



Friday, 13 September 2019

Dear Sir/Madam

A meeting of the Governance, Audit and Standards Committee will be held on Monday, 23 September 2019 in the New Council Chamber, Town Hall, Foster Avenue, Beeston NG9 1AB, commencing at 7.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully

Chief Executive

To Councillors:	E Cubley	E Williamson (Chair)
	R H Darby	M Handley
	M Hannah	H G Khaled MBE
	J M Owen	J P T Parker
	M Radulovic MBE	D A Elliott (Vice-Chair)
	P D Simpson	I L Tyler
	D K Watts	

## AGENDA

1. APOLOGIES

To receive any apologies and notification of substitutes.

2. DECLARATIONS OF INTEREST

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES

PAGES 1 - 4

The Committee is asked to confirm as a correct record the minutes of the meeting held on 22 July 2019.

Town Hall, Foster Avenue, Beeston, Nottingham, NG9 1AB

**[www.broxtowe.gov.uk](http://www.broxtowe.gov.uk)**

4. ANNUAL AUDIT LETTER PAGES 5 - 18  

The Council's external auditors (Mazars) have issued an annual audit letter for 2018/19.
5. INTERNAL AUDIT PROGRESS REPORT PAGES 19 - 32  

To inform the Committee of the recent work completed by Internal Audit.
6. REVIEW OF STRATEGIC RISK REGISTER PAGES 33 - 44  

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.
7. LOCAL GOVERNMENT OMBUDSMAN AND HOUSING OMBUDSMAN SERVICE ANNUAL REVIEW LETTERS PAGES 45 - 50  

To present the Local Government Ombudsman's annual review letter and the Housing Ombudsman Service annual report to the Council and thereby promote all the Council's objectives.
8. REPORT OF THE INTERIM MONITORING OFFICER PAGES 51 - 56  

The Local Government Ombudsman has made a finding of maladministration injustice in respect of the handling of a complainant's standards complaint investigation.
9. WORK PROGRAMME PAGES 57 - 58  

To consider items for inclusion in the Work Programme for future meetings.

## GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

MONDAY, 22 JULY 2019

Present: Councillor E Williamson, Chair

Councillors: E Cubley  
T A Cullen (substitute)  
M Handley  
M Hannah  
E Kerry  
P J Owen (substitute)  
M Radulovic MBE  
P D Simpson  
H E Skinner  
I L Tyler  
D K Watts

Apologies for absence were received from Councillors R H Darby, J M Owen, D A Elliott, H G Khaled MBE and J P T Parker

### 11 DECLARATIONS OF INTEREST

Councillor E Kerry declared a non-pecuniary interest in item 4 in relation to the Council's benefit pension liability as he is Chair of the County Council's Pension Fund.

### 12 MINUTES

The minutes were confirmed and signed as a correct record.

### 13 AUDIT OF ACCOUNTS 2018/19 AND ASSOCIATED MATTERS

The Committee was informed that the Council's external auditors, Mazars, had concluded their work on the 2018/19 accounts and had produced their Annual Completion Report. A representative from Mazars was present at the meeting and reported that an unqualified opinion, without modification, would be issued on the financial statements. In addition, it had been concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources. A letter would also be issued to confirm that all outstanding matters identified in the report had been closed.

It was suggested that the surplus made by LLeisure was impressive and the achievements highlighted in the report showed that the Council had much to be proud of.

#### **RESOLVED that:**

- 1. The Audit Completion Report for the year ending 31 March 2019 be received.**

**2. The Statement of Accounts 2018/19 as circulated and the letter of representation be approved.**

14 INTERNAL AUDIT REVIEW 2018/19

In accordance with the Public Sector Internal Audit Standards, developed by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors, the Chief Audit and Control Officer must deliver an annual internal audit opinion and report which can be used by the Council to inform its Annual Governance Statement. The Committee considered the report which detailed the work undertaken by Internal Audit during 2018/19 and stated that it is the opinion of the Chief Audit and Control Officer that the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework. In terms of the audits completed, the review found that services were operating with appropriate internal controls. Where improvements actions had been agreed, progress was being made for their implementation.

15 INTERNAL AUDIT PROGRESS REPORT

The Committee noted a report on the recent work completed by Internal Audit and progress against the agreed Internal Audit Plans for 2018/19 and 2019/20.

In respect of the audit of payroll, the Committee was informed that there was no experience of bogus employees having been created and paid. It was suggested that further reports should be submitted to the Committee in respect of legionella prevention/testing, cash receipting and Serious and Organised Crime. Although it was not within the Council's role, action could be taken in co-operation with the police to reduce fraud.

16 ANNUAL COUNTER FRAUD REPORT 2018/19

Members noted the Annual Counter Fraud Report 2018/19 which outlined the work undertaken during the year in relation to corruption and money laundering prevention activity. The Committee was also informed of the actions planned for 2019/20.

17 REVIEW OF STRATEGIC RISK REGISTER

Following the report to the last meeting of the Committee, and in accordance with the timescales set out in the Risk Management Strategy, the Strategic Risk Management Group had met on 8 May 2019 to review the Strategic Risk Register. Details of proposed amendments to the Strategic Risk Register and the actions resulting from the review were highlighted.

It was noted that risks 20 and 21 had not changed since the previous quarter. The Committee was informed that these risks related to the workforce profile. It was considered that this issue should be considered by the Personnel Committee.

It was suggested that it would be useful if the changes which had been made to residual risks from one quarter to the next were identified in reports. This information would be included in future.

**RESOLVED that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.**

18 COMPLAINTS REPORT 2018/2019

The Committee noted a report detailing the complaints which had been made against the Council during 2018/19. It was reported that there had been an overall improvement in the management of the service, including the number of complaints acknowledged within the target three working days.

It was suggested that compliments should be included in future reports as well as complaints. It would also be useful to identify “lessons learned” to help services to improve. The opportunity should be taken to review the complaints process and the capacity of staff to deal with them. It was of concern that not all complaints were being acknowledged with the 3 working day deadline. This should be done as soon as a complaint was received. It was not acceptable that this deadline was not being met. A reminder would be sent to all departments on the need to meet this deadline.

19 FREEDOM OF INFORMATION REPORT 2018/2019

The Committee noted a report outlining the performance of the Council in dealing with requests received under the Freedom of Information Act and a breakdown of requests by department. It was reported that there had been a marked increase in the number of request received in 2018/19 to 926 from 752 in 2017/18. Members were informed that a process was being considered for dealing with requests relating to Nottinghamshire County Council which would reduce the number of responses to be issued.

A comment was made regarding requests for information already available on the web site. It was noted however that the number of such requests received was minimal.

20 WORK PROGRAMME

**RESOLVED that the Work Programme be approved, subject to the inclusion of further reports on cash receipting, legionella testing and prevention and Serious and Organised Crime.**

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# Annual Audit Letter

**Broxtowe Borough Council**

Year ending 31 March 2019





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1. Executive summary
2. Audit of the financial statements
3. Value for Money conclusion
4. Other reporting responsibilities
5. Our fees
6. Forward look

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



# 1. EXECUTIVE SUMMARY

## Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Broxtowe Borough Council (the Council) for the year ended 31 March 2019. Although this letter is addressed to the Council it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 31 July 2019 included our opinion that the financial statements:</p> <ul style="list-style-type: none"><li>• give a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended; and</li><li>• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19</li></ul>
Other information published alongside the audited financial statements	<p>Our auditor's report issued on 31 July 2019 included our opinion that:</p> <ul style="list-style-type: none"><li>• The other information in the Statement of Accounts is consistent with the audited financial statements.</li></ul>
Value for Money conclusion	<p>Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.</p>
Reporting to the group auditor	<p>In line with group audit instructions issued by the NAO, on 31 July 2019 we reported to the group auditor in line with the requirements applicable to the Council's Whole of Government Accounts (WGA) return.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p>

## 2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

### The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, issued to the Council on 31 July 2019, stated that, in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

### Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Governance Audit and Standards Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March

Financial statement materiality	Our financial statement materiality is based on 2% of Gross Revenue Expenditure at a Surplus/Deficit on Provision of Services level (Group Accounts)	£1,305,000
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£39,000

We have applied a lower level of materiality to the following areas of the accounts:

Specific materiality	• Officers' Remuneration	£5,000 per individual officer
	• Members' Allowances	£36,000
	• Audit Fee	£8,000

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Governance Audit and Standards Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	Our response	Our findings and conclusions
<p><b>Management override of controls</b></p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	<p>We addressed this risk by performing audit work in the following areas:</p> <ul style="list-style-type: none"> <li>documenting our understanding of the processes and controls in place to mitigate the risks identified;</li> <li>testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>evaluating the business rationale for any significant transactions outside the course of the business;</li> <li>understanding the oversight given by those charged with governance of management process over fraud;</li> <li>making enquiries of management and Internal Audit regarding actual or any suspicions of fraud; and</li> <li>considering whether the Council's accounting policies are consistent with industry standards.</li> </ul>	<p>There were no matters arising from our work on management override of controls.</p>
<p><b>Valuation of property, plant and equipment</b></p> <p>The Council's accounts contain material balances relating to its holding of property, plant and equipment and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to the high degree of estimation uncertainty associated with those held at valuation, we determined there was a significant risk in this area.</p>	<p>We addressed this risk through:</p> <ul style="list-style-type: none"> <li>reconciling valuations from the valuer's report to those recorded in the Fixed Asset Register;</li> <li>testing a sample of assets valued during the year to valuation reports;</li> <li>where material, testing the basis for impairment of assets, the value and correct accounting treatment;</li> <li>critically assessing the Council's valuer's scope of work and methodology used; and</li> <li>considering the impact of any assets not valued during the year.</li> </ul>	<p>The procedures we have undertaken have not identified any material errors or uncertainties in the financial statements.</p>

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Identified significant risk	Our response	Our findings and conclusions
<p><b>Defined benefit liability valuation</b></p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we determined there was a significant risk in this area.</p>	<p>We addressed this risk through:</p> <ul style="list-style-type: none"> <li>• Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; and</li> <li>• Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> <li>• Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary, Barnett Waddingham;</li> <li>• Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; and</li> <li>• Performing a walkthrough of payroll transactions at the Council to understand how pension contributions which are deducted are paid to the Pension Fund by the Council.</li> </ul>	<p>A material adjustment was made, increasing the Council's net pension liability, due to the impact of two ongoing legal cases (Guaranteed Minimum Pension equalisation and the McCloud judgment) that were not taken into account by the Council's actuary in their original valuation, in addition to updating estimated asset return values to an actual basis.</p> <p>A revised actuarial report was received to reflect these changes and this resulted in additional work to check the revised figures.</p> <p>Our work provided the assurance sought and we were satisfied the local government pensions liability was not materially misstated.</p>

## 2. AUDIT OF THE FINANCIAL STATEMENTS

### Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We did not identify any significant deficiencies in internal control as part of our audit.

# 3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion

Unqualified

## Our approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Completion Report, we reported that we had identified a single significant Value for Money risk. The work we completed in relation to the significant audit risk is outlined on the following page, which supported our auditor's report, issued to the Council on 31 July 2019, that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31<sup>st</sup> March 2019.

# VALUE FOR MONEY: SIGNIFICANT AUDIT RISK

## Delivery of Budgets and Financial Resilience

The continual pressures on Local Government finances are well documented and led to another challenging budget setting process for 2018/19. A total funding gap of £3.027m was initially identified when the budget was set. After identifying additional savings the Council reduced the withdrawal from the General Fund reserves to £1.172m. On this basis in March 2018, the Council approved a balanced 2018/19 budget. There will be significant changes in Local Government finances over the next few years, which will culminate in a major change in the way Local Government is financed from 2020/21 onwards. These include the 2019 Spending Review, the Fair Funding Review and the introduction of 75% local retention of business rates (up from 50% retention). As the funding from 2020 is unclear at this stage, the need for savings (or income generation) will continue to have a significant impact on the Council's financial resilience and reduce the burden on the need to utilise reserves to balance any deficits in the budget.

**Value for Money Arrangements Affected:** Deploying resources in a sustainable manner.

### Our Response

We reviewed whether the Council has arrangements in place to ensure financial resilience, specifically whether the Medium Term Financial Plan (MTFP) duly took into consideration the latest available information on factors such as: funding reductions; business rate reform; fair funding; salary and general inflation; demand pressures; restructuring costs; and sensitivity analysis given the degree of variability in the above factors. We also reviewed the Council's progress against planned savings in 2018/19; progress to identify savings for 2019/20 - 2021/22; and plans to address budget pressures in the future and as part of this evaluate the impact on the Council's revenue reserves.

### Our findings

#### Outturn

The outturn presented to the Council's Finance & Resources Committee on 11 July 2019 reports a net revenue budget under-spend of £0.4m on services. There were no material variances between budget and outturn, the main difference being additional income from business rates, and this demonstrates the Council's ability to deliver financial performance within planned control measures, including the delivery of savings and services in line with plan.

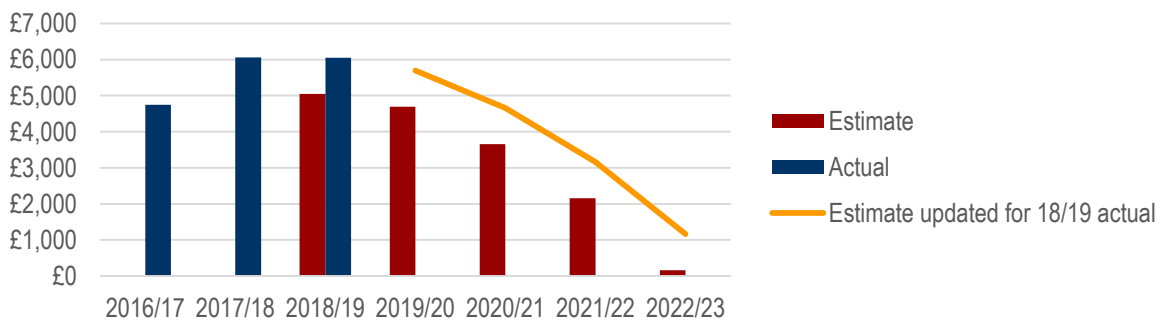
#### Medium Term Financial Plan (MTFP)

The Council's MTFP was approved by Finance and Resources Committee on 14 February 2019 providing indicative financial projections through to 2022/23. The MTFP performs a risk assessment over each key assumption, ranking areas as high, medium or low. The high risk areas being capital financing and Government grant. The projections incorporate the Council's Business strategy 2019/20 to 2020/21, approved in October 2018 by the Finance & Resources Committee, that set out a maximum £360k income growth and £300k expenditure reductions to be incorporated into the 2019/20 budget and MTFP. Further work is required to firm up specific saving plans for 2020/21 and beyond and the outcome of the Fair Funding review will help inform the Council's plans.

#### General Reserves

The Council's planned use of general reserves ensures the MTFP remains in balance. The Council recognises the key issue is the management of general reserves to a level that ensures it remains financially resilient and able to deliver sustainable services. Without further action, the Council's reserves will deteriorate. Over the three years to 2021/22, the level of general reserves remains above the Council's minimum level of £1.5million and it is over this period, we judge it most relevant to base our Value for Money Conclusion on. However, as shown in the following diagram, as the Council moves into 2022/23, the level, after adjusting for the actual position for 2018/19 falls to £1.1million.

Broxtowe Council - General Fund Reserves



## 4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	No matters to report
Completion of group audit reporting requirements	Consistent
Other information published alongside the audited financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

### Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We submitted this information to the NAO on 31 July 2019.

### Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.



# 5. OUR FEES

## Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Governance Audit and Standards Committee in March 2019.

We have completed our work for the 2018/19 financial year, but at the time of producing this report, we have not yet finalised our audit fees for the year. If the final fee varies from that in the table below, we will write to the Deputy Chief Executive and S151 Officer setting out the proposed variation and any reasons for the variation, and seeking agreement to it. Any variations to the final fee will also require the approval of Public Sector Audit Appointments Limited, which manages the contracts for our work.

Area of work	2018/19 proposed fee	2018/19 final fee ***
Delivery of audit work under the NAO Code of Audit Practice	£35,807 plus VAT	£40,057 plus VAT

\*\*\* Please note that at the time of producing this report, the additional audit fees are subject to PSAA approval. The proposed final fee is higher than the original plan due to the additional audit work required for:

- Additional audit work as a result of changes in pension estimates as explained on page 5: £750 plus VAT
- Additional testing to cover the transactions and disclosures of the Group Accounts, where Liberty Leisure Limited was unaudited in 2018/19: £3,500 plus VAT

## 6. FORWARD LOOK

### Audit Developments

#### *Code of Audit Practice*

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. We have responded to the National Audit Office's consultation on the content of the Code (<https://www.nao.org.uk/code-audit-practice/about-code/>).

A new Code will be laid in Parliament in time for it to come in to force no later than 1 April 2020.

### Financial Resilience

#### *Fair Funding Review*

The Council will need to incorporate the outcome of the Spending Review, due in the latter half of 2019, to its Medium Term Financial Plan. The Spending Review will set out the department allocations for 2020/21 and potentially beyond. Regardless of the timing and period covered by the Spending Review, the Council recognises the key issue is the management of general reserves to a level that ensures it remains financially resilient and able to deliver sustainable services. It must, therefore, ensure it clarifies and quantifies how it will bridge the funding gap through planned expenditure reductions and/ or income generation schemes.

#### *Local Authority Financial Resilience Index*

CIPFA is moving forward with its financial resilience index, which it believes will be a barometer on which local authorities will be judged. We would expect the Council to have at least considered the index once it is formally released.

#### *Commercialisation*

The National Audit Office will be publishing a report on Commercialisation during 2019. Depending on the Council's appetite for Commercialisation, we would expect the Council to consider the outcome of the report and ensure any lessons learnt are incorporated into business practice.

Further, the UK Debt Management Office's Annual Report, published on 23 July 2019, reported that, as at 31 March 2019, the Public Works Loan Board's loan book was £78.3 billion with 1,308 new loans totalling £9.1 billion advanced during the year. As a result, we expect local authorities to clearly demonstrate:

- the value for money in the use of Public Works Loan Board funds to acquire commercial property; and
- the arrangements for loan repayment through the updated Statutory Guidance on Minimum Revenue Provision in 2019/20, 2020/21 and beyond.

### Financial Reporting

#### *UK Local Government Annual Accounts*

The CIPFA/LASAAC Local Authority Code Board specifies the financial reporting requirements for UK local government. A consultation is underway to inform the direction and strategy for local government annual accounts. We will be submitting our response and suggest practitioners also voice their opinion.

#### *Lease accounting*

The implementation of IFRS 16 Leases in the Code is delayed until 1 April 2020. The Council will need a project plan to ensure the data analysis and evaluation of accounting entries is completed in good time to ensure any changes in both business practice and financial reporting are captured.

## 6. FORWARD LOOK (CONTINUED)

### Next year's audit and how we will work with the Council

We will focus our work on the risks that your challenges present to your financial statements and your ability to maintain proper arrangements for securing value for money.

In the coming year we will continue to support the Council by:

- continued liaison with the Council's Internal Auditors to minimise duplication of work;
- Attending Governance Audit and Standards Committee meetings and presenting an Audit Progress Report including updates on regional and national developments; and
- hosting events for staff, such as our Local Government Accounts workshop.

We will meet with the Council to identify any learning from the 2018/19 audit and will continue to share our insights from across local government and relevant knowledge from the wider public and private sector.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with them to share our knowledge of new accounting developments and we will be on hand to discuss any issues as and when they arise.

The Council has taken a positive and constructive approach to our audit and we wish to thank Members and officers for their support and co-operation during our audit.

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**Report of the Chief Audit and Control Officer****INTERNAL AUDIT PROGRESS REPORT**1. Purpose of report

To inform the Committee of the recent work completed by Internal Audit.

2. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit.

A summary of the reports issued and progress against the agreed Internal Audit Plan for 2019/20 is included at appendix 1. A brief narrative of the work completed by Internal Audit since the previous meeting of this Committee is also included.

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of follow-up work are included at appendix 2. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

Further progress reports will be submitted to each future meeting of this Committee. A final report will be prepared for Members' consideration after the end of the financial year detailing the overall performance and productivity of Internal Audit for 2019/20.

**Recommendation**

**The Committee is asked to NOTE the report.**

Background papers

Nil

## APPENDIX 1

## INTERNAL AUDIT REPORTS ISSUED SINCE APRIL 2019

No	Audit Title	Report Issued	Assurance Opinion	Actions	
				Significant	Merits Attention
01	Erewhash BC – Risk Management	09/04/19	n/a	-	-
02	Financial Appraisal – Durban House	12/04/19	n/a	-	-
33	Commercialisation	29/04/19	Substantial	0	0
34	Bank Reconciliation	20/05/19	Substantial	0	0
35	Key Reconciliations	28/06/19	Substantial	0	1
36	Disabled Adaptations and Lifeline Service	28/06/19	Substantial	0	1
37	Payroll (including Officers Allowances)	28/06/19	Reasonable	1	0
<b>38</b>	<b>Tenancy Management (incl. Housing ASB)</b>	<b>12/07/19</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>
<b>01</b>	<b>Asset Register</b>	<b>12/08/19</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>
<b>02</b>	<b>Financial Appraisal</b>	<b>15/08/19</b>	<b>n/a</b>	<b>-</b>	<b>-</b>
<b>03</b>	<b>Benefits</b>	<b>05/09/19</b>	<b>Reasonable</b>	<b>1</b>	<b>1</b>
<b>04</b>	<b>Sundry Debtors</b>	<b>06/09/19</b>	<b>Reasonable</b>	<b>0</b>	<b>3</b>

## REMAINING INTERNAL AUDIT PLAN 2019/20

No	Audit Title	Progress
	Choice Based Lettings	Draft report issued
	Creditors and Purchasing	Draft report issued
	Bramcote Crematorium	Draft report issued
	Asset Management (incl. Leisure Facilities)	Draft report issued
	CCTV	Draft report issued
	Electrical Testing	Draft report issued
	Beeston Town Centre Redevelopment	Ongoing (Nearing completion)
	Cash Receipting	Ongoing (Nearing completion)
	Human Resources	In progress
	Chilwell Olympia	In progress
	Local Elections	In progress
	Recycling	In progress
	Kimberley Depot (including Security)	In progress
	Financial Resilience (including MTFS/Capital)	Expected to commence in Q2
	Enforcement	Expected to commence in Q2
	Whistleblowing Policy and Complaints	Expected to commence in Q2
	Housing Repairs	Expected to commence in Q3
	Online Ticket Portal	Expected to commence in Q3
	Treasury Management	Expected to commence in Q3
	NNDR	Expected to commence in Q3
	Rents (including Evictions Protocols)	Expected to commence in Q3
	Planning and Building Control	Expected to commence in Q3

**REMAINING INTERNAL AUDIT PLAN 2019/20 (continued)**

No	Audit Title	Progress
	Information Governance (GDPR, FOI etc.)	Expected to commence in Q3
	Operational Risk Management	Expected to commence in Q3
	Procurement and Contract Management	Expected to commence in Q3
	Health and Safety	Expected to commence in Q3
	Computer/ICT (including Cyber Risk)	Expected to commence in Q4
	Local Authority Trading Company	Expected to commence in Q4
	Council Tax	Expected to commence in Q4
	Independent Living Service	Expected to commence in Q4
	Bank Reconciliation	Expected to commence in Q4
	Key Reconciliations	Expected to commence in Q4
	Corporate Governance	Expected to commence in Q4

**COMPLETED AUDITS**

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the adequacy of controls within the system to provide assurance that risks material to the achievement of objectives are adequately managed – the opinion being ranked as either ‘Substantial’, ‘Reasonable’, ‘Limited’ or ‘Little’ assurance;
- identify inadequately addressed risks and non-effective control processes;
- detail the actions agreed with management and the timescales for completing those actions, and;
- identify issues of good practice.

Recommendations made by Internal Audit are risk assessed, with the agreed actions being categorised accordingly as follows:

- Fundamental – urgent action considered imperative to ensure that the Council is not exposed to high risks (breaches of legislation, policies or procedures)
- Significant – action considered necessary to avoid exposure to significant risk.
- Merits Attention (Necessary Control) – action considered necessary and should result in enhanced control or better value for money.
- Merits Attention – action considered desirable to achieve enhanced control or better value for money.

The following audit reports have been issued with key findings as follows:

1. Tenancy Management Assurance Opinion – **Substantial**

Internal Audit reports that the Council has an appropriate Tenancy Management framework in place. It was noted that the arrangements for assisting customers with additional support needs regarding Universal Credit and other financial issues are still relatively new. As such, a full assessment of their effectiveness was not carried out at this time but will be considered as part of the forthcoming Rents audit.

Overall, the review did not indicate any significant weaknesses or areas for improvement and, accordingly, a clearance report was duly issued.

2. Asset Register Assurance Opinion – **Substantial**

This audit sought to confirm that adequate controls exist to provide assurance that assets held by the Council, including housing stock, are recorded and presented correctly in the annual Statement of Accounts; and that adequate records of assets held by the Council are maintained.

Overall, the review did not indicate any significant weaknesses or areas for improvement and, accordingly, a clearance report was duly issued.

3. Financial Appraisal

Internal Audit produced a financial appraisal of a company being engaged to supply a new Combined Heat and Power Unit at Bramcote Leisure Centre.

The request was received from the Capital Works Projects Manager, with management wanting consideration of the financial viability of the company in order to assess the level of risk to the Council. This has been determined primarily on the basis of a review of publicly available financial information.

The result of the financial appraisal was satisfactory, with the findings being reported to senior management including the Head of Property Services; Capital Works Manager; Capital Works Projects Manager; and the Managing Director, Liberty Leisure Limited.

4. Benefits Assurance Opinion – **Reasonable**

The Council has an appropriate framework in place for the administration of Benefits. It was also pleasing to acknowledge the positive outcome of the last review of the Benefits Subsidy claim by the external auditors where an unqualified audit report was provided for the third consecutive year. The positive outcome provides further management assurance that the DWP are comfortable with the adequacy of the arrangements in place.



Internal Audit proposed a 'significant' action relating to the need to ensure that benefits claim assessments checks are undertaken regularly as prescribed and the performance monitored, as follows:

#### Checking of Claim Assessments

A module within the Benefits system automatically selects a sample of all claims for rechecking. The sampling interval is set at 1-in-25 assessments (i.e. 4%). The checked assessments are graded as *pass*, *fail* or *critical fail* (where the claim assessment contains errors that affect the benefit award).

A review of the records revealed that the checks are not being regularly completed, although performance has improved since previous audits.

Concerns about the lack of checking were raised previously and this remains a notable weakness in control. There is an obvious risk of errors being made that could lead to benefit claims being wrongly assessed.

Internal Audit recommends that the checking process for Benefit claim assessments should be monitored and the requisite action taken to ensure that the prescribed rechecking is completed on a regular basis.

#### Agreed Action (Significant)

The current regime of checking 4% of Benefit claims assessments is rigid and resource intensive. The methodology does not consider the experience and past performance of individual officers within the Benefits team. Some Benefits Assessors are experienced and established officers who are known to make very few errors. It seems to be counter-productive to check their work as frequently and intensely as others who might not be as accurate, efficient and/or experienced.

A review of the methodology of selecting cases for monitoring purposes will therefore be undertaken. Working with the Benefit Team Leaders, a new checking framework is being devised which will focus on a risk-based approach. This will allow the monitoring to be orientated more towards those officers that are likely to be making mistakes.

#### Managers Responsible

Head of Revenues, Benefits and Customer Services

Benefits Team Leaders

Target Date: 31 October 2019

A further 'Merits Attention - Necessary Control' action was proposed relating to enhanced performance reporting whereby overpayment errors would be identified as being 'administrative' or 'financial'. Where the error is financial the value will be determined to provide greater context for reporting purposes.

The proposed actions were agreed by the Head of Revenues, Benefits and Customer Services. Internal Audit will complete appropriate follow-up work at six months from the date of the audit report and will report back to Committee accordingly

**5. Sundry Debtors**Assurance Opinion – **Reasonable**

The audit objectives sought to confirm whether adequate management control exists to provide assurance that invoices are being raised correctly; invoiced amounts are efficiently collected and accounted for correctly; credit notes and write offs are valid and authorised; confirm adherence to information governance protocols and data retention periods.

Internal Audit is pleased to report that significant progress has now been made with the reconciliation between the Sundry Debtors system with the Civica Legal module and the two systems now has an identified, but insignificant variance due to interest accruals.

Three 'Merits Attention - Necessary Control' actions were proposed; namely to:

- Prepare a sundry debtor policy and procedure guidance for distribution to all those involved in producing debtor accounts and collecting monies to offer clarity and guidance on procedures for sundry debtors.
- Adopt a consistent process to ensure that VAT is appropriately identified in all instances; processed appropriately for write-offs; and reclaimed were permitted.
- Establish effective controls to remove personal data from the system at the end of defined retention periods.

A further observation was made regarding the ongoing review and modification of the procedures by which sundry debtors are passed to Legal Services for action. This has seen a reduction in the number of case referrals and there may be an opportunity to review the practicality and cost effectiveness of the Civica Legal module for legal recovery action.

The proposed actions were agreed by the Head of Revenues, Benefits and Customer Services and the Quality and Control Manager.

Further reviews in respect of Asset Management; Beeston Town Centre Redevelopment; Bramcote Crematorium; Cash Receipting; CCTV; Choice Based Lettings; Creditors and Purchasing; and Electrical Testing are ongoing and the reports have yet to be finalised. These will be included in the next progress report to Committee.

**Current Audit Performance**

Overall 33% of planned audits for 2019/20 are near to completion. This level of performance is similar to what was achieved at this stage in the previous year and the target of 90% is expected to be achieved.

## APPENDIX 2

**INTERNAL AUDIT FOLLOW-UP**

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit.

The table below provides a summary of the progress made with agreed actions for internal audit reports issued between January and December 2018 (i.e. within six months of completion), excluding clearance reports. Those audits where all actions have previously been reported as completed have also been excluded from this list.

No	Audit Title	Report Issued	Opinion	Number of Actions (Significant in brackets)	Progress
21	Stores 2017/18	31/01/18	LIMITED	3 (2)	1 Outstanding
03	Procurement 2018/19	07/06/18	LIMITED	2 (1)	2 Outstanding
04	Cemeteries 2018/19	25/06/18	Substantial	1	1 Outstanding
37	Serious and Organised Crime 2017/18	05/09/18	Reasonable	6	2 Outstanding
08	Legionella Prevention and Testing	11/09/18	Reasonable	5	5 Outstanding
11	Commercial Props/Industrial Units	04/10/18	Substantial	1	1 Outstanding
14	Energy (including Procurement)	16/11/18	LIMITED	2 (1)	1 Outstanding
15	Cash Receipting	21/11/18	Reasonable	4	Completed
23	NNDR	14/02/19	Substantial	1	Completed

Further details of progress being made with agreed actions that have not yet been fully implemented are included below along with comments from management reflecting any updates on progress. Evidence of implementation will not be routinely sought for all actions as part of this monitoring process. Instead, a risk-based approach will be applied to conducting further follow-up work.

Where the agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

**OUTSTANDING ACTIONS**

<b>1. Stores</b>	January 2018, Limited Assurance, Agreed Actions – 3 (2 ‘Significant’)
<b>1.1 Procurement of Stores Items</b>	<b>Progressing</b>
<p><u>Agreed Action</u> (Significant)</p> <p>Management will review all procurement and purchasing activity relating to Stores with a view to establishing a programme of retendering work to ensure that requirements are met in full. The use of established procurement frameworks will be considered for these contracts. The support of the Procurement and Contracts Officer will be important for the priority and high-complexity tenders. A suitable timetable for completing the review and renewal of these contracts will be agreed with the Procurement team.</p> <p><u>Managers Responsible</u> Head of Environment; Transport and Stores Manager</p>	
<p><b><u>Management Progress Report of the Transport and Stores Manager</u></b></p> <p><b>Work continues to review all stores related procurement activity and to re-tender contract opportunities where appropriate to ensure compliance with procurement legislation and the Council’s Contract Standing Orders.</b></p> <p><b>A benchmarking exercise has been carried out and all current pricing is in-line with established procurement framework pricing. The Council is trialling materials from alternative suppliers through the Efficiency East Midlands (EEM) framework which is due to be completed by October 2019.</b></p> <p><b>In the meantime, the Council obtains materials competitively from major merchants with a local presence. Prices are checked each time an order is placed to ensure value for money but unfortunately this is both non-compliant and time consuming.</b></p>	

<b>2. Procurement</b>	June 2018, Limited Assurance, Agreed Actions – 2 (1 ‘Significant’)
<b>2.1 Procurement e-Learning Package</b>	<b>Outstanding</b>
<p><u>Agreed Action</u> (Merits Attention)</p> <p>A procurement e-Learning package will be developed to raise awareness of the legislation, regulations and other matters surrounding procurement and the systems and procedures in place at the Council. This will complement the existing support and guidance that is available on the intranet and website.</p> <p><u>Managers Responsible</u> Chief Audit and Control Officer Procurement and Contracts Officer</p>	
<p><b><u>Management Progress Report of the Chief Audit and Control Officer</u></b></p> <p><b>This action has been delayed to focus upon high priority outstanding actions relating to procurement. A revised target date is set for 31 December 2019. The risk is largely mitigated by the existing support and guidance that is available on the intranet and website.</b></p>	

## 2. Procurement (Continued)

### 2.2 Comprehensive Review/Update of Procurement Activity

Progressing

#### Agreed Action (Significant)

An Interim Procurement and Contracts Officer was appointed with significant experience in public sector procurement and contract management. The key priorities and tasks in the medium term are:

- Refreshing the Commissioning and Procurement Strategy to ensure compliance with regulations and corporate requirements and refreshing associated procurement guidance documents on the intranet and website.
- Reviewing the Contracts Register to ensure that it is transparent and that there is a robust tendering work schedule covering all significant value transactions (and strategically important) for all activities – initial focus will be on expired/soon to expire contracts.
- Ensuring the Contracts Register is comprehensive; with analysis of management data to evaluate potential efficiencies and identify areas which should be awarded under contract following tender.
- Supporting the review of the Council's Constitution, in particular relating to Financial Regulations and Contract Standings Orders.
- Establishing a suitable framework for contract management, including liaising with senior management to identify key contracts over £25,000 and advice how the monitoring of these and operational performance management could be improved.
- Promoting the most efficient means of procurement activity, including development of e-procurement systems and processes.

#### Managers Responsible

Head of Finance Services  
Chief Audit and Control Officer  
Procurement and Contracts Officer

#### Management Progress Report of the Head of Finance Services

**The updated Procurement and Commissioning Strategy was approved by the Policy and Performance Committee in July 2019. The Interim Procurement and Contracts Officer continues to make progress towards achieving a fully compliant position in terms of procurement legislation and Financial Regulations (Contract Standing Orders) across the whole business.**

**Progress is being monitored through updates reports on procurement activity to GMT. Going forward, the Council will review its needs and consider the most effective way of providing suitable procurement expertise. This work will include benchmarking procurement arrangements with other authorities across the region and considering the adequacy of the current established Procurement and Contracts Officer post in terms of its job description, person specification and salary grade.**

<b>3. Cemeteries</b>		June 2018, Substantial Assurance, Agreed Actions – 1
<b>3.1 Digitisation of Cemetery Records</b>		<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A timetable for developing an efficient solution for maintaining a ‘one-stop’ effective and accurate electronic cemetery records will be produced. The progress made against this plan will then be monitored as appropriate by management (and Bereavement Services Committee). The replacement of the current software solution is considered to be a key part in this medium-term project.</p> <p><u>Manager Responsible</u> Head of Property Services</p> <p style="text-align: right;">Revised target date – 31 December 2019</p>		
<p><b><u>Management Progress Report of the Head of Property Services</u></b></p> <p><b>This action has recommenced and is progressing, in conjunction with the ICT and Procurement teams. Tender documents are being prepared for advert, with submissions to be evaluated thereafter.</b></p>		
<b>4. Serious and Organised Crime</b>		Sep 2018, Reasonable Assurance, Actions – 6
<b>4.1 Training</b>		<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>Further targeted training to raise awareness of Serious and Organised Crime and its impact will be provided to managers and front-line staff in service areas that are at highest risk. This will include a briefing to a meeting of Senior Management Team. As part of the awareness programme, the latest updates and warnings will be provided via email and/or the Intranet by the Community Safety team.</p> <p><u>Manager Responsible</u> Head of Public Protection</p> <p style="text-align: right;">Revised target date – 31 December 2019</p>		
<p><b><u>Management Progress Report of the Head of Public Protection</u></b></p> <p><b>The Serious Organised Crime Policy has been submitted to the Community Safety Committee for approval. A targeted training programme will be prepared following adoption of the policy. In the meantime, relevant updates and advice has been provided by the Community Safety team.</b></p>		
<b>4.2 Risk Registers</b>		<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A risk assessment of serious and organised crime will be completed to identify all serious threats of criminal activity which could impact upon the Council’s ability to provide services, its finances and its reputation. The outcome of this risk assessment will determine its inclusion on operational risk registers and/or the Strategic Risk Register.</p> <p><u>Manager Responsible</u> Head of Public Protection</p> <p style="text-align: right;">Revised target date – 31 December 2019</p>		
<p><b><u>Management Progress Report of the Head of Public Protection</u></b></p> <p><b>Risk assessments will be completed in conjunction with the policy will inform any inclusion in operational and/or strategic risk registers.</b></p>		

## 5. Legionella Prevention and Testing

September 2018, Reasonable Assurance, Agreed Actions – 5

### 5.1 Legionella Policy

Progressing

#### Agreed Action (Merits Attention – Necessary Control)

The Legionella Policy will be reviewed. The Health and Safety Manager will update the list of Responsible Persons when a nominated officer leaves the Council or when changes are made to organisational structures. In order to support this process, the Health and Safety Manager has been added to the distribution list for the 'leavers' notice email.

In completing annual audits of Legionella prevention and detection processes, the Health and Safety Manager will require Heads of Service to notify changes to of Responsible Persons.

Nominated Responsible Persons will be made aware of the Legionella Policy requirements and how it affects them in terms of their responsibilities.

#### Managers Responsible

Head of Property Services; Health and Safety Manager

#### Management Progress Report of the Head of Property Services

**Only limited progress has been made on these actions due to staff turnover, vacancies and absence. The use of temporary external resources is being considered to deliver this strategic work. It is proposed to extend the target date to 31 December 2019.**

**Day-to-day checks and compliance is unaffected.**

### 5.2 Health and Safety Audits

Progressing

#### Agreed Action (Merits Attention – Necessary Control)

In accordance with the policy, Health and Safety will carry out annual audits of the processes relating to Legionella prevention/detection and report its findings to the Safety Committee. This process will include seeking assurances from Responsible Persons that appropriate testing has been undertaken and completing a sample of substantive reviews linked to the areas of highest risk.

The review will cover all relevant Council properties, including premises being managed by Liberty Leisure Limited and the community facilities that are presently being tested by Property Services.

#### Managers Responsible

Head of Property Services; Health and Safety Manager

#### Management Progress Report of the Head of Property Services

**Only limited progress has been made on these actions due to staff turnover, vacancies and absence. The use of temporary external resources is being considered to deliver this strategic work. It is proposed to extend the target date to 31 December 2019.**

**Day-to-day checks and compliance is unaffected.**

5. Legionella Prevention and Testing (continued)	
5.3 Training	<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>The Legionella Policy will specify that Health and Safety should arrange training courses, prompt refresher training and manage training records on behalf of the Council.</p> <p>The Responsible Persons shall be required to identify and provide details of required training, which will be recorded on a definitive central record. Health and Safety will monitor this list as part of the annual audit and confirm with Responsible Officers that the list and associated training records are up to date. Particular emphasis shall be placed upon ensuring that relevant new employees, agency workers and those involved in shared service arrangements are made aware of their responsibilities and considered for training as appropriate.</p> <p><u>Managers Responsible</u> Head of Property Services; Health and Safety Manager</p>	
<p><b><u>Management Progress Report of the Head of Property Services</u></b></p> <p><b>A list of Responsible Persons and their training has been compiled and is being reviewed. It is proposed to extend the target date to 31 December 2019.</b></p>	
5.4 Tendering and Contracts	<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A corporate review of the way that Legionella testing, risk assessment, cleaning, chlorination and training services are procured is being undertaken with a view to ensuring consistency, value-for-money and compliance with procurement regulations.</p> <p><u>Managers Responsible</u> Head of Property Services; Health and Safety Manager; Interim Senior Housing Manager</p>	
<p><b><u>Management Progress Report of the Head of Property Services</u></b></p> <p><b>Only limited progress has been made on these actions due to staff turnover, vacancies and absence. The use of temporary external resources is being considered to deliver this strategic work. It is proposed to extend the target date to 31 December 2019.</b></p>	
5.5 Liberty Leisure Limited (LLL)	<b>Progressing</b>
<p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>Liberty Leisure Limited (LLL) will review its own Legionella arrangements including policy and procedures documents, responsible persons, risk assessment, testing process, reporting lines and escalation protocols.</p> <p><u>Manager Responsible</u> Managing Director, Liberty Leisure</p>	
<p><b><u>Management Progress Report of the Managing Director, Liberty Leisure Limited</u></b></p> <p><b>The support of the Council's Health and Safety Manager will be useful for this review. A procedure document is followed, with records maintained of flushing and testing and duty managers understanding the need to report to the responsible person of any concerns or incidents. LLL also hosted a Legionella awareness training session, provided by an external party, at which identified key officers attended.</b></p>	



**6. Commercial Property and Industrial Units**

October 2018, Substantial Assurance, Actions – 1

**6.1 Invoices – Combined Rent and Insurance****Progressing**Agreed Action (Merits Attention)

The potential to combine the annual billing process for rental and insurance recharges was considered. A wholesale change for all existing tenants was not considered appropriate at this stage as the action would require changing up to 60 system generated invoices as well as disrupting pre-arranged Direct Debits/ Standing Orders for tenants.

Instead, combined rent and insurance bills will be established for new tenancies and for existing tenants at the point of periodic rent reviews. The Estates Manager will liaise with the Insurance team to calculate a suitable fixed annual premium within the new lease term.

This action will be reviewed in 12 months to consider whether turnover has created an opportunity for implementing a wholesale change.

Manager Responsible

Estates Manager

Revised Target Date: 31 October 2019

**Management Progress Report of the Estates Manager**

**Combined rent and insurance bills have now been established for new tenants and existing tenants at the point of periodic rent reviews following discussions with the Insurance and Risk Management team to fix a suitable premium. This process will be reviewed in October 2019 to consider whether to revise the remaining tenants to create a uniform approach across all premises.**

**7. Energy**

November 2018, Limited Assurance, Actions – 2 (including 1 'Significant')

**7.1 Efficiency Improvements****Progressing**Agreed Action (**Significant**)

A risk-based approach will be adopted for the billing and checking process. This will consider the potential improvements outlined above.

The analytical review of monthly billing could be facilitated by the procurement of an Energy Database, which would enable a greater and faster analysis and payment of the incoming invoices. Analysis of usage and charges on each site could be undertaken for both abnormal usage and comparison previous years bills and weather conditions, enabling greater efficiency of identifying potential refunds and credits, and helping to prevent overpayment.

This greater efficiency will free up time spent on bill checking and processing by the Energy Officer to progress other proactive tasks such as updating the Carbon Management Plan, looking at further ways to reduce energy consumption and CO<sub>2</sub> emissions.

Managers Responsible

Head of Property Services

Estates Manager; Energy Officer

Revised Target Date: 31 October 2019

**Management Progress Report of the Estates Manager**

**This action is ongoing. The Council has considered a number of potential databases but has yet to fully evaluate a suitable option that meets with its requirements.**

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## Report of the Deputy Chief Executive

**REVIEW OF STRATEGIC RISK REGISTER**1. Purpose of report

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Detail

Further to earlier reports to this Committee and in accordance with the timescales set out in the Risk Management Strategy approved by this Committee on 3 December 2018, the Strategic Risk Management Group met on 7 August 2019 to review the Strategic Risk Register. The General Management Team (GMT) has since considered the proposals from the Strategic Risk Management Group. The objectives of the review were to:

- Identify the extent to which risks included in the Strategic Risk Register are still relevant
- Identify any new risks to be included in the Strategic Risk Register
- Review action plans to mitigate risks.

A summary of the risk management process is included in appendix 1. The Risk Management Strategy includes a '5 x 5' risk map matrix to assess both the threats and opportunities for each strategic risk in terms of both the likelihood and impact. The risk map is included to assist the understanding of the inherent and residual risk scores allocated to each strategic risk. These scores will be considered further and amended as necessary in due course.

Details of proposed amendments to the Strategic Risk Register and the actions resulting from the process are attached in appendix 2. The revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

**Recommendation**

**The Committee is asked to RESOLVE that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.**

Background papers

Nil

## APPENDIX 1

**REVIEW OF STRATEGIC RISK REGISTER****Introduction**

The Risk Management Strategy, as revised in December 2018, aims to improve the effectiveness of risk management across the Council. Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the Council and subsequent damage to its reputation.

The Strategy provides a comprehensive framework and process designed to support both Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that the Council has in place to manage risk successfully. The risk management process outlined within the Strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This covers both strategic priorities, operational activities and the delivery of projects or programmes.

The Council defines risk as "the chance of something happening that may have an impact on objectives". A risk is an event or occurrence that would prevent, obstruct or delay the Council from achieving its objectives or failing to capture business opportunities when pursuing its objectives.

**Risk Management**

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), environment, technology and breach of confidentiality amongst others.

The benefits of successful risk management include:

- Improved service delivery with fewer disruptions, efficient processes and improved controls
- Improved financial performance and value for money with increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks
- Improved corporate governance and compliance systems with fewer legal challenges, robust corporate governance and fewer regulatory visits
- Improved insurance management with lower frequency and value of claims, lower impact of uninsured losses and reduced premiums.

**Risk Management Process**

The Council’s risk management process has five key steps as outlined below.



Process Step	Description
<b>Risk Identification</b>	Identification of risks which could significantly impact the Council’s aims and objectives – both strategic and operational.
<b>Risk Analysis</b>	Requires consideration to the identified risks potential consequences and likelihood of occurring. Risks should be scored against the Council’s risk matrix
<b>Risk Treatment</b>	Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (may be one or a combination of a number of treatments)
<b>Completing the Risk Register</b>	Document the previous steps within the appropriate risk register. Tool for facilitating risk management discussions. Standard template to be utilised to ensure consistent reporting.
<b>Monitoring, reporting and reviewing the risks</b>	Review risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable.

**Risk Matrix**

		Risk – Threats				
<b>Likelihood</b>	Almost Certain – 5	5	10	15	20	25
	Likely – 4	4	8	12	16	20
	Possible – 3	3	6	9	12	15
	Unlikely – 2	2	4	6	8	10
	Rare – 1	1	2	3	4	5
		Insignificant – 1	Minor – 2	Moderate – 3	Major – 4	Catastrophic – 5
		<b>Impact</b>				

Risk Rating	Value	Action
<b>Red Risk</b>	25	Immediate action to prevent serious threat to provision and/or achievement of key services or duties
	15 to 20	Key risks which may potentially affect the provision of key services or duties
<b>Amber Risk</b>	12	Important risks which may potentially affect the provision of key services or duties
	8 to 10	Monitor as necessary being less important but still could have a serious effect on the provision of key services
	5 to 6	Monitor as necessary to ensure risk is properly managed
<b>Green Risk</b>	1 – 4	No strategic action necessary

## APPENDIX 2

Strategic Risk Register – Summary of Proposed Changes

Inherent Risk – Gross risk **before** controls and mitigation

Residual Risk – Risk remaining **after** application of controls and mitigating measures

Risk	Inherent Risk	Residual Risk	Changes
<p>1. Failure to maintain effective corporate performance management and implement change management processes</p>	20	9	<p>The action to produce and obtain approval for a new Corporate Plan was replaced with actions to provide a progress update on the production of a new Corporate Plan to Policy and Performance Committee on 2 October 2019 and to present a new Corporate Plan to Policy and Performance Committee for approval on 4 December 2019.</p> <p>An action to propose an LGA (Local Government Association) peer review to Policy and Performance Committee on 2 October 2019 was added.</p>
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had worsened.</i></p>	25	12	<p>A completed action to approve a new Procurement and Commissioning Strategy has been deleted.</p> <p>An action to proceed with the sale of the Cliffe Hill Avenue site in Stapleford has been replaced with an action to submit and consider the outcome of a funding bid to the Local Enterprise Partnership for support to develop an incubator hub for businesses at Council owned sites in Stapleford.</p> <p>The new actions added were:</p> <ul style="list-style-type: none"> <li>• Secure agreement with a tenant for the rental of Durban House.</li> <li>• Report to Jobs and Economy Committee on 5 September 2019 on proposals to develop new industrial units at Mushroom Farm.</li> <li>• Review the operating model for Bramcote Crematorium, given concern about the sustainability of the surplus distribution received.</li> <li>• Consider the implications of a potential loss of car parking income from Nottinghamshire County Council.</li> </ul>

Risk	Inherent Risk	Residual Risk	Changes
3. Failure to deliver the Housing Revenue Account (HRA) Business Plan	25	12	<p>The action relating to Phase 2 of the Capita upgrade has been completed.</p> <p>The action to develop a council house building plan has been replaced with an action point to deliver the plan.</p> <p>The new actions added were to present an Acquisitions Policy to Housing Committee on 18 September 2019; and to undertake a review of the Housing Repairs service.</p>
4. Failure of strategic leisure initiatives <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i>	25	15	The action to present the findings of the detailed property condition survey at Bramcote Leisure Centre to Leisure and Environment Committee has been updated to produce a suitable programme to address the issues identified in the survey.
5. Failure of Liberty Leisure trading company	25	12	An action to deliver a presentation to Committee on the work of the company has been completed.
6. Failure to complete the re-development of Beeston town centre <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i>	25	15	No changes.
7. Not complying with domestic or European legislation <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i>	25	12	<p>Whilst there is an action to assess the impact of any relevant legislative changes arising from leaving the EU on 31 October 2019, the uncertainty surrounding this process and its potential legislative, financial and other implications will require scrutiny. There may be a significant impact upon strategic risks and these will have to be addressed in due course.</p> <p>The new actions added were:</p> <ul style="list-style-type: none"> <li>• Present an Equality Action Plan to the Policy and Performance Committee on 2 October 2019.</li> <li>• Conduct a review of Council properties to ensure appropriate measures are in place to mitigate the risk of Legionella.</li> </ul>



Risk	Inherent Risk	Residual Risk	Changes
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	The external audit of the 2018/19 accounts had been concluded and that the external auditors had issued an unqualified audit opinion and value for money conclusion.
9. Failure to maximise collection of income due to the Council	20	9	An action point to recruit two Business Rates Property Inspectors in association with Gedling BC, Newark and Sherwood DC, and Rushcliffe BC has been added.
10. Failure of key ICT systems	25	10	The Warning, Advice and Reporting Point (WARP) service along with the Cyber Security Information Sharing Partnership (CISP) were added as key controls.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	An action to report on proposals to further regulate HMOs to the Jobs and Economy Committee on 30 January 2020 was added.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020	15	6	No changes.
13. Failure to contribute effectively to dealing with crime and disorder	15	6	<p>The action to present a Serious and Organised Crime Policy to the Community Safety Committee was amended to show that this will be presented to the Community Safety Committee on 19 September 2019.</p> <p>An action point to present a Knife Crime Action Plan to the Community Safety Committee on 14 November 2019 was added.</p> <p>The action point to develop and deliver neighbourhood action plans for Eastwood South and Stapleford was deleted.</p>
14. Failure to provide housing in accordance with the Local Development Framework	20	12	The action to develop a house building plan has been updated to deliver the council house building plan.

Risk	Inherent Risk	Residual Risk	Changes
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i></p>	15	10	<p>The Nottinghamshire County Council (NCC) Flood Risk Management Strategy was added as a key control.</p> <p>The action to support NCC in implementing their Flood Risk Management Strategy was updated to contact NCC for the latest position concerning the Strategy.</p>
<p>16. Failure to mitigate the impact of the Government's welfare reform agenda</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	20	10	<p>The Financial Inclusion Policy was added as a key control.</p> <p>The action to prepare for the further rollout of Universal Credit including learning from the experience of the pilot authorities has been deleted.</p> <p>Actions to implement the Welfare Reform Action Plan and to recruit a second Financial Inclusion Officer to provide additional financial advice to tenants were added.</p>
<p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p>	20	9	<p>The actions to integrate the building control ICT systems with Erewash BC and to assist Rushcliffe BC with the development of a new crematorium were deleted.</p> <p>The action to provide regular updates to the Policy and Performance Committee on current shared service arrangements and proposals for the future was replaced with an action to present a Shared Services Annual Report to the Policy and Performance Committee on 2 October 2019.</p>
<p>18. Corporate and/or political leadership adversely impacting upon service delivery</p>	20	8	<p>Coalition Group Away Days was added as a key control.</p> <p>An action to implement a committee management system was updated to rollout use of the system to members and officers by December 2019.</p> <p>The completed action to address any changes required following the outcome of the Stapleford South East election was deleted.</p> <p>A new action to recruit to the Strategic Director, Monitoring Officer and Head of Housing posts was added.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>19. High levels of sickness</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	16	9	<p>The Personnel Committee was added as a key control.</p> <p>The completed action to present a revised Attendance Management Policy to the Policy and Performance Committee was deleted.</p>
<p>20. Lack of skills and/or capacity to meet increasing initiatives and expectations.</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i></p>	20	12	<p>The Personnel Committee; annual Performance Appraisal (including a Core Abilities Assessment); and the Apprenticeship Strategy were added as key controls.</p> <p>The identification of training needs in the production of service delivery plans and number of apprenticeships were deleted as key controls.</p> <p>The number of apprenticeships was added as a risk indicator.</p> <p>The actions to ensure that employees receive an annual Performance Appraisal and to identify difficult areas and how these will be dealt with within service plans were deleted.</p> <p>There is a significant degree of overlap with Risk 21 "Inability to attract or retain key individuals or staff". Consideration will be given as to whether these could be consolidated into a single risk.</p>
<p>21. Inability to attract or retain key individuals or groups of staff</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i></p>	20	12.	<p>The risk owner has been changed to the Chief Executive.</p> <p>The Personnel Committee was added as a key control.</p> <p>An action point to seek advice from East Midlands Councils on the pay structure to address skill shortage issues in particular areas was added.</p> <p>A further action to review the use of agency staff was also added.</p> <p>There is a significant degree of overlap with Risk 20 above. Consideration will be given as to whether these could be consolidated into a single risk.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>22. Failure to fully utilise investment in ICT infrastructure</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	16	9	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The only ICT investment that required further work in the short-term in order to function as intended was the Civica intelligent scanning module that will shortly be rolled out to departments.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>
<p>23. Processes or procedures not followed leading to ill informed decisions and/or abuse of Council facilities</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	20	9	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The respective policies and guidance were regularly reviewed and revised as necessary with appropriate communication to members/officers.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>
<p>24. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</p>	20	9	<p>New actions were added to present a Customer Service Strategy to the Policy and Performance Committee on 2 October 2019; and to present a review of the armed forces covenant to the Community Safety Committee on 14 November 2019.</p> <p>The action to implement changes following the review of Independent Living Service was deleted.</p>
<p>25. Failure to ensure appropriate levels of data quality</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	8	4	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The respective policies and guidance were regularly reviewed and revised as necessary with appropriate communication to members/officers.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>

Risk	Inherent Risk	Residual Risk	Changes
26. Unauthorised access of data <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i>	20	9	The building works presently taking place and introduction of new ICT hardware as part of the rollout of the New Ways of Working project meant that there was a need to be vigilant to ensure that the unauthorised access of data was prevented.
27. High volumes of employee or client fraud <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i>	20	9	The action to present a report on counter fraud, corruption and money laundering prevention activity to the Governance, Audit and Standards Committee was completed.
28. Failure to effectively communicate either externally or internally <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i>	12	6	There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. There were regular briefings, newsletters and other forms of communication to members and officers that were now in place.  GMT supported the removal of this risk from the strategic risk register.

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**Report of the Interim Strategic Director**

**LOCAL GOVERNMENT OMBUDSMAN AND HOUSING OMBUDSMAN  
SERVICE ANNUAL REVIEW LETTERS**

1. Purpose of report

To present the Local Government Ombudsman's (LGO) annual review letter 2018/19 and the Housing Ombudsman Service annual report 2018/19 to the Council and thereby promote all the Council's objectives.

2. Detail

The annual review letter from the Local Government Ombudsman is summarised at appendix 1. The annual report of the Housing Ombudsman Service is summarised at appendix 2.

**Recommendation**

**The Committee is asked to NOTE the report.**

Background papers

Nil

**LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW LETTER**

1. In 2018/19 the LGO received 14 complaints about the Council. Of these, 13 decisions were made, one was determined to be incomplete or invalid, two were provided with advice and five were referred back to the Council for local resolution; we have no way of knowing if these complainants did contact the Council. Annex A provides a breakdown of the complaints received and the decisions made. Annex B provides a comparison with neighbouring authorities.
2. The purpose of the LGO annual letter is to help ensure that learning from complaints informs scrutiny at the local level. Supporting local scrutiny is one of the LGO's key business plan objectives. Its corporate strategy is based on remedying injustice and improving public services. The LGO has produced a complaints manual for Complaints Officers to assist their understanding of how the LGO investigate complaints. The manual can be found at [www.lgo.org.uk/link-officers](http://www.lgo.org.uk/link-officers).
3. The LGO's *Annual Review of Local Government Complaints* shows that it upheld 100% of detailed investigations in 2018/19.



Local authority report – Broxtowe Borough Council – For the period ending – 31/03/2019

Complaints and enquiries received

Local Authority	Adult Care Services	Benefits and tax	Corporate and other services	Education and children’s services	Environmental services and public protection	Highways and transport	Housing	Planning and development	Other	Total
Broxtowe BC	0	1	3	0	2	0	3	4	1	14

Decisions made

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Detailed investigations carried out									
Not Upheld	Upheld			Uphold Rate	Advice given	Closed after initial Enquiries	Incomplete/ Invalid	Referred back for local resolution	Total
0	1			0%	2	4	1	5	13
Complaints Remedied									
By LGO		Satisfactorily by Authority before LGO involvement		Compliance Rate					
1		0		100%					

**Comparison with neighbouring authorities**

The table shows how many complaints the LGO received and determined about neighbouring authorities.

Authority	Complaints received	Complaints determined	Complaints investigated & upheld	Complaints investigated & not upheld
Ashfield District Council	19	2	1	1
Bassetlaw District Council	14	5	1	4
<b>Broxtowe Borough Council</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>0</b>
Gedling Borough Council	14	5	0	5
Mansfield District Council	14	1	0	1
Newark & Sherwood District Council	10	4	2	2
Nottingham City Council	98	26	18	8
Nottinghamshire County Council	104	35	18	17
Rushcliffe Borough Council	9	3	0	3

**HOUSING OMBUDSMAN SERVICE ANNUAL REPORT**

The Housing Ombudsman Service (HoS) ensures the fair resolution of housing complaints, locally if possible. It works with landlords and residents to resolve individual complaints within the landlord's complaint procedure. If things go wrong, they seek to put them right and encourage learning from outcomes. The HoS works with landlords and residents and facilitates improvements to complaint handling and service delivery. It aims to role model the service it expects of others.

The key highlights of the year are:

- It dealt with 16,294 complaints and enquiries nationwide, seeing an increase from 14,445 for the 2018/19 period. Productivity increased significantly resulting in more cases being closed during the year than were received.
- Responsive repairs have continued to be the largest category of complaint received at 39% of the overall number.
- Timeliness has improved with a reduction in the average case time for complaints in our formal remit from nine months to eight months, and we continue to work towards achieving our six-month target. 100% of cases were determined within 12 months.
- The HoS have high levels of compliance with our orders – 97% are implemented within three months and 100% within six months.

The Housing Ombudsman said: *“Over the year we have successfully completed a range of activities to further develop our service for the benefit of our customers and made real progress against our targets. We carry forward a strong desire to improve further the service we provide and to use our experience and unique perspective of housing complaints to help shape better systems of redress for the future.”*

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## Report of the Interim Monitoring Officer

**REPORT OF THE INTERIM MONITORING OFFICER**1. Purpose of report

The Local Government Ombudsman (LGO) has made a finding of injustice in respect of the handling of a complainant's standards complaint investigation.

2. Detail

In summary, the complainant contacted the Council to raise a standards complaint in respect of member conduct at a Council meeting in 2018. The Council acknowledged the complaint but there were significant delays in the complaint being investigated.

The LGO found that the Council had not provided the complainant with sufficient communication to relay the continued delay and that it had not followed its arrangements for dealing with standards complaints. The LGO found fault with the above issue and as such its decision as '*maladministration and injustice.*' A full copy of this report is attached as the appendix.

3. Outcome

In line with the LGO's recommendation, the Council has issued an apology to the complainant and issued £150 of compensation.

**Recommendation**

**The Committee is asked to NOTE and accept the report.**

Background papers

Nil

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## **The Ombudsman's final decision**

Summary: The Council failed to properly investigate Mr B's complaint about three councillors and significantly delayed providing its response to the complaint. The Council has agreed to apologise, make a payment to Mr B and take action to prevent similar failings in future.

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## **The complaint**

1. Mr B complains that the Council has failed to properly deal with his complaint about elected members of the Council.

## **The Ombudsman's role and powers**

2. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
3. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
4. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

## **How I considered this complaint**

5. I have:
  - considered the complaint and the documents provided by the complainant;
  - discussed the issues with the complainant;
  - made enquiries of the Council and considered the comments and documents the Council has provided; and
  - given the Council and the complainant the opportunity to comment on my draft decision.

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## What I found

### Background to the complaint

6. On 8 March 2018, Mr B complained to the Council's Monitoring Officer about a councillor who, in his view, made slanderous comments about him during a meeting. Mr B also complained that after the meeting, a second councillor spoke to him in a manner intended to intimidate and a third councillor was verbally abusive to him.
7. The Council acknowledged Mr B's complaint but took no further action until 4 May. The Monitoring Officer then telephoned Mr B and apologised for the delay in dealing with his complaint, which he explained was due to his absence from work for health reasons. The evidence suggests that during this call, the Monitoring Officer invited Mr B to send him a copy of any relevant video footage; Mr B had been using a video camera on the day in question.
8. Mr B did not provide any further evidence to the Council. He then complained via his Member of Parliament about the Council's delay in dealing with his complaint.
9. The Monitoring Officer told Mr B that he would arrange to carry out an initial assessment of his complaints with the Council's Independent Person. He explained that this would result in a decision as to whether his complaint would be formally investigated, whether other action or no further action would be taken.
10. The Monitoring Officer met with the Independent Person on 25 June. It was decided that the comments made by one councillor during the meeting were not a potential breach of the code. It was also decided that Mr B's complaint about the other two councillors did not justify the cost of an external investigation, but that the Monitoring Officer should make further enquiries.
11. The Council took no further action and on 16 November, Mr B complained about the delay. The Monitoring Officer apologised to Mr B and said that he aimed to conclude work on his complaint within four weeks.
12. In December, the Monitoring Officer told Mr B that there was significant conflict between the accounts of the incident which occurred after the council meeting ended. He repeated his offer for Mr B to provide any other material he had.
13. Mr B provided the contact details of two witnesses to the incident. He said that he did not have any footage of it.
14. The Monitoring Officer interviewed the witnesses in February 2019. The Council told me on 22 February that it expected to send out its decision on Mr B's complaint early the following week.
15. The Monitoring Officer sent his decision to Mr B on 31 May. In relation to the comments made by the councillor during the meeting, he said that he had decided that the councillor's actions were not serious enough to warrant a finding that the Code of Conduct had been breached.
16. In relation to the incident after the meeting, the Monitoring Officer said that he had spoken to one of the councillors Mr B had complained about. He said that the councillor denied using any inappropriate language, or that he sought to intimidate Mr B. The Monitoring Officer told Mr B that he had also spoken to another councillor who was involved in the incident, along with the two witnesses Mr B had put forward. The Monitoring Officer told Mr B that due to the conflicting evidence, he was unable to reach a finding that the two councillors were acting in breach of their duties under the Code of Conduct.



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## **Council policy**

17. The Council's policy for dealing with complaints against councillors says:
- "The Monitoring Officer will review every complaint received and will confirm which part of the Code of Conduct applies and inform the subject member and in the case of a complaint against a town or parish councillor, the Clerk to the town or parish council."
- "If local resolution is not achieved, or not considered appropriate, the Monitoring Officer will consult with the Independent Person before progressing with the complaint."
- "The Monitoring Officer will then take a decision as to whether it merits investigation. This decision will normally be taken within 20 working days of receipt of a complaint."
- "When the Monitoring Officer has taken a decision, he will inform the complainant of his decision and the reasons for that decision. The subject member, and the town or parish council, will also be notified in writing of the Monitoring Officer's decision."
- "If the Monitoring Officer, in consultation with the Independent Person, decides that a complaint merits formal investigation, he will appoint an Investigating Officer, who may be another senior officer of the authority, an officer of another authority or an external investigator."

## **Analysis**

### **Complaint about the councillor's comments during the meeting**

18. The Monitoring Officer was present at the council meeting and therefore heard the comments which Mr B subsequently complained about. I do not consider it was necessary for the councillor to be questioned about what happened. However, the Council should have told the councillor about the complaint, and it should have written to the councillor with its findings.
19. The Monitoring Officer, in consultation with the Independent Person, decided in June 2018 that the actions of the councillor were not a potential breach of the code. The Council decided to respond to all aspects of Mr B's complaint at the same time. It did so on 31 May 2019, over a year after Mr B complained on 8 March 2018. This delay was fault. Other than this, I have found no evidence of fault in the way the Council decided there had not been a breach of the Code of Conduct.

### **Complaint about the incident after the meeting involving two other councillors**

20. The Monitoring Officer spoke to one of the councillors about the complaint almost a year after the incident. The Council delayed speaking to the councillor and failed to keep a record of the discussion. This was fault.
21. The Monitoring Officer did not speak to the other councillor, but instead relied on an email about the incident which she sent before Mr B complained. The Council should have told the councillor about the complaint and it should have written to both councillors with its findings. It did not do so; this was fault.
22. The Monitoring Officer, in consultation with the Independent Person, decided in June 2018 that Mr B's complaint about these two councillors did not justify the cost of an external investigation, but that the Monitoring Officer should make further enquiries. The Council should have written to Mr B to tell him its decision,

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and the reasons for its decision. It did not do so; this was fault. As a result, it is not clear if the Council decided that the complaint merited formal investigation, or whether it was decided more information was needed before it could reach a decision on whether a formal investigation was needed.

23. In any event, the Monitoring Officer did investigate the complaint. The policy says that where a complaint merits investigation, the Monitoring Officer will appoint an Investigating Officer, who can be a senior officer of the Council. The failure to do this resulted in an inadequate investigation and significant delays.
24. The failings in this case have caused Mr B frustration and put him to avoidable time and trouble. He has also been left with uncertainty as to whether a different decision would have been reached if there had been no fault by the Council.

### **Agreed action**

25. Within four weeks, the Council will make a payment of £150 to Mr B and apologise to him for the failings identified in this case.
26. Within twelve weeks, the Council will review its policy and procedures for dealing with complaints about councillors and will ensure it is able to deal with complaints in a timely manner.

### **Final decision**

27. I have completed my investigation and uphold Mr B's complaint. There was fault by the Council which caused injustice. The action the Council has agreed to take is sufficient to remedy that injustice.

### **Investigator's decision on behalf of the Ombudsman**

**Report of the Interim Strategic Director**

<b>WORK PROGRAMME</b>
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1. Purpose of report

To consider items for inclusion in the Work Programme for future meetings.

2. Background

Items which have already been suggested for inclusion in the Work Programme of future meetings are given below. Members are asked to consider any additional items that they may wish to see in the Programme.

2 December 2019	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Review of Strategic Risk Register</li> <li>• CIPFA Statement on the Role of the Head of Internal Audit</li> <li>• Internal Audit Review of Effectiveness</li> <li>• Internal Audit Charter</li> <li>• Review of Whistleblowing Charter</li> <li>• Review of Disposal of Assets</li> </ul>
16 March 2020	<ul style="list-style-type: none"> <li>• Internal Audit Plan 2020/21</li> <li>• Internal Audit Progress Report</li> <li>• External Audit Plan 2019/20</li> <li>• Review of Strategic Risk Register</li> <li>• Statement of Accounts 2018/19 – Accounting Policies</li> <li>• Statement of Accounts 2019/20 – Underlying Pension Assumptions</li> <li>• Review of Governance of Parish and Town Councils</li> </ul>

<b><u>Recommendation</u></b>
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<p><b>The Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.</b></p>
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Background papers

Nil

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