August 2019

Not yet due

Annual Certification Letter

This letter reports any matters arising from our certification work carried out under the PSAA contract.

December 2019

Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

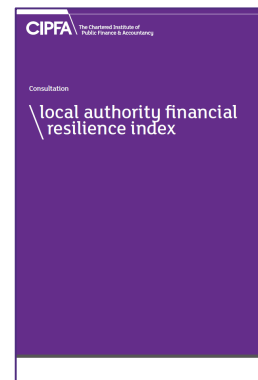
The consultation document proposed scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

CIPFA Consultation

Challenge question:

Has your Head of Finance briefed members on the Council's response to the Financial Resilience Index consultation?



MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

Social Housing Green Paper Consultation



Challenge question:

What does the Social Housing Green Paper mean for your local authority?



Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

Financial challenges – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

Culture and structure – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

Strategic issues – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

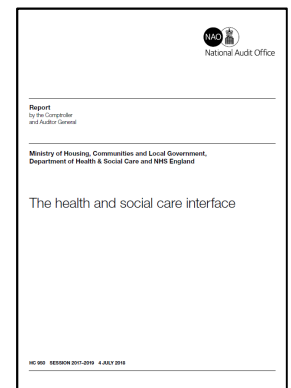
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

The health and social care interface

Challenge question:

Has the Audit and Risk Committee considered the 16 challenges to joint working and what can be done to mitigate these?



Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Flourishing communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



Grant Thornton

Challenge question:

How effective is the Council's engagement with the social care sector?



The Vibrant Economy Index a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website (www.grantthornton.co.uk) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

AUDIT & GOVERNANCE COMMITTEE

25th October 2018

Report of the Executive Director Finance

REVIEW OF THE ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2017/18

Purpose

To review the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2017/18 approved by Council on 11th September 2018.

Recommendation

That Members consider the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2017/18, as detailed at Annex 1, and highlight any proposed changes for recommendation to Cabinet.

Executive Summary

At its meeting on 23rd February 2010, the Council approved the Treasury Management Strategy and Prudential Indicators including, as required by the Code, that the Audit & Governance Committee be given the opportunity to scrutinise the strategy and policies, as well as receiving regular monitoring reports.

With regard to the appointment of a Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies, the code suggests:

- This involves reviewing the Treasury Management policy and procedures and making recommendations to the responsible body;
- Public Service Organisations have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively;
- Those charged with Governance also have a personal responsibility to ensure they have the appropriate skills and training in their role;
- The procedures for monitoring Treasury Management activities through audit, scrutiny and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change; and
- This includes the provision of monitoring information and regular review by Councillors in both executive and Scrutiny functions.

In compliance with the above, a copy of the Annual Report on the Treasury Management Service and Actual Prudential Indicators for 2017/18 is attached at **Annex 1**.

Equalities implications

There are no equalities implications arising from the report.

Legal implications

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Resource and Value for Money implications

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy.

Risk implications

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

Report Author

Please contact Jo Goodfellow, Management Accountant on ext 241 or Stefan Garner, Executive Director Finance on ext 242.

<i>Background Papers:-</i>	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2018/19 Including Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2018/19, Council 27 th February 2018
	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2017/18 Council 12 th December 2017
	Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2010/11, Council 23 rd February 2010.

CABINET**2 AUGUST 2018****COUNCIL****11 SEPTEMBER 2018****REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE****ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2017/18****PURPOSE**

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2017/18, and the actual Prudential Indicators for 2017/18.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003. It also provides an opportunity to review the approved Treasury Management Strategy for the current year and enables Members to consider and approve any issues identified that require amendment.

RECOMMENDATIONS

That Cabinet ask Council to;

- 1. Approve the actual 2017/18 Prudential and Treasury Indicators within the report and shown at Appendix 1; and**
- 2. Accept the Annual Treasury Management Report for 2017/18.**

EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31st March 2018 and summarises:

- the Council's Treasury position as at 31st March 2018; and
- Performance Measurement

The key points raised for 2017/18 are

1. The Council's Capital Expenditure and Financing 2017/18
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31st March 2018
4. The Strategy for 2017/18
5. The Economy and Interest Rates
6. Borrowing Rates in 2017/18

7. Borrowing Outturn for 2017/18
8. Investment Rates in 2017/18
9. Investment Outturn for 2017/18
10. Performance Measurement
11. Other Issues

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- The Council maintained an average investment balance externally invested of £61.3m and achieved an average return of 0.54% (budgeted at £50.3m and an average return of 0.50%).
- This result compares favourably with the Council's own Benchmarks of the average 7 day and the 3 month LIBID rates for 2017/18 of 0.22% and 0.29%;
- The closing weighted average internal rate on borrowing has reduced in year to 4.05% (4.26% for 2016/17);
- The Treasury Management Function has achieved an outturn investment income of £331k compared to a budget of £260k as a result of both investment balances and average interest rates being higher than budgeted.

During 2017/18 the Council complied with its legislative and regulatory requirements.

The Executive Director Finance confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached. On two occasions during 2017/18 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 22nd December 2017 when early payments of business rates resulted in £1.696m being held within the Lloyds Bank account, which exceeded the approved limit of £1m by £696k for a period over the weekend and Christmas bank holiday.
- The second occurred on 2nd January 2018 when the repayment of a £2m investment resulted in £2.048m being held in the Lloyds Bank account, exceeding the approved limit by £1.048m overnight.

At 31st March 2018, the Council's external debt was £63.060m (£63.060m at 31st March 2017) and its external investments totalled £60.77m (£50.119m at 31st March 2017) – including interest credited but excluding impaired investments.

RESOURCE IMPLICATIONS

There are no financial implications or staffing implications arising directly from the report.

LEGAL/RISK IMPLICATIONS

The Council is aware of the risks of passive management of the Treasury Portfolio

and with the support of Link Asset Services, the Council's current Treasury advisers, has proactively managed its debt and investments during the year.

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, telephone 01827 709242 or email stefan-garner@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy 2017/18 (Council 21st February 2017);
- Treasury Management Mid-Year Review 2017/18 (Council 12th December 2017);
- Treasury Outturn Report 2016/17 (Council 12th September 2017);
- CIPFA Treasury Benchmarking Club Report 2017;
- Treasury Management Strategy 2018/19 (Council 27th February 2018).

APPENDICES

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Borrowing and Investment Rates

Annual Treasury Management Review 2017/18

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2017/18 the minimum reporting requirements were complied with:

- an annual treasury strategy in advance of the year (Council 21st February 2017)
- a mid-year (minimum) treasury update report (Council 12th December 2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition, Cabinet has received quarterly Treasury management updates as part of the Financial Healthcheck Reports.

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

This Council also confirms that it has complied with the requirement under the Code to provide scrutiny of all of the above Treasury Management Reports to the Audit and Governance Committee. Member training on Treasury Management issues was provided in February 2018, and will also be provided as and when required in order to support members' scrutiny role.

During 2017/18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows.

Prudential & Treasury Indicators	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure			
Non HRA	1.408	2.421	1.545
HRA	7.351	16.413	7.655
Total	8.759	18.834	9.200
Capital Financing Requirement			
Non HRA	0.943	1.885	0.885
HRA	68.041	75.255	68.041
Total	68.984	77.140	68.926
Gross Borrowing			
External Debt	63.060	65.060	63.060
Investments			
Longer than 1 year	-	-	-
Less than 1 year	51.211	58.143	60.805
Total	51.211	58.143	60.805
Net Borrowing	11.849	6.917	2.255

It should be noted that **£27.304m** of scheme spend has been re-profiled into 2018/19 (also including re-profiling from previous years) which has increased investment balances.

The Executive Director Finance confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

The financial year 2017/18 continued the challenging investment environment of previous years, namely low investment returns.

1. The Council's Capital Expenditure and Financing 2017/18

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply internal funds, the capital expenditure would give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure	1.408	2.421	1.545
Financed in year	1.408	2.421	1.545
Unfinanced capital expenditure	-	-	-
HRA	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure	7.351	16.413	7.655
Financed in year	7.351	11.441	7.655
Unfinanced capital expenditure	-	4.972	-

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2017/18 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2017/18 MRP Policy (as required by MHCLG Guidance) was approved as part of the Treasury Management Strategy Report for 2017/18 on 21st February 2017.

The Council's CFR for General Fund and the HRA for the year are shown below, and represent a key prudential indicator.

CFR: General Fund	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Opening balance	1.001	1.943	0.943
Add unfinanced capital expenditure (as above)	-	-	-
Less MRP/VRP	(0.058)	(0.058)	(0.058)
Less PFI & finance lease repayments	-	-	-
Closing balance	0.943	1.885	0.885

CFR: HRA	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Opening balance	68.041	70.283	68.041
Add unfinanced capital expenditure (as above)	-	4.972	-
Less MRP/VRP	-	-	-
Less PFI & finance lease repayments	-	-	-
Closing balance	68.041	75.255	68.041

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2017/18. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Gross borrowing position	63.060	65.060	63.060
CFR	68.984	77.140	68.926

The Authorised Limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

The Operational Boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual Financing Costs as a Proportion of Net Revenue Stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Borrowing Limits	GF £m	HRA £m	Total £m
Authorised limit	4.885	79.407	84.292
Maximum gross borrowing position	-	65.060	65.060
Operational boundary	-	65.060	65.060
Average gross borrowing position	-	63.060	63.060
Budgeted financing costs as a proportion of net revenue stream %	(0.95)	39.23	38.27
Actual financing costs as a proportion of net revenue stream %	(2.84)	38.19	35.35

3. Treasury Position as at 31st March 2018

The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the beginning and the end of 2017/18 the Council’s treasury (excluding borrowing by PFI and finance leases) position was as follows:

General Fund	31st March 2017 Principal £m	Rate/ Return %	Average Life yrs	31st March 2018 Principal £m	Rate/ Return %	Average Life yrs
Total debt	-	-	-	-	-	-
CFR	0.943	-	-	0.885	-	-
Over / (under) borrowing	(0.943)	-	-	(0.885)	-	-
Investments:						
- in house	25.010	0.60	-	32.334	0.54	-
Total investments	25.010	0.60	-	32.334	0.54	-

HRA	31st March 2017 Principal £m	Rate/ Return %	Average Life yrs	31st March 2018 Principal £m	Rate/ Return %	Average Life yrs
Fixed rate funding:						
-PWLB	63.060	4.26	37.74	63.060	4.05	36.74
Total debt	63.060	4.26	37.74	63.060	4.05	36.74
CFR	68.041	-	-	68.041	-	-
Over / (under) borrowing	(4.981)	-	-	(4.981)	-	-
Investments:						
- in house	26.201	0.60	-	28.471	0.54	-
Total investments	26.201	0.60	-	28.471	0.54	-

Maturity Structures

The maturity structure of the debt portfolio was as follows:

Duration	31st March 2017 Actual £m	2017/18 original limits %	31st March 2018 Actual £m
Under 12 months	-	20	-
12 months and within 24 months	-	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	-	75	-
10 years and within 20 years	5	100	5
20 years and within 30 years	-		-
30 years and within 40 years	22		30
40 years and within 50 years	36		28

Investments - All investments held by the Council were invested for under one year.

Investment and borrowing rates

- Investment returns remained low during 2017/18 but were on a gently rising trend in the second half of the year.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- A cost of carry remained during the year on any new long-term borrowing as it would have caused a temporary increase in cash balances which would

have incurred a revenue cost – the difference between borrowing costs and investment returns.

Borrowing strategy

The Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow was used as a temporary measure. This strategy was prudent as investment returns were low and counterparty risk was still an issue that needed to be considered.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Executive Director Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

The exposure to fixed and variable rates (based on net debt) was as follows:

Rate Type	31st March 2017 Actual £m	31st March 2018 Actual £m
Fixed rate - principal	33.242	28.740
Variable rate - interest	-	-

4. The Strategy for 2017/18

The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31st March 2020. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017/18 longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

5. The Economy and Interest Rates

UK. The outcome of the EU referendum in June 2016 resulted in a gloomy outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. This gloom was overdone as the UK economy turned in a G7 leading growth rate of **1.8% in 2016**, (actually joint equal with Germany), and followed it up with another **1.8% in 2017**, (although this was a comparatively weak result compared to the US and EZ).

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The **MPC meeting of 14th September** provided a shock to the markets with a sharp increase in tone in the minutes where the MPC considerably hardened their wording in terms of needing to raise Bank Rate very soon. The **2nd November MPC quarterly Inflation Report meeting** duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. Market debate then moved on as to whether this would be a one and done move for maybe a year or more by the MPC, or the first of a series of increases in Bank Rate over the next 2-3 years. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the two to three year time horizon. So this all seemed to add up to cooling expectations of much further action to raise Bank Rate over the next two years.

However, GDP growth in the second half of 2017 came in stronger than expected, while in the new year there was evidence that wage increases had started to rise. The **8th February MPC meeting** minutes therefore revealed another sharp hardening

in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%. (CPI inflation ended the year at 2.7% but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for **equity markets**, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, replicating similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets. However, **sterling** did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The **manufacturing sector** has been the bright spot in the economy, seeing stronger growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

EU. Economic growth in the EU, (the UK's biggest trading partner), was lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of quantitative easing to stimulate growth. However, growth eventually picked up in 2016 and subsequently gathered further momentum to produce an overall GDP figure for 2017 of 2.3%. Nevertheless, despite providing this massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in March, inflation was still only 1.4%. It is, therefore, unlikely to start an upswing in rates until possibly towards the end of 2019.

USA. Growth in the American economy was volatile in 2015 and 2016. 2017 followed that path again with quarter 1 at 1.2%, quarter 2 3.1%, quarter 3 3.2% and quarter 4 2.9%. The annual rate of GDP growth for 2017 was 2.3%, up from 1.6% in 2016. Unemployment in the US also fell to the lowest level for 17 years, reaching 4.1% in October to February, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has been the first major western central bank to start on an upswing in rates with six increases since the first one in December 2015 to lift the central rate to 1.50 – 1.75% in March 2018. There could be

a further two or three increases in 2018 as the Fed faces a challenging situation with GDP growth trending upwards at a time when the recent Trump fiscal stimulus is likely to increase growth further, consequently increasing inflationary pressures in an economy which is already operating at near full capacity. In October 2017, the Fed also became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in reinvesting maturing debt.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus, and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan. GDP growth has been improving to reach an annual figure of 2.1% in quarter 4 of 2017. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, although inflation has risen in 2018 to reach 1.5% in February. It is also making little progress on fundamental reform of the economy.

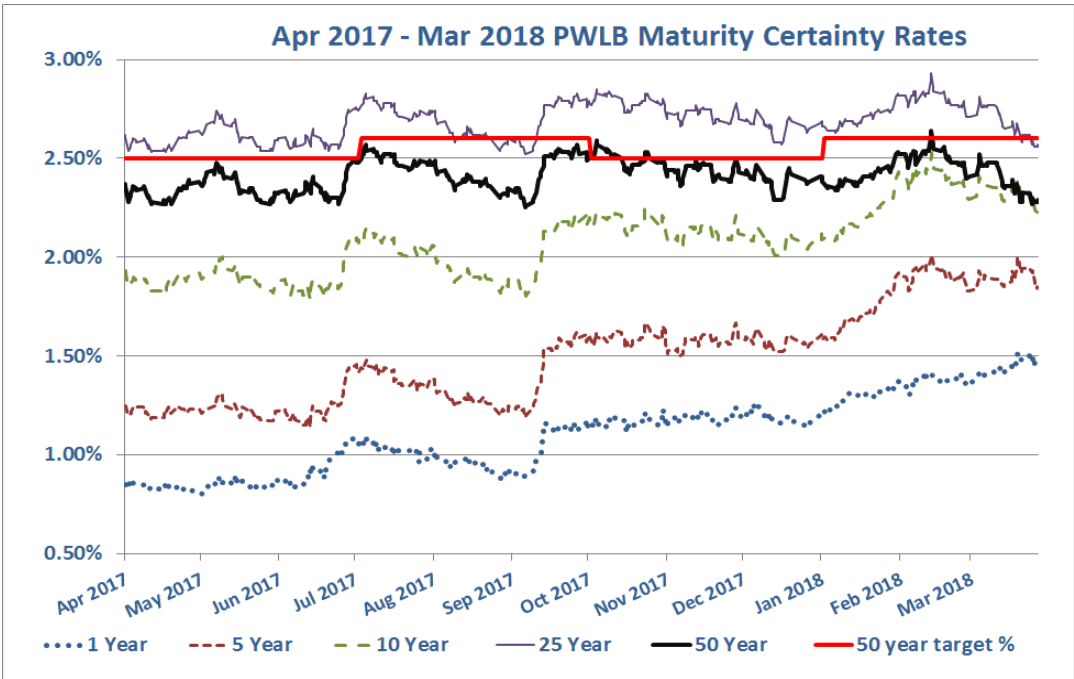
6. Borrowing Rates in 2017/18

PWLB certainty maturity borrowing rates

As depicted in the graph and tables below and in Appendix 2, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graphs and tables for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2017/18

Treasury Borrowing

Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

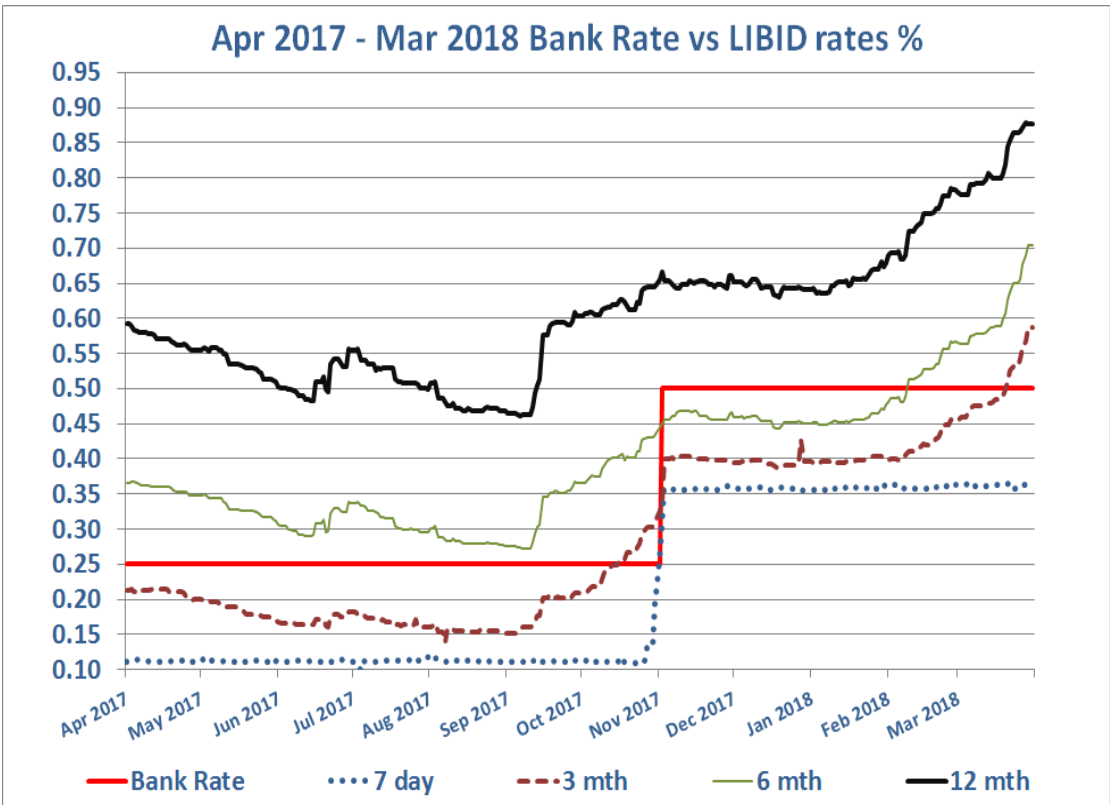
Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Rates in 2017/18

Investment rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March.

Bank Rate was duly raised from 0.25% to 0.50% on 2nd November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28th February 2018.



9. Investment Outturn for 2017/18

Investment Policy – the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council

on 21st February 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, on two occasions during 2017/18 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 22nd December 2017 when early payments of business rates resulted in £1.696m being held within the Lloyds Bank account, which exceeded the approved limit of £1m by £696k for a period over the weekend and Christmas bank holiday.
- The second occurred on 2nd January 2018 when the repayment of a £2m investment resulted in £2.048m being held in the Lloyds Bank account, exceeding the approved limit by £1.048m overnight.

Resources – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised the following:

Balance Sheet Resources General Fund	31 st March 2017 £m	31 st March 2018 £m
Balances	6.588	6.918
Earmarked Reserves	5.725	5.888
Provisions	1.905	1.545
Usable Capital Receipts	9.049	17.001
Capital Grants Unapplied	0.048	0.048
Total GF	23.315	31.4

Balance Sheet Resources HRA	31 st March 2017 £m	31 st March 2018 £m
Balances	6.353	6.824
Earmarked Reserves	14.513	15.572
Provisions	-	-
Usable Capital Receipts	3.56	5.252
Total HRA	24.426	27.648

Total Authority Resources	47.741	59.048
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Investments held by the Council – the Council maintained an average balance of £61.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.54%. The comparable performance indicator is the average 7-day LIBID rate which was 0.22%. This compared with a budget assumption of £50.3m investment balances earning an average rate of 0.50%.

10. Performance Measurement

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 3). The Council's performance indicators were set out in the Annual Treasury Management Strategy Statement.

This service has set the following local performance indicator:

- *Average external interest receivable in excess of 3 month LIBID rate;*

Whilst the assumed benchmark for local authorities is the 7 day LIBID rate, a higher target is set for internal performance.

The actual return of 0.54% compared to the average 3 month LIBID of 0.29% (0.25% above target).

CIPFA Benchmarking Club

The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance for the year against other members.

11. Other Issues

Revised CIPFA Codes

In December 2017 CIPFA issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes is non-treasury investments, including the purchase of property to generate income, which may involve external borrowing or the use of existing cash balances. The codes are effective from 2018/19.

MHCLG Investment and Minimum Revenue Provision (MRP) Guidance

Revised guidance was issued by MHCLG in February 2018. Key issues include amendments to the definition of an investment, so that it now covers all financial assets and other non-financial assets that an authority holds primarily to generate returns, such as investment portfolios; and the proviso that authorities should not borrow in advance of need purely to profit from the investment of extra sums borrowed. Additional disclosures are also required in terms of risk management around investments. The investment guidance and requirements with regard to changes to MRP calculations are effective from 2018/19.

Markets in Financial Instruments Directive II (MIFID II)

MIFID II is the EU legislation that regulates firms who provide services to clients linked to financial instruments, and this has recently been revised to strengthen consumer protection and improve the functioning of markets in light of the 2008 financial crisis. Under these reforms effective 3rd January 2018, all local authorities are classified as retail counterparties and have to consider whether to opt up to professional status and for which types of investment. This Council has over £10m in investments and meets the criteria as a professional counterparty, we have opted up to professional status, so that we may continue to use the full range of investments, for example Money Market Funds (MMFs).

Investment in Property Funds

Investment in property funds was included within the Commercial Investment and Regeneration Strategy, with the aim of generating improved returns of c.4-5% p.a. (plus asset growth) being long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

Utilising the capital receipt proceeds of the sale of the Golf Course, it is envisaged that approx. £12m will be available for long-term investment in a number of property funds. To this end, during the year, the Council undertook a Property Fund Manager selection exercise, appointing Link Asset Services to provide support and advice in the identification and selection of suitable UK-focussed property funds. Full details of the selection process were included in Link Asset Services's report presented to Members 21st February 2018.

The result of the process is that the Council will look to splitting investment across the following six funds:-

- BlackRock UK Property Fund
- Hermes Property Unit Trust
- Lothbury Property Trust
- Schroder UK Real Estate Fund
- The Local Authorities Property Fund (CCLA)
- Threadneedle Property Unit Trust

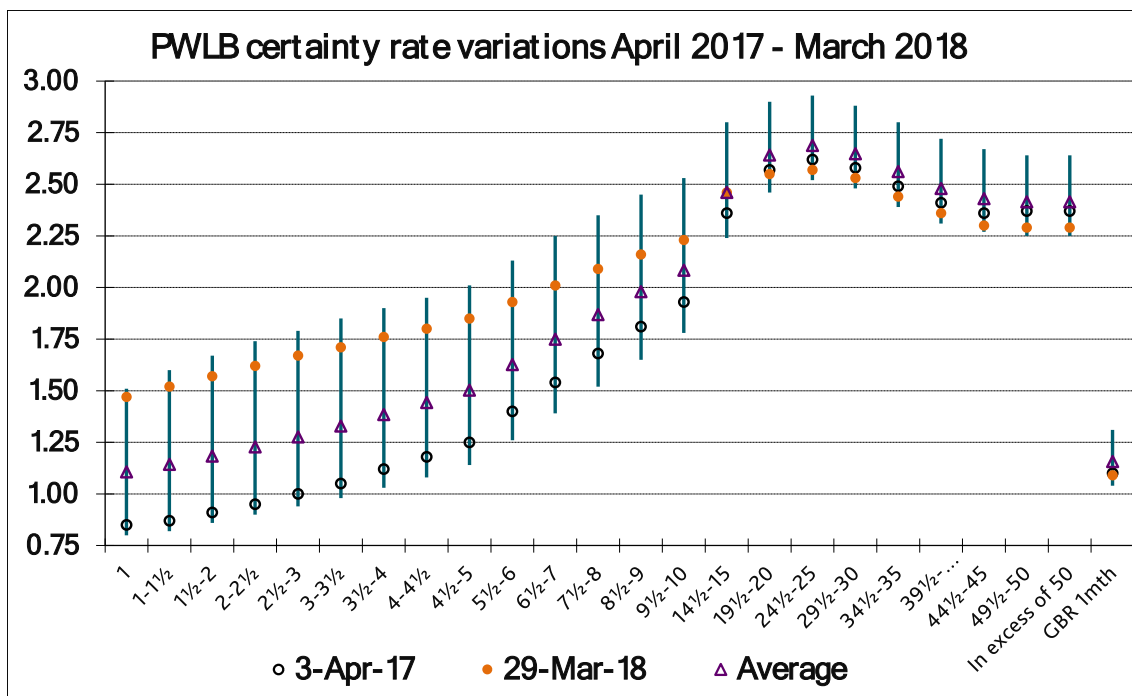
This will provide the Council with a range of approaches to property fund investment, diversification across a number of funds, rather than a concentration in only one or two options, as well as the ability to take advantage of entering a number of funds via the secondary market, whereby the Council would be purchasing units from investors looking to exit the particular fund, and may potentially gain access to a fund at a lower level of cost than via the primary route.

PRUDENTIAL AND TREASURY INDICATORS

APPENDIX 1

1. PRUDENTIAL INDICATORS	2016/17	2017/18	2017/18
Extract from budget and rent setting report	Actual	Original	Actual
Capital Expenditure	£m	£m	£m
Non - HRA	1.408	5.397	1.545
HRA	7.351	25.988	7.655
TOTAL	8.759	31.385	9.200
Ratio of financing costs to net revenue stream	%	%	%
Non - HRA	(3.49)	(0.95)	(2.84)
HRA	37.84	39.23	38.19
Gross borrowing requirement General Fund	£m	£m	£m
brought forward 1 April	-	-	-
carried forward 31 March	-	-	-
in year borrowing requirement	-	-	-
Gross borrowing requirement HRA	£m	£m	£m
brought forward 1 April	63.060	65.060	63.060
carried forward 31 March	63.060	65.060	63.060
in year borrowing requirement	-	4.972	-
Gross debt	£m	£m	£m
	63.060	65.060	63.060
Capital Financing Requirement	£m	£m	£m
Non – HRA	0.943	1.885	0.885
HRA	68.041	75.255	68.041
TOTAL	68.984	77.140	68.926
Annual change in Capital Financing Requirement	£m	£m	£m
Non – HRA	(0.058)	(0.058)	(0.058)
HRA	-	-	-
TOTAL	(0.058)	(0.058)	(0.058)

2. TREASURY MANAGEMENT INDICATORS	2016/17	2017/18	2017/18
	Actual	Original	Actual
	£m	£m	£m
Authorised Limit for external debt - General Fund			
borrowing	9.705	4.885	4.885
other long term liabilities	3.000	-	-
TOTAL	12.705	4.885	4.885
Authorised Limit for external debt - HRA			
borrowing	79.407	79.407	79.407
other long term liabilities	-	-	-
TOTAL	79.407	79.407	79.407
Operational Boundary for external debt - General Fund			
	£m	£m	£m
borrowing	0.000	0.000	0.000
other long term liabilities	-	-	-
TOTAL	0.000	0.000	0.000
Operational Boundary for external debt - HRA			
	£m	£m	£m
borrowing	65.060	65.060	65.060
other long term liabilities	-	-	-
TOTAL	65.060	65.060	65.060
Actual external debt			
	£m	£m	£m
	63.060	65.060	63.060
Maximum HRA debt limit			
	£m	£m	£m
	79.407	79.407	79.407



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
3/4/17	0.850%	0.870%	1.000%	1.120%	1.250%	1.930%	2.620%	2.370%	1.100%
29/3/18	1.470%	1.520%	1.670%	1.760%	1.850%	2.230%	2.570%	2.290%	1.090%
High	1.510%	1.600%	1.790%	1.900%	2.010%	2.530%	2.930%	2.640%	1.310%
Low	0.800%	0.820%	0.940%	1.030%	1.140%	1.780%	2.520%	2.250%	1.040%
Average	1.107%	1.143%	1.276%	1.384%	1.503%	2.083%	2.688%	2.415%	1.157%
Spread	0.710%	0.780%	0.850%	0.870%	0.870%	0.750%	0.410%	0.390%	0.270%
High date	21/03/2018	21/03/2018	21/03/2018	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018	21/03/2018
Low date	03/05/2017	03/05/2017	30/05/2017	15/06/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017	04/04/2017

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/17	0.85%	1.25%	1.93%	2.62%	2.37%
31/3/18	1.47%	1.85%	2.23%	2.57%	2.29%
Low	0.80%	1.14%	1.78%	2.52%	2.25%
Date	03/05/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017
High	1.51%	2.01%	2.53%	2.93%	2.64%
Date	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018
Average	1.11%	1.50%	2.08%	2.69%	2.41%

Money market investment rates 2017/18

	7 day	1 month	3 month	6 month	1 year
1/4/17	0.111	0.132	0.212	0.366	0.593
31/3/18	0.364	0.386	0.587	0.704	0.878
High	0.366	0.390	0.587	0.704	0.879
Low	0.099	0.122	0.140	0.273	0.461
Average	0.215	0.233	0.286	0.401	0.606
Spread	0.267	0.268	0.447	0.432	0.418
High date	27/2/18	22/3/18	29/3/18	29/3/18	28/3/18
Low date	4/7/17	10/8/17	7/8/17	7/9/17	6/9/17

AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 25 OCTOBER 2018

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT UPDATE

EXEMPT INFORMATION

None

PURPOSE

To report on the Risk Management process and progress to date for the current financial year.

RECOMMENDATIONS

That the Committee endorses the Corporate Risk Register

EXECUTIVE SUMMARY

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management. Corporate risks are identified and will be managed and monitored by the Corporate Management Team (CMT) on a quarterly basis and reported to this Committee.

Corporate risks are assigned to relevant members of the Corporate Management Team. Through regular review, risks may be added or removed from the Corporate Risk Register. The Summary Corporate Risk Register is attached as **Appendix 1** and the detailed Risk Register for information is attached as **Appendix 2**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Lynne Pugh, Assistant Director Finance, ex 272

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Summary Corporate Risk Register













Appendix 2 Detailed Corporate Risk Register

Corporate Risk Register 2018/19

Generated on: 16 October 2018





Title	Description
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Finance To ensure that the Council is financially sustainable as an organisation

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Funding gaps		12 major – likely		9 serious–likely	04–Sep–2018
Business Rates Retention		12 major – likely		9 serious–likely	04–Sep–2018
New Homes Bonus		9 serious–likely		6 serious–unlikely	04–Sep–2018
Brexit		16 major – very likely		12 serious – very likely	04–Sep–2018
Welfare and Benefit Reform		12 serious – very likely		9 serious–likely	04–Sep–2018
Failure to manage budgets		12 major – likely		6 serious–unlikely	04–Sep–2018

Title	Description
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Modernisation & Commercialisation Agenda Develop and implement continuous improvement and develop employees to perform the right work











Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Contract Management & Procurement		6 serious–unlikely		4 significant–unlikely	04–Sep–2018
Management of Assets		6 significant–likely		4 significant–unlikely	04–Sep–2018

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
New Revenue Streams		12 serious – very likely		9 serious–likely	04-Sep-2018
Workforce Planning Challenges		9 serious–likely		6 serious–unlikely	05-Sep-2018
Continuous Improvement		6 serious–unlikely		4 significant–unlikely	05-Sep-2018
Partnerships fail		9 serious–likely		6 serious–unlikely	16-Oct-2018

Title	Description
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Governance	Ensure that processes, policies and procedures are in place and the authority is held to account
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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Democratic Process		9 serious–likely		9 serious–likely	05-Sep-2018
Assurance Process		9 serious–likely		6 significant–likely	04-Sep-2018
Legislation		12 serious – very likely		6 serious–unlikely	05-Sep-2018
Policies & Procedures		12 serious – very likely		6 serious–unlikely	05-Sep-2018
Ethics		12 serious – very likely		4 significant–unlikely	10-Oct-2018









Title	Description
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Community Focus	To ensure the safety, health and wellbeing of the citizens of the borough
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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
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Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Community Cohesion & Engagement		12 serious – very likely		9 serious–likely	16–Oct–2018
Safeguarding Children & Adults (including Modern Slavery)		12 major – likely		6 significant–likely	16–Oct–2018
Emergency Planning		12 major – likely		6 serious–unlikely	10–Oct–2018

Title	Description
Economic Growth & Sustainability	To ensure that the economic growth and sustainability of the borough is maintained

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Regeneration		12 serious – very likely		9 serious–likely	10–Oct–2018
Housing Needs		12 serious – very likely		9 serious–likely	10–Oct–2018
Economic Changes		12 major – likely		9 serious–likely	10–Oct–2018
Demographics		9 serious–likely		9 serious–likely	10–Oct–2018



Title	Description
Information Safeguarding	To ensure that our data is protected


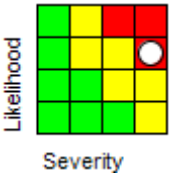
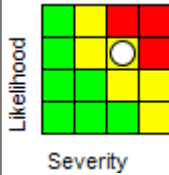
Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Data Protection		16 major – very likely		12 major – likely	05–Sep–2018
Cyber Security		12 major – likely		8 major – unlikely	05–Sep–2018

Risk	Gross Risk Status	Gross Risk Assessment	Current Risk Status	Current Risk Assessment	Date Reviewed
Business Continuity		12 major – likely		9 serious–likely	10–Oct–2018


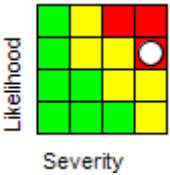
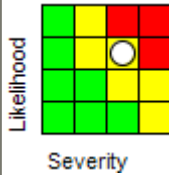
Corporate Risk Register 2018/19


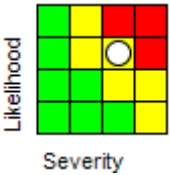
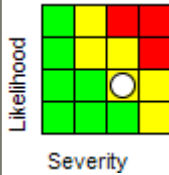
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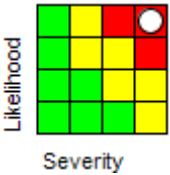
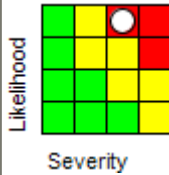
Risk Code	CPR1819 1	Risk Title	Finance	Current Risk Status	
Description of Risk	To ensure that the Council is financially sustainable as an organisation			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


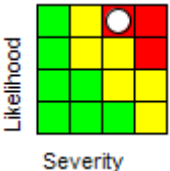
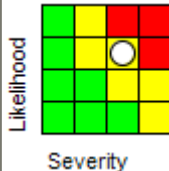
Risk Code	CPR1819 1.1	Risk Title	Funding gaps	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	Medium term financial strategy in place - approved annually	Current Risk Matrix		
Gross Severity	4	Quarterly healthcheck to CMT / Cabinet including MTFS update	Current Risk Score	9	
Gross Likelihood	3		Current Severity	3	
Gross Risk Review Date	04-Sep-2018	Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels Monitoring of the situation / regular reporting A robust & critical review of savings proposals is required / undertaken before inclusion within the forecast Robust management of DFG referrals / funding levels	Current Likelihood	3	
Last Risk Review Date				Last Risk Review Date	04-Sep-2018
Consequences	<p>Inability to plan long term due to MTFS</p> <p>There is a high risk that this will have a significant effect on the Council's funding level from 2020/21.</p> <p>Increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities.</p> <p>Shortfall in DFG grant funding / impact on General Fund revenue</p>				
Vulnerabilities/causes	<p>Austerity cuts/Major variances to the level of grant/subsidy</p> <p>Business rates retention – 75% retention of business rates collected from 2020/21 rather than 100% as previously planned.</p> <p>Review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) together with the Spending Review 2019 - which will also take effect from 2020/21.</p> <p>In addition, the next planned national Business Rates Revaluation will take effect from 2021/22 – with latest indications that the Government will also aim to introduce a centralised system for business rate appeals at the same time to cover future changes arising from the 2021 valuation list</p> <p>Non achievement/delivery of substantial savings</p>				


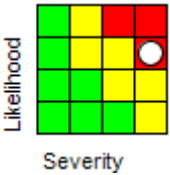
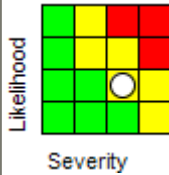
	<p>Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance being carried out by DCLG - with a potential restriction of investments by Councils given increased risk exposure.</p> <p>Disabled Facilities Grants - increased demand / costs not in line with grant levels impacting on other funding sources, uncertainty over funding.</p>
Risk Notes	


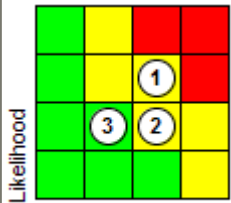
Risk Code	CPR1819 1.2	Risk Title	Business Rates Retention	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels		Current Risk Score	9
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	3
Gross Risk Review Date	04-Sep-2018			Last Risk Review Date	04-Sep-2018
Consequences	Reduced levels of business rates income and impact on MTFS				
Vulnerabilities/causes	Uncertainty over level of appeals following 2017 Revaluation and implementation of new approach to 'Check, Challenge and appeal' Impact on collection levels Uncertainty / changes in S31 grants, Void property levels				
Risk Notes					


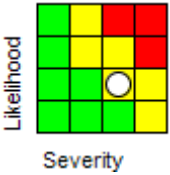
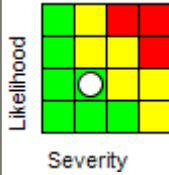
Risk Code	CPR1819 1.3	Risk Title	New Homes Bonus	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers	Current Risk Matrix		
Gross Severity	3		Current Risk Score	6	
Gross Likelihood	3		Current Severity	3	
Gross Risk Review Date	04-Sep-2018		Current Likelihood	2	
Last Risk Review Date				Last Risk Review Date	04-Sep-2018
Consequences	Reduced levels of New Homes Bonus grant funding & Growth in Council tax Income				
Vulnerabilities/causes	Not achieving anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income				
Risk Notes	Uncertainty over the ongoing funding for the New Homes Bonus scheme , local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which Council's no longer receive grant).				

Risk Code	CPR1819 1.4	Risk Title	Brexit	Current Risk Status	
Description of Risk				Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	Implications reassessed as part of the budget setting process and quarterly MTFS updates		Current Risk Score	12
Gross Severity	4			Current Severity	3
Gross Likelihood	4			Current Likelihood	4
Gross Risk Review Date	04-Sep-2018			Last Risk Review Date	04-Sep-2018
Consequences	<p>Reduced level of economic growth and further austerity/prosperity/downturn in the economy Changes to central government policy EU grants cease Reduced base interest rate NNDR / Council Tax targets not achieved with increased bankruptcy / Liquidations</p>				
Vulnerabilities/causes	<p>Uncertainty over the severity of Brexit has increased the financial uncertainty for the UK - reduced levels of economic growth, changes to central government policy, EU grants ceased, reduced interest, employment uncertainty</p>				
Risk Notes					


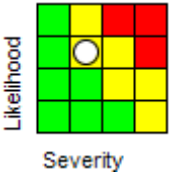
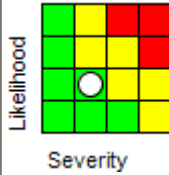
Risk Code	CPR1819 1.5	Risk Title	Welfare and Benefit Reform	Current Risk Status	
Description of Risk	Welfare and Benefit Reform			Assigned To	Rob Barnes; Stefan Garner; Tina Mustafa; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Proactive management & monitoring of corporate income levels i.e. council tax, business rates (monthly review of target achievement) & housing rent Extensive preparation including staff training Task and Finish Group Regular CMT updates Provision of financial advice / Personal Budgeting support	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	04-Sep-2018	
Consequences	Reduced income / increased bad debts Additional impact arising from increased need for services - eg homelessness Greater demand on 3rd sector and statutory agency services Additional resource requirement to meet demand				
Vulnerabilities/causes	Reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from Welfare Reform Act 2015) - impact on council tax, rent income etc Implementation of Government policy at local level Household hardship				
Risk Notes					


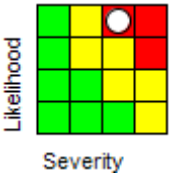
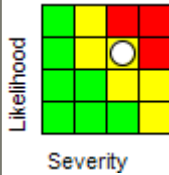
Risk Code	CPR1819 1.6	Risk Title	Failure to manage budgets	Current Risk Status	
Description of Risk	Failure to manage budgets			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Budget planning & monitoring (Monthly report to CMT) Training Monthly budget monitoring meetings with Accountants and Managers Budget monitoring information available through Collaborative Planning (updated monthly)		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	04-Sep-2018			Last Risk Review Date	04-Sep-2018
Consequences	Cuts in front line service provision Quality of service declines Inability to meet on-going costs Budget overspends Reputational issues				
Vulnerabilities/causes	Lack of involvement / ownership by Managers Information not updated / provided on a regular basis				
Risk Notes					


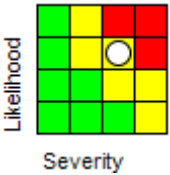
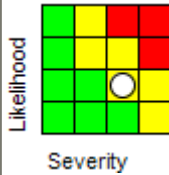
Risk Code	CPR1819 2	Risk Title	Modernisation & Commercialisation Agenda	Current Risk Status	
Description of Risk	Develop and implement continuous improvement and develop employees to perform the right work		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1819 2.1	Risk Title	Contract Management & Procurement	Current Risk Status	
Description of Risk	Contract Management & Procurement			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Procurement function Financial Guidance requirements / Contract standing orders in place Contracts being reviewed under GDPR legislation to ensure due diligence and obligations met		Current Risk Score	4
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	04-Sep-2018	
Consequences	Services not delivered Damage to reputation Loss of quality service High exit costs Efficiencies not gained Regulations not met				
Vulnerabilities/causes	Failure to meet service delivery expectations Partner has financial failure Service delivery collapses Third party supply chain failure Contractor/partner under performs Failure to assess and manage the risks arising from the use of third parties Benefit not realised				
Risk Notes					


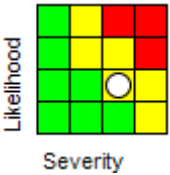
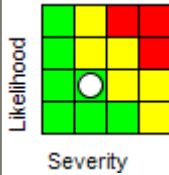
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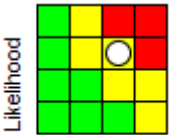
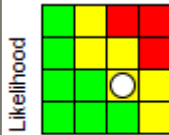
Risk Code	CPR1819 2.2	Risk Title	Management of Assets	Current Risk Status	
Description of Risk	Management of Assets			Assigned To	Rob Barnes; Stefan Garner; Lynne Pugh; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Asset Strategy Steering Group in place Asset register updated regularly Potential to purchase land in other districts for development (subject to Potential government restraints in the future)		Current Risk Score	4
Gross Severity	2		Current Severity	2	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	04-Sep-2018	
Consequences	Assets under utilised Income streams not maximised Decrease in asset value				
Vulnerabilities/causes	Assets not monitored Assets not maintained No land available for development opportunities				
Risk Notes					


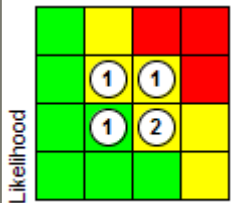
Risk Code	CPR1819 2.3	Risk Title	New Revenue Streams	Current Risk Status	
Description of Risk	New Revenue Streams			Assigned To	Stefan Garner; Lynne Pugh
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring of the situation / regular reporting Implementation of planned / potential investment and consequential income streams A robust & critical review of investment proposals is required / undertaken	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	04-Sep-2018	
Consequences	The main issue seems to be the increased risks associated with those Councils who are borrowing large sums to invest in commercial property activities				
Vulnerabilities/causes	Delivery of the planned Commercial Investment Strategy actions and associated improved investment returns of 4% p.a. arising from the investment of £24m from the capital receipt due to be received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFs in the long term); Review of the Treasury Management Investment Guidance / Minimum Revenue Provision Guidance has been carried out by DCLG - with a restriction of investments by Councils given increased risk exposure.				
Risk Notes					


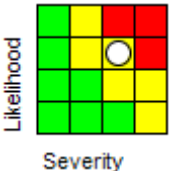
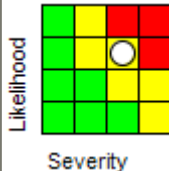
Risk Code	CPR1819 2.4	Risk Title	Workforce Planning Challenges	Current Risk Status	
Description of Risk	Workforce Planning Challenges			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Service reviews Regular communication in the absence of AGM to organise ELT briefings Essential legislative/compliance/CPD Skills development HR policies and procedures reviewed Financial regulations/procedures Post entry training monitored Managing Attendance policy Healthshield and occupational health Pre employment checks Gender pay reporting Regular updates with Trade Unions Workforce plan succession planning Appraisals	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	05-Sep-2018	
Consequences	Strain on remaining staff Risk to service delivery Industrial action Increase in fraud Increase in grievances from staff Inability to align skill levels Pay and conditions below market conditions Increased absence rates				
Vulnerabilities/causes	Staff become overloaded Low morale has impact on service delivery Industrial unrest Redundancy costs Failure to communicate effectively High sickness levels Leadership capacity insufficient to drive change & transformation Senior management review				


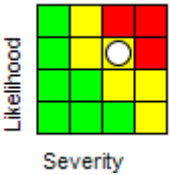
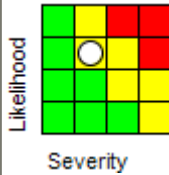
	Inequality Unable to recruit to essential vacant posts
Risk Notes	

Risk Code	CPR1819 2.5	Risk Title	Continuous Improvement	Current Risk Status	
Description of Risk	Continuous Improvement			Assigned To	Andrew Barratt; Anica Goodwin
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	Clear communications re change Effective project management On-going transformational programmes Post Implementation Reviews Leadership Long term planning for continuous improvement clarity of strategies/ purpose		Current Risk Score	4
Gross Severity	3		Current Severity	2	
Gross Likelihood	2		Current Likelihood	2	
Gross Risk Review Date	20-Sep-2018		Last Risk Review Date	05-Sep-2018	
Consequences	Change is not completed No strategic direction				
Vulnerabilities/causes	No clarity around responsibilities and accountabilities Lack of leadership Work overload				
Risk Notes					


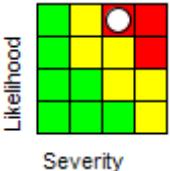
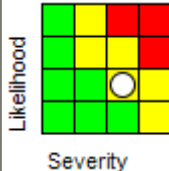
Risk Code	CPR1819 2.6	Risk Title	Partnerships fail	Current Risk Status	
Description of Risk	Partnerships			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular partnership service meetings Engagement with service realignments Development of collaborative working		Current Risk Score	6
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	16-Oct-2018	
Consequences	Inability to provide service to the required level Loss of service Lack of skilled resources				
Vulnerabilities/causes	Partnerships fail Inability to provide resources to partnership service arrangements Service arrangements provided by other partners cease				
Risk Notes					


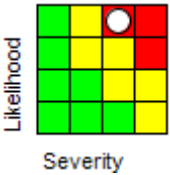
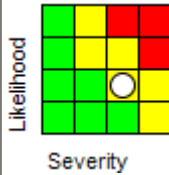
Risk Code	CPR1819 4	Risk Title	Governance	Current Risk Status	
Description of Risk	Ensure that processes, policies and procedures are in place and the authority is held to account		Assigned To		
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


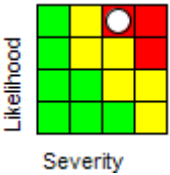
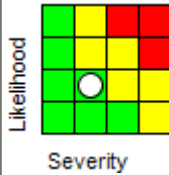
Risk Code	CPR1819 4.1	Risk Title	Democratic Process	Current Risk Status	
Description of Risk	Democratic Process			Assigned To	Andrew Barratt; Anica Goodwin; Ryan Keyte; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Regular review and update of Constitution Scheme of Delegation Forward plan and key decisions Meetings open to the public Training for Members Audit & Governance Committee including Standards Committee) Scrutiny Committees Constitution increased access to services increase use of technology Reference to 'Every Voice Matters'	Current Risk Score	9	
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	05-Sep-2018	
Consequences	Damage to reputation Legal challenge Damage to reputation Financial impact on poor decisions				
Vulnerabilities/causes	Failure to match social and political expectations Failure to act on feedback Ultra vires decisions Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Failure to understand key decisions, legal/governance requirements Inappropriate decision making Changes to political control Members resign from duties/as a member				
Risk Notes					


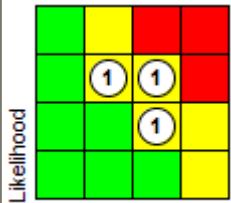
Risk Code	CPR1819 4.2	Risk Title	Assurance Process	Current Risk Status	
Description of Risk	Assurance Process			Assigned To	Andrew Barratt; Stefan Garner; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	Internal Audit External Audit Audit & Governance Committee including Standards Committee Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Corporate fraud officer Section 151 Officer Monitoring Officer Policies and procedures	Current Risk Score	6	
Gross Severity	3		Current Severity	2	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	04-Sep-2018		Last Risk Review Date	04-Sep-2018	
Consequences	Erosion in trust and confidence Reputational damage Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Damage to reputation Increased demand for resources Poor inspection/audit comments				
Vulnerabilities/causes	Policies and procedures not followed Lack of resources Policies are not updated				
Risk Notes					


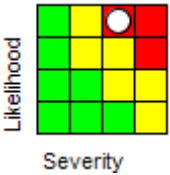
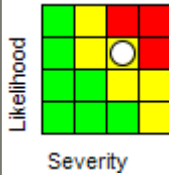
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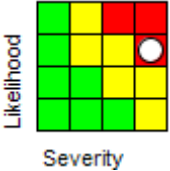
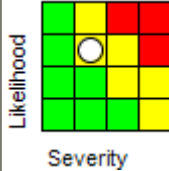
Risk Code	CPR1819 4.3	Risk Title	Legislation	Current Risk Status	
Description of Risk	Legislation			Assigned To	Rob Barnes; Andrew Barratt; Stefan Garner; Anica Goodwin; Ryan Keyte
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Solicitor to the Council Obligations under various legislation Monitoring of government reforms and changes in statute CPD Training Horizon Scanning consultation updates		Current Risk Score	6
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	05-Sep-2018
Consequences	Non-compliance with legal requirements Damage to reputation Prosecution, fines Legal challenge Ultra vires decisions				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Non compliance with legislation Lack of resources Loss of key staff/members				
Risk Notes					


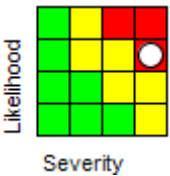
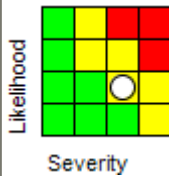
Risk Code	CPR1819 4.4	Risk Title	Policies & Procedures	Current Risk Status	
Description of Risk	Policies & Procedures			Assigned To	Corporate Management Team; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Constitution & Scheme of Delegation with regular review and update Regular review and update of financial guidance Audit & Governance Committee including Standards Committee) Scrutiny Committees Annual Governance Statement & Managers Assurance Statements Whistleblowing Policy & Counter Fraud Policy Money Laundering Policy Section 151 Officer Monitoring Officer Partnership Guidance Policy NetConsent for policy management and acceptance RIPA Policy & staff training Data Protection Policy/Cyber Awareness & staff training GDPR	Current Risk Score	6	
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	2	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	05-Sep-2018	
Consequences	Fraud Poor performance				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes					

Risk Code	CPR1819 4.5	Risk Title	Ethics	Current Risk Status	
Description of Risk	Ethics			Assigned To	Andrew Barratt; Angela Struthers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Monitoring Officer Declaration of interests, gifts & hospitality Codes of Conduct for members and officers Policies and procedures		Current Risk Score	4
Gross Severity	3			Current Severity	2
Gross Likelihood	4			Current Likelihood	2
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	Reputational damage				
Vulnerabilities/causes	Lack of training/knowledge Lack of documented procedures Lack of commitment from officers and members Lack of resources				
Risk Notes					



Risk Code	CPR1819 5	Risk Title	Community Focus	Current Risk Status	
Description of Risk	To ensure the safety, health and wellbeing of the citizens of the borough			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


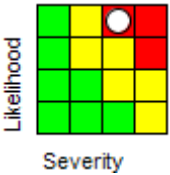
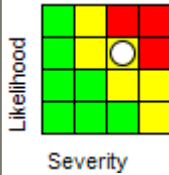
Risk Code	CPR1819 5.1	Risk Title	Community Cohesion & Engagement	Current Risk Status	
Description of Risk	Community Cohesion & Engagement			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Neighbourhood working and collaborative arrangements ASB policy Partnership working Financial inclusion policy Community engagement - locality Corporate consultation database Participatory budgeting Tamworth advice centre Dementia friendly status		Current Risk Score	9
Gross Severity	3		Current Severity	3	
Gross Likelihood	4		Current Likelihood	3	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	16-Oct-2018	
Consequences	Long term costs Not meeting/understanding users needs Increase in crime and disorder Poor use of funding Increased tensions in the community Failure to meet demand Fear of perception of crime				
Vulnerabilities/causes	Economic recession Poverty Welfare reforms Services withdrawn Communities become fragmented				
Risk Notes					


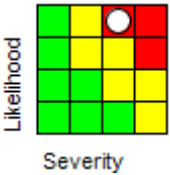
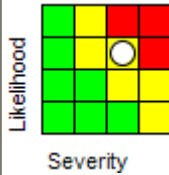
Risk Code	CPR1819 5.2	Risk Title	Safeguarding Children & Adults (including Modern Slavery)	Current Risk Status	
Description of Risk	Safeguarding Children & Adults at Risk of Abuse & Neglect m(including Modern Slavery)			Assigned To	Rob Barnes; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Policy in place Training for staff and members Appropriate risk assessments completed Senior leadership commitment Safe recruitment process Supervision of staff, contractors and volunteers	Current Risk Score	6	
Gross Severity	4		Current Severity	2	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date	16-Oct-2018		Last Risk Review Date	16-Oct-2018	
Consequences	Death, serious injury Legal challenge Loss of reputation Prosecution Increase in inspection Increase in demand				
Vulnerabilities/causes	Non-compliance with legislation Lack of appropriate policy and procedures Low awareness amongst staff and members Lack of joined up case management Case management systems unable to share data or support risk management Lack of appropriate services Gaps in service provision				
Risk Notes					


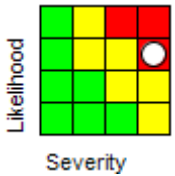
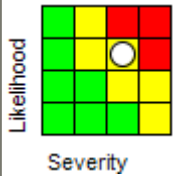
Risk Code	CPR1819 5.3	Risk Title	Emergency Planning	Current Risk Status	
Description of Risk	Emergency Planning			Assigned To	Rob Barnes; Tina Mustafa
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	<p>Emergency Plan in place</p> <p>Emergency planning training completed at various levels</p> <p>Business Continuity Plans in place</p> <p>Comprehensive review of corporate business continuity with representation across all directorates. Policy, terms of reference and testing schedule</p> <p>Active engagement in Exercises</p> <p>Insurance cover in place to cover exposure to financial loss.</p> <p>Advice and guidance on Risk Management and Business Continuity on the intranet</p> <p>Emergencies advice available on website</p> <p>Building- fire prevention controls in place and tested on a regular basis</p> <p>Adequate physical security controls in place and reviewed on a regular basis.</p> <p>IT business continuity plan in place and tested on a regular basis</p> <p>Service impact analysis completed to rank priority of services</p> <p>Corporate business continuity plan in place</p> <p>All communication plans tested on a regular basis</p> <p>Emergency plan tested on a regular basis</p> <p>Business Continuity Group</p> <p>Membership of Staffordshire CCU & Resilience Forum</p> <p>Effective communication /ICT tools/ infrastructure eg mobile phones, laptops</p> <p>Representation at newly formed CCU Strategic Leaders Meeting</p> <p>Successful no notice test</p> <p>Learning from recent incidents - informing preparedness</p> <p>Comprehensive internal audit across BC and EP resulting in a number of agreed management actions</p> <p>Emergency Planning Admin all brought into ICT</p> <p>Actual ICT Disaster recovered from within appropriate timescales</p> <p>Attendance at SRF meetings</p>		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	<p>Services not delivered</p> <p>Damage to reputation</p> <p>Civil Contingency Act requirements not met</p> <p>Death</p> <p>Destruction of property</p>				


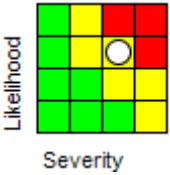
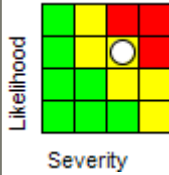
	<p>Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery</p>
Vulnerabilities/causes	<p>Lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act. Failure to test plans Failure to undertake training Plans not activated plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers ie Fire Service</p>
Risk Notes	<p>The emergency plans are in place but are currently being reviewed by Alex from the CCU - TM. System updated by RB as TM experiencing access issues</p>


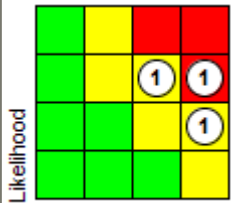
Risk Code	CPR1819 6	Risk Title	Economic Growth & Sustainability	Current Risk Status	
Description of Risk	To ensure that the economic growth and sustainability of the borough is maintained			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	 <p>Likelihood</p> <p>Severity</p>
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					


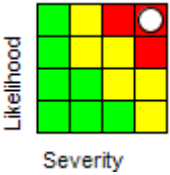
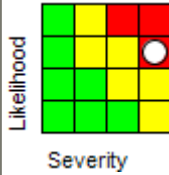
Risk Code	CPR1819 6.1	Risk Title	Regeneration	Current Risk Status	
Description of Risk	Regeneration			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Long term investment Safe and secure estate Support to local businesses Tamworth and Lichfield for business Town centre and tourism development		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	Deprivation Loss of footfall to retail areas Reputational damage				
Vulnerabilities/causes	Lack of investment in the borough No investment in the town centre				
Risk Notes	Continue to offer business grants and signposting to businesses. Investment in town centre site				


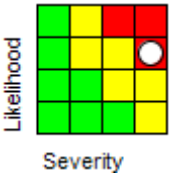
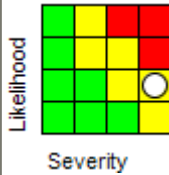
Risk Code	CPR1819 6.2	Risk Title	Housing Needs	Current Risk Status	
Description of Risk	Housing Needs			Assigned To	Rob Barnes; Tina Mustafa; Joanne Sands
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Homelessness prevention activity Homelessness services and preparation for HRA Third Sector support and early help development Investment and partnership to deliver new affordable homes		Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	Impact of housing need and homelessness on households Additional demand for Council services Additional demand on 3rd Sector Statutory agencies Overcrowding and wellbeing impact of poor housing				
Vulnerabilities/causes	Lack of accessible homes Lack of affordable homes Poor conditions in the Private Sector Increased homelessness				
Risk Notes	Reviewed by TM adequate controls still in place. system updated by RB as TM experiencing access issues				


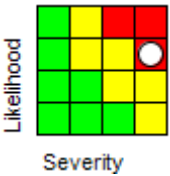
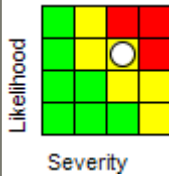
Risk Code	CPR1819 6.3	Risk Title	Economic Changes	Current Risk Status	
Description of Risk	Economic Changes			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Support to local businesses Business and economic partnership Business growth programme Tamworth & Lichfield for business Growth hub Start up business grants for small business Tamworth enterprise centre		Current Risk Score	9
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	No external funding to aid economy and growth Economic prosperity declines Increased demand for social housing Increased costs to council services due to increased demand				
Vulnerabilities/causes	Failure to recognise economic changes Sudden economic downturn affecting businesses Loss of major employer in the region Failure to recognise opportunities Rapid increase in inflation Changes in government funding/grants Collapse/decline of property market				
Risk Notes	offer business grants and signposting to other agencies for support				

Risk Code	CPR1819 6.4	Risk Title	Demographics	Current Risk Status	
Description of Risk	Demographics			Assigned To	Andrew Barratt; Matthew Bowers
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9			Current Risk Score	9
Gross Severity	3			Current Severity	3
Gross Likelihood	3			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	Lower level of skills Lower level of health				
Vulnerabilities/causes	No investment in skills to the populous Lack of healthcare to the populous				
Risk Notes	successful in bringing a WMCA skills pilot to the area				

Risk Code	CPR1819 7	Risk Title	Information Safeguarding	Current Risk Status	
Description of Risk	To ensure that our data is protected			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score				Current Risk Score	
Gross Severity				Current Severity	
Gross Likelihood				Current Likelihood	
Gross Risk Review Date				Last Risk Review Date	
Consequences					
Vulnerabilities/causes					
Risk Notes					

Risk Code	CPR1819 7.1	Risk Title	Data Protection	Current Risk Status	
Description of Risk	Data Protection			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	16	Data protection training Secure password protocol IT physical controls Encryption protocols secure wifi ICO protocol GDPR Action plan for timely, controlled implementation Data Protection Officer Senior management support Comprehensive training plan for staff and members Privacy impact assessments completed for new Projects/implementation/solutions Data sharing protocols		Current Risk Score	12
Gross Severity	4			Current Severity	4
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date	05-Sep-2018			Last Risk Review Date	05-Sep-2018
Consequences	Reputational damage Fine				
Vulnerabilities/causes	Human error Virus/hacking				
Risk Notes					

Risk Code	CPR1819 7.2	Risk Title	Cyber Security	Current Risk Status	
Description of Risk	Cyber Security			Assigned To	Anica Goodwin; Zoe Wolicki
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Data protection compliance and training GCSX PSN compliance Physical security Business continuity plans Penetration testing Firewalls Anti virus software Up to date patching of servers & desktops Obligations being planned under GDPR	Current Risk Score	8	
Gross Severity	4		Current Severity	4	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date	05-Sep-2018		Last Risk Review Date	05-Sep-2018	
Consequences	Fine Reputational damage Potential imprisonment Loss of data Inability to deliver service				
Vulnerabilities/causes	Insecure IT equipment Human error Loss of equipment/data Theft Equipment failure Hacking/viruses				
Risk Notes					

Risk Code	CPR1819 7.3	Risk Title	Business Continuity	Current Risk Status	
Description of Risk	Business Continuity			Assigned To	Rob Barnes; Paul Weston
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Emergency plan in place Business continuity plans in place Insurance cover Advice and guidance on risk management and business continuity Fire prevention controls Physical building controls on place Communication plan Business continuity group Membership of Staffordshire CCU & resilience forum Learning from previous incidents - informing level of preparedness Support from CCU Link Officer		Current Risk Score	9
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	3
Gross Risk Review Date	10-Oct-2018			Last Risk Review Date	10-Oct-2018
Consequences	Services not delivered Damage to reputation Civil contingency act obligations not met Death Destruction of property Damage to the environment Adverse affect on vulnerable groups Public expectations of service delivery not met Increased costs for alternative service delivery				
Vulnerabilities/causes	Lack of integrated emergency arrangement making it difficult to react Failure to test plans Failure to undertake training Plans not activated Plans do not accurately identify the staffing/resources required Implications of industrial action from other service providers eg fire service Lack of staff engagement in BC Group				
Risk Notes	No changes as per PW				

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AUDIT & GOVERNANCE COMMITTEE
25 OCTOBER 2018
REPORT OF THE ASSISTANT DIRECTOR - PARTNERSHIPS
REGULATION OF INVESTIGATORY POWERS ACT 2000

Purpose

The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that quarterly reports will be taken to Audit & Governance Committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

Recommendation

That Audit and Governance Committee endorse the RIPA monitoring report for the quarter to 30 September 2018.

Executive Summary

The Council has a number of statutory functions that involve officers investigating the conduct of others with a view to bringing legal action against them. The Council has also been given powers under the Regulation of Investigatory Powers Act 2000 (RIPA) which enable it to carry out Directed Surveillance in certain strict circumstances. RIPA provides a legal framework for the control and regulation of surveillance and information gathering techniques which public bodies such as Tamworth Borough Council have to comply with. These powers have been amended and changed in accordance with various pieces of legislation. The last change resulted in a revised RIPA Policy being approved by the Council on 12 December 2017.

The Protection of Freedoms Act 2012 now requires that local authority authorisations under RIPA for Directed Surveillance or CHIS can only become effective on the granting of an order approving the authorisation by a Justice of the Peace. Further a local authority can now only have an authorisation under RIPA for the use of Directed Surveillance where the local authority is investigating criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco under the Licensing Act 2003 of the Children and Families Act 2014.

No Directed Surveillance has been carried out by the Council since 2011 and it is not envisaged that there will be any appreciable change in the foreseeable future. By adhering to Policy the Council ensure that the acquisition and disclosure of data is lawful, necessary and proportionate so that the Council will not be held to be in breach of Article 8 (the right to respect for private family life, home and correspondence) of the European Convention on Human Rights.

In July 2017 the Office of the Surveillance Commissioner (OSC) conducted an inspection into the RIPA policy, procedures, documentation and training utilised at the Council. Arising from the inspection it has been recommended that guidance

regarding use of internet and SNS for research of persons and how this might meet the requirement as directed surveillance or CHIS should be drawn up, inserted into our policy and procedures and actively disseminated to staff.

Training took place in October 2017 for officers who previously had no RIPA training and for members with refresher training being delivered for those officers previously trained. Further training will be arranged through Netconsent. The feedback from the training has been positive and going forward training for RIPA has been added to the Corporate Training Programme.

The practice that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee will continue.

Options Considered

Obligations arising under RIPA for the authority are statutory therefore there the only option is compliance.

Resource Implications

Support for the RIPA obligations and functions are met from existing budget and existing staff resources.

Legal/Statutory and Risk Implications

The recording of applications, authorisations, renewals and cancellations of investigations using covert surveillance techniques or involving the acquisition of communications data is covered by the Regulation of Investigatory Powers Act 2000.

The Regulation of Investigatory Powers Act was introduced to regulate existing surveillance and investigation in order to meet the requirements of Article 8 of the Human Rights Act. Article 8 states: Everyone has the right to his private and family life, home and correspondence. There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the Country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

RIPA investigations can only be authorised by a local authority where it is investigating criminal offences which

- (1) attract a maximum custodial sentence of six months or more or
- (2) relate to the sale of alcohol or tobacco products to children.

There are no risk management or Health and Safety implications.

Sustainability Implications

The legislation requires the Authority to record and monitor all RIPA applications, keep the records up to date and report quarterly to a relevant Committee.

Background Information

The RIPA Code of Practice produced by the Home Office in April 2010 and updated in January 2016 introduced the requirement to produce quarterly reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).

The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the period from 30 June 2018 to 30 September 2018.

The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where an investigation is ongoing at the end of a quarterly period it will not be reported until the authorisation has been cancelled. At the end of the current quarterly period there were no outstanding authorisations.

There have been no authorisations for the use of CHIS.

Financial year 2018/19

No applications

Background papers

None

If Members would like further information or clarification prior to the meeting please contact Jo Sands, Assistant Director - Partnerships on Ext.585

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**AUDIT & GOVERNANCE COMMITTEE
25th OCTOBER 2018**

REPORT OF THE ASSISTANT DIRECTOR PEOPLE

LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW 2017/18

Purpose

To advise the committee of the contents of the Local Government and Social Care Ombudsman's Annual Report Letter for the year ended 31st March 2018 in relation to complaints against the Council.

Recommendation

That the Committee endorse the Annual Review Letter and summary of complaints, enquiries and decisions made as attached at Appendix 1

Executive Summary

In the year 2017/18, the Ombudsman received 8 enquiries and complaints about the Council and made 7 reported decisions compared to 2016 / 17, when the Ombudsman received 7 enquiries and complaints about the Council, and made 8 decisions. For the 2017/18 annual review, 6 of the 8 enquiries and complaints were decided upon and appear in the decision report with one decision being made from a 2016 / 17 enquiry/complaint.

The decisions were split as follows:

- Four complaints / enquiries were referred back to the Council for local resolution (for example if the complainant had not exhausted local policy or the complaint had already been resolved locally).
- Two complaints/ enquiries were closed after initial enquiries were made, this might be because the law says the ombudsman is not allowed to investigate it, or because it would not be an effective use of public funds if they did.
- In the final decision the ombudsman gave the complainant early advice to resolve the enquiry at the first point of contact.

It is worth noting that within the 2017/18 year the ombudsman undertook no detailed investigations into any complaint or enquiry regarding the Council and therefore no statistical information is provided on the percentage of decisions being upheld or is not provided.

The level of LGO complaints / enquiries for Tamworth Borough Council has been maintained in 2018 however, the trend is for remedies to be provided prior to ombudsman intervention, which is extremely encouraging.

Background Information

The Committee's role and function includes a requirement to monitor the effectiveness of Local Government and Social Care Ombudsman (LGO) investigations. As the operation of the LGO forms part of this regulatory framework the Committee is provided with the LGO annual review for

consideration. The LGO distribute annual review letters to all councils regarding their performance in dealing with complaints made about them to the Ombudsman.

The aim is to provide councils with information to help them improve complaint handling, and improve services more generally, for the benefit of the public. The letters also include a summary of statistics relating to the complaints received by the LGO and dealt with against each council.

The LGO has the power to investigate complaints by members of the public who consider that they have been caused injustice by maladministration or service, failure in connection with action taken by the Council and certain other bodies in the exercise of its administrative functions. Whilst the Ombudsman can investigate complaints about how the Council has done something, it cannot question what a Council has done simply because someone does not agree with it.

A complainant must give the Council an opportunity to deal with a complaint against it first although in practice that is not always the route taken by a complainant. The ombudsman expects the Council's own complaints procedure to be used in the first instance, in this case the Tell Us scheme. If a complainant is not satisfied with the action the Council takes he or she can send a written complaint to the Local Government Ombudsman, or ask a Councillor to do so on their behalf.

The objective of the Ombudsmen is to secure, where appropriate, satisfactory redress for complainants and better administration for the authorities. Since 1989, the Ombudsmen have had power to issue advice on good administrative practice in local government based on experience derived from their investigations.

The LGO provide each local Council with an annual review of the Council's performance in dealing with complaints against it which were referred to the relevant Ombudsman, so that the Council can learn from its own performance compared to other Councils.

All decisions made by the ombudsman regarding complaints against Tamworth Borough Council can be found on the LGO website <https://www.lgo.org.uk/decisions>.

Implications of this report

There are no direct financial / staffing implications or direct implications in relation to community/performance planning, sustainable development, community safety, equal opportunities or human rights arising from this report.

Report Author

Zoe Wolicki – Assistant Director People

List of Background papers

Local Government Act 1974 as amended

Appendices

Appendix 1 - Local Government Ombudsman Annual Review Letter 2018

Local Authority Report: Tamworth Borough Council
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
1	4	0	0	1	0	1	1	0	8

Decisions made

Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Detailed Investigations			Uphold Rate	Total
				Not Upheld	Upheld			
0	1	4	2	0	0	0%	7	

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
0	0

Enquiries/ Complaints Received

Reference	Authority	Category	Received
17002244	Tamworth Borough Council	Housing	12/05/2017
17004158	Tamworth Borough Council	Benefits & Tax	14/06/2017
17004447	Tamworth Borough Council	Planning & Development	19/06/2017
17008768	Tamworth Borough Council	Benefits & Tax	29/08/2017
17011407	Tamworth Borough Council	Benefits & Tax	12/10/2017
17012841	Tamworth Borough Council	Environmental Services & Public Protection & Regulation	07/11/2017
17015491	Tamworth Borough Council	Benefits & Tax	27/03/2018
17017216	Tamworth Borough Council	Adult Care Services	01/02/2018

Enquiries/ Complaints Decided

Reference	Authority	Category	Decided	Decision	Remedy
16018853	Tamworth Borough Council	Environmental Services & Public Protection & Regulation	10/04/2017	Referred back for local resolution	Null
17002244	Tamworth Borough Council	Housing	12/05/2017	Advice given	Null
17004158	Tamworth Borough Council	Benefits & Tax	19/07/2017	Closed after initial enquiries	Null
17004447	Tamworth Borough Council	Planning & Development	19/06/2017	Referred back for local resolution	Null
17008768	Tamworth Borough Council	Benefits & Tax	29/09/2017	Closed after initial enquiries	Null
17011407	Tamworth Borough Council	Benefits & Tax	12/10/2017	Referred back for local resolution	Null
17012841	Tamworth Borough Council	Environmental Services & Public Protection & Regulation	07/11/2017	Referred back for local resolution	Null

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THURSDAY, 25 OCTOBER 2018

REPORT OF THE HEAD OF AUDIT & GOVERNANCE

INTERNAL AUDIT UPDATE REPORT 2018/19 QUARTER 2

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the Internal Control, Risk Management and Governance framework in the 2nd quarter of 2018/19 – to provide members with assurance of the ongoing effective operation of an Internal Audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached report and raises any issue it deems appropriate.

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2015 require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the Internal Control, Risk Management and Governance Framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Audit & Governance on the outcome of service reviews. Professional good practice recommends that this opinion be given periodically throughout the year to inform the Annual Governance Statement. This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Audit & Governance's quarterly opinion statement for July - September 2018 is set out in the attached document, and the opinion is summarised below.

Audit Opinion.

I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the

organisation's Risk Management, Control and Governance processes.

Overall in my opinion, based upon the reviews performed during the second quarter of the 2018/19 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific Issues

No specific issues have been highlighted through the work undertaken by Internal Audit during the second quarter of 2018/19 that would need to be highlighted as a corporate risk.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Audit & Governance

LIST OF BACKGROUND PAPERS

APPENDICES

- Appendix 1 Internal Audit Performance Report 2018/19
- Appendix 2 Percentage of Management Actions Agreed 2018/19
- Appendix 3 Implementation of Agreed Management Actions 2018/19

INTERNAL AUDIT REPORT – 2nd Quarter - 2018/19

1. INTRODUCTION

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

Internal Audit's role is to provide independent assurance to the Council that systems are in place and are operating effectively.

Every local authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing reports on these where possible/necessary. **Appendix 1** shows the progress at the end of 2nd quarter of the year of the work completed against the plan and highlights the work completed. The original audit plan identified 55 audits to be completed in the 2018/19 financial year. The plan has been revised, and a total of 53 audits are now due to be completed by the end of the financial year. At the end of the 2nd quarter of the year, internal audit have commenced/completed 29 audits. This equates to 55% of the revised annual audit plan (specific reviews). In addition to the specific reviews, a total of five implementation reviews and six further implementation reviews have been completed for the financial year to date. Two further implementation reviews were completed in the second quarter.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the draft reports issued in this quarter of the year were issued within this deadline.

3. AUDIT REVIEWS COMPLETED 2018/19

Nine audits were finalised within the quarter. **Appendix 2** details the number of recommendations made. A total of 64 recommendations were made in the second quarter with 61 (95%) of the recommendations being accepted by management. A response was not received for one recommendation.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Two second implementation reviews – Building Security & Mobile Devices were completed during the second quarter of 2018/19. **Appendix 3** details the implementation progress to date for the second quarter of the financial year with 42% (16/38) of the recommendations implemented/partially implemented at second implementation review.

Nine recommendations not implemented at 2nd implementation review were high priority and management have agreed revised implementation dates for all outstanding recommendations. Internal Audit only complete two implementation reviews in accordance with the internal audit protocol, it is then management's responsibility to ensure that the risks are managed effectively. The Assistant Director – People has given assurance that the majority of the recommendations have now been completed. Internal Audit is fairly satisfied with the progress made by management to reduce the level of risk and its commitment to progress the outstanding issues.

4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Attribute Standards 1110 to 1130 in the Public Sector Internal Audit Standards require that Internal Audit Have organisational and individual independence and specifically states that the Head of Audit & Governance must confirm this to the Audit & Governance Committee at least annually. As performance is reported quarterly, this confirmation will be provided quarterly.

The Head of Audit & Governance confirms that Internal Audit is operating independently of management and is objective in the performance of internal audit work.

OVERALL CURRENT INTERNAL AUDIT OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's Risk Management, Control and Governance processes.

Overall in my opinion, based upon the reviews performed during the second quarter of the 2018/19 financial year, the Authority has:

- Adequate and effective risk management arrangements;
- Adequate and effective governance; and
- Adequate and effective control processes.

Specific issues:

There were no specific issues highlighted through the work of Internal Audit in the second quarter of the 2018/19 financial year that would need to be highlighted as a corporate risk.

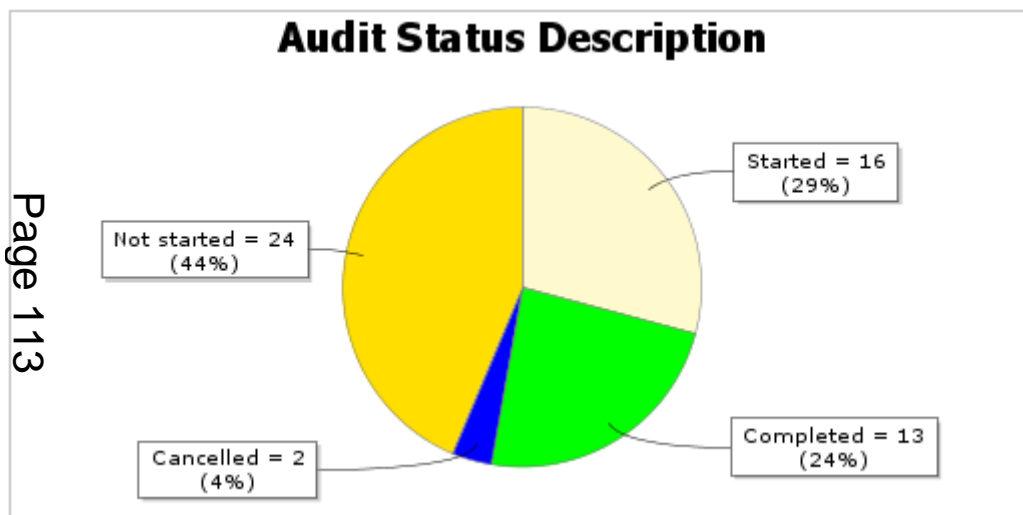
Angela Struthers,
Head of Audit & Governance

Internal Audit Performance Report 2018/19

















Quarter 2





















Report Type: Audit File Report
Report Author: Angela Struthers
Generated on: 02 October 2018




















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Title	Directorate Description	Audit Status Icon	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon
Taxi Licences	Directorate – Growth & Regeneration	✔	Started	Risk based review	
Joint Service Provision/ SLA's	Corporate	●	Not started	System based review	

Title	Directorate Description	Audit Status Icon	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon
Performance Management	Directorate – People		Started	System based review	
IT Governance	Directorate – People		Started	Information Technology	
Main Accounting & Budgetary Control	Directorate – Finance		Not started	Main financial system – interim	
Treasury Management QTR 4 2017/18	Directorate – Finance		Completed	Main financial system – interim	
Treasury Management QTR 1 2018/19	Directorate – Finance		Completed	Main financial system – interim	
Treasury Management QTR 2 2018/19	Directorate – Finance		Started	Main financial system – interim	
Treasury Management QTR 3 2018/19	Directorate – Finance		Not started	Main financial system – interim	
Debtors & Procurement	Directorate – Finance		Not started	Main financial system – full	
Debtors	Directorate – Finance		Not started	Main financial system – interim	
Council Tax	Directorate – Finance		Started	Main financial system – interim	
NNDR	Directorate – Finance		Not started	Main financial system – interim	
Payroll	Directorate – People		Not started	Main financial system – interim	
Bank Reconciliation & Cash Collection	Directorate – Finance		Started	Main financial system – interim	
Housing & Council Tax Benefits	Directorate – Finance		Not started	Main financial system – interim	

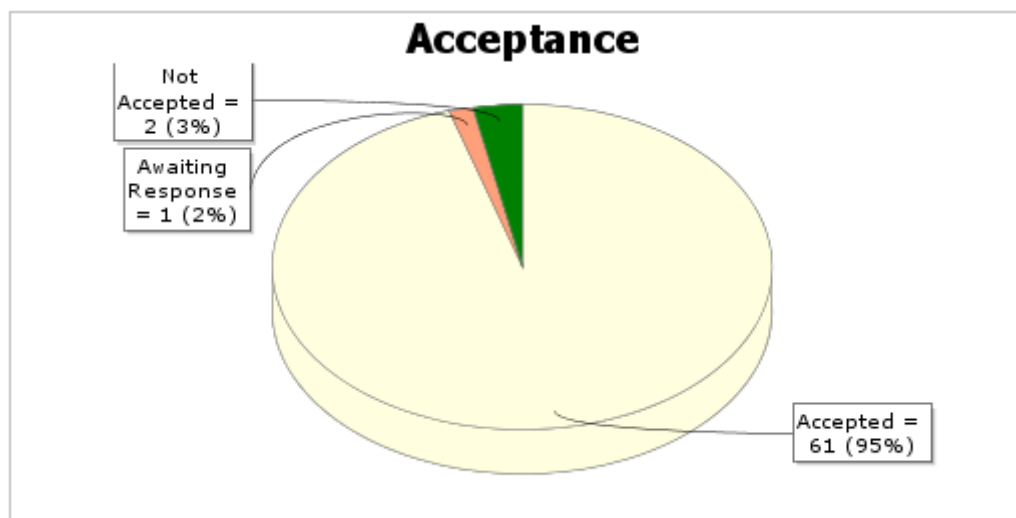
Title	Directorate Description	Audit Status Icon	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon
Capital Strategy & Programme Management	Directorate – Finance		Not started	Main financial system – interim	
Housing Rents	Directorate – Neighbourhoods		Started	Main financial system – interim	
Property Contracts QTR 1	Directorate – Assets		Completed	Main financial system – interim	
Property Contracts QTR 2	Directorate – Assets		Completed	Main financial system – interim	
Property Contracts QTR 3	Directorate – Assets		Not started	Main financial system – interim	
Property Contracts QTR 4	Directorate – Assets		Not started	Main financial system – interim	
Housing Repairs QTR 1	Directorate – Assets		Completed	Main financial system – interim	
Housing Repairs QTR 2	Directorate – Assets		Completed	Main financial system – interim	
Housing Repairs QTR 3	Directorate – Assets		Not started	Main financial system – interim	
Housing Repairs QTR 4	Directorate – Assets		Not started	Main financial system – interim	
Organisation Transformation	Corporate		Not started	System based review	
Health & Safety	Directorate – Ops & Leisure		Not started	System based review	
Community Safety	Directorate – Partnerships		Cancelled	Risk based review	
CCTV	Directorate – Neighbourhoods		Completed	Risk based review	

Title	Directorate Description	Audit Status Icon	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon
Training & Development	Directorate – People		Started	Risk based review	
Housing Regeneration & Affordable Housing	Directorate – Partnerships		Completed	Risk based review	
Food Safety	Directorate – Growth & Regeneration		Not started	Risk based review	
Tourism & Town Centre	Directorate – Growth & Regeneration		Completed	Risk based review	
PR & Communications	Directorate – People		Started	System based review	
Sheltered Housing	Directorate – Neighbourhoods		Started	Risk based review	
Outdoor Events	Directorate – Ops & Leisure		Started	Risk based review	
Safeguarding	Directorate – People		Completed	System based review	
Parks & Open Spaces, Nature Reserves & Sports Pitches	Directorate – Ops & Leisure		Started	System based review	
Community Leisure	Directorate – Ops & Leisure		Cancelled	Risk based review	
Committee Decisions & Reporting	Corporate		Started	System based review	
Mobile Telephones	Directorate – People		Not started	System based review	
Licences	Directorate – Growth & Regeneration		Started	System based review	
Pentana Application Review	Technology & Corporate Programmes		Completed	Information Technology	

Title	Directorate Description	Audit Status Icon	Audit Status Description	Audit Assurance Type Title	Audit Assurance Level Status Icon
Academy Application Review	Directorate – People		Not started	Information Technology	
Self Service Technology	Directorate – People		Not started	Information Technology	
GDPR	Directorate – People		Not started	Information Technology	
Cloud	Directorate – People		Not started	Information Technology	
Social Media	Directorate – People		Started	Information Technology	
I Trent Application Review	Directorate – People		Not started	Information Technology	
Pension Contributions	Directorate – People		Completed	Compliance	
DFG	Directorate – Assets		Completed	Compliance	
Commercialism	Corporate		Started	Consultancy	
Commercial & Industrial Properties	Directorate – Growth & Regeneration		Not started		

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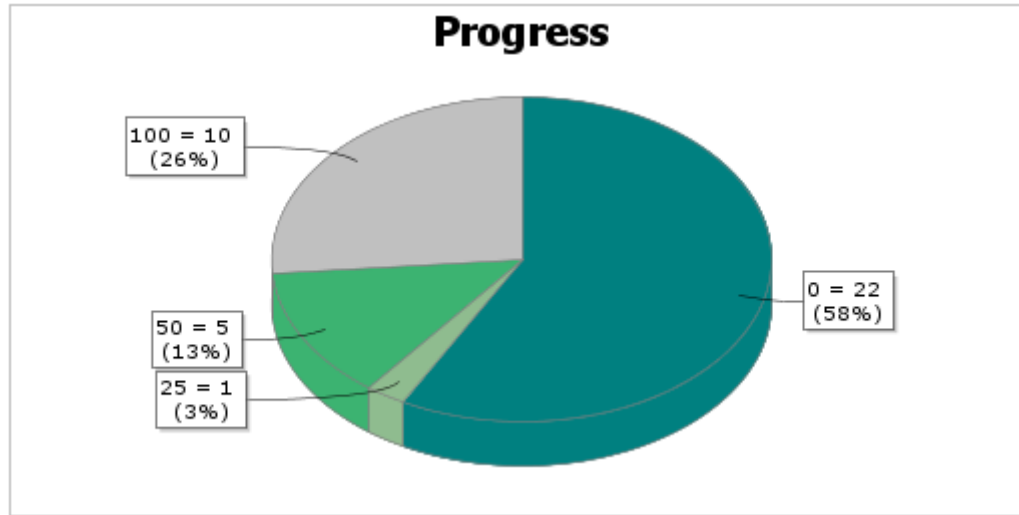
Percentage of Management Actions Agreed 2018/19 Quarter 2



Audit Recommendation Code & Title	Audit Recommendation Priority	Audit Recommendation Acceptance
1819 CCTV 01.03 Emergency Planning	Medium Priority	Not Accepted
1819 Pent 1.06 Deputy System Admin	Medium Priority	Awaiting Response
1819 TIC 5.01 Customer Satisfaction	Medium Priority	Not Accepted

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Implementation of Agreed management Actions 2018/19 Quarter 2 – Further Implementation Reviews



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Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
1617 BS 1.05 Building Security Policy	High Priority	0%	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 1.15 Town Hall Security	High Priority	0%	Other Higher Priorities	2nd implementation review completed	31-Dec-2018
1617 BS 2.10 ID Badge – Access Review	High Priority	0%	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 2.13 Social Services	High Priority	0%	No evidence provided	2nd implementation review	31-Dec-2018

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
Access				completed	
1617 BS 3.02 Contractor Access	High Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 MD03 Legal compliance	High Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	31-Oct-2018
1617 MD04 Risk assessment	High Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	31-Oct-2018
1617 MD05 BYOD Policy	High Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	31-Oct-2018
1617 MD11 Register of approved users	High Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	31-Oct-2018
1617 BS 1.08 Carengie Centre Door Fobs	Medium Priority	<input type="text" value="0%"/>	Staffing Resources – Temporary	2nd implementation review completed	31-Dec-2018
1617 BS 1.11 Key Checks	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 1.14 Key Handling Procedure	Medium Priority	<input type="text" value="0%"/>	Other Higher Priorities	2nd implementation review completed	31-Jul-2018
1617 BS 2.03 Documented Procedures	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 2.04 New Starter Forms	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 2.07 Amendment Requests Retained	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 2.11 Deactivating ID Cards	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 2.14 Replacement	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review	31-Dec-2018

Audit Recommendation Code & Title	Recommendation Priority	Recommendation Progress	Reason Not Implemented	Implementation Review completed	Revised Date for Implementation
ID Badges				completed	
1617 BS 3.05 Visitor/Contractor Signing In Book	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 3.06 Visitor & Contractor Terms and Conditions	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 4.02 Signed Agreement	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 BS 4.03 Licence Agreements	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Dec-2018
1617 MD07 Register of Approved users	Medium Priority	<input type="text" value="0%"/>	No evidence provided	2nd implementation review completed	31-Oct-2018

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THURSDAY, 25 OCTOBER 2018

REPORT OF THE HEAD OF AUDIT & GOVERNANCE

COUNTER FRAUD UPDATE

EXEMPT INFORMATION

None

PURPOSE

To provide members with an update on the Counter Fraud work completed to date during the 2018/19 financial year.

RECOMMENDATIONS

That the Committee:

- 1 Considers this report and raises any issue it deems appropriate.**
- 2 Endorses the Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes (Appendix 1).**
- 3 Endorses the Whistleblowing Policy (Appendix 2)**
- 4 Endorses the Fraud Risk Register summary (Appendix 3)**

EXECUTIVE SUMMARY

The Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes has been reviewed in line with best practice and is attached as **Appendix 1**. There have been no significant changes to the policy – all changes are shown in the document for information. The Counter Fraud Work Plan forms part of the strategy and has been updated for the 2018/19 financial year.

In addition, and in line with best practice, the Whistleblowing Policy has also been reviewed and updated and is attached as **Appendix 2**. Again, no significant changes have been made and all changes are shown in the document for information.

In line with good practice, Internal Audit maintains a Fraud Risk Register which details all the potential frauds that could happen. This is reviewed and updated on a quarterly basis and a summary is attached as **Appendix 3**.

Work has progressed on data matches identified through the National Fraud Initiative (NFI) and Internal Audit are currently looking at the matches identified for potential savings on Single Person Discounts (SPD) awarded. A new data matching exercise is currently underway, with matches being made available in February 2019.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Audit & Governance ex 234

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Fraud & Corruption Policy Statement, Strategy & Guidance Notes

Appendix 2 Whistleblowing Policy


















Appendix 3 Fraud Risk Register Summary






















Fraud & Corruption Risk Register Summary

Report Type: Risks Report

















Report Author: Angela Struthers

Generated on: 28 September 2018

Risk Title	Risk Description	Gross Risk – Assessment	Current Risk – Assessment	Last Review Date	Ownership Assigned To
Staffing (internal)					Angela Struthers
Credit Income	Misappropriation of income	 4 significant–unlikely	 2 significant–very unlikely	26-Sep-2018	Angela Struthers
Assets	Theft of fixed assets	 9 serious–likely	 4 significant–unlikely	26-Sep-2018	Angela Struthers
Assets	Theft of Council information/intellectual property	 12 major – likely	 8 major – unlikely	26-Sep-2018	Angela Struthers
Assets	Inappropriate use of Council assets for private use	 8 significant – very likely	 6 significant–likely	26-Sep-2018	Angela Struthers
Petty cash/imprest accounts	Theft of takings disguised by manipulation of accounts	 2 minor–unlikely	 2 minor–unlikely	26-Sep-2018	Angela Struthers
Expenses claims	Inflated claims	 6 significant–likely	 4 significant–unlikely	26-Sep-2018	Angela Struthers
Corruption	Disposal of assets – land and property	 6 serious–unlikely	 3 serious–very unlikely	26-Sep-2018	Angela Struthers
Corruption	Award of planning consents and licences	 9 serious–likely	 3 serious–very unlikely	26-Sep-2018	Angela Struthers










Risk Title	Risk Description	Gross Risk – Assessment	Current Risk – Assessment	Last Review Date	Ownership Assigned To
Corruption	Acceptance of gifts, hospitality, secondary employment	 6 significant-likely	 4 significant-unlikely	26-Sep-2018	Angela Struthers
Car parking	Theft of takings	 9 serious-likely	 6 serious-unlikely	26-Sep-2018	Angela Struthers
Treasury management	Falsifying records to gain access to loan or investment monies	 12 major – likely	 6 serious-unlikely	26-Sep-2018	Angela Struthers
Money laundering	Using the council to hide improper transactions	 8 major – unlikely	 4 significant-unlikely	26-Sep-2018	Angela Struthers
IT fraud	Improper use of council ICT equipment	 12 major – likely	 9 serious-likely	26-Sep-2018	Angela Struthers
Employee – general	Abuse of flexi system Falsification of car loans	 6 significant-likely	 4 significant-unlikely	26-Sep-2018	Angela Struthers
Payment of grants to the public	Grants fraudulently claimed	 12 major – likely	 6 serious-unlikely	26-Sep-2018	Angela Struthers
Loans & Investments	Misappropriation of funds Fraudulent payment or investment of funds	 12 major – likely	 4 significant-unlikely	26-Sep-2018	Angela Struthers
Regeneration development corruption	Regeneration development corruption	 12 major – likely	 6 serious-unlikely	26-Sep-2018	Angela Struthers
Financial statements	The financial statements may be materially mis-stated due to fraud	 6 serious-unlikely	 4 significant-unlikely	26-Sep-2018	Angela Struthers
New starter	Fraudulent job application	 9 serious-likely	 4 significant-unlikely	26-Sep-2018	Angela Struthers















Risk Title	Risk Description	Gross Risk – Assessment	Current Risk – Assessment	Last Review Date	Ownership Assigned To
ICT abuse	Improper use of IT equipment	9 serious-likely	4 significant-unlikely	26-Sep-2018	Angela Struthers
Benefits fraud – internal	Fraudulent claim by member of staff	9 serious-likely	6 serious-unlikely	26-Sep-2018	Angela Struthers
Cash theft	Theft of takings disguised by manipulation of accounts	4 significant-unlikely	2 significant-very unlikely	26-Sep-2018	Angela Struthers
Cash theft	Theft of cash without disguise	4 significant-unlikely	1 minor – very unlikely	26-Sep-2018	Angela Struthers
Payroll	Payment to non existent employees	2 significant-very unlikely	3 serious-very unlikely	26-Sep-2018	Angela Struthers
Payroll	Over claiming hours worked	6 significant-likely	2 minor-unlikely	26-Sep-2018	Angela Struthers
Payroll	Manipulation of standing data	6 serious-unlikely	2 significant-very unlikely	26-Sep-2018	Angela Struthers
Assets	Theft of current assets	6 significant-likely	4 significant-unlikely	26-Sep-2018	Angela Struthers
Procurement & Contract Management					Angela Struthers
Selection process	Senior staff influencing junior staff involved in a selection process	6 serious-unlikely	4 significant-unlikely	26-Sep-2018	Angela Struthers
Lack of awareness of the procurement	Lack of awareness of risks and issues in the	6 significant-likely	4 significant-unlikely	26-Sep-2018	Angela Struthers














Risk Title	Risk Description	Gross Risk – Assessment		Current Risk – Assessment		Last Review Date	Ownership Assigned To
process	procurement process						
Lack of anti fraud culture	No antifraud culture – no due diligence/risk registers		6 significant-likely		2 significant-very unlikely	26-Sep-2018	Angela Struthers
Contract awarded prior to specification being agreed	Contract awarded prior to specifications being fully agreed and developed; meaning the organisation becomes responsible for additional development and training expenses		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Manipulation of preferred bidders list	Manipulation of preferred bidders list		4 significant-unlikely		2 significant-very unlikely	26-Sep-2018	Angela Struthers
No formal contract in place	No formal contract in place		8 significant – very likely		6 significant-likely	26-Sep-2018	Angela Struthers
Prices reworked	Prices reworked to enable the successful bidder to move up the proposal list following initial bidding		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Value of contract disaggregated	Value of contract disaggregated to circumvent organisation/EU regulations		12 serious – very likely		6 significant-likely	26-Sep-2018	Angela Struthers
Inappropriate high value purchase	Inappropriate high value purchase for an unauthorised purpose		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Inappropriate use of single tender	Inappropriate use of single tender acceptance		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers

Risk Title	Risk Description	Gross Risk – Assessment	Current Risk – Assessment	Last Review Date	Ownership Assigned To
acceptance					
Using agency staff or consultants		 4 significant–unlikely	 1 minor – very unlikely	26-Sep-2018	Angela Struthers
Initial commercial consultations	Procurement staff being sidelined during initial commercial consultations and subsequently being presented with a "done deal".	 12 major – likely	 6 serious–unlikely	26-Sep-2018	Angela Struthers
Contract signing	Contracts signed by member of staff not authorised to do so	 12 major – likely	 6 serious–unlikely	26-Sep-2018	Angela Struthers
Diversion of funds	Diversion of funds: the risk that a member of staff diverts funds through the set up of non-existent supplier/freelancer	 12 major – likely	 6 serious–unlikely	26-Sep-2018	Angela Struthers
Bogus vendor	An individual could authorise the set up of a bogus vendor and raise and authorise a purchase order	 16 major – very likely	 8 major – unlikely	26-Sep-2018	Angela Struthers
Sale of confidential information	A member of staff could disclose information on bids to other contract bidders	 12 major – likely	 6 serious–unlikely	26-Sep-2018	Angela Struthers
Creditor payments	Fraudulent requests for creditor payments	 9 serious–likely	 4 significant–unlikely	26-Sep-2018	Angela Struthers
Fraudulent use for one off payment	Staff use the cheque payment process to send to a bogus	 6 serious–unlikely	 2 significant–very unlikely	26-Sep-2018	Angela Struthers

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Risk Title	Risk Description	Gross Risk – Assessment		Current Risk – Assessment		Last Review Date	Ownership Assigned To
	vendor						
Declaration of interests	Lack of declarations of interests		9 serious-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Housing tenancy/homelessness							Angela Struthers
Housing allocations	Housing allocated for financial reward fraudulent allocation of property		9 serious-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Illegal sub letting	Illegal sub letting of council property		4 significant-unlikely		2 minor-unlikely	26-Sep-2018	Angela Struthers
Homelessness	False claim of homelessness		6 significant-likely		2 minor-unlikely	26-Sep-2018	Angela Struthers
Right to Buy	Fraudulent claim of right to buy discount		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Sheltered schemes	Theft of customer monies		4 significant-unlikely		2 significant-very unlikely	26-Sep-2018	Angela Struthers
Council Tax							Angela Struthers
Single Persons Discount	Single persons discount fraudulently claimed		6 significant-likely		6 significant-likely	26-Sep-2018	Angela Struthers
Discounts/exemptio	Discounts and exemptions		3 minor-likely		2 minor-unlikely	26-Sep-2018	Angela Struthers

Risk Title	Risk Description	Gross Risk – Assessment		Current Risk – Assessment		Last Review Date	Ownership Assigned To
ns	falsely claimed						
Refund fraud			3 minor-likely		2 minor-unlikely	26-Sep-2018	Angela Struthers
Suppressed recovery action	Suppressed recovery action		3 minor-likely		2 minor-unlikely	26-Sep-2018	Angela Struthers
NDR					Angela Struthers		
Void exemption	Void exemption falsely claimed		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Occupation dates	Occupation dates incorrectly notified		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Changes to property	Changes to property increase the rateable value		6 significant-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers
Insurance					Angela Struthers		
Insurance claims	Claiming for non existent injuries Claiming at another establishment for the same injury overclaiming		9 serious-likely		4 significant-unlikely	26-Sep-2018	Angela Struthers

Risk Title	Risk Description	Gross Risk – Assessment		Current Risk – Assessment		Last Review Date	Ownership Assigned To
Other							Angela Struthers
Elections	Fraudulent voting Fraudulent acts by canvassers		12 major – likely		6 serious–unlikely	26-Sep-2018	Angela Struthers
External funding	Fraudulently claiming/using external funding		1 minor – very unlikely		1 minor – very unlikely	26-Sep-2018	Angela Struthers
Housing Benefits/Council Tax Reduction Scheme							Angela Struthers
Benefits fraud – claimant	Claimant fraudulently claims benefits		12 serious – very likely		8 significant – very likely	26-Sep-2018	Angela Struthers
Benefits fraud – third party eg landlord	fraudulent claim by third party		4 significant–unlikely		4 significant–unlikely	26-Sep-2018	Angela Struthers
Cyber							Angela Struthers
Cyber risk	Risk of loss, disruption or damage to the reputation of the Authority from some sort of failure of Information Technology systems		6 serious–unlikely		6 serious–unlikely	26-Sep-2018	Angela Struthers



COUNTER FRAUD AND CORRUPTION POLICY STATEMENT,
STRATEGY & GUIDANCE NOTES

Document Status: Final

Originator: A Struthers

Updated: A Struthers

Owner: Head of Audit & Governance & Monitoring Officer

Version: 01.01.056

Date: ~~04/07/26/09~~/2018

~~Approved by Audit & Governance Committee~~

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Document Location

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Revision History

Revision Date	Version Control	Summary of changes
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Approvals

Name	Title	Approved
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CMT	Group Approval	Yes
TULG	Trade Union Consultation	Yes
Angela Struthers	Head of Internal Audit Services <u>Audit & Governance</u>	Yes

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

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TAMWORTH BOROUGH COUNCIL

COUNTER FRAUD AND CORRUPTION POLICY STATEMENT

- 1.0 Tamworth Borough Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Councillors and Employees in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002 , The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017and the Bribery Act 2010.
- 2.0 The Council acknowledges the threats of fraud and corruption and the harm that they can cause. The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against employees, Councillors, contractors, external individuals and organisations.
- 3.0 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.
- 4.0 This Policy Statement, together with the Counter Fraud & Corruption Strategy and Guidance Notes, is intended to provide advice and information to Employees and Councillors but suppliers, contractors and the general public are also encouraged to use this advice and guidance.

Chief Executive

Leader of the Council

COUNTER FRAUD AND CORRUPTION STRATEGY

1.0 Introduction

1.1 This strategy is a key element of the Council's overall corporate governance arrangements which aim to ensure the Council is well managed and does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way. The Council has a range of other interrelated policies and procedures that provide a corporate framework to counter fraud activity. These have been formulated in line with appropriate legislative requirements and include:

- Standing Orders & Financial Regulations,
- National Code of Local Government Conduct,
- Whistleblowing Policy,
- Accounting procedures and records,
- Sound internal control systems,
- Effective Internal Audit,
- Effective recruitment & selection procedures,
- [Conduct and capability](#) ~~Disciplinary~~ Procedures,
- Fraud Response Plan,
- Benefits Prosecution Policy,
- Data Protection Policy,
- IT Security Policy,
- Personnel Security Policy,
- Physical Security Policy,
- Constitution,
- Scheme of Delegation,
- Members Handbook,
- Code of Corporate Governance,
- [Code of Conduct Policy \(includes Gifts & Hospitality, Conflicts of Interest, Secondary employment\)-Policy & Register,](#)
- Anti-Money Laundering Policy and Guidance,
- Conflict of Interests Policy,
- Other council procedures as appropriate,
- [Any relevant professional Codes of Ethics or obligations](#)
- ~~Secondary Employment.~~

1.2 All references to fraud within this document include any type of fraud-related offence. Fraud, ~~theft~~, bribery and corruption are defined as follows:

Fraud [by false representation, or failure to disclose information when](#)

~~there is a legal duty to do so, or by abuse of position. Fraud Act 2006—
“an intentional false representation, including failure to declare
information or abuse of position that is carried out to make gain, cause
loss or expose another to the risk of loss.”—The Audit Commission~~

~~**Theft** — “ a person shall be guilty of theft if he/she dishonestly
appropriates property belonging to another with the intention of
permanently depriving the other of it”.—The Theft Act 1968.~~

Bribery – “A person (“P”) is guilty of an offence if either of the following cases applies.

Case 1 is where—

(a) P offers, promises or gives a financial or other advantage to another person, and

(b) P intends the advantage—

(i) to induce a person to perform improperly a relevant function or activity, or

(ii) to reward a person for the improper performance of such a function or activity.

(3) Case 2 is where—

(a) P offers, promises or gives a financial or other advantage to another person, and

(b) P knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity. (The Bribery Act 2010)

Corruption - “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.” (Fraud Audit Manual, the Audit Commission)

1.3 A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

theft of an asset including, but not limited to, money, tangible property, intellectual property etc;

misappropriation, misapplication, destruction, removal, or concealment of property;

false claims and/or misrepresentation of facts;

alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;

inappropriate use of computer systems including hacking and software piracy;

embezzlement;

bribery, or corruption of any kind;

unlawful or undeclared conflict of interest;

unauthorised use or misuse of Council property, equipment, materials or records;

- 1.4 Although a dishonest or fraudulent act may have criminal and/or civil law consequences, the Council is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of the Council's Conduct and Capability Policy.
- 1.5 The Council also expects that individuals and organisations (e.g. partners, suppliers/contractors and service users) which it comes into contact with, will act towards the Council with integrity and without actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.
- 1.6 In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective counter fraud and corruption strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention**,
 - enable any such acts to be **detected** at an early stage, and
 - deal with any subsequent **investigations** in a prompt, thorough and professional manner.
- 1.7 Overall responsibility for dealing with fraud and corruption rests with the Executive Director - Finance, who is the nominated Section 151 Officer having a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs. He is therefore the principal contact for all Councillors and employees.

1.8 Internal scrutiny of the Council's various activities occurs as a result of:-

- the Executive Director - Finance Section 151 responsibilities and Section 114 Local Government Finance Act 1988 responsibilities,
- the establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit Regulations 2014⁵, and
- the responsibilities placed on the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

1.9 External scrutiny of the Council's various activities occurs as a result of involvement by:-

- Local Government Ombudsman,
- External Auditor,
- Central Government Departments and Parliamentary Committees,
- HM Revenues and Customs,
- The Department for Work and Pensions
- The general public.

1.10 This Counter Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to deter any attempted fraudulent or corrupt act. These cover:-

- Culture,
- Prevention,
- Detection and Investigation,
- Recovery, Sanction and Redress,
- Training and Awareness,
- Sharing Information,
- Implementing the Strategy.

2.0 Objectives

2.1 The key objectives of this Counter Fraud and Corruption Strategy are to:

- Increase awareness of the counter-fraud responsibilities at all levels within and outside the Council;
- Further embed and support the effective management of fraud risk within the Council;

Set specific goals for improving the resilience against fraud and corruption through the support of counter-fraud activities across the Council;

Minimise the likelihood and extent of loss through fraud and corruption.

- 2.2 All of the above will directly support the achievement of the Council priorities whilst ensuring that statutory responsibilities are met.

3.0 Roles and Responsibilities

- 3.1 Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.

- 3.2 The risk of fraud and corruption is considered in the Council's corporate risk management arrangements. Chief Officers must therefore ensure that:

Their risk registers accurately reflects the risk of fraud and corruption including any emerging risks;

Controls, including those in a computerised environment and for new systems and procedures, are effective and are properly maintained and documented;

There is compliance with the Council's Financial Regulations and associated guidance, Standing Orders and any other relevant codes of practice;

Those engaged in countering fraud and corruption, have the appropriate authority, skills and knowledge to undertake this work effectively;

That the necessary framework agreements to counter fraud are in place where the Council is working with other organisations either by way of contract or partnership. The Council will not knowingly enter into any contractual agreement with an organisation that fails to comply with its Code of Practice and/or other related procedures.

Findings from fraud investigations lead to relevant system changes.

4.0 Culture

- 4.1 The Council has determined that the culture and ethics of the Authority is one of honesty and openness in all its dealings, with opposition to fraud and corruption. This strategy forms part of the governance arrangements for the authority.

- 4.2 The Council's Councillors and employees play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation in accordance with this Counter Fraud & Corruption Strategy or the Council's Whistleblowing Policy.
- 4.3 The Council is committed to driving down Benefit Fraud. Both public perception and organisational culture play key roles in achieving this aim. All Councillors and Employees are therefore required to report any known material changes affecting Benefit claims to the Department of Works & Pensions (DWP). This specifically includes your own entitlement and of any tenants or sub-tenants that you may have. Failure to do so will result in the Councillor or Employee being subject to the Benefits (CTR) Prosecution Policy and Conduct and Capability Procedures. In addition, it is also a requirement that the timely transfer of information you receive in your normal business activities relating to any other customer who has alerted you to a fact that affects Benefit awards is completed.
- 4.4 The Council's Whistleblowing Policy ensures that those raising concerns know they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns employees can be assured that they will be protected if the disclosure is made in the public interest and will not affect their employment situation or future prospects with the Council.
- 4.5 Employees can raise their concerns in the first instance with their line manager but where employees feel unable to raise concerns with their immediate line manager/ supervisor they can deal direct with any of the following:-
- the Section 151 Officer (Executive Director - Finance),
 - Internal Audit,
 - The Chief Executive
 - the Monitoring Officer,
 - any member of Executive Leadership Team or Corporate Management Team,
 - the External Auditor, or
 - any Trade Union Representative.
- 4.6 Elected Councillors, suppliers, contractors, and the general public are also encouraged to report concerns through any of the above routes.
- 4.7 Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner. All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may

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need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with.

- 4.8 The Nolan Committee set out the seven guiding principles that apply to people who serve the public. The Council will develop our working behaviour around these principles, which are attached as Appendix 1.

5.0 Prevention

5.1 Employees

- 5.1.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary, agency and contract employees should be treated in the same manner as permanent employees. Chief Officers are responsible for ensuring agencies engaged for the supply of temporary employees have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.
- 5.1.2 Employee recruitment is required to be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential employees and where required, evidence of a licence to practice must always be obtained. All qualifications will be verified. There will be an open and fair policy of recruitment with no 'canvassing' or 'favouritism'.
- 5.1.3 Employees of the Council are expected to follow any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Contract of Employment and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 5.1.4 Employees are reminded that they must comply within Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Details are described within the Code of Conduct.

- 5.1.5 Managers are required to observe the formal Conduct and Capability Procedures.
- 5.1.6 All employees are required to declare in a public register (held by the Monitoring Officer) any offers of gifts or hospitality (accepted or not) which are in any way related to the performance of their duties in relation to the Authority. Employees should also declare private work (paid or unpaid) etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises or use any Council equipment/assets.
- 5.1.7 The above matters are brought to the attention of employees via induction training and subsequently by internal [procedures, policies and / or](#) communications.
- 5.1.8 Management at all levels are responsible for ensuring that employees are aware of the Authority's Financial Regulations and Standing Orders, and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible, which include accounting control procedures, working manuals and operating procedures. Management must ensure that all employees have access to these rules and regulations and that employees receive suitable training.
- 5.1.9 Managers should strive to create an environment in which employees feel able to approach them with concerns they may have about suspected irregularities. If managers and employees are unsure of the appropriate action they should consult with the Internal Audit Section.

5.2 Councillors

- 5.2.1 Councillors are required to operate within: -
- Sections 49 - 52 of the Local Government Act 2000,
 - Local Authorities (Members' Interest) Regulations 1992 (S.I. 618)
 - The National Code of Local Government Conduct
 - Any local code or amendments agreed and
 - The Council's Standing Orders and Financial Regulations.
- 5.2.2 These matters are specifically brought to the attention of elected Councillors at their induction and subsequent training. Councillors are required to provide the Monitoring Officer with specific information concerning their disclosable pecuniary interests and to keep that information up to date, as required by sections 29-34 of the Localism

Act 2011. The Members Interests Register is held by the Monitoring Officer.

5.3 Systems

- 5.3.1 The Council's Scheme of Delegation, Standing Orders and Financial Regulations place a duty on all Councillors and employees to act in accordance with best practice when dealing with the affairs of the Council.
- 5.3.2 The Executive Director - Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. Various Codes of Practice outlining systems, procedures and responsibilities are widely distributed to employees.
- 5.3.3 The Internal Audit Section ~~assesses~~ regularly [assesses](#) the level of risk within the Council with a view to preventing fraud and corruption. Such assessments are discussed with Chief Officers and, where appropriate, incorporated into work [and/or training](#) plans.
- 5.3.4 Significant emphasis has been placed on thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties. The adequacy and appropriateness of the Council's financial systems are independently monitored by both the Internal Audit Section and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective [and / or preventative](#) action is taken. The Section 151 Officer will use his statutory power to enforce the required changes if necessary.
- 5.3.5 Chief Officers will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses.
- 5.3.6 Chief Officers must ensure that proportionate counter fraud measures are applied to new systems/procedures.
- 5.3.7 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. Employees are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:-
- other local and statutory authorities,

- Chief Financial Officer Group,
- local, regional and national Auditor networks,
- government departments,
- police forces,
- the External Auditor,
- the National Anti-Fraud Network, and
- any other Fraud Networks/Forums.

5.3.8 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and corruption will be passed directly to the Executive Director - Finance. Specific guidance has also been issued to all employees in relation to Proceeds of Crime and Money Laundering. The Monitoring Officer acts as the Council's Money Laundering Reporting Officer.

5.3.9 The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Executive Director - Finance, Monitoring Officer and the Chief Executive to decide, in consultation with the relevant Chief Officer.

6.0 Detection and Investigation

6.1 The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.

6.2 It is often the alertness of elected Councillors, council employees, and the general public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place.

6.3 Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with.

6.4 Chief Officers are required by Financial Regulations to report all suspected instances of fraud and corruption to the Executive Director - Finance. Early reporting is essential to the success of this strategy, and;

- ensures the consistent treatment of information regarding fraud and corruption,
- facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit), and
- ensures maximum protection of the Council's interests.

Suspicions that any transaction or dealing may involve the proceeds of crime should be reported to the Monitoring Officer, who will ensure

such suspicions are reported to the appropriate authorities as required by the relevant Act.

- 6.5 The investigating officer will be appointed by the Executive Director - Finance. The investigating officer will usually be the Corporate Anti-Fraud Investigations Officer. The investigating officer will;-
- deal promptly and confidentially with the matter,
 - have unhindered access to employees, information and other resources as required for investigation purposes
 - record all evidence received,
 - ensure that evidence is sound and adequately supported,
 - ensure security of all evidence collected,
 - liaise as necessary and appropriate with the relevant Chief Officer,
 - liaise as necessary with external agencies e.g. Police,
 - notify the Council's insurers if appropriate.
- 6.6 The Council can be expected to deal swiftly and thoroughly with any employee who attempts to defraud the Council or who is corrupt. The Council will deal positively with fraud and corruption or suspicions thereof. Where appropriate, the Council's disciplinary procedures will be implemented.
- 6.7 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 6.8 When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, Chief Officers will ensure that appropriate improvements in systems of control are promptly implemented in order to prevent a reoccurrence.
- 6.9 Depending on the nature and anticipated extent of the allegations, the Internal Audit section will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- 6.10 The Council's [Conductdisciplinary](#) procedure will be used where the outcome of the audit investigation indicates improper behaviour.
- 6.11 The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.
- 6.12 Any Councillor who is the subject of allegations of wrong doing will be referred to the Monitoring Officer to the authority (details on the website), who will determine what action should be taken.

- 6.13 All contractors, consultants and organisations receiving funding from the Council who are accused of wrong doing will be the subject of an investigation and where appropriate an independent decision may be taken to terminate the agreement/grant.
- 6.14 The Council's External Auditor has a responsibility to review the Council's arrangements for the prevention, detection and investigation of fraud and corruption and report accordingly.

7.0 Recovery, Sanctions & Redress

- 7.1 Where the Council identifies fraud then it will:

Recover, prosecute or apply other sanctions to perpetrators, where appropriate.

- 7.2 Where fraud or corruption by employees is indicated, then action will be taken in accordance with the Council's Conduct and Capability Policy. This may be in addition to any civil recovery action or sanctions.
- 7.3 The Council aims to be effective in recovering any losses incurred to fraud using, as appropriate, criminal and/or civil law. Success rates will be monitored routinely as an indicator and part of the quality process.
- 7.4 Wherever possible, redress should be applied. This ensures that the Council is seen as recovering money lost to fraud.

8.0 Training & Awareness

- 8.1 The Council recognises the importance of training in the delivery of high quality services. The Council supports the concept of fraud awareness training for managers and for employees involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Chief Officers are responsible for training employees and promoting awareness of fraud issues.
- 8.2 Investigation of fraud and corruption centres around the Council's Internal Audit section. Employees engaged in this section, for the detection and prevention of fraud, are properly and regularly trained in all aspects of it. The training plans of the section will reflect this requirement.
- 8.3 Employees who ignore such training and guidance may face the possibility of disciplinary action.
- 8.4 Regular training seminars will be provided for Councillors on a wide range of topics including declarations of interest and the Code of Conduct as detailed in the Constitution.

- 8.5 The Council will maintain an up to date awareness of the types of fraud that it may be exposed to, especially given the ongoing financial situation and the resourcefulness of potential fraudsters. It will review national developments and strengthen systems and procedures accordingly using the following key sources of information:

National Fraud Reports
National Anti-Fraud Network

Midlands Fraud Forum

Local Networking through Staffordshire and the Midlands

Any other sources of fraud awareness/updates etc.

9.0 Sharing Information

- 9.1 The Council is committed to working with other agencies in the detection and prevention of fraud.
- 9.2 Information will be shared internally and with other government departments and other agencies eg insurance companies for the purposes of fraud prevention and detection. This information will be shared in accordance with the principles of the General Data Protection Regulation 2018 and other appropriate legislation.
- 9.3 The Council participates in national data sharing exercises, i.e. the National Fraud Initiative to enable the proactive detection of fraud.

10.0 Implementing the Strategy

- 10.1 Internal Audit will undertake an annual assessment of the effectiveness of existing counter-fraud and corruption arrangements against:
- Fighting Fraud Locally Checklist
Other best practice/statutory guidance as required
The roles and responsibilities as set out in Appendix 2 of this strategy.
- 10.2 Internal Audit will complete the Counter Fraud Work Plan as detailed in Appendix 5.
- 10.3 Internal Audit will report its findings to the Audit and Governance Committee who will consider the effectiveness of the counter-fraud risk management arrangements.

11.0 Conclusions

- 11.1 The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that

they keep pace with developments in prevention and detection techniques regarding fraudulent or corrupt activity.

- 11.2 The Council will maintain a continuous review of all its systems and procedures through the Executive Director - Finance and ~~Internal Audit, in consultation with the Monitoring Officer where required~~ Head of Audit & Governance

COUNTER FRAUD AND CORRUPTION GUIDANCE NOTES

1.0 Why Do We Need a Counter Fraud And Corruption Strategy?

- 1.1 Even though the vast majority of people working for the Council are honest and diligent, the Council cannot be complacent. Fraudulent or corrupt acts may include:

System issues	ie where a process/system exists which can be abused by either employees or members of the public (eg Housing Allocations)
Financial issues	ie where individuals or companies have fraudulently obtained money from the Council (eg invalid invoices/work not done)
Equipment issues	ie where Council equipment is used for personal use (eg personal use of council telephones)
Resource issues	ie where there is misuse of resources (eg theft of building materials/cash)
Other issues	ie activities undertaken by officers of the Council which may be: unlawful; fall below established standards or practices; or amount to improper conduct (eg receiving unapproved hospitality)

(This is not an exhaustive list.)

- 1.2 The prevention of fraud, and the protection of the public purse is **EVERYONES BUSINESS**. It is important that all employees know:
- how to recognise a fraud,
 - how to prevent it, and
 - what to do if they suspect that they have come upon a fraud.
- 1.3 This guidance has been drawn up to provide information to employees at all levels. The strategy and guidance attempt to assist employees and others with suspicions of any malpractice. The overriding concern is that it is in the public interest for the malpractice to be corrected and, if appropriate, sanctions and redress applied.

- 1.4 It is important that employees should be able to use any mechanism without fear of victimisation, and fully know that their concerns will be addressed seriously, quickly and discreetly.
- 1.5 It is important that the whole Council works together to reduce Benefit Fraud. All employees are therefore required to transfer relevant information gathered in their normal day to day activities about possible Benefit irregularities to the Single Fraud Investigation Service (SFIS) at the DWP. So, for example, if during a routine visit/interview you become aware that a customer is working and “signing on” which they may be entitled to do so but you must tell the SFIS this information. The SFIS will assess the matter and investigate where appropriate. You are not expected to and must not delve any further.
- 1.6 The Council has determined that it should have a culture of honesty and openness in all its dealings, with opposition to fraud and corruption. The Council’s Whistleblowing Policy does this by :-
- making it clear that vigilance is part of the job. Knowingly not raising concerns may be a serious disciplinary offence,
 - recognising that early action may well prevent more worry or more serious loss/damage,
 - making it safe and simple to convey critical information ensuring that any concern in this area is seen as a concern and not a grievance,
 - encouraging information exchange, remembering that there are two sides to every story,
 - providing a way in which concerns can be raised in confidence and not necessarily via the nominated line manager or supervisor,
 - recognising the need for discretion,
 - ensuring the anonymity of the individual, where possible, should this be preferred by the employee, and by protecting employers from reprisals.
- 1.7 Under the Enterprise and Regulatory Reform Act 2013, any disclosure made using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. More detail is found in the Whistleblowing Policy.
- 1.8 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 2.0 Why Do We Need This Advice?**
- 2.1 It is important that you follow the advice given and do not try to handle the problem yourself, without expert advice and assistance. A badly managed investigation may do more harm than good. There are a

number of internal and external processes which have to be followed to yield a satisfactory conclusion.

3.0 How To Recognise A Fraud

3.1 Each employee must be aware of fraud and the areas within their responsibility where fraud may occur.

3.2 Fraud can happen wherever employees or independent contractors complete official documentation and can take financial advantage of the Council. The risk of fraud is enhanced where employees or contractors are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently the following areas are susceptible to fraud:-

- claims for work done by independent contractors,
- travel and expense claims,
- cash receipts/ petty cash,
- payroll,
- ordering, and
- stocks and assets.

3.3 Fraud involves the falsification of records, failing to disclose information or abuse of position. Managers need to be aware of the possibility of fraud when presented with claims/forms/documentation etc. Issues which may give rise to suspicions are:-

- documents that have been altered, "Tippex" used thereon, or different pens and different hand writing,
- claims that cannot be checked, particularly if prior authorisation was not given,
- strange trends (use comparisons and reasonableness),
- confused, illegible text and missing details,
- delays in documentation, completion or submission, and
- no vouchers or receipts to support claims.

3.4 There are a number of indications of an employee being in a situation whereby they could be acting fraudulently. Common indicators could be:-

- living beyond their means,
- under financial pressure ,
- not taking annual leave, and

- solely responsible for a “risk” area and/or possibly refusing to allow another officer to be involved in their duties and/or have minimal supervision.

4.0 How To Prevent It

4.1 By establishing an adverse culture to fraud and corruption the Council can help to prevent its occurrence.

4.2 Managers need to :-

- Minimise the opportunity for fraud – this can be achieved by putting in place robust systems of internal controls and checks.
- Reduce the “Pay – Off” – this is achieved by increasing the chances of detection and increasing the penalty for the perpetrator so risks outweigh the benefits of getting “away with it”

4.3 There are 8 basic control types which management should concern themselves with: -

Supervision

Supervisory checks should be completed and recorded by the line manager on the work completed by his/ her team.

Organisation

Within each system, there should be policies/ procedures setting out how functions should be carried out. There should be clear structures/ rules which employees should work within.

Authorisation

Within a system there should be authorisation controls e.g. controls to authorise a payment (electronic/ physical signature), and the correct level of authority is used in decision making.

PersonnelEmployees

There should be clear roles and responsibilities and appropriate level of delegation. The right person should be doing the right job.

Segregation of Duties

Seek to avoid the sole ownership for the processing and control functions of any activity, by one employee.

Physical

This relates to physical controls e.g. access to monies, documents, security of premises etc should be appropriate and restricted where necessary. Where restricted access is necessary, access to keys/door numbers etc should be retained by the person granted access rights. They should not be left on the premises. Inventory checks ensure that assets are controlled.

Arithmetical Accuracy

Checks completed by another person to confirm the accuracy of data input/ independent reconciliations of cash floats etc.

Management Functions

Within the system there should be controls for monitoring and reporting upon activity e.g. the production of audit trail reports from systems etc. Monitoring to highlight irregularity/ non-compliance with rules and procedures and reporting – being accountable for actions.

- 4.4. Employees need to be aware of the possibility of fraud when presented with claims/ forms/ documentation, etc. They should also have an awareness of internal rules and procedures; i.e. financial regulations, standing orders, declarations of outside work, hospitality etc.
- 4.5. Deterrence and prevention is the primary aim and if managers implement and control areas as mentioned in 4.3, any deviation from the set procedure should be highlighted in a timely manner.

5.0 What To Do On Suspecting A Fraud

5.1 -Action By Employees

- 5.1.1 The Council is committed to the highest possible standards of openness, probity and accountability. Any employee who believes such standards are being breached should report their suspicions. This can be done via the Council's Whistleblowing Policy or you can contact the Executive Director - Finance, Internal Audit or a Chief Officer.
- 5.1.2 You should report the matter immediately, make a note of your suspicions and provide as much factual information to support your concerns. Concerns are better raised in writing.
- 5.1.3 The background and the history of the concern, giving names, dates and places where possible, should be set out and the reason why the

individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the appropriate officer. The earlier the concern is expressed, the easier it is to take action. Individuals may invite their trade union or professional association to raise a matter on their behalf.

5.1.4 Do not try to carry out an investigation yourself. This may damage any investigation carried out by the Internal Audit section or an appointed investigator. Help the official investigators by providing information as and when requested and by giving a written statement when required.

5.2 Action By Managers

5.2.1 If managers become suspicious of any action by an employee or supplier or such suspicions are reported to them they should follow these simple rules.

- If possible establish if the irregularity (potential fraud, corruption or error) is a genuine error or possible fraud.
- Contact their Chief Officer or any other officer as identified in the Counter Fraud and Corruption Strategy, who will contact the Executive Director - Finance or the Internal Audit section.
- Contact the Executive Director - Organisation, where there may be implications under the disciplinary procedures for officers.
- Do nothing else, except remain vigilant and await further instructions from the investigating team.

5.2.2 The Council is required to report any cases in which it is suspected that transactions involve the proceeds of crime. If employees or managers have any such suspicion, this should be reported immediately to the Monitoring Officer, who shall advise on the necessary action and ensure the matter is reported to the appropriate authorities.

5.2.3 Details of the relevant contacts can be found in Appendix 4.

6.0 What Happens To The Allegation

6.1 The Executive Director - Finance or his investigating officer, will normally carry out a full enquiry even where there is clear evidence of an offence following the Fraud Response Plan (Appendix 3). A full report will be copied and sent to:-

- the relevant Chief Officer, and
- the Chief Executive to consider if there needs to be any police involvement.

6.2 It is essential that the Executive Director - Finance investigation should be a complete one and the investigating officer to whom it is delegated

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is entitled to expect the fullest co-operation from all employees.

- 6.3 A full detailed report on any system control failures and recommended actions to address the failures will be issued to the relevant manager in the format of an internal audit report.

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The Seven Principles of Public Life (Nolan Committee)

Selflessness

Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Statement of Expected Responsibilities

Stakeholder	Expected Responsibilities
Chief Executive	Ultimately accountable as Chief Executive for the effectiveness of the Council's arrangements for countering fraud and corruption as well as corporate governance.
Executive Director - Finance (Section 151 Officer)	The Executive Director - Finance has a statutory duty, under Section 151 of the Local Government Act 1972, Sections 114 and 116 of the Local Government Finance Act 1988 and Accounts and Audit Regulations 2011 to ensure the proper administration of the Council's financial affairs. This includes Internal Audit and Benefit (Council Tax Reduction) Fraud.
<u>Head of Audit & Governance</u> (Monitoring Officer)	To advise Councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and Statutory Codes of Practice. The operation of the Council's Money Laundering Policy And Regulation of Investigatory Powers Act (RIPA) 2000 Policies and Procedures. Maintain a Register of Disclosable Pecuniary Interests Maintain a Register of Interests, Gifts & Hospitality.
Executive Director - Organisation	To put in place a corporate recruitment and selection policy and monitor compliance against it.
Chief Officers	To ensure that fraud and corruption risks are considered as part of the Council's corporate risk management arrangements. To ensure that actions to mitigate risks in this area are effective. To notify the Executive Director - Finance of any fraud arising in a timely manner. To ensure all training is provided and fully attended that supports this policy
<u>Assistant Director - Partnerships</u>	<u>The operation of the Council's Regulation of Investigatory Powers Act (RIPA) 2000 Policies and Procedures</u>

Executive Management Team	Challenge new policies and strategies to ensure that fraud and corruption risks have been taken into account. Review the corporate framework designed to promote an over-riding counter-fraud culture on a regular basis. This will include monitoring and evaluating arrangements to ensure effectiveness and compliance with best practice.
Audit and Governance Committee	To monitor the Council's policies and consider the effectiveness of the arrangements for Counter Fraud and Whistleblowing. To exercise all the functions of the Council relating to Codes of Conduct as provided in the Localism Act 2011 except for those functions which under Chapter 7 of the Localism Act 2011 may only be exercised by the full Council.
Deputy leader & Portfolio holder – Assets & Finance	To champion the Council's Counter Fraud & Corruption arrangements and promote them at every opportunity.
Elected Councillors	To support and promote the development of a strong counter fraud culture.
External Audit	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes and investigating any issues reported under this policy. Reporting on the effectiveness of controls to the Audit and Governance Committee. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Strategy and that action is identified to improve controls and reduce the risk of recurrence.
Senior Managers	To promote employee awareness and ensure that all suspected or reported irregularities are immediately referred to Executive Director Corporate Services. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing robust internal controls.

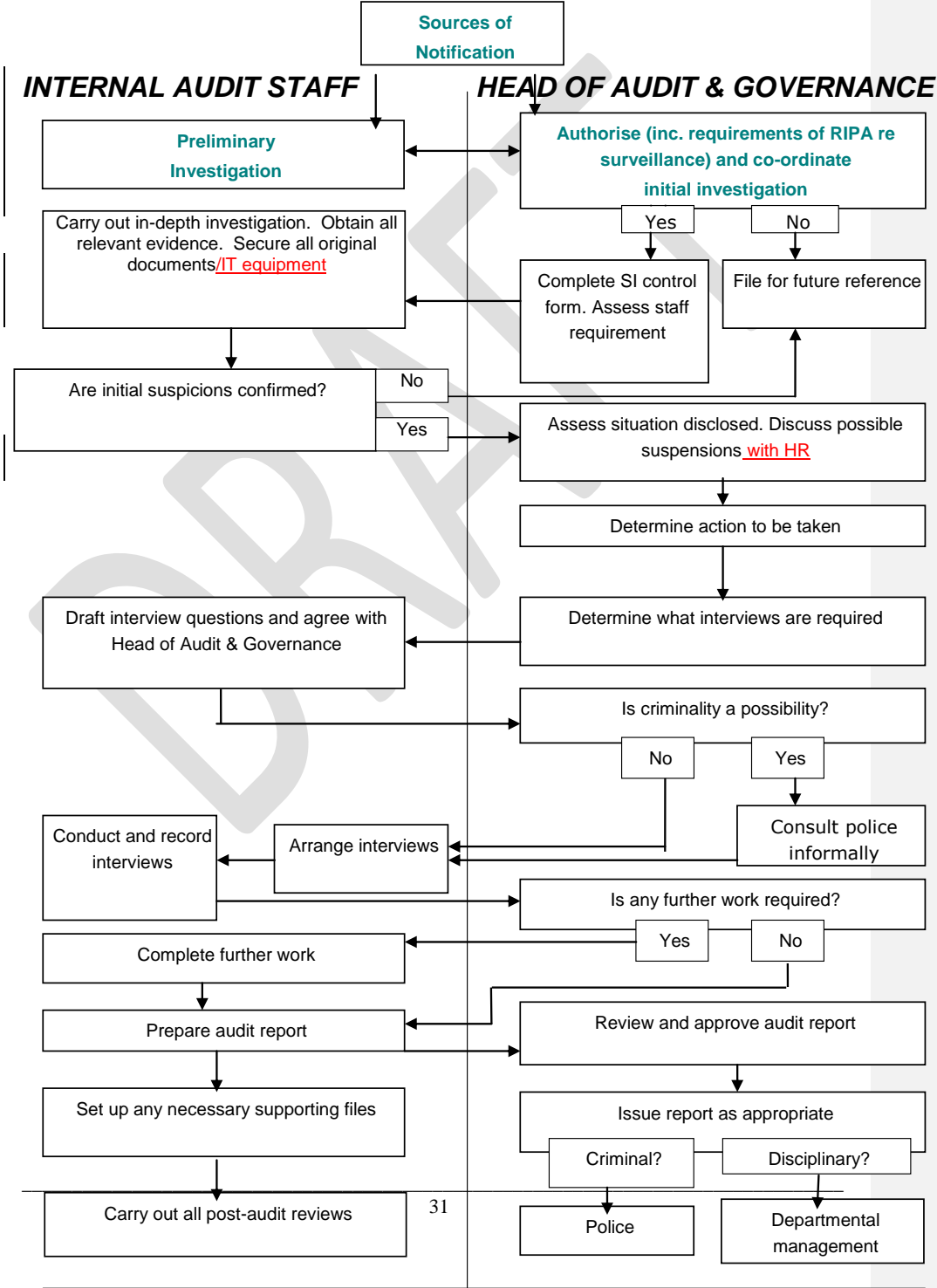
Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to the appropriate management, the Chief Executive, the Executive Director Corporate Services- Finance or Internal Audit.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions. To ensure that effective controls are in place to mitigate risks to the Council.

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Tamworth Borough Council

Fraud Response Plan

OPERATIONAL CONTROL



**HOW TO REPORT ANY SUSPECTED FRAUDS, CORRUPTION, OTHER
IRREGULARITIES OR CONCERNS**

To contact Internal Audit Services

Contact: Angela Struthers, Head of Audit & Governance & Monitoring Officer

Tel: 01827 709234 email: angela-struthers@tamworth.gov.uk

Write to Head of Audit & Governance (Confidential)
Tamworth Borough Council
Marmion House,
Lichfield Street
Tamworth
B79 7BZ

Or: Andrea [DukeIsaac](#), Corporate Anti-Fraud Investigations Officer

Tel: 01827 709541 email: andrea-dukeisaac@tamworth.gov.uk

Field Code Changed

Alternatively you can contact:

Stefan Garner, Executive Director - Finance
Tel: 01827 709242 email: stefan-garner@tamworth.gov.uk

Andrew Barratt, Chief Executive
Tel: 01827 709453, email: andrew-barratt@tamworth.gov.uk

Anica Goodwin, Executive Director - Organisation
Tel: 01827 709225 email: anica-goodwin@tamworth.gov.uk

[Rob Barnes, Executive Director – Communities](#)
[Tel: 01827 709447](tel:01827709447) email: rob-barnes@tamworth.gov.uk

To contact the Council's external auditor

Write to:

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Tel: 0121 212 4000

To report Housing Benefit Fraud contact;

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National Benefit Fraud Hotline 0800 854 440 or
text phone number 0800 320 0512 or
Write to NBFH, PO Box No. 224, Preston, PR1 1GP

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CREATING AN ANTI-FRAUD CULTURE

OBJECTIVE	RISK	PROGRESS
<p>To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness by:</p> <p>a) Develop & roll out of the e learning package on governance (includes counter fraud & whistleblowing)</p> <p>b) Provide drop in sessions (if required) to staff and members</p> <p>c) Continue to make available counter fraud strategies/policies on the intranet/website</p>	<p>Failure to make staff, member and the public that their suspicions will be treated confidentially, objectively and professionally. (Medium risk)</p>	<p>E-learning package to be redesigned for new system</p> <p>As required</p> <p>On website and intranet</p>
<p>To complete an annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.</p>	<p>Failure to make available enough resources for counter fraud work (Medium risk)</p>	<p>March 20189</p>
RESOURCE (DAYS)		25

DETECTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Review communications so that the most effective ways of communicating with staff are utilised.	A lack of robust strategic approach to deterring fraud can undermine actions to build an anti-fraud culture. (Medium risk)	Evaluation and adaptation of National Fraud Authority fraud campaign pack being completed for roll out with E Learning solution
Deter fraud attempts by publishing the organisations counter fraud and corruption stance and the actions it takes against fraudsters.	A lack of understanding as to the stance the authority takes against fraud (Low risk)	Publish Strategy on the intranet and website
Resources (Days)		10

PREVENTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Review the existing Counter Fraud Policy Statement, Strategy and Guidance Notes and update and amend as appropriate.	Out of date policies and procedures which do not cover relevant legislation. (Medium risk)	Annual Review
Review financial guidance and update and amend as appropriate.	Out of date policies and procedures which do not cover relevant legislation. (Medium risk)	Annual Review
Review and update the fraud risk register in line with potential system weaknesses identified during audits or investigations.	Potential risks not identified. (Medium risk)	Completed quarterly
Implement effective Whistleblowing arrangements.	Out of date policies and procedures which do not cover relevant legislation. (Medium risk)	Annual Review
Adopt a Code of Practice for Data Sharing with local partners.	Potential data not identified. (Low risk)	March 2018 ⁹ – input from ICT
Resources (Days)		15

DETECTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Undertake enquiries as a result of the outcome of the National Fraud Initiative and the Housing Benefit Matching Service	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator. (Medium risk)	On-going
Undertake local proactive exercises through data & intelligence analysis at the Authority as agreed with the Executive Director Corporate Services	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator. (Low risk)	As identified
Review and evaluate the potential for the use of computer aided and other innovative techniques for the detection of fraud.	If not undertaken, there is a risk that fraud could go undetected (Medium risk)	
Resources (Days)		40

INVESTIGATIONS		
OBJECTIVE	RISK	PROGRESS
All referrals will be investigated in accordance with the Counter Fraud and Corruption Policy Statement and Strategy.	<p>The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further. (Medium risk)</p> <p>The staff (or others) making the allegation feel they are not taken seriously and referrals cease to be made. (Medium risk)</p>	On-going
Resources (Days)		30

SANCTIONS		
OBJECTIVE	RISK	PROGRESS
Ensure that the sanctions are applied correctly and consistently (including internal disciplinary, regulatory & criminal.	If sanctions are not imposed there is no deterrence of fraud. (Low risk)	As required
		Resources (Days)

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REDRESS		
OBJECTIVE	RISK	PROGRESS
Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim. Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.	Fraudsters may not realise that any and all measures will be taken to recover any money lost to fraud. (Low risk)	As required
Resources (Days)		10

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MANDATORY COUNTER FRAUD ARRANGEMENTS (STRATEGIC WORK)		
OBJECTIVE	RISK	PROGRESS
Attendance at relevant fraud forums/meetings to ensure that professional knowledge and skills are maintained.	Failure to ensure the completion of mandatory strategic work may mean that the professional knowledge and skills are not maintained to a high standard.(Medium risk)	On-going
Completion and agreement of work plan.		On-going
Regular meetings with the Executive Director - FinanceCorporate Services .		On-going
Quarterly report of counter fraud work.		On-going
Attendance at relevant training as required.		On-going
Resources (Days)		10
TOTAL RESOURCES (Days)		140



Community Impact Assessment

Part 1 – Details		
<u>What Policy/ Procedure/ Strategy/Project/Service is being assessed?</u>	<u>Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes</u>	
<u>Date Conducted</u>	<u>15/10/2018</u>	
<u>Name of Lead Officer and Service Area</u>	<u>Angela Struthers Audit & Governance</u>	
<u>Commissioning Team (if applicable)</u>	<u>N/A</u>	
<u>Director Responsible for project/service area</u>	<u>Andrew Barratt</u>	
<u>Who are the main stakeholders</u>	<u>Employees, Citizens</u>	
<u>Describe what consultation has been undertaken. Who was involved and what was the outcome</u>	<u>CMT – review of existing policy</u>	
<u>Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)</u>	<u>N/A</u>	
<u>What are you assessing? Indicate with an 'x' which applies</u>	<u>A decision to review or change a service</u>	
	<u>A Strategy/Policy/Procedure</u>	<u>X</u>
	<u>A function, service or project</u>	
<u>What kind of assessment is it? Indicate with an 'x' which applies</u>	<u>New</u>	
	<u>Existing</u>	<u>X</u>

	<u>Being reviewed</u>	
	<u>Being reviewed as a result of budget constraints / End of Contract</u>	

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Review of existing policy in line with good practice

Who will be affected and how?

Employees, citizens – updated policy

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered ‘Yes’, please indicate what they are?

Whistleblowing Policy

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

<u>Impact Area</u>	<u>Yes</u>	<u>No</u>	<u>Reason (provide brief explanation)</u>
<u>Age</u>		<u>X</u>	
<u>Disability</u>		<u>X</u>	
<u>Gender Reassignment</u>		<u>X</u>	
<u>Marriage & Civil Partnership</u>		<u>X</u>	
<u>Pregnancy & Maternity</u>		<u>X</u>	
<u>Race</u>		<u>X</u>	

<u>Religion or belief</u>		<u>X</u>	
<u>Sexual orientation</u>		<u>X</u>	
<u>Sex</u>		<u>X</u>	
<u>Gypsy/Travelling Community</u>		<u>X</u>	
<u>Those with Caring/Dependent responsibilities</u>		<u>X</u>	
<u>Those having an offending past</u>		<u>X</u>	
<u>Children</u>		<u>X</u>	
<u>Vulnerable Adults</u>		<u>X</u>	
<u>Families</u>		<u>X</u>	
<u>Those who are homeless</u>		<u>X</u>	
<u>Those on low income</u>		<u>X</u>	
<u>Those with Drug or Alcohol problems</u>		<u>X</u>	
<u>Those with Mental Health issues</u>		<u>X</u>	
<u>Those with Physical Health issues</u>		<u>X</u>	
<u>Other (Please Detail)</u>		<u>X</u>	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

<u>Impact Area</u>	<u>Details of the Impact</u>	<u>Action to reduce risk</u>

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

<u>Impact (positive or negative) identified</u>	<u>Action</u>	<u>Person(s) responsible</u>	<u>Target date</u>	<u>Required outcome</u>
	<u>Outcomes and Actions entered onto Covalent</u>			

Date of Review (If applicable)

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WHISTLEBLOWING POLICY

Document Status: Final

Originator: A Struthers

Updated: A Struthers

Owner: Head of Audit & Governance & Monitoring Officer

Version: 01.01.056

Date: 04/0726/09/2018

~~Approved by Audit & Governance Committee~~

Document Location

This document is held by Tamworth Borough Council, and the document owner is ~~Jane Hackett~~ Angela Struthers, ~~Solicitor to the Council~~ Head of Audit & Governance & Monitoring Officer.

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Councils Intranet. Please check for current version before using.

Revision History

Revision Date	Version Control	Summary of changes
01/03/12	1.01.01	Scheduled review
29/07/13	1.01.02	Changes under the Enterprise and Regulatory Reform Act 2013
03/08/15	1.01.03	Scheduled review plus changes under The Public Interest Disclosure (Prescribed Persons) Order 2014 .
23/08/17	1.01.04	Scheduled review
04/07/18	1.01.05	Minor Changes (job titles)
<u>26/09/2018</u>	<u>1.01.06</u>	<u>Scheduled review</u>

Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	Yes
CMT	Group Approval	Yes
TULG	Trade Union Consultation	Yes
Angela Struthers	Monitoring Officer <u>Head of Audit & Governance</u>	Yes

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

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[Appendix 2](#)

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The document will be available on the Intranet.

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TAMWORTH BOROUGH COUNCIL

WHISTLEBLOWING POLICY

1. Policy Statement

- 1.1 Tamworth Borough Council believes it is important to encourage a climate of openness and dialogue within the Council, where the free expression by staff of their concerns is welcomed by managers as a contribution towards improving services.
- 1.2 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.3 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects employees, and others that it deals with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.4 This policy document makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. *This Whistleblowing Policy is intended to encourage and enable anyone to raise concerns in the public interest, in good faith within the Council rather than overlooking a problem or 'blowing the whistle' outside.*

Chief Executive

Leader of the Council

2. Introduction

- 2.1 The Public Interest Disclosure Act 1998 became law in July, 1999. This Act, introduced the protection of whistleblowers and removes the limits of financial liability to which an organisation is exposed should a whistleblower receive unfair treatment. This policy document sets out the Council's response to the requirements of the Act.
- 2.2 Under the Enterprise and Regulatory Reform Act 2013, any disclosure made using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. It must also show one or more of the following:
- (a) that a criminal offence has been committed, is being committed or is likely to be committed,
 - (b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,
 - (c) that a miscarriage of justice has occurred, is occurring or is likely to occur,
 - (d) that the health or safety of any individual has been, is being or is likely to be endangered,
 - (e) that the environment has been, is being or is likely to be damaged, or
 - (f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.
- 2.3 This policy is designed for workers. Workers include:
- employees;
 - agency workers;
 - people that are training with an employer but not employed; and
 - self-employed workers, if supervised or working off-site.
- 2.4 Local Government employees have an individual and collective responsibility regarding their conduct and practices, which are always subject to scrutiny. As individuals, employees are required to work within the Code of Conduct for Tamworth Borough Council Employees and the

relevant codes of conduct including the standards appropriate to their professional organisations or associations. The Council's regulatory framework also includes Financial Regulations and Contract Standing Orders that must be met.

- 2.5 All employees have a duty to bring to the attention of management any deficiency in the provision of service and any impropriety or breach of procedure, in accordance with Financial Regulations.
- 2.6 These procedures are in addition to the Council's complaints procedures including the Grievance Procedure and the Dignity and Respect at Work Policy, and other statutory reporting procedures applying to some Services.
- 2.7 This policy has been discussed with the relevant trade unions and professional organisations and has their support.

3 Aims and Scope of this Policy

- 3.1 This policy aims to:
- encourage you to feel confident in raising concerns that are in the public interest
 - provide avenues for you to raise those concerns and receive feedback on any action taken
 - ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
 - reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.
- 3.2 There are existing procedures in place to enable you to disclose particular concerns. These are:
- The Authority's Grievance Procedure which enables you to lodge a grievance relating to your own employment;
 - The Authority's Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes, which outlines how you can disclose potential fraud, bribery, corruption and theft;
 - The Authority's Dignity and Respect at Work Policy, which enables you to disclose cases of potential harassment and bullying;
 - The Authority's Children & Adults at Risk of Abuse and Neglect Policy (which has its own Whistleblowing Policy in place), for disclosures regarding suspected mistreatment of children and adults at risk of abuse and neglect.

- 3.3 This policy does **not** replace the corporate complaints procedure or other existing policies for raising issues regarding your employment.

4 Safeguards

- 4.1 The Council is committed to good practice and high standards and shall be supportive of employees.
- 4.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is within reasonable belief, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 4.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith. It is a disciplinary matter to victimise a bone fide whistleblower.

5 Confidentiality

- 5.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with .

6 Anonymous Allegations

- 6.1 This policy encourages you to put your name to your allegation whenever possible.
- 6.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 6.3 In exercising this discretion the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

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7 Untrue Allegations

- 7.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make

an allegation frivolously, maliciously or for personal gain, disciplinary action will be taken against you.

8 How to Raise a Concern

8.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved, you should approach the Chief Executive, Executive Director – Organisation, Executive Director -Finance, or Head of Audit & Governance & Monitoring Officer. Where you feel unable to raise the concerns internally due to the nature of the disclosure you should contact the External Auditor who will then ensure that the disclosure is properly investigated.

8.2 To raise a concern in respect of Benefits Fraud, you can contact the National Benefit Fraud Hotline - telephone number 0800 854 440 or text phone number 0800 320 0512 or online www.gov.uk/report-benefit-fraud or write to them at NBFH, PO Box No. 224, Preston, PR1 1GP.

9 External contacts

9.1 While it is hoped that this policy gives you the reassurance you need to raise such matters internally, it is recognised that there may be circumstances where you can properly report matters to outside bodies, such as prescribed regulators, some of which are outlined at 9.7. If a worker chooses to go to the media, they can expect in most cases to lose their whistleblowing law rights. It is only in exceptional circumstances that a worker can go to the media without losing their rights. The Public Interest Disclosure Act 1998 gives more detail on this.

9.2 Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:

- the background and history of the concern (giving relevant dates);
- the reason why you are particularly concerned about the situation.

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9.3 The earlier you express the concern the easier it is to take action and you will need to be able to demonstrate to the person contacted that there are reasonable grounds for your concern.

9.4 Contact points for advice/guidance on how to pursue matters of concern can be obtained from:

[Appendix 2](#)

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- Chief Executive – 709453
- Executive Director – Organisation 709225
- [Executive Director -Finance – 709242](#)
- [Executive Director – Communities 709447](#)
- Head of Audit & Governance& Monitoring Officer – 709234

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- 9.5 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 9.6 You may invite your trade union or professional association representative or a member of staff to be present during any meetings or interviews in connection with the concerns you have raised.
- 9.7 Examples of relevant Prescribed Regulators are as follows:

Proper conduct of public business, value for money fraud and corruption relating to provision of public services	Comptroller and Auditor General
Serious or complex fraud	Director of the Serious Fraud Office
Environmental issues	Environment Agency
Accounting, auditing and actuarial issues	Financial Reporting Council Limited
Health & Safety issues	Health & Safety Executive
Social Housing	Homes & Communities Agency
Data Protection & Freedom of Information	Information Commissioner
Corruption & Bribery	National Crime Agency
Child Welfare & Protection	Children's Commissioner NSPCC

The full list of prescribed regulators can be found in [The Public Interest Disclosure \(Prescribed Persons\) Order 2014](#).

10 How the Council Will Respond

10.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

10.2 Where appropriate, the matters raised may:

- be investigated by management, internal audit, or through the disciplinary process
- be referred to the police
- be referred to the external auditor
- form the subject of an independent inquiry.

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10.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

10.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

10.5 Within ten working days of a concern being raised, the [Head of Audit & Governance](#) & Monitoring Officer will write to you:

- acknowledging that the concern has been received
- indicating how the Council propose to deal with the matter
- giving an estimate of how long it will take to provide a final response
- telling you whether any initial enquiries have been made
- supplying you with information on how the Council will support you if you think this is necessary, whilst the matter is under consideration, and
- telling you whether further investigations will take place and if not, why not.

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10.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matter raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.

- 10.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union officer or professional association representative or a member of staff.
- 10.8 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

11 The Responsible Officer

- 11.1 The Head of Audit & Governance & Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

12 How the Matter can be Taken Further

- 12.1 If you feel that the Council has not responded correctly at any stage, remember you can go to the other levels and bodies mentioned at paragraph 9.7. While it cannot be guaranteed that all matters will be addressed in the way that you might wish, it will always be the Council's intention to handle the matter fairly and properly. By using this policy, you will help achieve this
- 12.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.



Part 1 – Details

<u>What Policy/ Procedure/ Strategy/Project/Service is being assessed?</u>	<u>Whistleblowing Policy</u>
<u>Date Conducted</u>	<u>15/10/2018</u>
<u>Name of Lead Officer and Service Area</u>	<u>Angela Struthers Audit & Governance</u>
<u>Commissioning Team (if applicable)</u>	<u>N/A</u>
<u>Director Responsible for project/service area</u>	<u>Andrew Barratt</u>
<u>Who are the main stakeholders</u>	<u>Employees, Citizens</u>
<u>Describe what consultation has been undertaken. Who was involved and what was the outcome</u>	<u>CMT – review of existing policy</u>
<u>Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc).</u>	<u>N/A</u>

<u>What are you assessing?</u> <u>Indicate with an 'x'</u> <u>which applies</u>	<u>A decision to review or</u> <u>change a service</u>	
	<u>A</u> <u>Strategy/Policy/Procedure</u>	<u>X</u>
	<u>A function, service or</u> <u>project</u>	
<u>What kind of</u> <u>assessment is it?</u> <u>Indicate with an 'x'</u> <u>which applies</u>	<u>New</u>	
	<u>Existing</u>	<u>X</u>
	<u>Being reviewed</u>	
	<u>Being reviewed as a result</u> <u>of budget constraints / End</u> <u>of Contract</u>	

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

Review of existing policy in line with good practice

Who will be affected and how?

Employees, citizens – updated policy

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered 'Yes', please indicate what they are?

Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

<u>Impact Area</u>	<u>Yes</u>	<u>No</u>	<u>Reason (provide brief explanation)</u>
<u>Age</u>		<u>X</u>	
<u>Disability</u>		<u>X</u>	
<u>Gender Reassignment</u>		<u>X</u>	
<u>Marriage & Civil Partnership</u>		<u>X</u>	
<u>Pregnancy & Maternity</u>		<u>X</u>	
<u>Race</u>		<u>X</u>	
<u>Religion or belief</u>		<u>X</u>	
<u>Sexual orientation</u>		<u>X</u>	
<u>Sex</u>		<u>X</u>	
<u>Gypsy/Travelling Community</u>		<u>X</u>	
<u>Those with Caring/Dependent responsibilities</u>		<u>X</u>	
<u>Those having an offending past</u>		<u>X</u>	
<u>Children</u>		<u>X</u>	
<u>Vulnerable Adults</u>		<u>X</u>	
<u>Families</u>		<u>X</u>	
<u>Those who are homeless</u>		<u>X</u>	
<u>Those on low income</u>		<u>X</u>	
<u>Those with Drug or Alcohol problems</u>		<u>X</u>	
<u>Those with Mental Health issues</u>		<u>X</u>	
<u>Those with Physical Health issues</u>		<u>X</u>	
<u>Other (Please Detail)</u>		<u>X</u>	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

<u>Impact Area</u>	<u>Details of the Impact</u>	<u>Action to reduce risk</u>

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

<u>Impact (positive or negative) identified</u>	<u>Action</u>	<u>Person(s) responsible</u>	<u>Target date</u>	<u>Required outcome</u>
	<u>Outcomes and Actions entered onto Covalent</u>			

Date of Review (If applicable)

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PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE 2018 - 2019

	Report	Committee Date	Report Of	Comments
1	Role of the Audit Committee	June	Grant Thornton	Presentation/training
2	Audit and Governance Committee Update	June	Grant Thornton	
3	Fee Letter	June	Grant Thornton	
4	Review of the Constitution and Scheme of Delegation for Officers	June	Head of Audit & Governance	
5	RIPA Quarterly Report	June	Assistant Director - Partnerships	
6	Members/Standards x 2	June	Head of Audit & Governance	
7	Internal Audit Customer Satisfaction Survey	June	Head of Audit & Governance	
8	Internal Audit Annual and Quarterly Update	June	Head of Audit & Governance	
9	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	June	Head of Audit & Governance	
10	Financial Guidance	June	Head of Audit & Governance	

11	Annual Governance Statement and Code of Corporate Governance	June	Head of Audit & Governance	
1	Audit Findings Report	July	Grant Thornton	
2	Management Representation Letter	July	Grant Thornton	
3	Annual Statement of Accounts	July	Executive Director Finance	
4	RIPA Quarterly Report	July	Assistant Director - Partnerships	
5	Risk Management Quarterly Update	July	Assistant Director – Finance	
6	Counter and Corruption Fraud Update	July	Head of Audit & Governance	
7	Internal Audit Quarterly Update	July	Head of Audit & Governance	
8	Internal Audit Charter	July	Head of Audit & Governance	
1	Local Government Ombudsman’s Annual Review and Report 2017/18	October	Assistant Director - People	
2	RIPA Quarterly Update	October	Assistant Director - Partnerships	
3	Internal Audit Quarterly Update	October	Head of Audit & Governance	
4	Risk Management Quarterly Update	October	Assistant Director – Finance	

5	Annual Treasury Outturn	October	Executive Director Finance	
6	Counter Fraud Update	October	Head of Audit & Governance	
1	Audit Report on Certification Work	February	Grant Thornton	
2	Audit Progress Report	February	Grant Thornton	
3	Annual Audit Letter	February	Grant Thornton	
4	RIPA Quarterly Report	February	Assistant Director – Partnerships	
5	Internal Audit Quarterly Update	February	Head of Audit & Governance	
6	Risk Management Quarterly Update	February	Assistant Director – Finance	
7	Counter Fraud Update	February	Head of Audit & Governance	
8	Anti-Money Laundering Policy	February	Head of Audit & Governance	
1	Draft Audit Plan	March	Grant Thornton	
2	Draft Certification Work Plan	March	Grant Thornton	
3	Audit Committee Update	March	Grant Thornton	
4	Auditing Standards	March	Grant Thornton	

5	Informing the Audit Risk Assessment	March	Grant Thornton	
6	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	March	Executive Director Finance	
7	Final Accounts – Action Plan	March	Assistant Director of Finance	
8	Internal Audit Charter and Audit Plan	March	Head of Audit & Governance	
9	Audit and Governance Committee Self-Assessment	March	Head of Audit & Governance	
10	Review of Financial Guidance	March	Head of Audit & Governance	

The Portfolio Holder for Assets and Finance