

**To: Deputy Leader and Members of the Resources Board
Councillors D Wright, Davey, Davis, N Dirveiks,
Gosling, Henney, Moss, Simpson, Symonds and
Waters**

For the information of other Members of the Council

**For general enquiries please contact Emma
Humphreys/Amanda Tonks on 01827 719221 or
via email – emmahumphreys@northwarks.gov.uk
or amandatonks@northwarks.gov.uk.**

**For enquiries about specific reports please
contact the Officer named in the reports.**

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RESOURCES BOARD AGENDA

21 May 2018

The Resources Board will meet in the Chamber at The Council House, South Street, Atherstone, Warwickshire on Monday, 21 May 2018 at 6.30pm.

AGENDA

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests.**

4 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am two working days prior to the meeting. Participants are restricted to five minutes each. If you wish to put a question to the meeting please contact Amanda Tonks or Emma Humphreys on 01827 719222 or email democraticservices@northwarks.gov.uk.

ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)

- 5 **Asset Transfer of Arley Sports Centre** – Report of the Assistant Director (Leisure and Community Development) and the Assistant Director (Streetscape)

Summary

Further to the determination of Full Council that “a potential asset transfer of Arley Sports Centre by means of a sole negotiation with Elite Sports Development be pursued as the best option to secure the continued and enhanced provision of leisure facilities in Arley”, this report informs the Board of the outcome of those negotiations and asks Members to consider the asset transfer of the Sports Centre on the terms identified in this report.

The Contact Officers for this report are Simon Powell (719352) and Richard Dobbs (719440).

- 6 **Telecoms Proposal at Wood End Recreation Ground** – Report of the Assistant Director (Streetscape) and Assistant Director (Leisure and Community Development)

Summary

This report informs Members of a proposal to install a telecoms mast at Wood End Recreation Ground.

The Contact Officer for this report is Becky Evans (719346).

- 7 **Update on the Financial Regulations** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

This report is to inform of some proposed amendments to the Financial Regulations.

The Contact Officer for this report is Sue Garner (719374).

- 8 **Internal Audit Annual Report 2017/18** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

The purpose of this report is to present the Head of Internal Audit's Annual report.

The Contact Officer for this report is Linda Downes (719416)

- 9 **Internal Audit Plan of 2018/19** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

The purpose of this report is to set out the proposed Internal Audit Plan for 2018-19.

The Contact Officer for this report is Linda Downes (719416)

- 10 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2017 – March 2018** – Report of the Chief Executive

Summary

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2017 to March 2018.

The Contact Officer for this report is Robert Beggs (719238).

- 11 **Members' Allowances Out-turn for 2017/18** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

The purpose of this report is to advise Members of the allowances paid for 2017/18. The Council also has a duty to publish the amounts paid to Members under the Members' Allowance Scheme.

The Contact Officer for this report is Nigel Lane (719371)

- 12 **Risk Management Annual Report 2017/18** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

This report is to inform Members of risk management actions undertaken during 2017/18 and the risks identified for 2018/19.

The Contact Officer for this report is Sue Garner (719374).

- 13 **Annual Treasury Report for 2017/18** – Report of the Assistant Chief Executive (Finance and Human Resources)

Summary

This report shows the out-turn for 2017/18 and highlights any areas of significance.

The Contact Officer for this report is Daniel Hogan (719337).

- 14 **Universal Credit Update** – Report of the Assistant Chief Executive (Community Services)

Summary

The purpose of this report is to provide Members with an update on the latest information regarding the implementation of Universal Credit.

The Contact Officer for this report is Bob Trahern (719378)

- 15 **Exclusion of the Public and Press**

Recommendation:

That under Section 110A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

**EXEMPT INFORMATION
(GOLD PAPERS)**

- 16 **Microsoft Office Replacement** – Report of the Assistant Director (Corporate Services)

The Contact Officer for this report is Linda Bird (729327).

- 17 **Irrecoverable Local Taxation Debts** – Report of the Assistant Chief Executive (Community Services)

The Contact Officer for this report is Bob Trahern (719378)

- 18 **Land at Coleshill** - Report of the Assistant Director (Housing) (REPORT TO FOLLOW)

The Contact Officer for this report is Angela Coates (719369)

JERRY HUTCHINSON
Chief Executive

Agenda Item No 5

Resources Board

21 May 2018

**Report of the
Assistant Director
(Leisure and Community Development)
and the Assistant Director (Streetscape)**

**Asset Transfer of
Arley Sports Centre**

1 Summary

- 1.1 Further to the determination of Full Council that “a potential asset transfer of Arley Sports Centre by means of a sole negotiation with Elite Sports Development be pursued as the best option to secure the continued and enhanced provision of leisure facilities in Arley”, this report informs the Board of the outcome of those negotiations and asks Members to consider the asset transfer of the Sports Centre on the identified terms.

Recommendation to Board

- a That Members declare Arley Sports Centre surplus to requirements; and**

Recommendation to Council

- b That the asset transfer of Arley Sports Centre to Elite Sports Development on the terms identified in this report be approved.**

2 Consultation

- 2.1 A copy of the report has been sent to relevant Councillors, including Ward Members, and any comments received will be reported verbally at the meeting.

3 Background

- 3.1 Building on its complementary Evidence Base, Recommendation 5 of the Leisure Facilities Strategy (2017), produced by external consultants, proposes that the Borough Council seeks to secure an asset transfer arrangement for Arley Sports Centre and that, if an asset transfer cannot be sustainably secured, that the Sports Centre be closed.
- 3.2 The Board will be familiar with the lengthy background to this important and sensitive issue, which is not repeated in this report. The Leisure Facility Strategy, the draft of which was summarised for the Executive Board meeting

held on 12 February 2018, identifies three options for Arley Sports Centre; to close the facility; to retain it, but transfer operational management to a third party or to refurbish the existing provision. In 2016, the refurbishment cost liability was externally assessed at more than £1.3 million plus fees, for which capital programme provision has not been made.

- 3.3 In considering these options, both Full Council and the Executive Board concluded that an asset transfer of the Sports Centre would afford an opportunity for the Borough Council to seek to avoid its closure and retain local leisure provision, whilst removing its financial responsibility for the facility. Accordingly, at the meeting of Full Council held on 21 February 2018, Members approved an Executive Board recommendation “that a potential asset transfer of Arley Sports Centre by means of a sole negotiation with Elite Sports Development be pursued as the best option to secure the continued and enhanced provision of leisure facilities in Arley”.
- 3.4 The justifications for undertaking a sole negotiation with Elite Sports Development were detailed for the Executive Board’s consideration at its meeting held in February. In short, however, the company held the only known interest in the site, its interest was known to be time limited and, given its condition, refurbishment cost liability and (leisure) use, the site had little or no real present financial value. Legal Counsel and CIPFA advice was sought, however, in respect of the potential disposal of Arley Sports Centre and, in particular, on whether there were any procurement law restrictions that would prevent the Authority from selling the facility for a nominal sum to the sports development company without a competitive procurement exercise. Through this process it was determined that procurement law does not require a competitive process for the disposal of the Sports Centre. This is because the Public Contracts Regulations 2015 apply only to the procurement of public contracts (contracts having as their object the execution of works, the supply of products or the provision of services). An asset transfer would simply involve a sale of land, albeit the land would be subject to restrictive covenants. These covenants would prevent the land from being used for purposes other than a leisure centre; but they would not place the purchaser under a positive obligation to provide leisure centre services. Additionally, with a small number of exceptions, none of the Council’s Contract Standing Orders apply to land transactions.
- 3.5 Further, the Borough Council has rational reasons for concluding that, as a disposal for a nominal value to the sports development company would satisfy one or more of the requirements to promote or improve economic, environmental or social wellbeing and that the disposal has a value of less than £2 million, then there would be no breach of the “best consideration” duty under Section 123 of the Local Government Act 1972. The Authority’s view is that such rational reasons exist, for example, because there are good grounds for concluding that, without selling the land now for a nominal value to the sports development company, the opportunity for continued provision of leisure facilities at the Sports Centre could be lost.

- 3.6 Nevertheless, when the Borough Council disposes of land at less than best consideration, it provides a subsidy to the purchaser. The Authority, therefore, must ensure that the nature and amount of any subsidy complies with the rules in relation to EU State Aid, particularly where there is no element of competition in the sale process. In order to avoid a sale amounting to State Aid, the Authority needs to obtain an independent expert valuation and then sell the land at a price no lower than that valuation. That valuation may take account of “special obligations” attached to the land, such as any restrictive covenants that are to apply. Special obligations that relate to the land and buildings and not to the purchaser or their economic activities may be attached to the sale in the public interest. The economic disadvantage of such obligations should be evaluated separately by the independent valuer and may be set off against the purchase price. To the extent that the Borough Council’s “nominal price” would be lower than the restricted valuation, the transfer would amount to State Aid. If, however, the difference is less than €200,000 then the Authority may rely on the “de minimis” exemption for State Aid.
- 3.7 In pursuance of this advice, Officers sought a formal valuation of the Sports Centre, which is situated in the Green Belt. Development of the land for housing or commercial uses would not conform to the applicable Core Strategy or to the emerging Local Plan. The valuation, therefore, was secured on the basis of the facility’s current use, although valuations for other “class orders” were sought.
- 3.8 The Borough Council appointed CBRE to undertake a valuation on the basis of the condition of the facility and the need to retain specific sport and leisure provision on the site. The valuation report concluded that the freehold interest of the site, on the basis that it continued to be operated as a sports / leisure facility, was £175,000.
- 3.9 General advice was also sought as to the potential value of the site if the use constraints were less restrictive. It was determined that the freehold interest value might be greater if the Centre was sold for broader community use (i.e. not specifically constrained to sport and leisure provision) and could be as high as £300,000, assuming that a buyer could be found. In terms of the site’s value if it could be released for residential development with no planning or land use constraints, it is estimated that the total value could be between £650,000 and £750,000.

4 Asset Transfer Negotiations

- 4.1 Further to the decision of Full Council to pursue an asset transfer by way of a sole negotiation with Elite Sports Development, Officers have met with representatives of the company on two occasions, on 29 March and 24 April. Both meetings were very positive and provided an opportunity for Elite Sports Development to assure Officers of its intention to seek to provide a leisure and recreation service from the Sports Centre. Its representatives confirmed their desire to acquire a freehold interest in the Sports Centre, its associated car park and the Multi Use Games Area (MUGA). They additionally outlined their intention to invest in the facility, by way of making early improvements to the changing accommodation, the fitness facilities and the MUGA in particular.
- 4.2 During the meetings, Officers emphasised the Authority's desire for the facility to continue to be used for the provision of a leisure service, the need to protect the interests of the public, including by way of ensuring that the public was a significant beneficiary from any future sale of the asset, and that the Borough Council was removed from any future liabilities in respect of the operation of the facility. These needs were acknowledged and agreed by Elite Sports Development.
- 4.3 At the conclusion of the negotiations, the following in principle agreement was reached between Officers and Elite Sports Development:
- Transfer of the Sports Centre to Elite Sports Development for £1
 - Nothing other than activities within the current Use Class Order to be undertaken for a period of 10 years
 - If the building is sold within the first five years the proceeds to be split will be 80 / 20 (in the Borough Council's favour)
 - If the building is sold between years five and 10 (which can only be for a purpose within the current Use Class Order) then the split will be 70 / 30 (in the Borough Council's favour)
 - If the building is sold after 10 years for a purpose within the current Use Class Order then a 50 / 50 split of proceeds will apply
 - If the building is sold for another Use Class Order purpose (e.g. Housing) a 70 / 30 split of proceeds will apply (in the Borough Council's favour)
 - If the building is sold because of a structural defect that prevents its use as a Sports Centre (it is no longer fit for purpose as a leisure facility), Elite Sports Development would receive its proportional split from the sale proceeds or the extent of its investment sum, whichever is the greater, as long as that sum does not exceed the proceeds of sale and cannot be recovered through insurance
 - Any costs associated with the transfer of staff under TUPE legislation will be covered by the Borough Council
- 4.4 Members are asked to approve the terms of transfer identified above, or otherwise direct Officers on how to pursue the negotiation with Elite Sports

Development. It should be noted that any asset transfer of the car park and MUGA would require the prior approval of Fields in Trust, as the Recreation Ground, in which the car park and MUGA are located, is a registered FIT site. In this respect, the agreement with Fields in Trust states that its permission would “not unreasonably be withheld”. In the meantime, the company is pursuing matters pertinent to any future asset transfer, including through a building survey, reviewing site plans and instructing its Legal representatives.

- 4.5 If the negotiations with Elite Sports Development prove to be unsuccessful, in that agreement cannot be reached with the company for the sale of the land, this would not preclude the option of then seeking to asset transfer the Sports Centre through an open procurement process.

5 Conclusion

- 5.1 In recognition of the local desire to retain the facility and in response to the related recommendations of the externally produced Leisure Facilities Strategy (2017), Full Council directed Officers to negotiate the asset transfer of Arley Sports Centre to Elite Sports Development. This company has emphasised to Officers its intention to continue to provide a sport and recreation service from the facility for the benefit of the local community. The terms of transfer identified in the main body of the report, therefore, are considered to represent the best means through which to ensure the continued operation of a valued local service, whilst, at the same time, reducing the capital and revenue liabilities of the Borough Council. Accordingly, Members are asked to consider and approve the proposed terms of the asset transfer of Arley Sports Centre to Elite Sports Development.

6 Report Implications

6.1 Finance and Value for Money Implications

- 6.1.1 The terms of the proposed asset transfer of Arley Sports Centre are included in the main body of the report. It should also be noted that a successful transfer would additionally result in a full year revenue saving of £50,600 to the Authority and avoid the need for any future capital investment in order to ensure the facility’s fitness for purpose.

6.2 Safer Communities Implications

- 6.2.1 Well-managed indoor and outdoor leisure and recreation services that are safe by design afford opportunities for positive activity and provide for a safer environment for the local community.

6.3 Legal, Data Protection and Human Rights Implications

6.3.1 The legal implications of the possible asset transfer of Arley Sports Centre are included in the main body of the report.

6.3.2 Should the proposed asset transfer of the Sports Centre to Elite Sports Development proceed, there will be a need to ensure that due account is taken of the General Data Protection Regulations in respect of the possible transfer of customer information to the new owners of the facility.

6.4 Environment, Sustainability and Health Implications

6.4.1 Delivery of the priorities identified in the Leisure Facilities Strategy (2017), including the retained provision of leisure opportunities at Arley Sports Centre, helps to build sustainable and vibrant communities.

6.4.2 Effectively operated leisure facilities have a positive impact on the health and wellbeing of individuals and communities by providing opportunities for sport and recreation activities and by contributing to an improved quality of life.

6.5 Human Resources Implications

6.5.1 The proposed asset transfer of Arley Sports Centre to Elite Sports Development has potential implications for the staff who work at this facility, in that the Transfer of Undertakings (Protection of Employment) regulations would apply. Staff at the Sports Centre would be transferred to Elite Sports Development and, in accordance with the regulations, the Authority will comply with the duty to inform the appropriate representatives of affected employees. If either the Borough Council or Elite Sports Development envisage taking measures in relation to affected employees relevant consultation will be undertaken accordingly.

6.6 Risk Management Implications

6.6.1 The corporate risk management process identifies and scores risks associated with the provision and maintenance of leisure facilities. In pursuance of the priorities of the Corporate Plan, and as directed by Full Council, the negotiation of an asset transfer of Arley Sports Centre has been undertaken in an attempt to ensure the continued and enhanced provision of sport and recreation services for the local community, thereby also providing opportunities for improved individual and collective health and wellbeing. An asset transfer to Elite Sports Development would additionally reduce the capital and revenue liabilities of the Authority, in so doing positively contributing to the corporate need for responsible financial and resource management.

6.7 Equality Implications

6.7.1 Effective and efficiently run health, wellbeing and leisure services are designed to ensure equality of access to good quality sport and recreation provision.

6.8 Links to Council's Priorities

6.8.1 The potential asset transfer of Arley Sports Centre is intended to have direct and positive links to the corporate priorities in respect of:

- Responsible financial and resource management
- Creating safer communities
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities
- Supporting employment and business

6.8.2 The proposed asset transfer, once finalised, is additionally intended to contribute directly to the priorities of the Sustainable Community Strategy, namely:

- Raising aspirations, educational attainment and skill levels
- Developing healthier communities
- Improving access to services

The Contact Officers for this report are Simon Powell (719352) and Richard Dobbs (719440).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
1	Assistant Director (Leisure and Community Development)	Report to Executive Board (Strategic Review of Leisure and Community Development Services)	February 2018
2	Assistant Director (Leisure and Community Development)	Report to Community and Environment Board (Strategic Review of Leisure and Community Development Services)	January 2017
3	Strategic Leisure Ltd.	Draft Leisure Facilities, Green	October

		Space and Playing Pitch Strategies and Associated Supplementary Planning Document	2017
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Equality Impact Assessment Summary Sheet

Please complete the following table summarised from the equality impact assessment form. This should be completed and attached to relevant Board reports.

Name of Policy, Procedure / Service	Asset Transfer of Arley Sports Centre
Officer Responsible for Assessment	Assistant Director (Leisure and Community Development)

Does this policy / procedure / service have any differential impact on the following equality groups / people?

- (a) Is there a positive impact on any of the equality target groups or contribution to promoting equal opportunities and improving relations or:
- (b) could there be a negative impact on any of the equality target groups i.e. disadvantage them in any way?

Equality Group	Positive Impact	Negative Impact	Reasons / Comments
Racial		No	
Gender		No	
Disabled People		No	
Gay, Lesbian and Bisexual People		No	
Older / Younger People		No	
Religion and Beliefs		No	
People Having Dependent Caring Responsibilities		No	
People Having an Offending Past		No	
Transgender People		No	

Armed Forces Covenant		No	
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If you have answered **No** to any of the above please give your reasons below

The proposed asset transfer of Arley Sports Centre is not intended to have a negative impact on any of the equality target groups or to disadvantage them in any way.

Please indicate if you believe that this document should proceed to a further Impact Assessment

Requires no further action.

Agenda Item No 6

Resources Board

21 May 2018

**Report of the
Assistant Director
(Streetscape) and Assistant Director
(Leisure and Community Development)**

**Telecoms Proposal at Wood End
Recreation Ground**

1 Summary

- 1.1 This report informs Members of a proposal to install a telecoms mast at Wood End Recreation Ground.

Recommendation to the Board

- a That Members consider the proposal to install a telecoms mast at Wood End Recreation Ground on the terms presented in the report; and**
- b That the Board considers the proposal to grant a 25 year lease to Shared Access for the associated Access Rights to Wood End Recreation Ground.**

2 Consultation

- 2.1 Consultation has taken place with relevant Councillors, including Ward Members, and any comments received will be reported at the meeting.

3 Introduction

- 3.1 Wood End Recreation Ground is Borough Council owned green space that incorporates junior and toddler play equipment, a kick wall and informal grassed areas. The site has previously been the location of an adult football pitch, although the deteriorating condition of the pitch has meant that the Recreation Ground has not been used for formal sport since 2013.
- 3.2 The Borough Council has been approached by Shared Access, a telecoms infrastructure company that builds and manages mobile telephone masts, to install a stand-alone telecoms pole at Wood End Recreation Ground.

4 Telecoms Pole Proposal

- 4.1 Mobile telephone operators have a Government obligation to provide and maintain public telecommunications services within the United Kingdom (UK) with both sufficient capacity and coverage to meet public need. In 2010, the Government directed Ofcom to increase the obligation, requiring operators to provide coverage of 90% across the UK population. The 2G telecoms service predominantly provides voice and text messaging services. The 3G service supports multimedia applications and, in addition to voice and text messaging, has the capability to enable the transmission and receipt of visual media, including real-time video calls. The 4G system supports broadband services and has very high-speed data capabilities.
- 4.2 The proposed siting of a telecoms pole in Wood End Recreation Ground would provide 2G, 3G and 4G coverage and presents an opportunity to maintain and enhance the existing telecommunications network coverage in the area.
- 4.3 Shared Access has approached the Borough Council with a request to site a telecoms pole on the Recreation Ground in the location marked on the plan appended to this report. The Board will note that it is proposed for the pole to be screened, in part, by trees and the basketball court fencing. In return for a lease term of 25 years, which would need to include the footprint of the structure and access rights, Shared Access is offering an up-front, one-off payment of £40,000 to the Borough Council. Officers have sought the advice of another authority that has been involved in the siting of telecoms equipment on its land and its view was that the offer of £40,000 seemed like a "reasonable offer".
- 4.4 In providing its informal advice to the Borough Council, the authority referred to above did caution the view that residents who live in close proximity to a telecoms pole will be concerned about the possible adverse health and safety impacts. There is significant evidence to the contrary, in that there are minimal or no adverse health impacts to local residents caused by telecommunications equipment. Furthermore, Public Health England has stated:

"With regard to mobile phone masts, Public Health England's advice is that exposures to masts should satisfy the exposure guidelines published by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). The position is underpinned by national and international reviews that conclude there is no convincing evidence that health effects occur as a result of exposures below the ICNIRP guideline levels. The strength of the radio waves around masts tends to fall off very quickly such that levels are compliant in areas that are accessible to members of the public."

Shared Access has confirmed that its telecoms pole proposal would satisfy these exposure guidelines.

- 4.5 This is a concern that will need to be managed; however, through the dissemination of clear information to people living in Wood End should Members agree to the siting of the pole in the Recreation Ground. In this respect, Shared Access has committed to appropriate communication with all residents within close proximity of the proposed mast location. Under these circumstances, the Borough Council would work with Shared Access to ensure that relevant information is conveyed to the local community and that any concerns raised are appropriately addressed.
- 4.6 Wood End Recreation Ground has been the subject of motorcycle-related nuisance for a number of years, which has adversely impacted on the informal use of the site, particularly by children and young people. Subject to approval by Members, the capital receipt could be used to address some of these issues by way of improving site security and fencing measures, for which no provision is available within the capital programme.
- 4.7 The Board is asked to consider the request from Shared Access to site a telecoms pole in Wood End Recreation Ground. Subject to its agreement, an application for the siting will be made to the Planning and Development Board.

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 As referred to in the main body of the report, Shared Access has offered an up-front, one-off payment of £40,000 in return for permission to site a telecoms pole in Wood End Recreation Ground under the terms of a 25 year lease. The lease would need to include the footprint of the structure and access rights.
- 5.1.2 Subject to Board approval, it would be for Members to determine how to use the potential £40,000 capital receipt, although paragraph 4.6 above highlights a need to improve site security at the Recreation Ground.

5.2 Safer Communities Implications

- 5.2.1 There is no safer community implication arising directly out of this report, other than through the use of the potential capital receipt to address long standing anti-social use of the Recreation Ground.

5.3 Legal, Data Protection and Human Rights Implications

5.3.1 Subject to Board and Planning approval, the proposed installation will be subject to the terms and conditions outlined in the appropriate lease agreement and any associated planning conditions.

5.3.2 Shared Access has agreed to contribute a maximum of £2,500 towards the Authority's legal fees.

5.4 Environment, Sustainability and Health Implications

5.4.1 There is a substantial body of evidence to show that there are little or no adverse environment and / or health implications as a consequence of the installation of a telecoms pole.

5.5 Human Resources Implications

5.5.1 There is no human resource implication arising directly out of this report.

5.6 Risk Management Implications

5.6.1 There is no risk management implication arising directly out of this report.

5.7 Equalities Implications

5.7.1 There is no adverse equalities implication arising directly from this report, as the proposal does not disproportionately impact on any one or more groups within the community.

5.8 Links to Council's Priorities

5.8.1 The request received from Shared Access has the potential to have positive links to the following corporate priorities:

- Responsible financial and resource management
- Promoting sustainable and vibrant communities

The Contact Officer for this report is Becky Evans (719346).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
1	https://www.nhs.uk/conditions/mobile-phone-safety/faqs/#phone-masts	Website on impact on mobile phone masts	Page last reviewed on 01/04/16
2	https://www.gov.uk/government/publications/mobile-phone-base-stations-radio-waves-and-health/mobile-phone-base-stations-radio-waves-and-health	Website on impact on mobile phone masts	Published 10/07/13

Agenda Item No 7

Resources Board

21 May 2018

Report of the Assistant Chief Executive (Finance and Human Resources)

Update of the Financial Regulations

1 Summary

- 1.1 This report is to inform Members of some proposed amendments to the Financial Regulations.

Recommendation to the Council

To accept the updated Financial Regulations attached at Appendix A and that the consequent amendments to the Constitution are made.

2 Introduction

- 2.1 The Council's Financial Regulations were last updated in 2014. Given the current review of the constitution and the recent retirement of the Deputy Chief Executive, a review of the regulations is appropriate.

3 Changes to the Regulations

- 3.1 No substantial changes to the content of the regulations are considered necessary. However some small amendments have been made.
- 3.2 Responsibilities have been amended to reflect the change in the senior management structure. The opportunity has also been taken to update references to legislation and external bodies within the regulations, and to update the write off levels in section 23 which were previously agreed by this Board.
- 3.3 A few other small amendments have been made to keep the regulations up to date, such as the responsibility of individuals to keep their photo access cards for the Council House secure.
- 3.4 An area of inconsistency was picked up in section 28, which deals with procedures for the payment of travel allowances. Insurance, license and MOT details are currently checked for any officers who use their vehicle for official business, but are not checked for Members. Section 28 has been amended to include Members, to ensure consistency of checks for any business journeys undertaken on council business.

4 Report Implications

4.1 Finance and Value for Money Implications

4.1.1 The Assistant Chief Executive (Finance and Human Resources) has statutory duties in relation to the financial administration and stewardship of the Authority.

4.2 Legal, Data Protection and Human Rights Implications

4.2.1 The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- Section 114 of the Local Government Finance Act 1988.

4.3 Risk Management Implications

4.3.1 Compliance with Financial Regulations will assist in reducing the risks associated with the Council's business.

4.4 Links to Council's Priorities

4.4.1 Financial Regulations provide the framework for the financial administration of the Council, helping to making the best use of resources.

The Contact Officer for this report is Sue Garner (719374)

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

FINANCIAL REGULATIONS AND PROCEDURES

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FINANCIAL REGULATIONS AND PROCEDURES

A FINANCIAL MANAGEMENT

1 FINANCIAL MANAGEMENT STANDARDS

Why is this important?

- 1.1 All employees and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met. These standards are minimum requirements and must be complied with. Non-compliance may result in disciplinary action.

Key Controls

- 1.2 The key controls and control objectives for financial management standards are:
- (a) their promotion throughout the Authority
 - (b) monitoring processes and procedures to review compliance with financial standards.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 1.3 Is designated as the responsible officer in accordance with section 151 of the Local Government Act 1972 to ensure the proper administration of the financial affairs of the Authority; and section 114 of the Local Government Finance Act 1988 in relation to incurring unlawful expenditure.
- 1.4 To set the financial management standards and to monitor compliance with them.
- 1.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff in the Authority.
- 1.6 To advise on the key strategic controls necessary to secure sound financial management.
- 1.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 1.8 To ensure that the revenue budget and capital programme are prepared
- 1.9 To ensure there is an effective treasury management system in place
- 1.10 To report to the Full Council and external auditor if the Council or one of its officers: -
- Has made, or is about to make, a decision which involves incurring unlawful expenditure
 - Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
 - Is about to make an unlawful entry in the Council's account.
- 1.11 To report any breach of Financial Regulations to the Resources Board.

Responsibilities of Senior Officers (Senior Officers are defined in this context as Assistant Director's, and Principal Officers acting under delegated authority)

- 1.12 To promote the financial management standards set by the Assistant Chief Executive (Finance and Human Resources) in their divisions and to monitor adherence to the standards and practices, liaising as necessary with the Assistant Chief Executive (Finance and Human Resources).
- 1.13 To promote sound financial practices in relation to the standards, performance and development of staff in their divisions.
- 1.14 To ensure that Financial Regulations are followed by his/ her staff.
- 1.15 To consult with the Assistant Chief Executive (Finance and Human Resources) with respect to any matters within his/her control which are liable to materially affect the finances of the Council. This should be carried out before any provisional or other commitment is made and before any report to Board.
- 1.16 The control of staff and the security, custody and control of all other resources, including plant, buildings, vehicles, materials, cash and stores relating to his/her Division.
- 1.17 To take adequate steps to ensure that all staff, consultants or agency placements responsible for any matter covered by Financial Regulations have access to them, understand the contents and are following them.
- 1.18 To report to the Assistant Chief Executive (Finance and Human Resources) where the Regulations have not been followed. The Assistant Chief Executive (Finance and Human Resources) will decide whether to investigate and report to the appropriate Board depending on the circumstances in each case.

2 MANAGING EXPENDITURE

Scheme of virement and budget transfer

Why is this important?

- 2.1 The scheme of virement is intended to enable Boards, senior officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Executive Board, and therefore to optimise the use of resources.

Key Controls

- 2.2 Key controls for the scheme of virement are:
 - (a) It is administered by the Assistant Chief Executive (Finance and Human Resources) within the guidelines below.
 - (b) The overall budget is agreed by Executive Board and approved by the Full Council. Senior Officers and budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget.
 - (c) Virement does not create additional overall budget liability. Senior Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way

through a year, for which they have not identified future resources. Senior Officers must plan to fund such commitments from within their own budgets.

Ground Rules for Virement and Budget Transfer

2.3 The ground rules apply where:

- (i) An expenditure budget is going to be exceeded or there will be a shortfall in income.
- (ii) There is a saving on expenditure or additional income has been produced and a Senior Officer wishes to use it. In these circumstances the saving on expenditure or additional income will need to have resulted from specific action by the budget manager and not be due to circumstances outside his/her control.

2.4 For the purpose of these ground rules the following definitions apply:-

(a) Virement

The movement of budgetary provision between services. A service is defined as a line appearing in the summary page of the overall budget of a Board, eg:

- Refuse Collection
- Public Conveniences
- Pest Control

(b) Transfer

The movement of budgetary provision between budget heads within a service. A budget head is defined as a line appearing in a service budget, eg Service - Pest Control

- | | | |
|-------------|---|-----------------------|
| Budget head | - | Employee costs |
| | - | Premises |
| | - | Supplies and Services |

2.5 The procedures for dealing with virement and transfer are as follows:-

(i) Virement

Up to £5,000	Senior Officer approval in consultation with the Assistant Chief Executive (Finance and Human Resources)
£5,000 - £10,000	Service Board approval
Over £10,000	Resources Board approval

(ii) Transfer

Up to £10,000	Senior Officer approval
Over £10,000	Service Board approval

2.6 The figures relate to the value of total movements in any one financial year and not to the maximum value of a single transfer or virement.

2.7 Before a Senior Officer approves a transfer of budget provision, he/she should inform the Assistant Chief Executive (Finance and Human Resources) in writing.

2.8 All cases of virement or transfer of budget provision will be recorded by the Assistant Chief Executive (Finance and Human Resources).

2.9 Virement or budget transfer is only to take place when the following conditions are satisfied: -

- (i) The proposed savings or additional income to fund any overspend are achievable;
 - (ii) The additional expenditure will in fact happen and the particular budget head will be overspent or income will not be achieved;
 - (iii) The total budgets controlled by that Senior Officer will not be overspent;
 - (iv) Extra spending in future years will not be incurred;
 - (v) A change of policy is not involved.
- 2.10 Savings in non-recurring expenditure or additional income should not be used to finance additional recurring expenditure. The use of savings in recurring expenditure to finance additional recurring expenditure in excess of £5,000 will require the approval of the relevant Board.
- 2.11 Virement and transfers will not be made into or out of permanent staffing budgets. This includes payment for temporary staff covering a temporary vacancy, except with prior approval by the Assistant Chief Executive (Finance and Human Resources).
- 2.12 The approval of the Resources Board will be required where sums are being vired which result in the start of a new or additional commitment for expenditure, which is ongoing.
- 2.13 Expenditure on staffing, training, capital financing costs and recharges fall outside these ground rules.

3 ACCOUNTING POLICIES

Why is this important?

- 3.1 Divisions have many systems and procedures relating to the control of the Authority's assets even though there are corporate systems and methods for purchasing, costing and financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key Controls

- 3.2 The key controls for accounting policies are:
- (a) systems of internal control are in place that ensure that financial transactions are lawful;
 - (b) suitable accounting policies are selected and applied consistently;
 - (c) proper accounting records are maintained;
 - (d) financial statements are prepared which present fairly the financial position of the Authority and its expenditure and income.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 3.3 A professional responsibility to ensure that the Authority's financial systems are sound. He/she should therefore be notified of any new development or changes.
- 3.4 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:
- (a) separate accounts for capital and revenue transactions
 - (b) the basis on which debtors and creditors at year end are included in the accounts
 - (c) details on substantial provisions and reserves
 - (d) property, plant and equipment
 - (e) depreciation
 - (f) intangible assets
 - (g) work in progress
 - (h) stocks and stores
 - (i) financial instruments
 - (j) accounting for value added tax
 - (k) government grants
 - (l) leasing
 - (m) pensions
 - (n) any other additional items as required
- 3.5 To arrange for the compilation of all accounts and accounting records of the Council or to ensure that they are prepared under his/ her direction.
- 3.6 To consult with other Senior Officers or staff where revisions are needed to systems of recording, not kept within the Finance and Human Resources Division.
- 3.7 To control the day to day financial administration of the Council by issuing detailed administrative and accounting instructions, as appropriate. These instructions have the same standing as Financial Regulations.

Responsibilities of Senior Officers

- 3.8 To adhere to the accounting policies and guidelines issued.

4 ACCOUNTING RECORDS AND RETURNS

Why is this important?

- 4.1 Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public funds. It has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resources.

Key controls

- 4.2 All Members, finance staff and budget managers operate within the required accounting standards and timetables.
- 4.3 All transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

- 4.4 Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
- 4.5 Reconciliation procedures are carried out regularly to ensure transactions are correctly recorded.
- 4.6 Prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 4.7 To determine the accounting procedures and records for the Authority.
- 4.8 To arrange for the compilation of all accounts and accounting records under his/ her direction.
- 4.9 To comply with the following principles when allocating accounting duties: -
 - Separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them;
 - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.10 To ensure that all claims for funds including grants are made by the due date.
- 4.11 To prepare and publish the audited accounts of the Authority for each financial year, in accordance with the statutory timetable and with the requirement for the Full Council to approve the statements of accounts before 31 July.
- 4.12 To administer the Authority's arrangements for under and overspendings to be carried forward to the following year.
- 4.13 To ensure the proper retention of financial documents in accordance with the requirements set out in the Document Retention Policy.

Responsibilities of Senior Officers

- 4.14 To maintain adequate records to provide a management trail leading from the source of income/ expenditure through to the accounting statements.
- 4.15 To consult with the Assistant Chief Executive (Finance and Human Resources) before implementing any changes of systems or revised procedures or forms relating to financial matters.
- 4.16 To ensure that the following principles are observed in the allocation of accounting duties:
 - (i) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, must be separated as much as possible from the duty of collecting or using them
 - (ii) officers charged with the duty of examining and checking the accounts of cash transactions may not themselves perform any of those transactions.
- 4.17 To ensure that the principles of internal check operate in his/her Division and that accounting procedures and financial records under his/her control are kept accurately and up to date.

5 THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

5.1 The Authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Full Council is responsible for approving the statutory annual statement of accounts.

Key Controls

5.2 The key controls for the annual statement of accounts are:

- the Authority is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Assistant Chief Executive (Finance and Human Resources).
- the Authority's statement of accounts must be prepared in accordance with proper practices, as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (the SORP)(CIPFA/LASAAC).

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 5.3 To prepare the Authority's statement of accounts, in accordance with proper practices, as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.
- 5.4 To select suitable accounting policies and to apply them consistently.
- 5.5 To make judgements and estimates that are reasonable and prudent.
- 5.6 To comply with the Statement of Recommended Practice.
- 5.7 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.
- 5.8 To make proper arrangements for the audit of the Authority's accounts in accordance with the Local Audit and Accountability Act 2014.

Responsibilities of Senior Officers

- 5.9 To comply with accounting guidance provided by the Assistant Chief Executive (Finance and Human Resources) and to supply him/her with information when required.

B FINANCIAL PLANNING

6 BUDGETING

Format of the Budget

Why is this important?

6.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, and sets the level at which funds may be reallocated within budgets.

Key Controls

6.2 The key controls for the budget format are:

- the format complies with all legal requirements;
- the format complies with CIPFA's Code of Practice;
- the format reflects the accountabilities of service delivery.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

6.3 To decide upon the detailed form of capital and revenue estimates and agree with general directions of the Executive Board.

6.4 To collate the estimates approved by Boards and report to the Executive Board, which will recommend the local taxation to be charged for the next year.

Budget Preparation, Monitoring and Control

Why is this important?

6.5 Budget management ensures that once the budget has been approved by the Full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review its budget targets during the financial year. By continuously identifying and explaining variances against the budget, the Authority can identify changes in trends and resource requirements at the earliest opportunity.

Key controls

6.6 The key controls for managing and controlling the revenue budget are:

- (a) budget managers are responsible only for income and expenditure that they can influence
- (b) there is a nominated budget manager for each cost centre
- (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- (d) budget managers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance levels/levels of service are monitored in conjunction with the budget and any necessary action is taken to align service outputs and budget

(g) amounts provided under the annual revenue estimates are not vired to other purposes without the approval of Resources Board. See Fin Reg.2.3 for the ground rules for virement and budget transfer.

6.7 The inclusion of items in approved revenue estimates or capital programmes gives the right to incur such expenditure unless the Executive Board of the Council has placed a reservation on any such item. Expenditure on any such reserved item may only be incurred when that reservation has been removed.

6.8 Nothing in these Regulations will prevent the Chief Executive from incurring necessary expenditure through exercise of his emergency powers under Section 101(1) (a) of the Local Government and Finance Act 1972.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

6.9 To prepare estimates of income and expenditure on General Fund revenue accounts and the Housing Revenue Account in conjunction with Senior Officers. These should agree with the financial plans approved by the Council, taking into account all financial implications, including any impact upon Prudential Indicators set by the Council.

6.10 To establish an appropriate framework of budgetary management and control that ensures that: -

- Each Senior Officer has available timely information on income and expenditure on each of their budget heads which is sufficiently detailed to enable them to fulfil their budgetary responsibilities;
- Expenditure is only committed against an approved budget head;
- All officers responsible for committing expenditure comply with the relevant guidance and the financial regulations;
- Variances from approved budgets are investigated;
- Periodic Budgetary Monitoring reports are provided to all Boards;
- Consolidated Budgetary Monitoring reports are provided to Resources Board;
- Housing Revenue Account Budgetary Monitoring reports are provided to the Resources Board;
- Periodic monitoring reports of capital expenditure are provided to Resources Board;
- Before the beginning of each financial year all budget holders are provided with financial statements showing details of the budgets for which they are responsible;
- Budget holders receive or have direct access to accurate, timely and appropriate financial information to allow them to carry out effective control.

Responsibilities of Senior Officers

Estimates

6.11 To prepare estimates of income and expenditure on General Fund Revenue accounts, in consultation with the Assistant Chief Executive (Finance and Human Resources) for submission to the appropriate Board. The estimates should agree with the financial plan(s) approved by the Council.

- 6.12 To take into account all financial implications, including any impact upon Prudential Indicators set by the Council, so that each individual Board may report on its budget requirement.
- 6.13 To submit revenue estimates for the Housing Revenue Account to the Resources Board.
- 6.14 To ensure that for any proposal to Board which involves additional expenditure during a period for which Council has already approved a budget or a programme of capital expenditure, a report is submitted to Board indicating the sufficiency or otherwise of the existing financial provision in the budget or capital programme.
- 6.15 To manage their divisions' budgets in accordance with these Regulations, either directly or by delegating to members of their staff, as appropriate.
- 6.16 To be accountable for all the financial operations of the services under their control.
- 6.17 To vire or transfer monies, if necessary, under the rules drawn up by the Assistant Chief Executive (Finance and Human Resources), shown in this document, and approved by Resources Board.
- 6.18 Not to charge any expenditure or income to another budget controlled by another budget holder without that Officer's prior agreement.

Monitoring – Budgetary Control

- 6.19 To maintain budgetary control within their departments according to the principles agreed, and to ensure that all income and expenditure is properly recorded and accounted for.
- 6.20 To ensure that an accountable budget manager is identified, as appropriate, for income and expenditure under their control.
- 6.21 To monitor expenditure and income against budgets for which they have responsibility and to ensure that budget heads are not overspent, by taking appropriate corrective action where variations from the approved budget are forecast.
- 6.22 To ensure that a monitoring process is in place to review performance levels/ levels of service in conjunction with the budget and is operating effectively.
- 6.23 To ensure compliance with the scheme of virement.
- 6.24 To ensure that no expenditure or income is charged to a budget controlled by another budget holder without that Officer's prior agreement.
- 6.25 To ensure that, where it appears that the amount of any approved estimate head may be exceeded, or the amount of any head of approved income may not be reached (after allowing for any virement or transfer made in accordance with FR 2.4 to 2.13), that the Assistant Chief Executive (Finance and Human Resources) is consulted and the relevant Board informed.

Board Responsibilities

- 6.26 Amounts provided under the various heads of the approved annual revenue estimates will not be vired to other purposes by a Board without the approval of the Resources Board, except that approval is not required below £10,000, provided that virement is consistent with approved policy and budgeting decisions and exclude any proposal which would mean additional expenditure in later years.

6.27 Any Board of the Council must, before incurring any expenditure which cannot be met from within an approved estimate (after allowing for any virement or transfer made in accordance with Financial Regulations) submit to Executive Board a supplementary estimate request with a detailed statement of the proposed expenditure. This requirement also applies to an expected reduction in income.

6.28 Where a Board proposes:

- a new commitment for ongoing expenditure;
- additional expenditure for existing activities ; or
- a variation in the means or time-scale of implementing existing activities which affects or may affect the Council's finances

it must submit a report to Executive Board, which will report these to the Council.

6.29 Nothing in these Regulations will prevent the Chief Executive from incurring necessary expenditure through exercise of his emergency powers under Section 101 (1)(a) of the Local Government and Finance Act 1972.

6.30 Nothing in these Regulations will prevent a spending Board from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency or which is referable to Section 138 of the Local Government Act 1972, subject to their action being reported to the following meeting of the Executive Board.

7 CAPITAL PROGRAMME

Why is this important?

7.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.

7.2 The Government places strict controls on the financing capacity of the Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key controls

7.3 The key controls for a capital programme are: -

- Specific approval by the Executive Board for the capital programme expenditure;
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared;
- The development and implementation of an asset management plan;
- Accountability for each proposal is accepted by a named manager;
- Monitoring of progress in conjunction with expenditure and income and comparison with approved budget.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 7.4 To prepare capital estimates jointly with Assistant Directors and to report them to Executive Board for approval.
- 7.5 To prepare and submit reports to the Resources Board on the projected income, expenditure and resources compared with the approved estimates.
- 7.6 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques.
- 7.7 To determine the definition of 'capital', having regard to government regulations and accounting requirements.

Responsibilities of Senior Officers

- 7.8 To comply with guidance concerning capital schemes and controls issued by the Assistant Chief Executive (Finance and Human Resources).
- 7.9 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued.
- 7.10 To ensure that adequate records are maintained for all capital contracts.
- 7.11 To proceed with projects only when there is adequate provision in the capital programme that has been approved by the Executive Board.
- 7.12 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Assistant Chief Executive (Finance and Human Resources) and, if applicable, approval of the scheme through the capital programme.
- 7.13 To ensure that, before a Board recommends to the Executive Board any scheme involving capital expenditure, the following procedure has been followed:
 - To consult with the Assistant Chief Executive (Finance and Human Resources)
 - An estimate has been provided which includes the associated likely revenue expenditure and income, for approval by the appropriate Board. The estimate should be prepared on the standard form and include the following:
 - (a) Outcomes expected
 - (b) Options for delivery
 - (c) Estimate of the cost of the proposed work
 - (d) Estimated annual running costs
 - (e) Work (if any) to be replaced
 - (f) Method of financing recommended
 - (g) Any income produced by the scheme
 - (h) Any external funding
 - (i) Chosen options and reasons
 - (j) Benefits
 - (k) Link to priorities
 - (l) Lifetime costs

8 MAINTENANCE OF RESERVES

Why is this important?

- 8.1 The Authority must decide the level of general reserves it wants to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and so protect it from overspending, should such an event occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

Key controls

- 8.2 To maintain reserves in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC) and agreed accounting policies.
- 8.3 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 8.4 Authorisation and expenditure from reserves by the appropriate Senior Officer in conjunction with the Assistant Chief Executive (Finance and Human Resources).

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 8.5 To advise Executive Board and / or the Full Council on prudent levels of reserves for the Authority, and to take account of the advice of the external auditor in this matter.

Responsibilities of Senior Officers

- 8.6 To ensure that resources are used only for the purposes for which they were intended.

C RISK MANAGEMENT AND CONTROL OF RESOURCES**9 RISK MANAGEMENT****Why is this important?**

- 9.1 The Authority, in all its undertakings, faces risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve our objectives, caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure our assets and to ensure our continued financial and organisational well-being. It is, therefore, an integral part of good business practice. It is concerned with the measures we have in place to manage identified risks and then recommending the action we need to take to control those risks effectively.
- 9.2 It is the responsibility of Resources Board to approve the Risk Management Policy and Strategy, and to promote a culture of risk management throughout the Authority.

Key Controls:

- 9.3 Key controls for Risk Management and Control of Resources are:
- (a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating efficiently throughout the Authority.
 - (b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
 - (c) Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
 - (d) Provision is made for losses that might result from the risks that remain.
 - (e) Procedures are in place to investigate claims within required timescales.
 - (f) Acceptable levels of risk are determined and insured against, where appropriate.
 - (g) The Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 9.4 To prepare and promote the Authority's risk management policy statement and strategy.
- 9.5 To develop risk management controls in conjunction with other senior officers.
- 9.6 To arrange all insurance cover and negotiate all claims in consultation with other Officers, where necessary.
- 9.7 To review all insurances annually, or at such other period as is necessary and in consultation with other Senior Officers, as appropriate.
- 9.8 To arrange for suitable fidelity guarantee and professional indemnity insurance for all appropriate employees of the Council.

Responsibility of Senior Officers

- 9.9 Senior Officers will take responsibility for risk management, having regard to advice from the Assistant Chief Executive (Finance and Human Resources) or his / her representative, and other specialist officers.
- 9.10 Senior Officers will ensure that there are regular reviews of risk within their departments and are responsible for maintaining risk registers in the agreed corporate form.
- 9.11 All Senior Officers will complete an annual declaration of prioritised risks within their divisions, together with details of controls in place and action taken and any proposed measures to reduce the risk in the following year. Any new risks facing the service and details of any Partnerships in which it is involved must also be reported in the annual declaration.
- 9.12 Senior Officers will promptly inform the Assistant Chief Executive (Finance and Human Resources) of all new risks, properties or vehicles which need to be insured and of any alterations affecting existing insurances. Senior Officers shall consult with the Assistant Chief Executive and Solicitor in respect of all terms of indemnity, which the Council is requested to give.
- 9.13 Senior Officers will straightaway inform the Assistant Chief Executive (Finance and Human Resources) in writing of any loss, liability or damage or anything likely to lead to an insurance claim and supply any necessary supporting records as may be needed.
- 9.14 Senior Officers will consult the Assistant Chief Executive (Finance and Human Resources) or Chief Executive or Assistant Chief Executive and Solicitor to the Council relating to the terms of any indemnity which the Council is requested to give.
- 9.15 Senior Officers must ensure that employees, Members or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

10 INTERNAL CONTROL

Why is this important?

- 10.1 The Authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives. It has statutory obligations, and so needs internal controls to identify and monitor compliance with these obligations.
- 10.2 It faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage those risks.
- 10.3 The system of internal controls is established in order to provide the measurable achievement of:
- (a) Efficient and effective operations
 - (b) Reliable financial information and reporting
 - (c) Compliance with laws and regulations
 - (d) Risk management

Key Controls

- 10.4 The key controls and control objectives for internal control systems are: -

- (a) Key controls should be reviewed on a regular basis and the Authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively.
- (b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- (c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- (d) An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the *Public Sector Internal Audit Standards (April 2017 update)* (PSIAS) and the *Local Government Application Note*, which supplements the PSIAS by providing more detailed guidance and with any other statutory obligations and regulations.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 10.5 To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Senior Officers

- 10.6 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risk.
- 10.7 To review existing controls in the light of changes affecting the Authority and to establish and implement new controls in line with guidance from the Assistant Chief Executive (Finance and Human Resources).
- 10.8 To ensure staff have a clear understanding of the consequences of lack of control.

11 AUDIT REQUIREMENTS

Internal Audit

Why is this Important?

- 11.1 The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that Authorities make arrangements for the proper administration of their financial affairs. The Accounts and Audit Regulations 2015 regulation 5, more specifically require that "a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 11.2 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.

Key Controls

- 11.3 That it is independent in its planning and operation.
- 11.4 The Head of Internal Audit has direct access to the head of paid service, all levels of management and directly to elected Members.
- 11.5 The Internal Auditors comply with the *Public Sector Internal Audit Standards (April 2017 update)* and the *Local Government Application Note*, which supplements the PSIAS by providing more detailed guidance.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 11.6 To ensure that Internal Auditors have the authority to:
 - (a) Enter at all times any property of the Council;
 - (b) Have access to all records, documents, minutes and correspondence relating to any financial and other related dealings of the Council which are within the Council's safekeeping or control, including any partnerships in which the Council is involved;
 - (c) Ask for and receive such explanations as are necessary concerning any matter under examination;
 - (d) Require any employee of the Council to produce cash, receipts, books, vouchers, stores, accounting records, plant or any other Council property under his/her control;
 - (e) Access records belonging to third parties, such as contractors, when required;
 - (f) Directly access the head of paid service, all levels of management and elected Members;
 - (g) Review, assess and report to the Senior Officer of the Division being audited on the suitability and use of financial and other controls and the protection of the Council's property and assets against loss due to fraud and wasteful practices, poor value for money or other causes;
 - (h) To ensure that there is effective liaison between external and internal audit.

Responsibilities of Senior Officers

- 11.7 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purpose of their work.
- 11.8 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 11.9 To consider and respond promptly to recommendations in audit reports.
- 11.10 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

External Audit

Why is this important?

- 11.11 The Local Audit and Accountability Act 2014 requires an independent external audit of a Local Authority's accounts. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 11.12 The general duties of the external audit are defined in the Local Audit and Accountability Act and the audit must be performed in accordance with the Code of Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General. The auditor's responsibilities under the Code are to:
- Give an opinion on the Council's financial statements (including the Annual Governance Statement); and
 - Satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Key controls

- 11.14 External auditors are appointed by Public Sector Audit Appointments, normally for a period of five years. External auditors follow a Code of Practice when carrying out their duties.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 11.15 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for the purposes of their work.
- 11.16 To ensure that there is effective liaison between external and internal audit.
- 11.17 To work with the external auditor and advise the Full Council, Boards and Senior Officers of their responsibilities in relation to external audit.

Responsibilities of Senior Officers

- 11.18 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for the purposes of their work.
- 11.19 To ensure that all records and systems are up to date and available for inspection.

12 PREVENTING FRAUD AND CORRUPTION

Why is this important?

- 12.1 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practice.
- 12.2 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.

Key Controls

12.3 The key controls regarding the prevention of fraud and corruption are that:

- (a) The Authority has an effective anti fraud and corruption policy and maintains a culture that will not tolerate fraud and corruption;
- (b) All Members and staff act with integrity and lead by example;
- (c) Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt;
- (d) High standards of conduct are promoted amongst Members;
- (e) A register of interests should be maintained in which any hospitality or gifts accepted must be recorded;
- (f) Whistle blowing procedures must be in place and operate effectively;
- (g) Legislation regarding the Public Interest Disclosure Act 1998 and the Employment Rights Act 1996 must be adhered to.

Responsibility of the Assistant Chief Executive (Finance and Human Resources)

12.4 To develop and maintain an anti fraud and anti-corruption policy.

12.5 To maintain adequate and effective internal control arrangements.

Responsibilities of Senior Officers

12.6 To ensure that all suspected irregularities are reported to the Head of Internal Audit.

12.7 To instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

12.8 To ensure that where financial impropriety is discovered, the Assistant Chief Executive (Finance and Human Resources) is informed.

13 ASSETS

Security

Why is this important?

13.1 The Authority holds assets in the form of property, vehicles, equipment and furniture worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a pre-requisite for proper fixed asset accounting and sound asset management.

Key Controls

13.2 The key controls for the security of resources such as land, buildings, equipment, software and information are:

- (a) Resources are used only for the purpose of the Authority and are properly accounted for;
- (b) Resources are available for use when required;
- (c) Resources no longer required are disposed of in accordance with the law and the regulations of the Authority so as to maximise benefits;
- (d) An asset register is maintained for the Authority, assets are recorded when they are acquired by the Authority and this record is updated as changes occur with respect to the location and condition of the asset;
- (e) All moveable items in the asset register should be marked as Council property and a serial number should be recorded and cross referenced
- (f) All staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the General Data Protection Regulation, the Law Enforcement Directive, or their re-enactments and software copyright legislation;
- (g) All staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer and internet security policies.

Responsibility of the Assistant Chief Executive (Finance and Human Resources)

- 13.3 To ensure that an asset register is maintained in accordance with the following deminimis levels:
- Equipment £5,000,
 - Land and Buildings £10,000.
- 13.4 The function of the asset register is to provide the Authority with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.
- 13.5 To decide on the frequency of the revaluation of assets in conjunction with the Corporate Property Officer in accordance with the Accounting Code of Practice.
- 13.6 To ensure that assets are valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC).

Responsibilities of the Assistant Chief Executive & Solicitor to the Council

- 13.7 To have custody of all title deeds, agreements, contracts, leases, easements and any other documents and items under his control, and be responsible for their security and safe-keeping.
- 13.8 To provide details to the Asset Registrar of all lease agreements entered into or cancelled.

Responsibilities of the Corporate Property Officer

- 13.9 To keep a record of all properties owned by the Council, identifying the purpose for which held, location, extent and plan reference, together with details of purchase, nature of interests, rents payable and details of tenancies granted.
- 13.10 To decide on the frequency of the revaluation of assets in conjunction with the Assistant Chief Executive (Finance and Human Resources) and in accordance with the Accounting Code of Practice.

Responsibilities of Senior Officers

- 13.11 To notify all acquisitions and disposals of properties (land and buildings) to the Assistant Chief Executive (Finance and Human Resources) within a month of acquisition or disposal.
- 13.12 Where land and buildings are surplus to requirements, to report the recommendation for sale to Board.
- 13.13 To ensure the proper security of all buildings and other assets under their control.
- 13.14 To consult with the Assistant Chief Executive (Finance and Human Resources) in any case where security is thought to be inadequate or where it is considered that special security arrangements may be needed or where arrangements agreed with the Council's insurers may be affected.
- 13.15 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate.
- 13.16 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority.
- 13.17 To ensure that any limits for cash holdings are agreed with the Assistant Chief Executive (Finance and Human Resources) and are not to be exceeded without his/her express permission.
- 13.18 To ensure that proper security and privacy is maintained with regard to information held on personal computers, and in written form, and for security of other such confidential information held in that Division and for informing the Assistant Chief Executive & Solicitor to the Council of any new applications so they can be assessed for notification under the data protection legislation.
- 13.19 To ensure that any Officers holding keys to safes, similar containers, buildings and vehicles are responsible at all times for their safekeeping. The loss of any safe keys must be reported to the Assistant Chief Executive (Finance and Human Resources) straightaway. A record should be maintained by each Senior Officer of all such keys under his/her control, showing the name of the holder, the date of issue and the receiving Officer's signature. The loss of any other keys should be reported to the appropriate Senior Officer, who will take the necessary action.
- 13.20 To ensure that the appropriate staff are aware of the following procedures:
 - (a) Key-holders should notify the Senior Officer of transfers of keys straightaway. Transfers of keys should be evidenced by the timed and dated signature of the receiving officer;
 - (b) Combination lock holders are responsible for keeping such combinations, which should be changed periodically and on the termination of service of any such combination holder, or change of responsibility.
- 13.21 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 13.22 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way. All employees should comply with the instructions and guidance issued by Information Services and the Assistant Chief Executive & Solicitor to the Council.
- 13.23 To ensure that all employees are aware that they have a personal responsibility for the security of their photo access card to council buildings. In the event that an access card is lost or misplaced,

employees must inform the Facilities Management section immediately, so that the card can be cancelled. If an employee leaves the Authority, they must return their access card to their line manager.

Responsibility of the Assistant Director (Corporate Services)

- 13.24 To ensure the security of all computers and computer software, and to control the access to all records, in compliance with the requirements of the General Data Protection Regulation, the Law Enforcement Directive or their re-enactments.

14 INVENTORIES

Responsibilities of Senior Officers

- 14.1 To maintain an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. All discrepancies must be reported to the Assistant Chief Executive (Finance and Human Resources) straightaway. A copy of each inventory should be made available to the Assistant Chief Executive (Finance and Human Resources) annually for insurance/audit purposes.
- 14.2 To ensure that no Authority asset is subject to personal use by an employee without proper authority.
- 14.3 To ensure that Council's property is not removed except in the ordinary course of the Council's business or used otherwise than for the Council's purpose unless specific directions are issued by the Senior Officer concerned.
- 14.4 To ensure that all property, machinery, plant and other items are to be included on inventories straightaway when received, and should, as far as possible, be marked in a suitable way as the property of the Council. Valuable and portable items, such as computers, cameras and video/DVD recorders should be identified with security markings as belonging to the Authority.

15 STOCKS AND STORES

Responsibilities of Senior Officers

- 15.1 To ensure the safekeeping of the stocks and stores of his/her Division.
- 15.2 To ensure that stocks are maintained at reasonable levels and are subject to at least an annual and independent (as far as practicable) physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion. Any differences revealed on items of stock when a comparison is made between physical and book-stock must be reported to Internal Audit and adjustments to stores records shall only be made with the approval of the Head of Internal Audit.
- 15.3 To implement effective arrangements for the issuance of stock and to ensure that no articles or goods may be removed from any store or depot without following these procedures.
- 15.4 To ensure that valuation methods and records of stores issued and goods received are in a suitable form to be agreed by the Assistant Chief Executive (Finance and Human Resources).
- 15.5 To supply to the Assistant Chief Executive (Finance and Human Resources) any information as he/she requires in relation to stores for the accountancy, costing and financial records of the Council.

16 INTELLECTUAL PROPERTY

Why is this important?

- 16.1 Intellectual property is a generic term that includes inventions, writing and software development. If these are created by the employee during the course of employment, then they belong to the Authority.

Responsibility of Senior Officers

- 16.2 To ensure that controls are in place so that staff do not carry out private work in Council time and that staff are aware of the Council's rights with regard to intellectual property.

17 ASSET DISPOSAL

Why is this important?

- 17.1 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources, or those declared surplus to requirements under Contract Standing Orders and Property Procedures, should be disposed of in accordance with the law and the Authority's regulations.

Key Controls

- 17.2 That procedures protect staff involved in the disposal from accusations for personal gain.
- 17.3 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Authority, and best price is obtained, bearing in mind other factors such as environmental issues and in accordance with Contract Standing Orders and the Property Procedures.

Responsibility of the Assistant Chief Executive (Finance and Human Resources)

- 17.4 To ensure that appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds if appropriate.

Responsibilities of Senior Officers

- 17.5 To ensure that assets including property, vehicles, equipment, furniture, stocks or stores which are no longer required should be disposed of in accordance with the law and Contract Standing Orders.
- 17.6 To ensure that any disposal of surplus or obsolete materials and stores, or equipment recorded on inventories, below the value of £1,500, are notified to the Assistant Chief Executive (Finance and Human Resources) in writing.
- 17.7 Where assets for disposal are valued at £1,500 and above, the relevant Senior Officer must give approval for the disposal; at £45,000 and above approval must also be given by the Assistant Chief Executive (Finance and Human Resources).
- 17.8 To seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment.
- 17.9 To ensure that income received for the disposal of an asset is properly banked and coded.

18 TREASURY MANAGEMENT

Why is this important?

18.1 Millions of pounds pass through the Authority's books each year. This led to the establishment of codes of practice. These aim to provide assurance that the Authority's money is properly managed in a way that balances risk with return, but with the over-riding consideration being given to the security of the Authority's capital sum.

Key Controls

18.2 That the Authority's borrowings and investments comply with Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2017 Edition) and the Authority's treasury management policy statement and strategy.

18.3 The Council will create and maintain, as the cornerstones for effective treasury management:

- (a) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- (b) Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- (ii) Full Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- (iii) The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Resources Board, and for the execution and administration of treasury management decisions to the Assistant Chief Executive (Finance and Human Resources), who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Council retains the responsibility for ensuring effective scrutiny of the treasury management strategy and policies.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

18.4 To make and administer treasury decisions in accordance with the policy statement, TMPS and CIPFA's Standard of Professional Practice.

18.5 To report to Resources Board not less than twice in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers given to him/her. One such report will be an Annual Report which must be presented to the Board by 30 September.

18.6 To maintain a register of stock, bonds and mortgages and keep records of all borrowing of money by the Authority.

- 18.7 To make arrangements for the safe keeping of all securities which are the property of or in the name of the Council or its nominees.
- 18.8 To ensure that all investments of money are in the name of the Authority.
- 18.9 To ensure that all borrowings are in the name of the Authority.
- 18.10 To operate bank accounts as are considered necessary.
- 18.11 To prepare Prudential Indicators for Treasury Management, which will be considered together with the strategy and the annual report on activities.
- 18.12 All executive decisions on borrowing, investment or finance are given to the Assistant Chief Executive (Finance and Human Resources) or through him/her to his/ her staff, who are all required to act in accordance with CIPFA's *Treasury Management in the Public Services :Code of Practice and Cross-sectoral Guidance Notes 2017*.
- 18.13 All money in the hands of the Council will be aggregated for the purpose of treasury management and will be under the control of the appropriate officer for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the Chief Financial Officer, who in this Authority is the Assistant Chief Executive (Finance and Human Resources).

19 BANKING ARRANGEMENTS AND CHEQUES

Why is this important?

Key Controls

- 19.1 All arrangements with the Council's bankers concerning the Council's bank accounts and the issue of cheques will be made through the Assistant Chief Executive (Finance and Human Resources).
- 19.2 Computer-printed cheques in excess of £20,000 will bear the personal signature of the Assistant Chief Executive (Finance and Human Resources) or other such Officer authorised to sign cheques by the Council. All hand-written cheques will be personally signed by the Assistant Chief Executive (Finance and Human Resources) or his/her authorised representative.
- 19.3 Instructions to the Council's bankers to make bank transfers will only be signed by the Assistant Chief Executive (Finance and Human Resources) or his/her authorised officers, as may be approved by the Resources Board.
- 19.4 Money transferred by use of a computer link may only be released by the Assistant Chief Executive (Finance and Human Resources) or his/her authorised officers, as may be approved by the Resources Board.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 19.6 To open and operate such banking accounts as necessary, including the management of overdraft facilities. Such accounts must be in the name of North Warwickshire Borough Council.
- 19.7 To make arrangements for suitable signatories to the Council's bank accounts.

Responsibilities of the Assistant Chief Executive (Community Services)

- 19.8 To open and operate such banking accounts as necessary after consultation with the Assistant Chief Executive (Finance and Human Resources). Such accounts must be in the name of North Warwickshire Borough Council.

Responsibilities of the Assistant Director (Corporate Services)

- 19.9 To arrange for the provision of cheques and arrange for their safekeeping.

20 CASH FLOATS AND PETTY CASH

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 20.1 To give cash floats to Officers for the payment of minor expenses of the Council. Each cash float will be of such amount as the Assistant Chief Executive (Finance and Human Resources) considers necessary and he/she may issue conditions in connection with spending as he/she may consider necessary.

Responsibilities of Senior Officers

- 20.2 To request any new floats or increases to existing floats, together with valid reasons for the increase, to the Assistant Chief Executive (Finance and Human Resources).
- 20.3 To review and approve the arrangements made for the safekeeping of the float.
- 20.4 To ensure that where staff are leaving the employ of the Authority or otherwise ceasing to hold a float, the float is properly handed in and accounted for.

Responsibilities of Staff

- 20.5 An Officer responsible for a cash float will give the Assistant Chief Executive (Finance and Human Resources) a certificate stating the balance of his/her cash advance at the 31 March each year, and at any other time the Assistant Chief Executive (Finance and Human Resources) requires.
- 20.6 To record all transactions as they occur. Vouchers and cash balances must be available for checking at any time by the Assistant Chief Executive (Finance and Human Resources) (or his/her representative).
- 20.7 To ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- 20.8 To make arrangements for keeping the cash balances and vouchers in a safe place.
- 20.9 To ensure that any income received on behalf of the Council is not paid into a cash float but is banked or paid to the Authority.
- 20.10 To limit purchases through petty cash to minor items (£50 or less) and to such other items as the Assistant Chief Executive (Finance and Human Resources) may approve. Any purchase must be supported by a receipted voucher. Where appropriate, Value Added Tax vouchers must accompany any taxable payment made.

21 STAFFING

Why is this important?

- 21.1 In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

Key Controls

- 21.2 An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched.
- 21.3 Procedures are in place for forecasting staffing requirements and cost.
- 21.4 Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Authority.
- 21.5 Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibility of the Assistant Chief Executive (Finance and Human Resources)

- 21.6 To ensure that budget provision exists for all new and existing employees.
- 21.7 To make payment of all salaries, gratuities, compensation and other items to all employees or former employees or under arrangements approved and controlled by him/her.

Responsibilities of Senior Officers

- 21.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary costs.
- 21.9 To ensure that both Human Resources and Payroll are notified promptly of any new staff or any leavers.
- 21.10 To notify Payroll in an agreed form and time of all staff absence from work for sickness.
- 21.11 To provide a list of officers who are authorised to sign timesheets, invoices, orders, etc on behalf of the Senior Officer. This should be on the prescribed form and include specimen signatures, together with any specified limits.
- 21.12 To ensure that all timesheets or other pay documents are certified by hand and returned to Payroll for processing.

D FINANCIAL SYSTEMS AND PROCEDURES**22 GENERAL****Why is this important?**

- 22.1 Divisions have many systems and procedures relating to the control of the Authority's assets. They are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 22.2 The Assistant Chief Executive (Finance and Human Resources) has a professional responsibility to ensure that the Authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key Controls

- 22.3 Basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated.
- 22.4 Performance is communicated to the appropriate managers in an accurate, complete and timely basis.
- 22.5 Early warning is provided of deviation from target, plans and budgets that require management attention.
- 22.6 Operating systems and procedures are secure.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 22.7 To make arrangements for the proper administration of the Authority's financial affairs including:
- Issuing advice, guidance and procedures for officers and others acting on the Authority's behalf.
 - Establishing arrangements for the audit of the Authority's financial affairs.
 - Approving any new financial systems to be introduced.
 - Approving any changes to existing financial systems.
- 22.8 To determine the accounting system, form of accounts and supporting financial records and follow recommended published standards and codes of practice.
- 22.9 To arrange for the accounts and accounting records to be produced.
- 22.10 To consult with other Senior Officers before revising any procedures.
- 22.11 To establish a scheme of delegation identifying officers authorised to act on Senior Officers' behalf with regard to financial matters.
- 22.12 To control the day to day financial administration of the Council by issuing detailed administrative and accounting instructions, as appropriate. These instructions will have the same standing as Financial Regulations.

Responsibilities of Senior Officers

- 22.13 To obtain agreement of the Assistant Chief Executive (Finance and Human Resources) before introducing any revised system, books or forms relating to finances.
- 22.14 To ensure that the principles of internal check operate within his/her Division and that accounting procedures and financial records under his/her control are kept accurately and up to date.
- 22.15 To ensure that the following principles are observed in the allocation of accounting duties:
- The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, are separated as much as possible from the duty of collecting or using them.
 - Relevant standards and guidelines for computer systems are observed.
 - Compliance with the copyright, designs and patent legislation and, in particular, to ensure that: only software legally acquired and installed by the Authority is used on its computers
 - Staff are aware of legislative provisions
 - In developing systems, due regard is given to the issue of intellectual property rights
- 22.16 Officers charged with the duty of examining and checking the accounts of cash transactions may not themselves perform any of those transactions.

Responsibility of the Assistant Director (Corporate Services)

- 22.17 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site.
- 22.18 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.

23 INCOME

Why is this important?

- 23.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services, as this improves the Authority's cash flow and also avoids the time and cost of administering debt. However, this may not always be possible.

Key Controls

- 23.2 All income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.
- 23.3 All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
- 23.4 All money received by an employee on behalf of the Authority is paid without delay to the Assistant Chief Executive (Finance and Human Resources) straightaway, or as he/she directs to the

Authority's bank or National Giro account, and properly recorded. The responsibility for collection should be separated from that:

- Of identifying the amount due
- Of reconciling the amount due to the amount received

- 23.5 Effective action is taken to pursue non-payment within defined timescales.
- 23.6 Formal approval for debt write-off is obtained.
- 23.7 Appropriate write-off action is taken within defined timescales.
- 23.8 Appropriate accounting adjustments are made following write off action.
- 23.9 All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- 23.10 Money collected and deposited is reconciled to the bank accounts by a person who is not involved in the collection or banking process.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 23.11 To control the collection of all money due to the Council.
- 23.12 All monies received on behalf of the Council in any Division must be paid to either the Assistant Chief Executive (Finance and Human Resources or the Assistant Chief Executive (Community Services) straightaway or, as he/she may direct, to the Council's bank account. No deduction may be made from such monies unless the Assistant Chief Executive (Community Services) / Assistant Chief Executive (Finance and Human Resources) specifically agree to it.
- 2.13 The Assistant Chief Executive (Finance and Human Resources) has the right to inspect any documents or other evidence in connection with contracts, leases, agreements and other arrangements entered into, which involve the receipt of money by the Council.
- 23.14 To ensure that there are proper arrangements for the control of all receipt forms, books, tickets and other such items including ordering and supplying them.
- 23.15 To make arrangements for the collection of monies due for sundry invoices.
- 23.16 To write off, under delegated powers, uncollectable amounts of sundry debt of £1,500 or less and to report such write-offs to Board from time to time. Sums due to the Council in excess of £1,500 may not be written off except with the consent of the Resources Board.
- 23.17 To hold securely receipts, tickets and other records of income for the appropriate period.

Responsibilities of the Assistant Chief Executive (Community Services)

- 23.17 Monies received on behalf of the Council in any Division must be paid to the Assistant Chief Executive (Community Services) straightaway or, as he/she may direct, to the Council's bank account. No deduction may be made from such monies unless the Assistant Chief Executive (Community Services) / Assistant Chief Executive (Finance and Human Resources) specifically agrees to it.
- 23.18 To make arrangements for the payment of Council Tax and Non-Domestic Rates.

23.19 To write-off, under delegated powers, uncollectible amounts of Council Tax, NDR, Housing Benefit Overpayments and Former Tenant Arrears of £5,760 or less and to report such write-offs to Board from time to time. Sums due to the Council in excess of £5,760 may not be written off except with the consent of the Resources Board. This amount will be increased annually in line with the average Council Tax increase in the Borough.

23.20 To hold securely receipts, tickets and other records of income for the appropriate period.

Responsibilities of the Assistant Director (Corporate Services)

23.21 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

Responsibilities of Senior Officers

23.22 To ensure that each Officer who banks money does so in accordance with the instructions of the Assistant Chief Executive (Finance and Human Resources).

23.23 To ensure that staff are aware that personal cheques must not be cashed out of monies held on behalf of the Council.

23.24 To ensure that any transfer of official money from one member of staff to another is noted in the records of the Division concerned by the timed and dated signature of both officers.

23.25 To give the Assistant Chief Executive (Finance and Human Resources) details of work done, goods supplied or services provided and of all other amounts due, to enable accounts to be issued promptly for the collection of the income due.

23.26 To ensure that no new charges or changes in existing charges are made unless reported to the appropriate Board, unless the Board has given authority to a Council Officer.

23.27 To ensure that each Board reviews, at least once in each year, as part of the budget process, whether the fees and charges for facilities and services under its control should be amended in any way.

23.28 To notify the Assistant Chief Executive (Finance and Human Resources) promptly of all monies due to the Council and of contracts, leases and other agreements and other arrangements entered into which involve the receipt of money by the Council.

23.29 To notify the Assistant Chief Executive (Finance and Human Resources) of any outstanding income relating to the previous year as soon as possible after 31 March and in line with the timetable issued.

General

23.30 All cheques will be crossed specifically to the account of the Council when received.

23.31 To ensure that personal cheques are not cashed out of monies held on behalf of the Council.

23.32 Post-dated cheques will not be accepted in payment of debt, except by special arrangement with the Assistant Chief Executive (Finance and Human Resources).

23.33 All accounts for income due to the Council will be produced through the Assistant Chief Executive (Finance and Human Resources) unless otherwise authorised, except accounts for local taxation and rents which will be produced through the Assistant Chief Executive Director (Community

Services) and the Assistant Director (Housing). Accounts must be in the name of North Warwickshire Borough Council.

24 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

24.1 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. We have a statutory duty to achieve best value in part through economy and efficiency. Our procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with Contract Standing Orders and the Procurement Policy and Strategy.

Key Controls

24.2 The key controls for ordering and paying for work, goods and services are:

- (a) Financial checks are carried out on new suppliers, before orders are placed.
- (b) All goods and services are ordered only by appropriate persons and are correctly recorded.
- (c) All goods and services shall be ordered in accordance with Contract Standing Orders.
- (d) Goods and services received are checked to ensure they are in accordance with the order. Wherever possible, goods should not be received by the person who placed the order.
- (e) Payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- (f) All appropriate evidence of the transaction and payment documentation are retained and stored for the defined period, in accordance with the document retention policy.
- (g) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- (h) In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 24.3 To ensure that all the Authority's financial systems and procedures are sound and properly administered.
- 24.4 To carry out financial checks on new suppliers.
- 24.5 To make payments from the Authority's bank accounts having authorised that the expenditure has been duly incurred in accordance with financial regulations.
- 24.6 To approve any changes to the existing financial system and to approve any new system before it is introduced.
- 24.7 To make payments to contractors on the certification of the appropriate senior officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

- 24.8 To approve the form of official orders.
- 24.9 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court Order.
- 24.10 To provide advice and encouragement on making payment by the most economical means.
- 24.11 To ensure that a budgetary control system is established that enables commitments incurred by placing orders against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Responsibilities of Senior Officers

- 24.11 Each Senior Officer is responsible for all orders issued from his/her Division, and must keep a list of all persons he/she has authorised to sign orders on his/her behalf, including any consultants or agency placements who have also been given appropriate authorisation. Orders will be raised, at the time of committing expenditure, using the Council's Procurement System (TOTAL) and approved by the Budget Holder. Any change in authorised officers must be notified straightaway to the Assistant Chief Executive (Finance and Human Resources).
- 24.12 To ensure that each order for the supply of goods complies with the Council's approved Purchasing Strategy document, and that a financial check has been carried out for new suppliers.
- 24.13 To ensure that the cost of official orders is within the overall approved estimates; represents value for money and that Contract Standing Orders have been complied with. Where expenditure is incurred in an emergency, the relevant Senior Officer is responsible for obtaining any subsequent authorisation that may be required.
- 24.14 To ensure that official orders clearly show the nature and quantity of the materials, works or services required, and details of the agreed price (or estimated price), discounts and terms in relation to packing and delivery.
- 24.15 To ensure that best value is obtained from purchases by obtaining competitive prices for goods and services of the appropriate quality in line with the Council's Contract standing Orders.
- 24.16 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, wherever possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories.
- 24.17 To ensure that before authorising an invoice, the following processes have been carried out:-
- The work, goods or services to which the account relates have been received, carried out, examined and approved;
 - The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
 - The relevant expenditure has been properly incurred, and is within the relevant estimate provision;
 - The account has not been previously passed for payment and is a proper liability of the Council.
- 24.18 Prepayments for goods and services may only be allowed in exceptional circumstances where a significant benefit may be obtained. This should be agreed with the Assistant Chief Executive

(Finance & Human Resources) before any commitment is made, to allow checks to be carried out on the supplier if appropriate. The reason for the prepayment should be noted on the invoice/cheque requisition.

- 24.19 To ensure that two members of staff are involved in the ordering, receiving and invoice authorisation process. If possible a different officer from the person checking a written invoice should authorise the invoice.
- 24.20 To ensure that any amendments to the names of officers authorised to sign off orders and invoices is notified to the Assistant Chief Executive (Finance and Human Resources) without delay, along with specimen signatures.
- 24.21 To ensure that an agreement to pay any suppliers by direct debit is not entered into without the agreement of the Assistant Chief Executive (Finance and Human Resources).
- 24.22 To ensure that all invoices are paid within 30 days, unless the supplier's terms of trade vary. The only exception is where the invoice is disputed. In this instance, the Creditor's section must be notified promptly of the dispute.
- 24.23 To ensure that leasing or rental arrangements are not entered into without prior agreement of the Assistant Chief Executive (Finance and Human Resources). This is because of the potential impact on the Authority's borrowing powers, to protect the Authority from entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 24.24 To notify the Assistant Chief Executive (Finance and Human Resources) of outstanding expenditure relating to the previous year as soon as possible after 31 March and in line with the timetable issued.
- 24.25 To notify the Assistant Chief Executive (Finance and Human Resources) immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 24.26 To ensure that any payment by the Council's debit card or purchasing card is in accordance with the instructions issued by the Assistant Chief Executive (Finance and Human Resources).
- 24.27 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention policy.

General

- 24.28 Every officer and member of the Authority has a responsibility to declare any links or personal interests that they have with purchasers, suppliers and/or contractors if they are engaged in any contractual or purchasing decisions on behalf of the Authority, in accordance with the appropriate codes of conduct.
- 24.29 All orders must be in the name of North Warwickshire Borough Council and must be in a form approved by the Assistant Chief Executive (Finance and Human Resources). All goods must be delivered to North Warwickshire Borough Council. In cases of an emergency, approval of the Assistant Chief Executive (Finance and Human Resources) must be obtained in advance of placing the order and providing an alternative delivery address.
- 24.30 Official electronic orders must be issued for all work, goods or services to be supplied to the Council except for supplies of gas, electricity, water and telephone services, work carried out under written contracts, for periodical payments such as rent or rates, for petty cash purchases, payment of Officers' professional fees or other exceptions as the Assistant Chief Executive (Finance and Human Resources) approves.

- 24.32 Verbal orders must be confirmed by electronic order the same day / next day if after 2pm and be marked "Confirmation Order."
- 24.33 The Officer issuing the order has overall responsibility for examining, verifying and authorising the related invoice.
- 24.34 Apart from petty cash, the normal method of payment is by BACS or cheque or by other approved method, drawn on the Authority's bank account. The use of direct debit for payments requires the agreement of the Assistant Chief Executive (Finance and Human Resources).
- 24.35 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of any of the Authority's contracts. Personal accounts, such as Amazon, must never be used for official purchases.
- 24.36 No officer is allowed to certify an invoice or claim form for reimbursement of expenditure to him/herself.
- 24.37 Any alterations to manual entries shown on an invoice must be initialled by the officer authorising the payment.

25 CONTRACTS

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 25.1 To carry out financial appraisals of potential contractors, where appropriate, and provide an assessment of their financial suitability.
- 25.2 Where a contractor is unable to complete the material works of a contract, due to financial instability, bankruptcy, etc, to arrange for alternative insurance cover and assess the financial and contractual position.

Responsibilities of the Assistant Director (Corporate Services)

- 25.2 To maintain a register of all Council-wide contracts and update on a regular basis. This is to be maintained on the Internet.

Responsibilities of Senior Officers

- 25.3 To keep a record of payments made by instalments to show the state of account on each contract between the Council and the contractor.
- 25.4 To examine final accounts for contracts, to the extent he/she considers necessary, and to make all such enquiries and receive such explanations as he/she may require to satisfy himself/herself as to the accuracy of the accounts.
- 25.5 To comply with the Council's Contract Standing Orders and notify the Assistant Chief Executive (Finance and Human Resources) as soon as possible of all contracts, agreements, awards or other methods involving the payment or receipt of money on behalf of the Council.
- 25.6 To authorise payments on account to contractors on a certificate which complies with all tax requirements, issued by the appropriate Officer or other authorised Officer of the Council or other person appointed by the Council, showing the total amount of the contract, the value of work done to date, retention money, amount paid to date and the amount now certified as due.

- 25.7 Every variation, addition to, omission from, or alteration in identity of the parties to a contract should be authorised in writing by the appropriate Officer or other person in control of the works. The notification should specify the estimated cost or saving involved and a copy of all such notifications should be sent to the Assistant Chief Executive (Finance and Human Resources).
- 25.8 To report to the appropriate Board where a variation of a contract exceeds £5,000 or 10% of the contract sum, whichever is the greater, or any contract exceeds its contract sum by more than 10%, for whatever reason, details of the variation or overspend and the reason(s) for it, as soon as practicable and to every following appropriate Board until the scheme is completed.
- 25.9 It is the responsibility of the Senior Officer concerned to ensure that the final account is correct before being sent to the Assistant Chief Executive (Finance and Human Resources) for payment.
- 25.10 To refer claims from contractors in respect of matters not clearly within the terms of an existing contract to the Assistant Chief Executive & Solicitor to the Council for consideration of the Council's legal liability, and where necessary, to the Assistant Chief Executive (Finance and Human Resources) for financial consideration before a settlement is reached.
- 25.11 Where a contractor is unable to complete the material works of a contract, due to financial instability, bankruptcy, etc, the Senior Officer will report to the Board concerned and will secure the site immediately, arrange with the Assistant Chief Executive (Finance and Human Resources) for alternative insurance cover and assess the financial and contractual position. Arrangements will be made for alternative contractors to continue or complete the works, by following contract standing orders as to the employment of contractors.
- 25.12 Where completion of a contract over £40,000 is delayed beyond the contract period, to take appropriate action in respect of any claim for liquidated damages and to report this to the Board concerned.
- 25.13 To notify the Assistant Chief Executive (Finance and Human Resources) of any leasing or rental agreements prior to entering into such a contract.
- 25.14 To notify the Assistant Director (Corporate Services) of all contracts entered into and contracts being arranged to enable monitoring of financial limits according to Contract Standing Orders, and to facilitate value for money.

General

- 25.15 Officers must not purposely disaggregate orders/contracts to avoid the limits and processes set out in contract standing orders.
- 25.16 Where orders for goods, services, materials, or for the execution of any work are made on a continuous basis for the same type of work with the same supplier, and it is envisaged that the total amount of such purchases in any one year will exceed the amounts specified in Contract Standing Orders, then the provisions and limits within those Standing Orders will apply. Orders of this type should be subject to competition.
- 25.17 Where contracts entered into by the Council are supervised and managed by persons other than the Council's own employees the agreement with the person having control of the works shall provide for the Council's Contract Standing Orders to be followed.

26 PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

26.1 Staff costs are the largest item of expenditure. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments are in accordance with individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Council.

Key Controls

26.2 Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:

- Starters;
- Leavers;
- Variations; and
- Enhancements

and that payments are made on the basis of timesheets or claims if appropriate.

26.3 Frequent reconciliation of payroll expenditure against approved budget and bank account.

26.4 All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention scheme.

26.5 That Inland Revenue regulations are complied with.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

26.6 To arrange and control secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures on the due date.

26.7 To make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

26.8 To make arrangements for payment of all travel and subsistence claims or financial loss allowances.

Responsibilities of Senior Officers

26.9 To ensure that appointments, resignations, dismissals, suspension, secondments and transfers are made in accordance with the regulations of the Authority and approved establishments, grades and scales of pay and that adequate budget provision is available.

26.10 To ensure that adequate and effective systems and procedures are operated, so that:

- Payments are only authorised to bona fide employees
- Payments are made only where there is a valid entitlement
- Conditions and contracts of employment are correctly applied
- Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness

26.11 To send an up to date list of the names of officers to sign timesheets and claims to Payroll.

- 26.12 To give careful consideration to the employment status of individuals employed on a self-employed consultant or sub-contract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from Payroll.
- 26.13 To certify travel, subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that Payroll is informed, where appropriate.
- 26.14 To ensure that Payroll is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax assessment system.
- 26.15 To notify the Assistant Chief Executive (Finance and Human Resources) in an agreed form and time of all absences from work for sickness.

Responsibilities of Members

- 26.16 To submit claims for Members' travel and subsistence allowances on a monthly basis.

27 TAXATION

Why is this important?

- 27.1 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key Controls

- 27.2 The key controls for taxation are:
- (a) budget managers are provided with relevant information and kept up to date on tax issues
 - (b) budget managers are instructed on required record keeping
 - (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
 - (d) records are maintained in accordance with instructions
 - (e) returns are made to the appropriate Authorities within the stipulated timescale

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 27.3 To complete all Inland Revenue returns regarding PAYE.
- 27.4 To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.
- 27.5 To provide details to the Inland Revenue regarding the construction industry tax deduction scheme.
- 27.6 To provide advice to colleagues in other departments, as required, on the implementation and effective application of taxation with regard to the provision of council services.

Responsibilities of Senior Officers

- 27.7 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.
- 27.8 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 27.9 To ensure that all persons employed by the Authority are added to the Authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 27.10 To follow the guidance on taxation issued by the Assistant Chief Executive (Finance and Human Resources).

28 TRAVEL, SUBSISTENCE AND FINANCIAL LOSS ALLOWANCES

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 28.1 Payment to approved individuals/groups who are entitled to claim travelling or other allowances will be made by the Assistant Chief Executive (Finance and Human Resources) upon receipt of the appropriate completed form.
- 28.2 To set in place a process to check the insurance, license and MOT details for any officer or member using his/her car for official business.

Responsibilities of Senior Officers

- 28.3 To send the names of Officers authorised to certify travel and subsistence claims to the Assistant Chief Executive (Finance and Human Resources), together with specimen signatures and to amend this, as appropriate. The certification by or on behalf of the Senior Officer means that the Certifying Officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

Staff responsibility

- 28.4 It is the responsibility of each officer using his/her car for official business to have up-to-date insurance and MOT cover. This includes the appropriate cover where a partner's car is used. Details should be provided at least annually to the Assistant Chief Executive (Finance and Human Resources) or his/her representative. Travel allowance will not be paid to any officer who does not produce the necessary documentation.
- 28.5 To ensure that all claims for payment of car allowances, subsistence payments, travelling and incidental expenses are submitted, certified in a form approved by the Assistant Chief Executive (Finance and Human Resources), to him/her, within seven days of a specified day of each month.
- 28.6 Any change in the status of the driving licence, including penalty points, must be notified to the Assistant Chief Executive (Finance and Human Resources) promptly. Where an employee has become disqualified or has a medical condition which impacts on their ability to drive, they should inform their manager immediately and stop undertaking business journeys.
- 28.7 Officers are responsible for any parking or speeding fines, even if incurred whilst on official business.

- 28.8 Officers' claims submitted more than three months after the expenses were incurred will be paid only with the approval of the Assistant Chief Executive (Finance and Human Resources).

Responsibilities of Members

- 28.9 It is the responsibility of each Member using his/her car for official business to have up-to-date insurance and MOT cover. This includes the appropriate cover where a partner's car is used. Details should be provided at least annually to the Assistant Chief Executive (Finance and Human Resources) or his/her representative. Travel allowance will not be paid to any Member who does not produce the necessary documentation.
- 28.10 Payments to Members, including co-opted Members of the Council or its Boards who are entitled to claim travelling or other allowances will be made by the Assistant Chief Executive (Finance and Human Resources) upon receipt of the appropriate completed form. All claims for a financial year should be submitted within one month of 31 March.

E EXTERNAL ARRANGEMENTS

29 PARTNERSHIPS

Why is this important?

- 29.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local Authorities often work in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities deliver some services directly, but also have a leadership role to bring together the contributions of a variety of stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- 29.2 Local Authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local Authorities will be measured by what they achieve in partnership with others.

General

- 29.3 The main reasons for entering into a partnership are:
- (a) the desire to find new ways to share risk
 - (b) the ability to access new resources
 - (c) to provide new and better ways of delivering services
 - (d) to forge new relationships.
- 29.4 A partner is defined as either:
- (a) an organisation (private or public undertaking), part funding or participating as a beneficiary in a project; or
 - (b) a body whose nature or status give it a right or obligation to support the project
- 29.5 Partners participate in projects by:
- (a) acting as a project deliverer or sponsor, solely or in concert with others
 - (b) acting as a project funder or part funder
 - (c) being the beneficiary group of the activity undertaken in a project.
- 29.6 Partners have common responsibilities:
- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
 - (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - (c) be open about any conflict of interests that might arise
 - (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors

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- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project.

Key Controls

29.7 The key controls for Authority partners are:

- (a) if appropriate, to be aware of their responsibilities under the Authority's financial regulations and the code of practice on tenders and contracts
- (b) to ensure that risk management processes are in place to identify and assess all known risks
- (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

29.8 To advise on effective controls that will ensure that resources are not wasted.

29.9 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements

29.10 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Senior Officers

29.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Assistant Chief Executive (Finance and Human Resources).

29.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Assistant Chief Executive (Finance and Human Resources).

29.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority.

29.14 To ensure that all agreements and arrangements are properly documented.

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- 29.15 To provide appropriate information to the Assistant Chief Executive (Finance and Human Resources) to enable a note to be entered into the Authority's statement of accounts concerning material items.
- 29.16 To report annually to the appropriate Board, or more frequently if required to Management Team, on the progress of the Partnership.

30 EXTERNAL FUNDING

Why is this important?

- 30.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies, such as the National Lottery and the single regeneration budget, provide additional resources to enable the Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.

Key Controls

- 30.2 The key controls for external funding are:
- (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
 - (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council.
 - (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Assistant Chief Executive (Finance and Human Resources)

- 30.3 To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
- 30.4 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 30.5 To ensure that audit requirements are met.

Responsibilities of Senior Officers

- 30.6 To ensure that the Assistant Chief Executive (Finance and Human Resources) is notified of all applications and approvals for external funding.
- 30.7 To ensure that all claims for funds are made by the due date.
- 30.8 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

31 WORK FOR THIRD PARTIES

Why is this important?

- 31.1 Current legislation enables the Authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise.
- 31.2 Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

Key Controls

- 31.3 The key controls for working with third parties are:
- (a) to ensure that proposals are costed properly in accordance with guidance provided by the Assistant Chief Executive (Finance and Human Resources);
 - (b) to ensure that contracts are drawn up using guidance provided by the Assistant Chief Executive (Finance and Human Resources) and that the formal approvals process is adhered to.

Responsibilities of Senior Officers

- 31.4 To ensure that the approval of the appropriate Board is obtained before any negotiations are concluded to work for third parties.
- 31.5 To maintain a register of all contracts entered into with third parties.
- 31.6 To ensure that appropriate insurance arrangements are made through the Assistant Chief Executive (Finance and Human Resources). Senior Officers shall consult with the Assistant Chief Executive and Solicitor to the Council in respect of all terms of indemnity, which the Council is requested to give.
- 31.7 To ensure that the Authority is not put at risk from any bad debts.
- 31.8 To ensure that no contract is subsidised by the Authority, unless this decision has been approved by Resources Board.
- 31.9 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 31.10 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- 31.11 To ensure that such contracts do not impact adversely upon the services provided for the Authority.
- 31.12 To ensure that all contracts are properly documented.
- 31.13 To provide appropriate information to the Assistant Chief Executive (Finance and Human Resources) to enable a note to be entered into the statement of accounts.

Agenda Item No 8

Resources Board

21 May 2018

**Report of the
Assistant Chief Executive (Finance and
Human Resources)**

**Internal Audit Annual Report
2017/18**

1 Purpose of the Report

1.1 The purpose of this report is to present the Head of Internal Audit's Annual report, which includes:

- A statement on conformance with the Public Sector Internal Audit Standards (PSIAS);
- The results of the quality assurance and improvement programme;
- The Head of Internal Audit's opinion on the overall adequacy and effectiveness of NBBC's framework of governance, risk management and control; and
- A summary of the work that supports that opinion.

Recommendation to the Board

- a To note the findings of an assessment of the internal audit function against the Public Sector Internal Audit Standards and quality assurance programme;**
- b To consider the summary of internal audit work at Appendix A, which supports the Head of Internal Audit's opinion; and**
- c To note the Head of Internal Audit's overall opinion on the control environment.**

2 Background

2.1 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1 April 2013 and were amended, with effect from 1 April 2016 and have been further revised with effect from 1 April 2017. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and

- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 2.2 The Standards refer to the Chief Audit Executive (CAE), which at NWBC is the Head of Internal Audit; all references to the board refer to the Resources Board. The Standards require the CAE to present an annual report to the board which incorporates a statement on conformance with the PSIAS, an opinion on the Council's overall control environment and a summary of the work that has been completed to support that opinion.

3 Requirements of the PSIAS

- 3.1 The Standards are split into Attribute Standards and Performance Standards. The Attribute Standards address the characteristics of the organisation. The Performance Standards describe the nature of the internal audit activity and provide quality criteria against which performance can be evaluated.

Attribute Standards

1000 – Purpose, Authority and Responsibility

- 3.2 The purpose, authority and responsibility of internal audit must be formally defined in an internal audit charter. The charter is a formal document that establishes internal audit's position within the organisation, including the CAE's reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of reviews and defines the scope of internal audit activities. Final approval of the charter resides with the board.

1100 – Independence and Objectivity

- 3.3 Independence is the freedom from conditions that threaten the ability of the internal audit function to carry out its responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit service, the CAE must have direct and unrestricted access to senior management and the board. The CAE is able to confirm that the NWBC internal audit service is organisationally independent.
- 3.4 Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels.
- 3.5 The Standards suggest that the board should have responsibility for the appointment and removal of the CAE and for approving the CAE's remuneration. However, it is recognised that in the UK public sector it would be unusual for the board to have such a role, although it may be the case if the internal audit function is supplied by contractors or a partnership.

1200 – Proficiency and Due Professional Care

- 3.6 Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities. The internal audit team collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The CAE must hold a professional qualification and be suitably experienced. In addition, all internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional qualifications.

1300 – Quality Assurance and Improvement Programme

- 3.7 The CAE must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. A QAIP is designed to enable an evaluation of internal audits conformance with the Standards and an evaluation of whether the auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of internal audit and identifies opportunities for improvement. The QAIP must include both internal and external assessments.

Performance Standards

- 3.8 The Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

3.9 The elements included within this section are:

- *2000 - Managing the internal audit activity* – the CAE must effectively manage the internal audit activity to ensure that it adds value to the organisation. The activity adds value when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.
- *2100 - Nature of the Work* – the internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic, disciplined and risk based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.
- *2200 - Engagement Planning* – internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

- *2300 - Performing the Engagement* – internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.
- *2400 - Communicating results* – communications must include the engagement’s objectives, scope, results, an appropriate conclusion, recommendations and an action plan. Where appropriate, the internal auditors’ opinion should be provided, which must take account of the expectations of senior management and must be supported by sufficient, reliable, relevant and useful information.
- *2500 - Monitoring progress* – The CAE must implement a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
- *2600 – Communicating the acceptance of risks* - If the CAE concludes that management has accepted a level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board.

4 **Conformance with the PSIAS**

4.1 The Standards state that an external assessment to establish compliance should be completed at least every 5 years. To comply with this requirement, Elizabeth Humphrey, who formed Tilia Sollutions in February 2007 to provide training and consultancy in all areas of corporate governance, completed a review of the internal audit service against the requirements of the PSIAS in November 2017.

4.2 The key findings from Elizabeth’s review and the action being taken to address them are as follows:

Recommendation	Response
The Chief Audit Executive should be the Head of Internal Audit and not the Deputy Chief Executive	Agreed, see paragraph 3.2 above
The Head of Internal Audit must attend the Resource Board meetings	Agreed, will attend all relevant meetings
Include a confirmation of independence in each annual report	Agreed, see paragraph 4.3 above
Ensure that the new Head of Internal Audit is	Agreed, new HIA is an

professionally qualified	Associate Member of the Chartered Institute of Management Accountants and a Fellow Member of the Chartered Institute of Internal Auditors
Undertake an IT risk assessment to identify the approach to IT audit	Agreed, a health check is to be completed by the IT auditor during 2018/19 to establish any future audit need
Expand the audit brief	Partially agreed, audit brief will include objectives, scope, value for money, fraud, any specific exclusions and timescales as a minimum but not necessarily organisational performance management, ethical arrangements or the probability of errors and non-compliance as this information may not be relevant to the review or may not be available when the audit brief is issued
Include the results of the Quality Assurance Improvement Programme in the annual report	Agreed, see section 6 to this report below
Report the trend over time against performance indicators in the annual report	Agreed, where available two years trend data will be reported
The annual audit plan should be risk based	Agreed, a risk based approach has been introduced to develop the plan for 2018/19, see separate report
The report accompanying the annual plan must address the overarching assurance framework	Agreed, the methodology for developing the plan will be included, see separate report

The annual plan should include how the annual audit opinion is reached	Agreed, this will be included in the annual report, see section 7 to this report below
The annual plan should explain how audit identifies and addresses local and national issues and risks	Agreed, the report accompanying the audit plan will give a summary of the risk assessment process used in developing the plan, see separate report
Include guidance in the audit manual to show when management should be informed of serious interim findings	Agreed, audit manual has been updated
Develop work programmes for audits setting out the activities that are to be carried out against the risks identified	Agreed, will be introduced for all audits completed during 2018/19
Include the Head of Internal Audit's name on all audit reports	Agreed
Include a circulation list on all reports	Agreed
Annual report to be updated to include an overall opinion, level of compliance with the PSIAS and the results of the QAIP	Agreed
Ensure the audit manual describes the process for prioritising recommendations	Agreed, this will also be included in all reports

5 **Quality Assurance Improvement Programme**

5.1 The internal audit quality assurance programme includes reviews of the files by the Head of Internal Audit before draft reports are issued and approval of the audit brief and audit programme before any work is completed. Performance is also monitored in quantitative and qualitative terms using the following factors:

- Proportion of planned audits completed in the year;
- Extent to which management adopt Internal Audit recommendations; and
- Feedback from managers on the value and performance of the audit.

5.2 At the end of 2017-18 there were four reviews still in progress and some of the minor audit reviews were deferred because there were a number of unplanned reviews and ad-hoc queries. The team therefore completed approximately 81% of the Plan, which is a very good achievement given the resources available to complete what was a challenging plan.

5.3 A service delivery questionnaire was issued to senior officers in September 2017 by the Head of Internal Audit. The aim of the questionnaire was to determine the level of satisfaction with the internal audit service and to gauge officers understanding of the role of internal audit. An overall assessment of those surveys returned categorised the service as good in all responses and 100% of respondents felt that their team fully understood the role of internal audit.

5.4 Client questionnaires are issued to all managers with the final report, to establish the effectiveness of the review. The majority of managers who responded felt that a good or excellent performance had been achieved in respect of planning the audit, the quality of the report, the recommendations made, the timing of the review, the standard of communication and the professionalism of the auditors. Managers also confirmed that the audit work was worthwhile and added value to the service being reviewed.

6 **Opinion on the adequacy of the Council's control environment and a Summary of the work supporting that opinion**

6.1 The Operational Audit Plan for 2017-18 was approved by the Resources Board in May 2017.

6.2 Sixteen operational audit reviews were completed during the year; ten were given substantial assurance (62%), five adequate assurance (31%) and one was given no assurance because of the limited scope of the review (Quartix). This compares to 12 (75%) receiving a substantial level of assurance during 2016/17 and 4 (25%) an adequate assurance level.

- 6.3 Follow up action is taken to ensure that recommendations are implemented within the agreed timescale. Of the 90 recommendations that should have been actioned during 2017/18 29 were still outstanding, which equates to 36%. A more formal approach to follow-up reviews will be introduced during 2018/19 to try and improve this percentage.
- 6.4 In the light of these results, my opinion of the overall control environment is that it is adequate rather than substantial, mainly because of the number of recommendations that are outstanding.
- ... 6.5 A summary of the findings of the audit reviews is at Appendix A to this report, but it must be noted that this is a snapshot of the situation at the time of the audit and procedures may well have changed since then if agreed recommendations have been actioned.

7 Report Implications

7.1 Risk Management Implications

- 7.1.1 Conformance with the PSIAS will assist the Internal Audit team in continuing to add value to the governance and performance of the Authority.

The Contact Officer for this report is Linda Downes (719416)

Summary of internal Audit Findings 2017/18

Street Cleaning

Work Undertaken

Sources of income (if any); staffing management; schedules of cleansing; contingency arrangements; use of agency workers; procurement; vehicles used; insurance issues; refuelling; driver licensing and vehicle checks; risk assessments; inspections and performance data, any potential for fraud, bribery and corruption.

Findings

A **substantial** level of assurance was given as there were no key areas of concern. Six compliments were received from the public / road users and there were no complaints. The main Scarab carriageway sweeper vehicle was out of action for a month and the carriageway sweeping was temporarily suspended as a conscious decision was made not to hire in a temporary replacement vehicle to plug the gap. The following concerns identified by this review require noting: no substitute driver for the carriageway sweeper; weak evidence of daily vehicle checks on the mechanical compact sweeper; no manager checking of fuel entries for the vehicles; weak performance results (Community & Environment Board advised) but an improvement late 2016-17 but there may be an adverse impact by a temporary loss of service provision from 12/07/16 to 15/05/17; there is scope for potential efficiency gains from enabling the mechanical carriageway sweeper vehicle to re-fuel at the Lower House Farm facility when working in the vicinity.

Housing Rents

Work Undertaken

Testing on a sample basis was undertaken on the following areas: debt control; rent charged appropriately; terminations, transfers and exchanges; cash receipts and refunds; monitoring of current tenants and former tenants arrears; former tenant write offs; benefits and rent system reconciliations; risk assessments; performance management; and counter fraud considerations.

Findings

A **substantial** level of assurance was given as there were no major key controls absent or any high risk areas of service delivery that were under managed. There are opportunities to further develop areas connected to the number of direct debit payers, provide recovery action at the earliest opportunity and also use system data for checks on the potential for fraudulent activity in tenancies and payments.

Recruitment

Work Undertaken

A sample of ten appointments were selected and tests carried out to confirm that Council policy and procedures had been complied with.

Findings

A **substantial** level of assurance was given on the systems and procedures reviewed with the Council's policy being clear and comprehensive. However, there are some minor issues that when addressed would strengthen control chiefly based on the emergence of new legislation or relevant government guidance / good practice; longer retention periods; improved consistency in paperwork; and strengthening of wording in council policy.

Data Protection

Work Undertaken

Obtained the latest Council policies and procedures and reviewed for adequacy, completeness and compliance with statutory / legislative requirements; checked information sources (including web-site and intranet) for references to the DPA and Freedom of Information Act (FOIA) and assessed it to ensure that it was sufficient and appropriate; identified any training / awareness initiatives that had taken place and assessed its suitability and impact across the organisation; risk assessment obtained and reviewed; undertook audit testing of requests for information under the Freedom of Information Act 2000 received into the Council to confirm compliance with procedures and timescales; carried out internet research relating to the General Data Protection Regulation due to come into force in May 2018 and checked the Council's level of preparedness.

Findings

An **adequate** level of assurance was given mainly because of incomplete outstanding previous audit actions; no confirmation of e learning completion by staff; an out of date data transfer log.

Council Hubs

Work Undertaken

Discussion with officers; analysis of returns; budget review; visit to three hubs.

Findings

An **adequate** level of assurance was given due to: a lack of up to date statistical information on usage; no detailed records of equipment and costs; unclear financial information without a defined budget code.

Housing Tenancy Fraud

Work Undertaken

Considered the sections within the Audit Commission's 'Protecting the Public Purse' October 2014 on Housing Tenancy Fraud; researched good practice to help tackle the emerging risk of Right-To-Buy Fraud and made recommendations to help strengthen safeguards against this type of fraud; liaised with IT and the Policy Support Manager on the use of Mobile Phone Photos' to temporarily store tenant photos to ensure compliance with data protection legislation.

Findings

An **adequate** level of assurance was given. Whilst progress has been made on actions agreed in the previous audit report, there were still some key areas of good practice that had not yet been put into place, especially: occupancy home visit checks; checking Direct Debit mandates to the corresponding signed Tenancy Agreements; and no credit reference data sharing exercises had been carried out. Audits view is that without the introduction of home visit checks and credit reference data sharing, the chance of detecting and then successfully proving any fraud is remote.

Ordering Goods and Services

Work Undertaken

Downloads were obtained from the TOTAL creditor payments system of paid creditor invoices and sample invoices selected for audit testing as follows: 15 purchase order invoices; and 15 non-purchase order invoices in the period 1 January 2017 to 30 June 2017.

Findings

An **adequate** level of assurance was given due to gaps in internal control over user system settings, management of authorisation limits and designated officers.

Asset Management

Work Undertaken

Reviewed a sample of Housing Revenue Account and General Fund land and building revaluations; looked at a sample of Right-to-Buy property disposals and confirmed the existence and effectiveness of the Council's Capital Programme, Capital Strategy and Asset Management Plan.

Findings

A **substantial** level of assurance was given as no major concerns were identified but we did note that the Corporate Asset Management Plan and Property Strategy and also the Housing Asset Management Plan needed to be updated.

Energy Management

Work Undertaken

Reviewed energy costs and usage levels across all services and communal rooms and ensured compliance with the Gov.uk requirements for Display Energy certificates for public authorities.

Findings

A **substantial** level of assurance was given as no major concerns were identified but it was noted that there was no independent check of the energy providers meter readings and there was some unnecessary duplication in the recording of energy bill data.

Homelessness

Work Undertaken

Reviewed a sample of Homeless applications received and payments made using the Council's Procurement card and ensured that the information on the Council's website and the Homelessness Strategy were up-to-date.

Findings

A **substantial** level of assurance was given but the Housing Strategy needs to be updated to reflect the requirements of new Homelessness Reduction legislation.

Procurement and Contracts

Work Undertaken

Reviewed a sample of contracts to ensure compliance with the Contract Standing Orders and ensured that any exemptions applied were appropriate and correctly approved.

Findings

An **adequate** level of assurance was given as there were two instances identified of non-compliance with the CSO's, advice from the Procurement team is not always being sought and documentation to support the lower levels of spend is not always retained.

Quartix

Work Completed

Had discussions with eight end users of the system.

Findings

This work was commissioned by the former Head of Audit so no overall level of assurance was given because the work was limited to the impact on end users. Issues were identified with certain elements of the system from an operational and end-user perspective. As a result, the system is in the process of being reviewed by operational staff and the Council's Vehicle Management Group is currently considering / exploring options to improve the end-user experience of vehicle tracking.

Non Domestic Rates

Work Undertaken

Information was obtained from the Council's Revenues section, and a sample of cases were reviewed to ensure that the Council's responsibilities in relation to the following aspects of NDR administration were effectively controlled:

- Valuation;
- Liability;
- Billing;
- Collection & Refunds;
- Recovery & Enforcement.

Findings

A **substantial** level of assurance was given. After reviewing the key expected controls for business rates sourced from CIPFA, reliance can be placed on the existing controls within the Council's NDR system and processes. The Revenues team are commended for their efforts to send revised business rate bills in short timeframes due to certain relief details only being confirmed by central government well after the March 2017 annual billing deadline.

Office Cleaning and Caretaking

Work Undertaken

Information was obtained from HR on the names of cleaners employed, Job Descriptions, Attendance levels and Sickness levels. Discussion with the Assistant Facilities Manager regarding premises, roles and procedures, cover arrangements, training, materials ordering and storage and confidential waste.

Findings

A **substantial** level of assurance was given. The only concern raised was the issue of resilience if long term sickness absence affects the amount of cleaning work that can be carried out. There is no budget available for agency staff so absence cover is currently satisfactorily managed by the Premises Officers deciding cleaning priorities on a day to day basis to match the resources available.

Local Land Charges

Work Undertaken

Agreed fees charged per the website to the approved Fees and Charges from 1 April 2017. Tested a sample of search applications to ensure compliance with procedures and checked the VAT deductions and Payments to HMRC. Obtained the budget figures from the budget book and actual expenditure on the TOTAL ledger system, to review trends and variances.

Findings

A **substantial** assurance level was given. The Fees Breakdown Spreadsheet maintained by the Local Land Charges Officer was found to have one duplicate entry and one search which had been omitted. This information is used by the Accountancy Assistant to agree income on the ledger (which has been posted from transaction listings), and to prepare the VAT returns, so a lack of accuracy can cause additional work to identify all of the VAT due. NWBC is invoiced quarterly by WCC for work carried out on county level search information. The number of cases invoiced and the number on the system do not agree for quarters 1 and 2 with a net shortfall of 9 cases so WCC are owed payment for this work.

Printing and Stationery

Work Undertaken

Established the processes in place for the purchase, supply and usage of materials and equipment required to maintain effective and efficient printing and stationery across all services and reviewed these for evidence of value for money, acceptable internal control and best practice. Obtained the details of any contractual/hiring/leasing arrangements in place and confirmed that these were secured in accordance with Council policy.

Findings

A **substantial** level of assurance was given. No major concerns or weaknesses were identified during this review, although one recommendation was made to strengthen control by way of keeping records to demonstrate that 'customer' (i.e. Council) metered click data is being matched to the meter readings being invoiced by Xerox Finance Ltd for variable printer/copier usage.

Definition of Assurance Levels

Substantial Assurance	Overall, an effective control environment appears to be in operation from the review carried out. There may be a few weaknesses identified and there is scope for further improvement.
Adequate Assurance	Overall, satisfactory controls appear to be operating from the review carried out but a number of weaknesses have been identified and there are a number of improvements to be made.
Unsatisfactory Assurance	Overall, there appears to be a fundamental failure in control from the review carried out and a number of key areas require substantial improvement to protect the system from error and abuse.

Agenda Item No 9

Resources Board

21 May 2018

**Report of the
Assistant Chief Executive (Finance and
Human Resources)**

Internal Audit Plan 2018/19

1. Purpose of the Report

- 1.1 The purpose of this report is to set out the proposed Internal Audit Plan for 2018-19.

Recommendation to the Board

That the Internal Audit Plan at Appendix A be approved.

2. Internal Audit Plan

- 2.1 The Public Sector Internal Audit Standards (PSIAS) require an annual internal audit plan to be developed using a risk based assessment process. The external review of the internal audit service against the PSIAS recommended that a risk based approach in developing the annual plan be introduced. An assessment process has therefore been established which considers factors such as:-

- The extent of change and development;
- Staffing issues, e.g. potential inadequate training, high vacancy levels or extensive delegation;
- The complexity of the system;
- Previous audit reports/agreed action plans and the length of time since the last review;
- Frauds detected or investigated;
- The sensitivity of the system, for example the impact to the authority of something going wrong; and
- The value and volume of transactions.

- 2.2 From the assessment, a risk score is allocated to each system, which is then used to prioritise audits and determine the frequency of each review. Scores of 100 or below are deemed to be too low a risk to warrant a review; 101 to 200 are medium risk, which require a review every 3 to 5 years and scores of 201 or more are high risk and will be reviewed at least once every 2 years. On completion of each review the assessment will be updated to ensure that it remains reasonable and is based on sound judgement.

2.3 Procurement (contract management) is a high profile area that requires an annual review. Also for the key financial systems there is a three year rolling programme in place which is reflective of the high value and volume of transactions within each system.

2.4 The proposed plan is at Appendix A to this report; the table includes the risk score established from the risk assessment process described above. From a desk top exercise to establish all areas that may warrant an audit review ('the audit universe') it became apparent that there are a number of areas that have either never been audited before or it has been a number of years since the last review. The 2018/19 plan is looking to cover a number of these.

2.5 A more formal follow-up review process will also be introduced during 2018-19 to ensure that agreed actions have been implemented. These will be completed 6 to 12 months after the final audit report has been issued.

3 Report Implications and Links to Council Priorities

3.1 Risk Management Implications

3.1.1 The Audit Plan for 2018-19 takes specific account of the Council's strategic and operational risks.

3.2 Links to Council's Priorities

3.2.1 The Audit Plan for 2018-19 is based on a risk assessment which will ensure the best use of resources to provide a high-quality service

The Contact Officer for this report is Linda Downes (719416).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Internal Audit Plan 2018/19

Subject	Risk Score
System Reviews	
Anti Social Behaviour/ Crime and Disorder	156 - medium
CCTV	194 - medium
Flexi time/Home Working/Attendance Management	204 - high
FOI/EIR/SAR	177 - medium
Gifts and Hospitality	141 - medium
Health and Safety (inc. Asbestos Management)	153 - medium
Houses in Multiple Occupation	124 - medium
Leisure Services	208 - high
Licensing	163 - medium
Maintenance Trees, Walls and Fences	145 - medium
Pest Control	107 - medium
Petty Cash	122 - medium
Planning	166 - medium
Refuse Collection (Trade and Bulky)	158 -medium
Safeguarding	147 - medium
S106 Monies	191 - medium
Annual Reviews	
Procurement	N/A
Key Financial Audits	
Debtors	N/A
General Ledger	N/A
Treasury Management	N/A

Agenda Item No 10

Resources Board

21 May 2018

Report of the Chief Executive

Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2017 - March 2018

1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2017 to March 2018.

Recommendation to the Board

That Members consider the performance achieved and highlight any areas for further investigation.

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Background

- 3.1 This report shows the year end position with the achievement of the Corporate Plan and Performance Indicator targets for 2017/18. This is the fourth report showing the progress achieved so far during 2017/18.

4 Progress achieved during 2017/18

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with our local performance indicators during April to March 2017/18 for the Resources Board.

- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Green – target achieved (shown as a green star)

5 Performance Indicators

- 5.1 The year end returns are subject to review by Internal Audit and therefore may be subject to changes. Any amendments to the returns will be reported to a future meeting of the Board.

6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 80% of the performance indicator targets have been achieved. The report shows that individual targets that have been classified as red or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:
- 6.2 The indicators where the target has not been achieved include response repairs right first time, use of temporary accommodation, tenants overall satisfaction and adaptations for private sector housing.

Corporate Plan

Status	Number	Percentage
Green	13	100%
Red	0	0%
Total	13	100%

Performance Indicators

Status	Number	Percentage
Green	16	80%
Red	4	20%
Total	20	100%

7 Summary

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved.

8 Report Implications

8.1 Safer Communities Implications

- 8.1.1 There are community safety performance indicators which are reported to Executive Board.

8.2 Legal and Human Rights Implications

8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of actions and indicators which contribute towards the priorities of the sustainable community strategy including customer access strategy, outreach services, financial inclusion, health and well being services and decent and affordable housing.

8.4 Risk Management Implications

8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

8.5 Equality Implications

8.5.1 There are a number of equality related actions and indicators highlighted in the report including improving broadband access, the Borough Care Review and the work of the HEART.

8.6 Links to Council's Priorities

8.6.1 There are a number of targets and performance indicators contributing towards the priorities of responsible financial and resource management, supporting employment and business, creating safer communities and promoting sustainable and vibrant communities.

The Contact Officer for this report is Robert Beggs (719238).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
National Indicators for Local Authorities and Local Authority Partnerships	Department for Communities and Local Government	Statutory Guidance	February 2008

NWCP Resources Board 17/18

	Action	Priority	Reporting Officer	Year End	Status	Direction
NWCP 040	To continue to contribute to the effective provision of services through implementing the actions and projects which help deliver the ICT Strategy and to report on progress to the Resources Board by March 2018	Responsible Financial & Resource Management	Linda Bird	ICT Strategy progress report approved by members. Projects have progressed as planned.	 Green	
NWCP 050	To continue to seek opportunities to rationalise the Council's property portfolio including:- a) Working with partners in the public and voluntary sectors and reviewing the Council's property assets to ensure they support the Council's priorities and deliver key services in the most efficient and cost-effective way	Responsible Financial & Resource Management	Richard Dobbs	Officers are currently working on ePIMS submission of relevant land holdings and corporate assets for the first stage of the OPE process. Depot options have been reviewed and an interim solution agreed	 Green	
	b) Continue to work through a programme of capital and maintenance improvements to key Council buildings, community buildings, shops and industrial units, including seeking ways to reduce, where possible, our carbon footprint.	Responsible Financial & Resource Management	Richard Dobbs	Options continue to be explored to rationalise the Council's assets and make the most efficient use of its buildings in partnership with other public service providers including Warwickshire Police	 Green	
	c) Identify (and dispose of as appropriate) any land or property which is surplus to requirements	Responsible Financial & Resource Management	Richard Dobbs	Options for office rationalisation continue to be developed and the OPE programme will help with this piece of work	 Green	
NWCP 082	To work to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project and report on progress by December 2017	Supporting Employment & Business	Linda Bird	Progress report on CSW Broadband project was approved by members. Work on Contract 3. which the council helped to match fund, has started. The CSW Broadband team were successful in their bid for Local Full Fibre Network funding.	 Green	
NWCP 084	To implement the Borough Care Review recommendations, including promoting the service to increase customer take-up and working with the Borough Care Task and Finish Group to develop and shape the service and report on progress to the Resources Board from June 2017	Creating Safer Communities	Angela Coates	The Resources Board set out actions for the service at its meeting in January 2018 and these are now being delivered.	 Green	
NWCP 037	To work in partnership to develop the HEART (Home Environment & Assessment Response Team) shared service to meet the needs of residents so that they can remain independent in their own homes and to report annually on progress from September 2017. This will include proactive support for the work of the HEART Management Board and monitoring of Business Case actions and performance	Promoting Sustainable & Vibrant Communities	Angela Coates	This has been a transitional year for HEART. There is significant joint work underway to provide a good service for customers who need adaptations and to support the health and well being agenda.	 Green	
NWCP 062(1)	To revise the Asset Management Plan for the Council's own stock by June 2017	Responsible Financial & Resource Management	Angela Coates	The Asset Management Plan was agreed by the Resources Board in March 2018.	 Green	

	Action	Priority	Reporting Officer	Year End	Status	Direction
NEW	To review the Housing Direct Works service to ensure it is efficient and provides good customer service. Review to be complete by September 2017	Responsible Financial & Resource Management	Angela Coates	The recruitment process to deliver the new structure was completed in December. We are now in a position to develop and improve the service.	★ Green	➡
NWCP 098	To ensure good collection rates of rent revenue for the Council's Housing Revenue Account by taking action to mitigate risks to income from changes to welfare benefits and to report quarterly to Board	Responsible Financial & Resource Management	Angela Coates	The Resources Board agreed to increase the Tenancy Services Team by one additional officer. The recruitment process is complete. We will review our procedures in anticipation of the roll out of Universal Credit.	★ Green	➡
NWCP 112	To continue to ensure that all debts due to the Council, wherever possible, are recovered efficiently in accordance with the Council's Corporate Debt Framework	Responsible Financial & Resource Management	Bob Trahern	Performance at the end of Quarter Four showed the Council's best ever report in respect of both Council Tax and NDR despite the many challenges and continued effective and good recovery of Housing Benefit Overpayments and Housing Rent. The Council's ongoing success continues to demonstrate that the ongoing work to provide positive solutions to customers to break dependency cycles and debt is working. Being recognised again by the retention of the Best Public Sector Collections Team of the Year at the National Collections and Customer Services Awards announced in November 2017 is another indicator of our effective working in this area.	★ Green	➡
NWCP 113	To report on changes to Homelessness Legislation and take action to implement new requirements, starting with a report to Resources Board following publication of the statutory consultation	Promoting Sustainable & Vibrant Communities	Angela Coates	The Act was implemented from 3 April 2018. Resources Board agreed to improve the resource in the Section in order to deal with the new demand anticipated. The proposals will be considered by the Special Sub Group in May.	★ Green	➡
NEW	To review the Local Council Tax Reduction Scheme, to ensure that it remains affordable and fit for purpose by December 2017	Responsible Financial & Resource Management	Bob Trahern	The scheme for 2018/19 was adopted at Executive Board in September and ratified at Full Council in the same month. An early decision has already been made in respect of the scheme for 2019/20 to leave it unchanged	★ Green	➡

NWPI Resources 17/18

Ref	Description	Section	Priority	Year End Target 2017/18	Outturn 2016/17	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 052	The % of invoices for commercial goods and services which were paid by the authority within 30 days of such invoiced being received by the Authority (former BV8)	Management Accountancy	Public Services & Council Tax	98	96.14%	98.50%	 Green		
NWLPI 57	Percentage of calls answered through the Central Control system within 180 seconds. (TSA national standard 97.5%):	Community Support	Housing	99	99.00%	99.92%	 Green		
NWLPI 135	Percentage of response repairs completed right first time	Housing Maintenance	Housing	92.00%	87.87%	85.49%	 Red		The new structure for HDW is now in place. There will be a focus on improving this performance by ensuring materials are available to complete the work requested.
NWLPI 068	Gas certificates completed	Housing Maintenance	Housing	100.00%	100.00%	100.00%	 Green		
@NW:NI156	Number of households living in temporary accommodation (snapshot at end of each quarter)	Housing Management	Housing	6	6	14	 Red		The number of homelessness applications has continued to rise over the year. For some applicants we have to provide interim accommodation because of their circumstances. The % increase is in line with overall increase in applications.
NWLPI 136	Number of tenants with more than 7 weeks rent arrears - as an average over the year	Housing Management	Housing	2.75%	2.77%	2.00%	 Green		
NWLPI 070	Average time taken to re-let local authority housing (former BV212)	Housing Management	Housing	30 days	50.46 days	25.73 days	 Green		
NWLPI 039	The percentage availability of corporate systems available to users Monday to Friday 8.30 am to 5.30 pm :	Computer Services	Public Services & Council Tax	99.7	99.9%	99.8%	 Green		
NWLPI 040	The percentage of initial response to helpdesk calls within two hours of a call being placed :	Computer Services	Public Services & Council Tax	95	97%	99%	 Green		
NWLPI 041	Percentage of Service Desk Calls resolved in target (total of IS3 to IS6)	Computer Services	Public Services & Council Tax	95	95%	95%	 Green		

Ref	Description	Section	Priority	Year End Target 2017/18	Outturn 2016/17	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 096	The Percentage of Calls answered in 20 seconds in the contact centre	Revenues & Benefits	Public Services & Council Tax	75	74%	83%	 Green		
@NW:NI181	The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit	Revenues & Benefits	Public Services & Council Tax	7.5	8.77	5.02	 Green		
NWLPI 106	The percentage of non-domestic rates due for the financial year which were received by the authority (former BV10)	Revenues & Benefits	Public Services & Council Tax	98.6	99.57	99.9	 Green		Best Performance Ever
NWLPI 107	Proportion of Council Tax collected (former BV9)	Revenues & Benefits	Public Services & Council Tax	97.8	98.57	98.6	 Green		Best Performance Ever
NWLPI 161	Percentage of abandoned calls in the Contact Centre	Contact Centre	Public Services & Council Tax	5	5	4	 Green		
NW: NI 158	Non decent homes relating to our stock	Housing Maintenance	Housing	0	0	0	 Green		
NWLPI 066	The average waiting time for adaptations to local authority housing for people with disabilities between, time taken between referral and completion of work	Housing Maintenance	Housing	5 months	3.56 months	3.15 months	 Green		
NWLPI 160	The percentage of all council tenants, or a representative sample of council tenants, stating that they are satisfied with the overall service provided by their landlord when surveyed	Housing Management	Housing	86	88%	85%	 Red		Slight variation in the overall satisfaction levels.
NWLPI 072	Local authority rent collection and arrears: Rent collected by the local authority as a proportion of rents owed on Housing Revenue Account (HRA) dwellings	Housing Management	Housing	97.70%	100.09%	97.79%	 Green		The collection rate for 2016-17 was calculated using a different formula.
NWLPI 137	The average waiting time for adaptations to private sector housing for people with disabilities: a; time taken between initial request and completion of work	Private Sector & Public Health	Housing	5 months	4.5 months	6 months	 Red		The HEART service is acting to improve the end to end time by procuring designated contractors to undertake the adaptation work

Agenda Item No 11

Resources Board

21 May 2018

Report of the Assistant Chief Executive (Finance and Human Resources)

Members' Allowances Out-turn for 2017/18

1 Summary

- 1.1 The purpose of this report is to advise Members of the allowances paid for 2017/18. The Council also has a duty to publish the amounts paid to Members under the Members' Allowance Scheme.

Recommendation to the Board

That the report be noted.

2 Report

2.1 Out-turn for 2017/18

- 2.1.1 The cost of Members' Allowances and other payments made under the Members' Allowance Scheme in 2017/18 was £216,007.41. A breakdown of these costs is shown at Appendix A. There were no claims in respect of Dependents'/ Carers' Allowance.

3 Report Implications

3.1 Finance and Value for Money Implications

- 3.1.1 Provision was made in the Cost of Democratic Processes.

3.2 Legal Data Protection and Human Rights Implications

- 3.2.1 The Authority is obliged to publish details of the total sum paid to each Member in respect of each of the following:-
Basic Allowance
Special Responsibility Allowance
Dependents'/Carers' Allowance
Travel and Subsistence and
Co-optees' Allowance.
- 3.2.2 This is a requirement under the Local Authorities (Members' Allowances) (England) Regulations 2003.

The Contact Officer for this report is Nigel Lane (719371).

PAYMENTS TO MEMBERS 2017/18

Name	Initials	Basic Allowance £	Special Responsibility £	Travel (Mileage) £	Other Travel (Train/Bus/ Taxi / Toll/Parking) £	Subsistence £	Other (Copier Paper) £	Total £
Bell	M	4,941.96	1,745.04	447.75				7,134.75
Chambers	J	4,941.96						4,941.96
Clews	D	4,941.96	436.50					5,378.46
Davis	MC	4,941.96						4,941.96
Davey	P	4,941.96	1,552.71	62.10	3.10			6,559.87
Dirveiks	N	4,941.96						4,941.96
Dirveiks	LE	4,941.96						4,941.96
Farrell	AJ	4,941.96	4,191.00	375.30				9,508.26
Ferro	DC	4,941.96		122.85				5,064.81
Gosling	J	4,941.96						4,941.96
Hanratty	SJ	4,941.96	436.50					5,378.46
Hayfield	CC	4,941.96		325.80				5,267.76
Henney	BA	4,941.96						4,941.96
Humphreys	DJ	4,941.96	10,986.96					15,928.92
Ingram	S	4,941.96						4,941.96
Jarvis	RJ	4,941.96						4,941.96
Jenns	A	4,941.96	436.50	412.20				5,790.66
Jones	ME	823.66			89.50			913.16
Lea	J	4,941.96	1,745.04					6,687.00
Lewis	A	4,941.96						4,941.96
Morson	PF	4,941.96						4,941.96
Moss	BP	4,941.96		510.30				5,452.26
Payne	RV	4,941.96		80.10				5,022.06
Phillips	H	4,941.96		543.15	8.50			5,493.61
Reilly	D	4,941.96	192.33	821.25	106.10	15.43		6,077.07
Simpson	MC	4,941.96	4,983.00					9,924.96
Singh	M	4,941.96						4,941.96
Smith	LJ	4,941.96	4,983.00	861.30	9.00			10,795.26
Smitten	J	4,941.96						4,941.96
Stanley	E	4,941.96						4,941.96
Stanley	ME	4,941.96						4,941.96
Sweet	R	4,941.96	1,745.04					6,687.00
Symonds	C	3,547.05						3,547.05
Waters	TV	4,941.96		191.25		27.76		5,160.97
Wright	A	4,941.96		178.20			2.50	5,122.66
Wright	DA	4,941.96	4,983.00					9,924.96
TOTAL		172,397.35	38,416.62	4,931.55	216.20	43.19	2.50	216,007.41

Agenda Item No 12

Resources Board

21 May 2018

**Report of the Assistant Chief Executive
(Finance and Human Resources)**

**Risk Management Annual Report
2017/18**

1 Summary

- 1.1 This report is to inform Members of risk management actions undertaken during 2017/18 and the risks identified for 2018/19.

Recommendation to the Board

That progress be noted.

2 Background

- 2.1 Risk is the threat that an event or action will affect the Council's ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of corporate governance. The Council's strategic risks are normally identified by Management Team, who will ensure that processes are in place to control them. They are risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council. Strategic risk assessments are carried out as part of the corporate, community and service planning process and as a key element of service reviews. Operational risks are identified and managed by each Division.
- 2.2 The risk management framework has been in place now for a number of years and takes into account any areas of perceived weakness identified by officers, including those identified by the Internal Audit section. It is used consistently throughout the Authority. Strategic risk assessments are scored for both the following year and over the longer term. Risk Management is important as it enables us to ensure that our plans are sound and proportionate to the risks that exist in our area, and enable us to take preventative action where appropriate.
- 2.3 Risk implications are included in all Board reports. A full risk assessment will be included if the report relates to a new service, policy or significant change in service provision. Implications are identified to assist Members in making informed decisions.

3 Work Undertaken During 2017/18

3.1 As part of the internal control framework, members of Management Team and Assistant Directors complete an Annual Statement of Assurance on the risks within their area of control. This process informs the Annual Governance Statement, which is a statutory requirement and is reported to Executive Board. The review process carried out for the Statements of Assurance includes an assessment of how identified risks were managed during the year, as well as a forward look at the risks facing the Council and its services in the coming year.

3.2 A number of issues were identified in the Annual Governance Statement for 2016/17 which needed to be addressed in 2017/18. Examples of action taken include:

- Finding the required savings for 2018/19 and updating the Medium Term Financial Strategy;
- Continuing to petition Parliament on HS2;
- Achieved Cyber Essential Plus certification in January 2018;
- Carried out the annual disaster recovery test to verify our ability to retrieve critical systems;
- Appointed a dedicated health and safety officer, and started a corporate audit of all risk assessments;
- Completed the review of the homeless strategy, to assist with new duties to prevent homelessness;
- Submitted the Local Plan for inspection; and
- Continued to work to address Safeguarding issues through staff training sessions.

3.3 A lot of other risk management work was undertaken in 2017/18, which was identified through the Statement of Assurance reviews but which wasn't mentioned separately in last years Annual Governance Statement. Examples include: -

- Completion of remedial works to improve the fire safety in the main depot building;
- Routine testing on electrical and emergency lighting, carried out fire risk assessments and asbestos and legionella surveys;
- Agreed a revised asset management plan for the Council's housing stock;
- Gas services for the council's housing stock have been outsourced and resulted in 100% compliance in the year;
- The update of the Council's constitution, and the formation of Constitution Task and Finish Group;
- Annual inspection of all Council play facilities by the Play Advisory Service, with findings actioned in priority order;
- Borough Council tree stock assessed and documented, with a proactive inspection schedule being produced;
- A review of all debts due in respect of Council Tax, to enable the best use of available resources;

- A revised Corporate Debt and Write Off Policy;
- Streamlining the services provided under the Edible Links scheme, to increase the sustainability of the service going forward;
- Quality audits on Leisure Facilities were undertaken as part of the Strategic Leisure Review by external consultants;
- An external review of the Internal Audit service to ensure compliance with Public Sector Internal Audit Standards.

3.4 The forward look at the risks facing the Council in 2018/19 required the 2017/18 strategic and operational risk registers to be updated, to ensure that changes in external factors and service provision or processes were taken into account.

3.5 A few changes have been made to the strategic risks of the Council. A slightly lower score has been given to the risk of sickness absence not being managed in the short term. However higher scores have been given to the risks around the duty to cooperate and unplanned development in the Borough, in light of recent experience. One new risk relating to compliance with the new General Data Protection Regulations has been added.

3.6 A copy of the Authority's 2018/19 Strategic Risk Register is attached as Appendix A. There is one significant risk in 2018/19 and over the longer term (classed as "red"), which is the Impact on the Borough of the HS2 project. The Council has a working group which continues to address issues on HS2, in order to try and mitigate the impacts on the Borough.

3.7 The individual assessment for the red risk is attached as Appendix B. This shows the controls that are already in place to manage the risk.

3.8 A review of operational risks in each Division has identified a few new risks for 2018/19. The new risks relate to:

- The unknown impact of the increased roll out of Universal Credit due to start in our main jobcentre in Atherstone in September 2018. This could include putting pressure on our ability to collect rent from our own properties;
- The move to a new Revenues and Benefits computer system, including potential issues from off-site location of the hardware; and
- Failure of the recently revised staff structure in Leisure Services to provide sufficient capacity and resilience to meet corporate expectations.

3.9 A summary of the red operational risks and also the highest scoring amber risks are shown at Appendix C. Individual assessments are held for all of these risks, including the controls already in place. Further work will be carried out during 2018/19 to help mitigate these risks.

4 Report Implications

4.1 Safer Communities Implications

4.1.1 There are specific risks identified for the work the Council carries out with partners to help reduce crime and disorder in North Warwickshire. These are reflected within the Partnership Plan of the North Warwickshire Community Safety Partnership and in specific service plans of the Council.

4.2 Legal and Human Rights Implications

4.2.1 The Annual Governance Statement referred to in paragraph 3.1 is part of the legal framework for financial reporting.

4.3 Environment and Sustainability Implications

4.3.1 Having effective risk management will contribute towards the delivery of sustainability and helps the Council continue to provide services to help improve the quality of life for the communities of North Warwickshire.

4.4 Equality Implications

4.4.1 The risk to the Council in not complying appropriately with the requirements of the Equality Act is included as an operational risk. Our corporate approach of including the identification of equality implications in reports to boards wherever appropriate to do so and carrying out equality impact assessments on all significant changes in our policies and practices helps to minimise any associated risks.

4.5 Risk Management Implications

4.5.1 Regular reports, ongoing monitoring, further staff training and the strengthening of partnership arrangements will increase awareness of the importance of Risk Management. Individual risks fall into various categories, such as political, environmental, financial, economic, organisational, legal, technical etc. The implication of each risk is assessed and scored to identify whether there are sufficient controls in place or whether additional action needs to be taken.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

No.	2018/19 Score			2019/20 – 2021/22 score			Risk	Responsible Officer	Corporate Objective
	Likelihood	Impact	Score	Likelihood	Impact	Score			
2018 S01	3	3	9	2	3	6	Council's procurement procedures are inadequate leading to poor VFM or lack of probity	LB	Responsible Financial & Resource Management
2018 S02	2	4	8	3	4	12	Insufficient corporate capacity to deal with all the issues facing the Council	JH	Responsible Financial & Resource Management
2018 S03	2	4	8	2	4	8	The Council's political arrangements cease to work effectively	JH	Responsible Financial & Resource Management
2018 S04	2	3	6	3	3	9	Sickness absence is not managed effectively	SG	Responsible Financial & Resource Management / Improving Leisure & Wellbeing Opportunities
2018 S05	3	4	12	3	4	12	The Council is unable to recruit, motivate and retain appropriately qualified staff	SG	Supporting Employment & Business
2018 S06	2	4	8	2	4	8	Ineffective response to an incident (or business continuity plan fails)	JH	All Priorities
2018 S07	2	2	4	2	2	4	Relationships with key partners fail or become ineffective	JH	Responsible Financial & Resource Management
2018 S08	2	2	4	3	4	12	Expected efficiency savings and service improvements are not delivered whilst maintaining resilience	SG	Responsible Financial & Resource Management
2018 S09	2	3	6	2	3	6	The Council fails to meet its commitments arising from the Community and Corporate Plans	JH	Responsible Financial & Resource Management
2018 S10	2	4	8	2	4	8	The council fails to comply with key legislation	SM	All Priorities
2018 S11	3	3	9	3	4	12	Inadequate resources to maintain the Council's capital assets	SG	Responsible Financial & Resource Management
2018 S12	2	5	10	2	5	10	Health & Safety is not managed effectively	SG	Responsible Financial & Resource Management / Improving Leisure & Wellbeing Opportunities
2018 S13	2	4	8	2	4	8	Failure to manage staff concerns and well being, in the current economic climate	JH	Supporting Employment & Business
2018 S14	3	2	6	4	3	12	The instability of the Business Rates system	SG / BT	Responsible Financial & Resource Management
2018 S15	5	4	20	5	4	20	Impact on the Borough of the HS2 project	SM	Protecting our Countryside & Heritage

No.	2018/19 Score			2019/20 – 2021/22 score			Risk	Responsible Officer	Corporate Objective
	Likelihood	Impact	Score	Likelihood	Impact	Score			
2018 S16	2	3	6	2	3	6	Impact of open cast mining on the local economy	SM	Protecting our Countryside & Heritage
2018 S17	2	4	8	2	4	8	The impact of the emerging duty to cooperate on the Borough	SM	Protecting our Countryside & Heritage
2018 S18	2	4	8	2	4	8	Failure to manage reputational risk	JH	Responsible Financial & Resource Management
2018 S19	1	1	1	5	2	10	Changes to external resources as a result of the new Needs Assessment	SG	Responsible Financial & Resource Management
2018 S20	3	4	12	3	4	12	Unplanned development happening across the Borough	SM	Protecting our Countryside & Heritage
2018 S21	3	4	12	2	4	8	Non compliance with the General Data Protection Regulations (GDPR)	SM	Responsible Financial & Resource Management

NWBC STRATEGIC RISK REGISTER – 2018/19

RED

Corporate Priority: Protecting Our Countryside & Heritage

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Existing Control Procedures	Likelihood(5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
2018 S15	Impact on the Borough of HS2 Project	<ul style="list-style-type: none"> Loss of open spaces/community assets- may need to provide elsewhere Loss of residential properties Air/noise pollution Temporary increase in employment – possible stimulus to local economy Road/ travel disruption Reduced property prices Loss of business rates 	5	4	20	ACE&StC	<ul style="list-style-type: none"> The Council is a Qualifying Authority, which gives a little more influence Membership of local authority group pushing for mitigation Representation to Select Committee on the potential impact of the loss of business rates Participation in the Special Management Zone for North Warwickshire Continued lobbying of Government 	<u>18/19 Score</u> 5 <u>19/20 On</u> 5	4 4	20 20
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating

SUMMARY OPERATIONAL RISK REGISTER 2018/19

Risk Register number 2017/18	Risk	Gross Score	Net Score	Colour	Division	Corporate Priority
2018 ACE07	Major incident – out of hours not responded to	20	12	Amber	ACE & StC	PC&H, RF&RM
2018 ACE22	North Warwickshire is considered a low priority for the allocation of resources commissioned by the PCC and for the use of policing resources	20	12	Amber	ACE & StC	CSC
2018 LCD13	Failure to maintain the Borough Council’s tree stock to an appropriate level of safety and sustainability	25	12	Amber	Leisure & Community Development	PC&H, RF&RM
2018 H26	Pressure on HRA budgets due to ongoing rent reductions until 2020 and from the roll out of Universal Credit from September 2018	16	12	Amber	Housing	PS&VC
2018 SS01	Failure to maintain assets	20	12	Amber	Streetscape	RF&RM
2018 SS14	Reduced / no market for recyclable materials	20	15	Red	Streetscape	RF&RM, PC&H

KEY – Corporate Priorities	
RF&RM	Responsible Financial & Resource Management
CSC	Creating Safer Communities
PC&H	Protecting our Countryside & Heritage
IL&WO	Improving Leisure & Wellbeing Opportunities
PS&VC	Promoting Sustainable & Vibrant Communities
SE&B	Supporting Employment & Business

Agenda Item No 13

Resources Board

21 May 2018

**Report of the Assistant Chief Executive
(Finance and Human Resources)**

**Annual Treasury Report for
2017/18**

1 Summary

- 1.1 This report shows the out-turn for 2017/18 and highlights any areas of significance.

Recommendation to the Board

- a That the Annual Treasury Report for 2017/18 be noted; and**

Recommendation to the Council

- b That the Annual Treasury Report be approved.**

2 Report

- 2.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management 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, 2017 Edition (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2.2 During 2017/18 the minimum reporting requirements were that the Resources Board and full Council should receive the following reports:
- An annual treasury strategy in advance of the year (Resources Board 30 January 2017);
 - A mid year treasury update report (Resources Board 13 November 2017); and
 - An annual report following the year describing the activity compared to the strategy (this report).

- 2.3 The regulatory environment places an onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the out-turn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 2.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Resources Board before they were reported to the full Council. Member training on treasury management issues was undertaken in October 2017 in order to support Members' scrutiny role.
- 2.5 Treasury Management in this context is defined as: *The management of the local authority's investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*
- 2.6 The Annual Treasury report covers:
- The Council's treasury position as at 31 March 2018
 - Performance measurement
 - The strategy for 2017/18
 - The economy in 2017/18
 - The borrowing out-turn for 2017/18
 - Compliance with treasury limits and Prudential Indicators
 - Investment rates in 2017/18
 - Investment out-turn for 2017/18

3 Current Treasury Position as at 31 March 2018

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

	31 March 2017 Principal £m	Ave Rate %	31 March 2018 Principal £m	Ave Rate %	Average Life Years
Fixed Rate Funding: PWLB	53.539	2.79	51.939	2.86	9.83
Internal borrowing	14.464	0.65	13.575	0.66	23.10
Short-term Funding	-	-	-	-	-
Total Debt	68.003	2.33	65.514	2.40	12.58
Investments	16.563	0.65	26.407	0.66	210 days

- 3.2 The investments held include £1,165,438 held on behalf of other organisations (£1,946,085 in 2016/17).

4 Performance Measurement

- 4.1 Part of the Code relates to the use of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed, this is still a difficult area for a small Authority with limited cash balances, as generally we are only able to place funds for short periods and consequently at lower rates. For this reason, we measure investment interest against the 7 day LIBID rate.
- 4.2 As a member of the Link Investment Benchmarking Group for the region, we can compare our treasury performance against those of other authorities in the Warwickshire, Worcestershire and Oxfordshire region. Overall for 2017/18, our performance has been in line with these authorities, with our investment portfolio deemed to have been comparable with the average benchmarked performance.

5 The Strategy for 2017/18

- 5.1 Uncertainties on the terms of Britain's exit from the EU made forecasting the timing of interest rate changes difficult. Within the Treasury Strategy for 2017/18, it was assumed that interest rates would remain unchanged at 0.25% during the year.
- 5.2 With this scenario, the treasury strategy was to postpone external borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk. As a result we continue to use internal borrowing for General Fund debt.

6 Borrowing Outturn for 2017/18

- 6.1 The Council's external borrowing of £51.939 million at the 31 March 2018 is shown below, and relates entirely to the Housing Revenue Account (HRA). The repayments were profiled to take account of expected surpluses in the HRA, having regard to the HRA Business Plan, whilst still allowing some flexibility within the plan for unexpected events.

Years	Total loans £000	Rate %
1-5	9,960	1.76 – 2.56
6-10	12,850	2.70 – 3.08
11-15	19,129	3.15 – 3.34
16-19	0	0
20-25	10,000	3.49 – 3.50

- 6.2 The Council had no short term borrowing during the year.

7 Investment Out-Turn for 2017/18

- 7.1 The Council's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy. The Council manages its investments in-house with the institutions which fulfil its requirements with regards to credit ratings and security. Investments were made for a range of periods, although predominantly in Certificate of Deposits, enhanced money market funds and money market funds.
- 7.2 The Council invested with external bodies on 73 occasions when the bank accounts had a surplus of funds. Investments were made in a Certificate of Deposit (through broker King & Shaxson) on 7 occasions and in a Money Market Fund 57 times. The remaining 9 investments were with banks for a fixed term. Funds were invested over a range of periods to take advantage of favourable interest rates or to fund expenditure later in the year, e.g. payment of precepts. The average amount invested was £1,299,986. The average total investment held was £27 million, and the rate of return was 0.66%, compared with the average 7 day rate of 0.36%, earning a total of £122,206 in the year.

8 Prudential Indicators

- 8.1 The 2003 Prudential Code for Capital Finance in Local Authorities introduced requirements for the way in which capital spending plans are to be considered and approved. The prudential code was developed which requires the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives.
- 8.2 The Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. In February 2017, the capital prudential indicators for 2017/18 were reported to the Executive Board as part of the 3-Year Capital programme and the treasury indicators were reported to the Resources Board as part of the Council's Treasury Policy Statement and Annual Treasury Strategy Statement.
- 8.3 During the financial year the Council operated within the treasury limits. The Council's Prudential Indicators will be reported to Executive Board in June.

9 Report Implications

9.1 Finance and Value for Money Implications

- 9.1.1 During 2017/18 the net interest earned on investments was £122,206.00.

9.2 Environment and Sustainability Implications

9.2.1 By having effective and prudent treasury management, this contributes towards sustainability and providing services that improve the quality of life for the communities of North Warwickshire.

9.3 Risk Management Implications

9.3.1 Credit ratings are used in assessing the institutions on the lending list and the maximum investment level permitted.

The Contact Officer for this report is Daniel Hogan (719337).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Agenda Item No 14

Resources Board

21 May 2018

Report of the Assistant Chief Executive (Community Services)

Universal Credit Update

1 Summary

- 1.1 The purpose of this report is to provide Members with an update on the latest information regarding the implementation of Universal Credit.
- 1.2 This is the latest in a series of reports provided over the last 5 years that have outlined information and impacts of the key welfare reforms which have impacted the residents of the Borough since the Welfare Reform Act received royal assent in March 2012. This act included the implementation of Universal Credit (UC). The impact of the changes to date were most recently summarised in reports considered by both this and the Community and Environment Board in March 2018 in terms of the outcomes and support being provided by the Council and its partners.
- 1.3 The purpose of this latest report focusses on some of the measures that the Council has already taken, and plans to take, to minimise the impact of UC when it is rolled out from the Atherstone Job Centre. This is because this will impact on the largest number of customers on low incomes and benefits in the Borough.

Recommendation to the Board

That the report be noted.

2 Universal Credit

- 2.1 UC is a single benefit that incorporates Working Tax Credit, Housing Benefit, Income Support, Job Seekers Allowance and Employment Support Allowance into one benefit as a basic allowance. Additional elements for Children, Disability, Housing and Caring are applied where appropriate.
- 2.2 Initially the UC Live Service was introduced in the borough for new claims only from 26 October 2015 and the change only applied to the 'relatively straightforward' cases, that being from mainly single people or couples on job seekers allowance with no housing costs which had minimal impact.

The next phase of UC has seen the roll out of the UC Full Service nationally. This is a fully digital service and requires all customer groups, on all benefits and from all tenancy types to make a claim for UC when they have a change of circumstances or wish to make a full claim. Across the Borough, there has been a 'staged' approach to the rollout of UC Full Service due to the way in which we border with other Job Centre areas. As such, the full roll out schedule for the Council has been as follows:-

Job Centre	Post Codes	UC Full Service Go Live Date
Chelmsley Wood JC	B46 1, B46 2, B46 3	5 July 2017
Nuneaton and Bedworth JC	CV7 8 & 9 CV10 0, 7, 8 & 9 CV11 4, 5, 6 & 9 CV12 0, 2, 8 & 9	25 October 2017
Sutton Coldfield JC	B75 1 B77 5 B78 2 B79 0	8 November 2017
Tamworth JC	B77 1 B77 5 B78 2 B79 0	29 November 2017
Atherstone JC	Confirmed	12 September 2018

- 2.3 When applying and managing their UC account, customers are expected to make and manage their claim online. This requires them to log into their accounts regularly to check their messages and update their records on their job search. Customers are also expected to communicate with their Job Centre Work Coach online as well as attending appointments at the Job Centre to demonstrate the steps they are taking to secure employment or reduce their dependency on support.
- 2.4 In recognition of the difficulties that some customers may face with adjusting to UC, the Department for Work & Pensions (DWP) are funding Councils to help them manage and support this migration process. The funding is provided on a "payment by results" basis that is overseen by a Delivery Partnership Agreement (DPA). The expectations placed on the Council in these cases where we have lost the responsibility for processing certain types of claim as currently undertaken in respect of Housing Benefit is that instead we are to be funded to deliver both:-
- **Personal Budgeting Support (PBS)** – Providing help, advice and support to claimants of Universal Credit to manage their finances
 - **Assisted Digital Support (ADS)** - Providing help, advice and support to claimants to managed their UC claim on-line and accessing on-line services

2.5 The Council who has delivered very effectively already on this agenda for a number of years as a result of its Financial Inclusion work has already signed up to undertaking this work for 2018/19 and will be funded per case based on the DWP's expected numbers that will require help and support. The total funding for 2018/19 has been estimated at £12,851.

2.6 This is because, the DWP have estimated that we will need to deal with 81 Assisted Digital Support (ADS) cases and 134 Personal Budgeting Support (PBS) cases, with the profile of customers being seen expected to increase significantly in the second half of the year following the Full Service roll out in Atherstone, as our largest Job Centre.

2.7. By comparison, in 2017/18 the DWP estimated that we would deal with 22 ADS cases and 12 PBS cases to reflect the smaller numbers signing at other job centres on the Councils border. For this, they provided funding of £1,303. Whilst estimated numbers for 2017/18 were very low, officers are advised that we were one of the few Councils nationally who actually achieved these figures (which were exceeded for PBS). In the circumstances, as the process and procedures have already been established for PBS and ADS officers are confident that we can manage the expected numbers for 2018/19 and that this will further complement our existing and embedded Financial Inclusion approach.

2.8 To prepare for the full implementation of UC Full Service which will start the migration programme of up to 2,000 existing Housing Benefit claims over the next few years, a full communication plan to promote awareness and understanding of the impact of these changes has been developed. A copy is attached at Appendix A. This is a working document that will be continually reviewed and updated as appropriate. I can confirm that some elements of the plan have already been delivered or are ready to be circulated. These are :-

- The training for internal staff provided by the DWP to include Revenues, Benefits, Housing & Customer Services
- Monthly liaison meetings with our DWP Relationship Manager
- An article and information provided in North Talk and Tenants Link (planned for June 2018)
- Key messages around UC displayed on plasma screens in our Contact Centre
- Advice and information updated on our website
- Advice and information via social media

2.9I would confirm that further updates and refresher sessions will be held closer to the September go live date that will include information session(s) for Members that will be delivered by the DWP and officers together.

3 Universal Credit & Impacts

- 3.1 A fundamental principle of UC is that payments will be made directly to customers which will be monthly in arrears. This means that Council tenants will no longer have their housing costs automatically paid directly to their rent account and instead will receive a Housing Costs element of UC paid to them monthly. Local Authority tenants will then be responsible for using this money to pay their rent direct to the Council to promote greater ownership and responsibility.
- 3.2 At present, and in line with the current legislation, UC claimants are waiting on average 7 weeks before they receive their first UC payment. Previously this did include an expectation which meant UC was not paid for the first 7 days of their claim period. I would confirm that the 7 waiting days was abolished from February 2018 following the experiences of early adopters. In addition, and to assist customers experiencing major financial difficulties or with no financial resilience during this initial period, from January 2018, UC claimants have been able to request an advance payment of up to 100% of their notional UC entitlement which they are able to repay over a 12 month period from their ongoing entitlement.
- 3.3 Other changes introduced based on learning from other sites Nationally where rent arrears have increased significantly since the introduction of UC is that from April 2018, a 2 week run on of any Housing Benefit in payment has been agreed known as Transition to UC Payment – and this is paid to all existing Housing Benefit claimants moving onto UC. The purpose of this payment is to bridge the gap between Housing Benefit and the regular monthly payment cycle of UC to help tenants avoid falling into arrears.
- 3.4 Under the UC scheme, alternative payment arrangements (known as APA's) are available for Landlords (both social landlords and private landlords) when a tenant is either in arrears with their rent (they must be at least 2 months in arrear or if it is believed that there is a risk that they will fall into arrears because of known issues experienced by the customer).
- 3.5 An APA means that if approved, the housing cost element of UC will be paid direct to the Landlord. There are certain factors that are considered by the DWP when deciding if an APA can be agreed. These are split between Tier 1 factors and Tier 2 factors. An example of Tier 1 factors where it may be relevant to use this power includes where it would be preferable to pay the landlord direct because the customer has addiction problems, severe/multiple debt problems, is homeless, or has mental health issues. Tier 2 case factors include those customers who have a history of rent arrears, are recently bereaved, or are ex-Service personnel. It is generally accepted that it is mainly those customers who meet the factors in Tier 1 are most likely to have an APA agreed.

- 3.6 Since April 2017, some 18 to 21 year olds are now not able to claim for help towards housing costs when living in a UC Full Service area. There are some exceptions to this (i.e.) certain vulnerable people and those in work for instance. The decision regarding whether this age group is entitled to any help is made by the DWP and is a serious consideration to landlords in determining whether to rent property to these young customers
- 3.7 In addition, and a further major change is that any household with more than 2 children are unable to claim the Housing Costs element of UC and instead have to make a claim for Housing Benefit to be administered by the Council. This is likely to change at some point in the future but no date is known but is causing both financial and practical difficulties to both the customer and the Council due to the more complex nature of these cases.

4 Temporary Accommodation Housing Support

- 4.1 Prior to 11 April 2018, any claimant placed in temporary or emergency accommodation within a UC Full Service area had to make a claim for their Housing Costs with UC. As a result, this resulted in a significant funding shortage for Councils faced with the bill of the temporary housing.
- 4.2 In recognition of the transient and short term nature of this type of accommodation, the DWP have amended legislation so that from 11 April 2018 any person on Universal Credit and entering temporary accommodation will not make a claim for the UC Housing Element and will instead make a claim for Housing Benefit. This has required us to change internal working practices but our co location and close liaison with the Housing Division has made this easier to implement and co-ordinate.

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 Supporting customers impacted by the ongoing wider Welfare Reform changes and in particular, planning for the introduction of UC has had and will increasingly have a significant impact on both the Housing and Community Services divisions in terms of both collecting monies due and also delivering the support needed by our customers to ensure they can complete their application forms on line in a timely way to ensure any rent and Council Tax liability is made to the Council.
- 5.1.2 This will require identifying when support is needed as early as possible to ensure this happens. A key part of this process is helping customers clearly understand the expectations being placed on them once they direct payments to pay their rent and other priority bills.

- 5.1.3 Officers believe that the Council is in a strong position to manage these impacts based on its excellent working relationships developed across its Financial Inclusion Partnership and having regard to our learning of managing the UC Full Service in other areas of the Borough. This will allow us to maximise the very effective working relationships built with Financial Inclusion partners over a significant number of years and also see increased use of our in house developed Customer Referral Form which has received National recognition and will shortly feature in a National Money Advice Service case study.
- 5.1.4 The Council will also benefit from the experiences of our shared service partner, Nuneaton and Bedworth BC (NBBC) who went live across their whole borough with the UC Full Service in October 2017. The impact on them has been significant particularly around the considerable increase in the level of rent arrears they are experiencing. This has seen UC claimants who represent only 4% of their LA tenants now being responsible for 25% of their total rent arrears. In addition, there is also the ongoing challenge of engaging/supporting residents to manage their benefits and making sure they pay their priority bills, most notably their Council Tax and Rent to avoid the negative consequential impact of not doing so.
- 5.1.5 In the circumstances, the implementation of UC Full Service presents a significant risk to the Housing Revenue Account in terms of increased rent arrears resulting from the Council no longer receiving direct payments in most cases. At the end of 2017/18, NBBC experienced a 6.5% increase in the number of Council tenants who were in arrears with their rent compared to the end of 2016/17 and this is a trend that we would wish to try and avoid or at best minimise.
- 5.1.6 This risk is further confirmed by data recently issued by the National Housing Federation in April which reported that Nationally 73% of UC tenants were in arrears with their rent compared to 29% of non-UC tenants and that 77% of evictions in privately rented accommodation is now due to rent arrears with clear links to where UC is live.

5.2 Legal, Data Protection and Human Rights Implications

- 5.2.1 The new requirements of the enhanced General Data Policy Regulation (GDPR) being introduced in May 2018 will require a significant review of our data sharing protocols. This is to ensure that the Council can continue to work effectively with partners in legally exchanging information on customers in financial difficulty by use of its CRF developed which is proving so useful in getting customers to engage better with the Council.

5.3 Safer Communities Implications

- 5.3.1 Better access to advice and assistance has many direct and indirect benefits that contribute to a greater feeling of wellbeing and community cohesiveness. This can only have a positive impact on the communities we serve.

5.4 Environment and Sustainability Implications

5.4.1 The Council's ongoing commitment to assist in helping people address or improve their financial circumstances or well-being has positive impacts. It is hoped that by providing this level of support, it will ensure that residents can learn new skills to enable them to rely less on our help going forward and help keep collection rates in terms of rent, Council Tax and housing benefit overpayments as high as possible by providing the correct levels of help and support.

5.5 Human Resources Implications

5.5.1 Ascertaining the right level and type of resources needed to manage the impact of UC is under regular review, most notably by the Assistant Chief Executive (Community Services) and the Assistant Director (Housing) working closely with other internal colleagues. This has resulted in regular and ongoing restructuring of services, an increase in Housing Resources and the decision to set up more formal shared / partnership arrangements wherever possible to deliver future challenges.

5.5.2 Overall, the Council's investment in staff and in developing effective partnerships has seen very positive outcomes being achieved but the complexity and challenges faced by staff in dealing with customers in these difficult circumstances cannot be understated.

5.6 Risk Management Implications

5.6.1 Failure to provide appropriate levels of customer support could have a detrimental impact on many areas of Council activity and lead to an increase in costs of collection or support being incurred. The Council's current approach enables us to be proactive as opposed to reactive in our response to issues or circumstances.

5.6.2 There is a risk of loss of subsidy should we accept a claim for Housing Benefit that should be UC. It is therefore important for us to monitor the claim gateway.

5.7 Links to Council's Priorities

5.7.1 The wide ranging activities undertaken under the overall Financial Inclusion approach cuts across virtually all Council priorities and in particular supports the three key corporate priorities of tackling poverty, improving health and well-being and promoting education, skills and employment.

5.8 Equalities Implications

- 5.8.1 The various methods and mediums used to promote financial inclusion activity to manage the impact of UC ensures no group or individual is denied access to help or advice in respect of both Council and other complimentary services.

The Contact Officer for this report is Bob Trahern (719378).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

This document describes the main communications and consultation events to be undertaken by NWBC for the introduction of UCFS

	AUDIENCE	SUBJECT	TRIGGER?	WHEN?	HOW?	PURPOSE?	WHO BY?	FEEDBACK	REMARKS
1	Customers	Universal Credit	Full Service introduction in Atherstone JCP's eff September 2018	01/08/17	<ul style="list-style-type: none"> Plasma Screen Website info Social Media channels North Talk NWBC staff and partners 	<ul style="list-style-type: none"> To inform / highlight to customers that they need to claim UC Ensure that customers are aware that housing element needs to be included 	SR / CS team and Comms and IT		Need to consider release dates for info
2	NWBC Meetings	UCFS - Comms	UCFS and ensuring customers, staff and partners understand the impact	From April 18 and ongoing	<ul style="list-style-type: none"> Corporate Comms Meeting On next Agenda June 18 Housing Management meeting Can we have UC Champions on each team – for liaison and link to team?? 	<ul style="list-style-type: none"> How to inform residents / partners / internal teams To discuss impact of UCFS on rent arrears and how to mitigate effects Discuss training needs / implementation Use and importance of the UCFS Service Pack 	SR / Jo R / Corp comms reps / Housing management reps		For housing: Can we send text alerts to reminder tenants that rent payments are due?

2	Internal teams / Sections <ul style="list-style-type: none"> • Benefits • Housing • Revenues • Customer Services 	Universal Credit	Full Service Introduction in NWBC area eff Sept 18		<ul style="list-style-type: none"> • Emails to teams • Staff desk aides • Invite to training sessions • Benefits and FI Newsletter • Team briefings • DWP Sessions 	To ensure staff are aware of UCFS and the impact on customers	Jo R, SR		NB: Set up a group email address: Universal Credit Information Group
3	DWP UC Liaison Meeting	UCFS introduction Sept 18	To develop relationship with DWP	Monthly	<ul style="list-style-type: none"> • Meeting with senior benefit staff and FISO UC 	To discuss implementation, communications, policy queries and working together	Senior benefit staff, FISO UC and DWP partnership manager	Good, strong working relationship has been developed with the DWP	Do we need to consider including a housing representative? <ul style="list-style-type: none"> • Housing rep now invited eff Apr 18
4	Council Tenants	UCFS introduction Sept 18	Information for Council Tenants	1 st article for June 18 Magazine 'Tenants Link'	<ul style="list-style-type: none"> • Tenants Link article for council tenants • July 18 	<ul style="list-style-type: none"> • To highlight the introduction to council tenants • How it may affect them • Further information available 	SR / Julie Richardson		Further articles to be included in future editions alongside details of DWP links and where to go for help and support – To be discussed

5	Social Housing Tenants	UCFS introduction Sept 18	Introductory letter and UC magazine to all social housing tenants	Oct 17	<ul style="list-style-type: none"> • Letter from council re UC introduction • Details of help and support available • Where to find more info on UC • Include UC specific magazine containing information, help and advice 	<ul style="list-style-type: none"> • To give as much information to social tenants as possible • To avoid social housing tenants getting into arrears 	Jo R / Sally R		
6	Private Landlords	UCFS introduction Sept 18	Affects private tenants		<ul style="list-style-type: none"> • Landlord Forum • DWP delivery of UC presentation • Question and answers 	To ensure private landlords are aware of UC and how it affects their tenants	Mark Poultney - DWP		
7	Care Leavers	UCFS introduction Sept 18	The affect it has on those leaving care		<ul style="list-style-type: none"> • Care Leavers identified • DWP delivery of UC presentation • Question and answers 	To ensure that the introduction of UC is understood and the affect on those leaving care	Mark Poultney - DWP		
8	Employer Breakfast event	UCFS introduction Sept 18	To understand how UC works for those in employment		<ul style="list-style-type: none"> • Employer invitation to Nuneaton JCP 	To enable employers to have an awareness of UC and how it will affect those in work	DWP		

9	Warwickshire Welfare rights Presentation	UCFS introduction Sept 18	To engage with those in the welfare advice sector		<ul style="list-style-type: none"> • DWP presentation • Questions and answers 	Engage with organisations who support people who may claim or need to claim UC in order to increase their knowledge and understanding	DWP		
10	Children's Centres	UCFS introduction Sept 18	To engage with children centre staff		<ul style="list-style-type: none"> • DWP presentation • Questions and answers 	Engage with childrens centres staff who may support people who may claim or need to claim UC in order to increase their knowledge and understanding	DWP		
11	Partner Event	UCFS introduction Sept 18	To ensure as many organisations are aware of UC, how it works and what it means for the customer		<ul style="list-style-type: none"> • Invitation to any organisation with an interest in UC or who may be supporting customers / tenants • Held at Nuneaton JCP 	To ensure that as many people as possible are aware of UC and understand how it works and what it means for customers and organisations	DWP		Need to consider inviting GP's and health workers especially re FIT notes / referrals
12	Member Event	UCFS introduction Sept 18	To provide an update to Members on UC - how it works and what it		<ul style="list-style-type: none"> • DWP presentation • Available to all NWBC Members 	To ensure that as many people as possible are aware of UC and understand how it works and what it	DWP		

			means for the customer			means for customers and the Authority			
13	Assisted Digital Support Training event	ADS – making a claim and managing their UC online account	For LA staff who will be supporting customers with ADS		<ul style="list-style-type: none"> • Training session by DWP IT support • Practical session for LA staff 	To ensure that staff supporting customers with their online claim and account understand how the online claiming process works and what the customer needs to do to manage their account	DWP IT training support team		We need to ensure that as many staff attend – bens / CS / Revs/ Hsg plus any partner orgs. Each session can have up to 50 people
14	Financial Inclusion Partnership	Universal Credit	Full Service Introduction in NWBC area Sept 18		<ul style="list-style-type: none"> • Presentation on UC • Questions and answers 	To ensure that all partners are aware of UCFS so that they can advise customers	Mark Poultney - DWP delivered a UC presentation to the FIP		
15	Website	UCFS information	Full Service from Sept 18	Started already	Email CF support with info to go on CF support will liaise with IT 'Banner' on front screen Links to DWP website / eligibility	Raise awareness Provide information	RB support / IT / SR		
16	Social Media	UCFS	Full service from Sept 18	Summer 18	Push messages out weekly Links to where to gain further info Check eligibility	Raise awareness Provide information Ensure correct application	Comms team / SR		

					Remember housing element	Customers avoid losing out on benefit			
17	Short information Films	UCFS for council tenants	The importance of the Housing element	From Summer 18	Make a series of short films to push through social media and website		Comms / Housing / SR		Need to discuss and agree with housing
18	UC Training	All relevant staff	Full Service from Sept 18		DWP to deliver UC training session ???? Email invitation to revs, bens, hsg, CS staff	To ensure staff are trained and aware of UCFS and importance of housing element			Very useful and well received by the teams from revs, bens and hsg. Much discussion and relevant questions raised.
19	Media	To raise awareness within the community	UCFS						
20	Internal Newsletter	Benefits and Financial Inclusion News	UCFS introduction		Electronic newsletter circulated by email with embedded documents. To be issued monthly	A new way of communicating messages DWP documents on CLIP for access and embedded documents within newsletter for further reading For Revs, Bens, Housing and CS staff	SR		ALL teams to let SR which training event they will be attending For next issue due Oct: <ul style="list-style-type: none">  Include DWP support pack v15  Remind staff to highlight

									'hsg element' to customers ✚ Importance of touch points ✚ Promote PBS / ADS offer at LA and refer!
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Agenda Item No 15

Resources Board

21 May 2018

**Report of the
Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

Agenda Item No 16

Microsoft Office Replacement – Report of the Assistant Director (Corporate Services)

Paragraph 3 – by reason of the report containing financial information

Agenda Item No 17

Irrecoverable Local Taxation Debts – Report of the Assistant Chief Executive (Community Services)

Paragraph 1 – by reason of the report containing information relating to an individual

Agenda Item No 18

Land at Coleshill – Report of the Assistant Director (Housing)

Paragraph 3 – by reason of the report containing financial information

The Contact Officer for this report is David Harris (719222)