



Thursday, 15 September 2022

Dear Sir/Madam

A meeting of the Governance, Audit and Standards Committee will be held on Monday, 26 September 2022 in the Council Chamber, Council Offices, 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:	I L Tyler (Chair)	J M Owen
	P Lally (Vice-Chair)	J C Patrick
	M Brown	J P T Parker
	S Dannheimer	P Roberts-Thomson
	M Hannah	R S Robinson
	H G Khaled MBE	P D Simpson
	H Land	

AGENDA

1. APOLOGIES

To receive apologies and to be notified of the attendance 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 5 - 6)

The Committee is asked to confirm as a correct record the minutes of the meeting held on 18 July 2022

4. EXTERNAL AUDIT UPDATE 2021/22 (Pages 7 - 12)

The Governance, Audit and Standards Committee is asked to NOTE the report which provides an update on progress in delivering our responsibilities as an external auditor.
5. GOING CONCERN STATEMENT (Pages 13 - 18)

This report sets out the assessment by the designated Section 151 Officer of the Council's Going Concern status.
6. INTERNAL AUDIT PROGRESS REPORT (Pages 19 - 32)

To inform the Committee of the recent work completed by Internal Audit
7. GOVERNANCE DASHBOARD -MAJOR PROJECTS (Pages 33 - 48)

To provide the Committee with an update to the 'Governance Dashboard' relating to the Council's major projects.
8. REVIEW OF STRATEGIC RISK REGISTER (Pages 49 - 62)

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.
9. ANNUAL COUNTER FRAUD REPORT 2021/22 (Pages 63 - 76)

To provide the Committee with the Annual Counter Fraud Report for 2021/22.
10. WORK PROGRAMME (Pages 77 - 78)

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

11. EXCLUSION OF PUBLIC AND PRESS

The Committee is asked to RESOLVE that, under Section 100A of the Local Government Act, 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 7 of Schedule 12A of the Act.

12. ANNUAL COUNTER FRAUD APPENDIX TWO

(Pages 79 - 82)

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GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

MONDAY, 18 JULY 2022

Present: Councillor I L Tyler, Chair

Councillors: P Lally (Vice-Chair)
M Brown
S Dannheimer
H G Khaled MBE
H Land
J M Owen
P J Owen (substitute)
J C Patrick
P Roberts-Thomson
R S Robinson
R D Willimott (substitute)

Apologies for absence were received from Councillors M Hannah, J P T Parker and P D Simpson.

8 DECLARATIONS OF INTEREST

There were no declarations of interest.

9 MINUTES

The minutes of the meeting held on 16 May 2022 were confirmed and signed as a correct record.

10 INTERIM REVIEW OF POLLING DISTRICTS AND POLLING PLACES

The Committee noted arrangements for the interim review of polling districts and polling places which would begin on 1 August 2022.

11 INTERNAL AUDIT REVIEW 2021-22

The Committee noted the work of Internal Audit during 2021/22 and noted the annual internal audit assurance opinion that can be used by the Council to inform its Annual Governance Statement.

Overall, 72% of the planned audits were complete or awaiting finalisation at the year-end, below the 90% target. This was primarily due to a vacancy within the Internal Audit team since October 2021. A risk-based approach to completing audits has been taken during this period, with higher-risk audits being prioritised for completion.

12 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the recent work completed by Internal Audit.

It was noted that Internal Audit had also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits.

13 REVIEW OF STRATEGIC RISK REGISTER

The Committee considered the Strategic Risk Register and the action plans identified to mitigate risks.

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

14 COMPLAINTS REPORT 2021/22

Members were provided with a summary of complaints made against the Council. It was noted that there had been a decrease in stage 1 complaints received and a decrease in stage 2 complaints in 2021/22.

15 FREEDOM OF INFORMATION REPORT 2021/22

Members were provided with an overview of Freedom of Information requests made to the Council. It was noted that there had been an increase in the number of requests received in comparison to the previous year.

16 REPORT OF THE MONITORING OFFICER

The Committee noted the findings of Housing Ombudsman (HO) had made in relation of injustice in respect of a lack of repairs undertaken to a complainant's property. Concern was raised over the findings of the HO and the Complaints Department. It was noted that the functions and performance of the Housing Repairs Department was currently being reviewed by Overview and Scrutiny Committee.

17 WORK PROGRAMME

The Committee considered the Work Programme.

RESOLVED that the Work Programme be approved.

Audit Progress Report

Broxtowe Borough Council – Year ended
31 March 2022

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September 2022



Status of the audit

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

We recognise the significant workload of the finance team and ongoing challenges in financial planning management and reporting in the wider environment and this has caused some delays to the progress of the audit meaning we are not as progressed as we would like. We have discussed this with management and continue to have their full co-operation. The audit was again carried out remotely, we together with management are working closely to complete the remaining audit work, resolve audit queries and we are grateful for their co-operation and support.

Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process, and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.

Significant audit risks: description	Fraud	Error	Judgement
<p>1 Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</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>2 Net defined benefit liability valuation</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	-	●	●
<p>3 Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material)</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land & Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	-	●	●

Status of the audit

Our work is in progress, and we will report detailed findings in our Audit Completion Report. At the date of writing the report, there are no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters including those detailed below.

Subject to the need to receive third party confirmations in our audit (pensions), we expect to be fully complete for the meeting of the Governance, Audit and Standards Committee scheduled for 28 November 2022.

Audit area	Status	Description of the outstanding matters
Income - Including Grant income / Debtors	 [Amber]	Samples have been received from management, this will be reviewed by the audit team
Expenditure / Creditors	 [Amber]	Samples have been received from management, this will be reviewed by the audit team
Property, Plant & Equipment (including council dwellings)	 [Amber]	A few queries have been sent to management and the valuers. The audit team is currently awaiting management / valuers response and progress in this section is reliant on the responses received.
Journals	 [Green]	A few queries have been raised with management upon review of initial evidence submitted, these remain outstanding.
Provisions / Contingencies	 [Green]	A few queries have been raised with management upon review of initial evidence submitted, these remain outstanding.
Pensions	 [Red]	Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required.
Completion Procedures	 [Green]	This has not been started, this will be started once the audit work is largely
Audit Quality Control and Completion Procedures	 [Amber]	Upon completion of our audit work the audit file will undergo final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.
Whole of Government Accounts (WGA)	 [Green]	NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time.



[Red]
Likely to result in material adjustment or significant change to disclosures within the financial statements.



[Amber]
Potential to result in material adjustment or significant change to disclosures within the financial statements.



[Green]
Not considered likely to result in material adjustment or change to disclosures within the financial statements.

Status of the audit

Internal controls

The purpose of our audit is to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

Based on the audit work carried out this year, we have not identified any significant control deficiencies that we are required to report to you.

Errors and misstatements

We are pleased to report that no material misstatements have been identified during our audit work to date.

A small number of disclosure amendments to the notes to the Statement of Accounts have been agreed with management to correct minor errors. None of these are significant and we are not required to highlight them in this report.

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022 and expect to report our findings in the Annual Auditors Report within 3 months of giving our audit opinion. At the time of preparing this report, we have not identified any significant

weaknesses in the Council's arrangements that require us to make a recommendation.

- Whole of Government Accounts - The NAO has not yet issued its Group Instructions for local authority audits.

We will update the Governance, Audit and Standards Committee when more information is known.

Mark Surridge, Key Audit Partner

mark.surridge@mazars.co.uk

Mazars

2 Chamberlain Square
Birmingham
B3 3AX

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*where permitted under applicable country laws.

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council 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.

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Report of the Deputy Chief Executive

GOING CONCERN STATEMENT1. Purpose of report

This report sets out the assessment by the designated Section 151 Officer of the Council's Going Concern status.

2. Recommendation

The Committee is asked to NOTE the outcome of the assessment made of the Council's status as a going concern for the purposes of the Statement of Accounts 2021/22.

3. Detail

The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Where the 'going concern' concept is not the case, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.

Given the significant reduction in funding for local government in recent years and the potential threat that the pandemic and cost of living crisis continues to pose to the ongoing viability of one or more councils as a consequence, external auditors are placing a greater emphasis on local authorities undertaking an assessment of the 'going concern' basis on which they prepare their financial statements.

In response the position of this Council is set out in the appendix to this report.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

The financial implications are included in the report narrative and appendices.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

There are no direct legal implications that arise from this report.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. Background Papers

Nil

APPENDIX**Assessment of Going Concern**

As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2021/22 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code, the Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin the going concern assessment are the:

- Council's current financial position;
- Council's projected financial position;
- Council's governance arrangements; and
- regulatory and control environment applicable to the Council as a local authority.

These are considered in more detail below.

Current Financial Position

The financial outturn position 2021/22 shows an underspend against revised budget of £1.900m. As at 31 March 2022 the Council held general revenue reserves of £7.425m. In addition, the Council held earmarked reserves of £3.583m to meet specific identified pressures, but which ultimately may be diverted to support general expenditure by the Section 151 Officer should the need arise. Of these reserves £3.042m are held for the purpose offsetting the Collection Fund deficit for future years which has occurred as the result of the Covid-19 pandemic.

General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. As part of the Medium Term Financial Strategy, the Section 151 Officer has assessed that the optimum level of general reserves to be held by the Council to be at or above £1.5m and at least equal to 5% of the Council's net operating expenditure. General reserves were at £7.425m as at 31 March 2022.

At 31 March 2022 the Council held £14.431m in the form of either cash or short term investments maturing within the next financial year.

On capital there was £14.178m of expenditure in the approved capital programme for the year. This represents an underspend against the approved capital programme of £8.552m, the main reason being general underspending on capital schemes. Budgets to the value of £8.054m have been carried forward into 2022/23. The Council funds its capital programme from borrowing, capital receipts, direct financing from revenue, government grants and partnership funding such as developer contributions.

The Council's balance sheet as at 31 March 2022 shows a net worth of £100.1m. This is significantly reduced by the inclusion of a pension liability of £62.9m. There are statutory arrangements for funding the pension deficit through increasing contribution over the remaining working life of the employees, as assessed by an independent actuary. The financial position of the Council remains healthy.

Other factors giving rise to this assessment include:

- The adequacy of risk assessed provisions for doubtful debts;
- The range of reserves set aside to help manage expenditure; and
- An adequate risk assessed working balance to meet unforeseen expenditure.

Projected Financial Position

In February 2022, the Council approved a balanced budget for 2022/23. This allowed for net spending of £12.372m and required a Council Tax increase at £5 (Band D) equivalent to around 3%, pressures/growth of £1.824m, savings/additional income of £1.639m and the use of £0.351m from general reserves.

The Medium Term Financial Strategy (MTFS) is updated annually and reflects a four-year assessment of the Council's spending plans and associated funding. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the capital programme, as well as the management of debt and investments. An update on the MTFS, covering the four-year period 2023/24 to 2026/27 will be reported to Cabinet in October 2022.

With the Council already having overcome significant reductions in central government grant funding, it is anticipated that the MTFS will identify a significant budget gap of £5.986m over the period 2023/24 to 2026/27. The Council has developed a Business Strategy to identify savings and additional income to manage the reduction in resources. The budget will be monitored over the medium-term period by Cabinet.

The Council has a well-established process for the development of the Capital Strategy, reported to Finance and Resources Committee every year, which ensures the Council maintains a capital programme which is prudent, sustainable and affordable. The capital budget for 2022/23 to 2024/25, including the Housing Revenue Account and Stapleford Towns Fund, is £56.1m.

Governance Arrangements

The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service; the Monitoring Officer; and the Section 151 Officer in addition to the current political arrangements.

An overview of this governance framework is provided in the Annual Governance Statement which is included within the Statement of Accounts. This was presented to this Committee on 16 May 2022 and included a detailed review of the effectiveness of the Council's governance arrangements.

External Regulatory and Control Environment

As a local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by the external auditors as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.

Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being that, when faced with such a scenario, central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery.

Given the severity of the Covid-19 pandemic on the country's finances, it would have been complacent to sit back and wait for Government intervention. Ministers have conceded that local authorities could still be left with unmanageable pressures and may continue to be concerned about their future financial position, urging any authority that found itself in that position to contact the department with immediate effect.

Conclusions

It is considered that having regard to the Council's arrangements and such factors as highlighted in this report that the Council remains a going concern.

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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. Recommendation

The Committee is asked to NOTE the report.

3. 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 is included at appendix 1. A summary narrative of the work completed by Internal Audit since the previous report to this Committee is also included.

Internal Audit has also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of this 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.

Members may observe that some of the terminology used within this report has changed from that used in previous Internal Audit Progress reports. For instance, recommendations are now categorised as 'high priority', 'medium priority' and 'low priority' rather than 'significant' or 'merits attention' as previously. Similarly, audit 'objectives' have now been replaced with audit 'key risks'. This change in terminology is part of a move towards a more risk-based approach and focus for Internal Audit, in line with 'industry' best practice. The underlying audit work and level of assurance provided does not significantly change as a result.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance and productivity of Internal Audit for 2022/23 will be presented to this Committee in July 2023.

4. Financial Implications

The annual cost of the Internal Audit activity is included within established Finance Services budgets. The salary cost for Internal Audit was underspent in 2021/22 due to the vacancy referred to in the report.

5. Legal Implications

This report already sets out the legal framework for Internal Audit to provide a summary of internal audit work. It addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council to make arrangements for the proper administration of its financial affairs. This report also complies with the requirements of the following:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS 33.

The provision of an Internal Audit service is integral to financial management at the Council and assists in the discharge of its duties.

6. Human Resources Implications

Not Applicable.

7. Union Comments

Not Applicable.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an Equality Impact Assessment is not required.

10. Background Papers

Nil.

APPENDIX 1

INTERNAL AUDIT REPORTS ISSUED SINCE JANUARY 2022

Audit Title	Report Issued	Assurance Opinion	Actions (High Priority)	Actions (Medium / Low Priority)
Bank Reconciliation	11/01/22	Substantial	0	1
Garden Waste Collection	19/01/22	Substantial	0	1
Financial Appraisal – Stapleford Hub	01/03/22	No cause for financial concern noted		
Environmental Health	02/03/22	Reasonable	0	3
Customer Services	07/03/22	Reasonable	0	2
Bramcote Leisure Centre	11/03/22	Reasonable	0	3
Treasury Management	11/03/22	Substantial	0	0
Financial Appraisal – TCRF Applicant	16/03/22	No cause for financial concern noted		
Financial Appraisal – TCRF Applicant	17/03/22	No cause for financial concern noted		
Financial Appraisal – TCRF Applicant	30/03/22	No cause for financial concern noted		
Homelessness Prevention Grant Return	12/04/22	Submitted with no issues noted		
Financial Appraisal – High Hazels Court	26/04/22	No cause for financial concern noted		
Council Tax	11/05/22	Substantial	0	1
DH Lawrence Birthplace Museum	12/05/22	Reasonable	0	2
Corporate Governance	16/05/22	Annual Governance Statement 'Approved'		
Financial Appraisal – TCRF Applicant	26/05/22	No cause for financial concern noted		
Financial Appraisal – TCRF Applicant	30/05/22	No cause for financial concern noted		
Cash Receipting	20/06/22	Audit re-scoped		
Financial Appraisal – TCRF Applicants	21/06/22	No cause for financial concern noted		
'Protect and Vaccinate' Grant Return	24/06/22	No issues noted – return submitted		
Grounds Maintenance Services	27/06/22	LIMITED	1	2
Health and Safety	11/07/22	Reasonable	0	3
'Contain Outbreak' Grant Return	28/07/22	No issues noted – return submitted		
'Test and Trace' Grant Return	01/08/22	No issues noted – return submitted		
Licensing	10/08/22	Substantial	0	1
Financial Appraisal – TCRF Applicants	10/08/22	No cause for financial concern noted		
Financial Appraisal – TCRF Applicants	25/08/22	No cause for financial concern noted		
Kimberley Leisure Centre	13/09/22	Reasonable	0	0
Benefits	14/09/22	Substantial	0	1
Markets – Cash Review	22/09/22	No issues	0	4
Bereavement Services – Cash Review	26/09/22	No issues	0	2
Major Projects – Governance Dashboard	26/09/22	No cause for concern noted		

REMAINING INTERNAL AUDIT PLAN 2022-23

Audit Title	Progress
Financial Resilience	In progress
Rents	In progress
Stapleford Town Fund	In progress
Business Rates (NNDR)	In progress
Business Support	Not yet commenced
Former Council House Repurchasing	Not yet commenced

Right-to-Buy	Not yet commenced
Housing Management System	Not yet commenced
Choice Based Lettings	Not yet commenced
Human Resources	Not yet commenced
Local Authority Trading Company	Not yet commenced
Council Tax	Not yet commenced
Sundry Debtors	Not yet commenced
Bank Reconciliation	Not yet commenced
Creditors and Purchasing	Not yet commenced
Key Reconciliations	Not yet commenced
Gas Servicing and Maintenance	Not yet commenced
Electrical Testing	Not yet commenced
Climate Change	Not yet commenced
Business Continuity	Not yet commenced
Payroll	Not yet commenced
Information Management	Not yet commenced
Operational Risk Management – Kimberley Depot	Not yet commenced
Waste Management (including Trade Waste)	Not yet commenced
Legal Services	Not yet commenced
Commercial/Industrial Properties	Not yet commenced
Housing Repairs	Not yet commenced

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 effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the specific identified key risks relating to the area under audit. This opinion is categorised as either ‘Substantial’, ‘Reasonable’, ‘Limited’ or ‘Little’ assurance;
- identify inadequately addressed risks and ineffective 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 prioritised, with the agreed actions being categorised accordingly as follows:

- High Priority – Action considered necessary to avoid unmitigated exposure to significant risks (previously ‘Significant’)
- Medium Priority – Action considered necessary to avoid unmitigated exposure to other key risks (previously ‘Merits Attention – Necessary Control’)
- Low Priority – Action recommended in order to improve existing procedures and other systems of internal control (previously ‘Merits Attention’)

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

1. **'Contain Outbreak' (COMF) Grant Return**

Internal Audit was requested by the Head of Finance Services to review and submit a return to the UK Health Security Agency. The purpose of the return was to confirm that the conditions attached to the grants awarded to the Council for the purposes of the 'contain outbreak' (COMF) scheme had been met.

No issues were noted as part of this review and the return was submitted to the Agency accordingly.

2. **'Test and Trace' Support Payment Grant Return**

Internal Audit was requested by the Head of Revenues, Benefits and Customer Services to review and submit a return to the UK Health Security Agency. The purpose of the return was to confirm that the conditions attached to the grants awarded to the Council for the purposes of the 'Test and Trace' Support Payment Scheme had been met.

No issues were noted as part of this review and the return was submitted to the Agency accordingly.

3. **Licensing**

Assurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Licences are granted without the appropriate legal and regulatory requirements being met.
- Unlicensed activity within the Borough is neither detected nor appropriately managed.
- Licence conditions are inadequately enforced.
- Incorrect fees and charges are applied to licence applications and renewals.
- Income collection for licence fees and charges is inadequately managed.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. In particular, it was noted that appropriate controls are in place to ensure licences are only issued where the appropriate legal and regulatory requirements have been met.

One recommendation (low priority) relating to an improvement in the system of recording complaints from members of the public regarding licensed premises or licence holders was presented to and agreed with management.

4. **Financial Appraisals – Town Centre Recovery Fund Grant Applications**

Internal Audit provided several financial appraisals of businesses which had applied for grants from the Stapleford Town Centre Recovery Fund. These reviews were requested by the Economic Development and Regeneration Manager, with management requiring consideration of the financial viability of the applicants in order to evidence that the payment of a grant from the fund would be reasonable and to reduce the risk of fraud.

The reviews were produced on the basis of information received from the applicants, financial data retrieved from Companies House and other publicly available information. No specific cause for financial concern was noted in reference to any of the applicants. The findings were reported to senior management and the officer requesting the reports.

5. **Kimberley Leisure Centre** Assurance Opinion – **Reasonable**

Members may recall that on the 31 August, the Joint-Use Agreement with East Midlands Education Trust (EMET) for the use of the sporting facilities at Kimberley School by the Council's leisure service company, Liberty Leisure Limited (LLL), came to an end. Members may further recall that whilst LLL continues to offer leisure services at Kimberley School under licence from EMET, responsibility for the maintenance and upkeep of the buildings has now transferred to the trust.

As part of the Internal Audit Plan for 2022/23, a pre-transfer review of certain specific aspects of operations at Kimberley Leisure Centre was carried out in order to provide assurance to management, the Board and the Council and to assist management at Kimberley Leisure Centre in their preparations for the transfer. The specific areas reviewed by Internal Audit were:

- Asbestos Management
- Electrical Safety
- Fire Safety
- Legionella Protocols
- Inventory Management

No significant issues were noted during the course of the review. As the Centre has now transferred to EMET, no recommendations for future action regarding the areas reviewed as part of this audit were made. Rather, during the course of the audit a small number of minor issues were communicated to management with appropriate action being taken prior to the date of the transfer.

6. BenefitsAssurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Claims for Housing Benefit and Council Tax Support may not be assessed in an accurate and timely manner.
- Benefit overpayments may not be identified and recovered in a timely manner.
- Write offs may not be appropriately validated and authorised.
- Performance reporting and monitoring against service targets may be inadequate.
- Reconciliations to other primary financial systems may not be completed in an accurate and timely manner.
- Sensitive personal information may not be handled in an appropriate manner.
- Effective processes may not be in place to manage potential fraudulent activity.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. In particular, it was noted that the write offs reviewed as part of the testing were appropriately authorised and reconciliations to the primary financial systems for the period had been completed in a timely manner.

One recommendation (medium priority) relating to the importance of maintaining a regular programme of checking of processed applications for Housing Benefit and/or Council Tax Reduction was presented to and agreed with management.

7. Markets – Cash Handling Review

As reported to this Committee at the previous meeting in July, the original Audit Plan for 2022-23 contained an audit of Cash Receipting across the entire Council. During the planning work for this audit, however, it was discovered that the amount of cash received by the Council is now minimal. Only two service areas were noted to handle cash amounts and transaction volume of any significance, one of these being Markets.

The planned audit of Cash Receipting was accordingly re-scoped to form a review of cash handling within the two service areas identified.

Internal Audit was pleased to note that the cash handling processes implemented by the Markets service area are considered generally satisfactory and no significant issues were identified during the course of the audit.

Four recommendations (two medium priority, two low priority) relating to the provision of a card payment facility, a formal risk assessment for cash handling, the development of market site plans and the storage of used documentation, were presented to and agreed with management.

8. **Bereavement Services – Cash Handling Review**

As reported to this Committee at the previous meeting in July, the original Audit Plan for 2022-23 contained an audit of Cash Receipting across the entire Council. During the planning work for this audit, however, it was discovered that the amount of cash received by the Council is now minimal. Only two service areas were noted to handle cash amounts and transaction volume of any significance, one of these being Bereavement Services. The planned audit of Cash Receipting was accordingly re-scoped to form a review of cash handling within the two service areas identified.

Internal Audit was pleased to note that the cash handling processes implemented by Bereavement Services at Bramcote Crematorium are considered generally satisfactory. In particular, during the period under review it was confirmed that all income received had been appropriately receipted and banked in a timely manner.

Two recommendations (one medium priority, one low priority), relating to the provision of a card payment facility and a review of the frequency of cash collections, were presented to and agreed with management.

9. **Major Projects – Governance Dashboard**

The Council currently has three major projects in progress: the redevelopment of Beeston Square, the Housing Delivery Plan and the Stapleford Towns Fund. As part of Internal Audit's role in providing independent assurance over the governance arrangements in place at the Council, a 'Governance Dashboard' report relating to these three projects is periodically provided to this Committee.

The most recent Governance Dashboard is presented to this Committee alongside this progress report as part of the same agenda. Internal Audit is pleased to report that no issues have been noted with the governance arrangements for the three major projects currently in progress.

Current Audit Performance

As reported previously to this Committee, a vacancy existed within the Internal Audit team between October 2021 and July 2022. This has resulted in considerable slippage in the completion of both the 2021-22 and 2022-23 Internal Audit Plan.

The Chief Audit and Control Officer is pleased to report that, as of 1 August, a new Senior Internal Auditor has joined the Council. Work has now commenced on higher-risk planned audits that were previously deferred as a result of the vacancy period.

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 and where actions have now become due for follow-up. Those audits where all actions have previously been reported as completed have been excluded from this list.

Audit Title	Report Issued	Original Assurance Opinion	Number of Actions (High Priority in brackets)	Progress
Financial Resilience	03/07/20	Reasonable	4	1 Outstanding
Local Authority Trading Company	06/07/20	Reasonable	3 (1)	2 Outstanding
Housing Delivery Plan	08/06/21	Substantial	3 (1)	2 Outstanding
Creditors and Purchasing	18/11/21	Reasonable	7	2 Outstanding
Environmental Health	02/03/22	Reasonable	3	Completed
Customer Services	07/03/22	Reasonable	2	1 Outstanding
Bramcote Leisure Centre	11/03/22	Reasonable	3	Completed

Further details of progress being made with high and medium priority 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. Actions marked as 'superseded' refer to occasions where either 1) developments within the relevant Council department, or the environment within which the department operates, have occurred since the date of the original audit report and the action is no longer relevant or considered a priority in light of the consequent change to the Council's risk profile; or, 2) an alternative action has been implemented to mitigate the risk identified.

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**1. Financial Resilience**

July 2020, Reasonable, Actions – 4

1.1 CIPFA Financial Resilience IndexAgreed Action (Medium Priority)

It is anticipated that the CIPFA Financial Resilience Index will be refined post Covid-19 to ensure that it remains fit for purpose. The benefits of using this analytical tool to support good financial management and provide a common understanding amongst managers and members of the current financial position and potential risks are acknowledged. Further work in developing this for Broxtowe, at least in the short-term, will be dependent upon further updates from CIPFA.

Manager Responsible
Deputy Chief Executive

Target Date: 31 March 2021

Progress Report of the Deputy Chief Executive

The 2022 update of the CIPFA Financial Resilience Index has only recently been published. As one of several key tools which assist the Council in understanding its overall financial position relative to comparable and neighbouring Authorities, the Index data will be reviewed and any insights considered and actioned as appropriate.

Revised Target Date: 30 September 2022**2. Local Authority Trading Company**

July 2020, Reasonable, Actions – 3

2.1 Revision and Update of Service Management AgreementAgreed Action (High Priority)

The Council's new Leisure Facilities Strategy is currently being developed, although its full adoption and implementation will be a long-term project. In the meantime, it is anticipated that the proposed Strategy will have been developed by late summer 2020. At this stage, the Strategy will be used as the starting point for an initial review of the Service Management Agreement between the Council and the Company.

Managers Responsible
Deputy Chief Executive
Leisure Client Officer

Managing Director – Liberty Leisure Limited

Target Date: 31 October 2020

Progress Report of the Deputy Chief Executive and Leisure Client Officer

The Licence to Occupy the Kimberley Leisure Centre has now been agreed by the East Midlands Education Trust, the Council, Liberty Leisure Limited and Kimberley Academy. The agreement is currently with the Trust to sign. The agreement will come into force on 1 September 2022 and has secured the short term continuation of Liberty Leisure Limited operating from the site and the Council continuing to offer/provide community leisure within the Kimberley area.

The Leisure Facilities Strategy continues to be worked through by the Council. The latest strategy report identified a large capital investment which the Council would have to agree to in order to deliver a new leisure facility. This would in turn mean that the Council could face a significant borrowing cost; as a result, the Deputy Chief Executive is currently investigating options of how to potentially meet this increased borrowing.

A report will be presented to Cabinet in September which will provide one element of this work.

Revised Target Date: 31 December 2022

2.2 Review of Joint-Use Agreement with Chilwell School

Agreed Action (Medium Priority)

The ongoing review and re-negotiation of the Joint-Use Agreement with Chilwell School will recommence, in conjunction with Legal Services, with a view to finalising the agreement.

Managers Responsible

Deputy Chief Executive

Leisure Client Officer

Target Date: 30 April 2021

Progress Report of the Deputy Chief Executive and Leisure Client Officer

With the work for Kimberley Leisure Centre coming to an end, it will provide the opportunity to undertake a short review of the joint-use agreement for Chilwell School. This review will cover the current operations at the site, the future opportunities which may be presented and the longevity of the agreement from an operational perspective. It is expected the review will be concluded by January 2023.

Revised Target Date: 31 January 2023

3. Housing Delivery Plan

June 2021, Substantial, Actions – 3

3.1 Revision and Update of the Housing Delivery Plan

Agreed Action (Medium Priority)

The Housing Delivery Plan will be refreshed and updated, in consultation with the Head of Housing, to fully reflect the current aspirations and potential of the project. An update report will be presented to the Housing Committee accordingly.

Managers Responsible

Head of Asset Management and Development

Housing Delivery Manager

Target Date: 31 December 2021

Progress Report of the Housing Delivery Manager

A review of the adopted Housing Delivery Plan will be undertaken at the next meeting of the Housing Delivery Group (an inter-departmental officer group). Following this a report will be prepared for Cabinet outlining the strategy for the future development of the Housing Delivery Plan.

Revised Target Date: 30 September 2022

3.2 Risk Register

Agreed Action (Medium Priority)

A standalone project-specific risk register for the Housing Delivery Plan will be developed and maintained.

Managers Responsible

Head of Asset Management and Development

Housing Delivery Manager

Target Date: 31 August 2021

Progress Report of the Housing Delivery Manager

A risk register for the Housing Delivery Plan will be developed following the review of the Housing Delivery Plan.

Revised Target Date: 31 October 2022

4. Creditors and Purchasing

November 2021, Reasonable, Actions – 7

4.1 Implementation of Kofax**Agreed Action** (Medium Priority)

Significant progress has been made with the implementation of the Kofax intelligent scanning project and an update report will shortly be presented to GMT. A recent offer of external consultancy support has been made, but this may not be required with the project already moving towards completion.

The project management of the Kofax system implementation was assigned to the Principal Accountant (currently vacant and being filled on an interim basis), with operational support from the Projects and Performance Officer. In the meantime, the Head of Finance Services will assume responsibility for monitoring and providing feedback on progress and any issues identified. Going forward, the benefits of establishing an Officer Working Group to raise, discuss and resolve issues will be considered.

Managers Responsible

Head of Finance Services

Chief Accountant

Principal Accountant

Target Date: 31 March 2022

Progress Report of the Head of Finance Services

Progress continues to be made with processing more transactions through the Kofax intelligent scanning system. The new Principal Accountant is leading the project implementation team and actions have been allocated to extend usage and provide training, guidance and solutions. It is still envisaged that this work will be largely concluded by the revised target date of 31 October 2022.

Revised Target Date: 31 October 2022

4.2 Supplier Bank Details**Agreed Action** (Medium Priority)

The process for adding and updating supplier bank account details will be reviewed, in conjunction with the software supplier and benchmarked against other local authority users of this system. The system functionality and reporting will determine the approach but essential measures will be taken to ensure that adequate segregation of duties are maintained and enhanced management information can be produced by the system in relation to bank account changes.

Managers Responsible

Chief Accountant

Principal Accountant

Target Date: 31 March 2022

Progress Report of the Head of Finance Services

The process for adding and updating supplier bank account details is well-established and effective. However, the whole process will be reviewed and stress tested to ensure that it remains fit for purpose in combatting potential fraudsters. This work will be concluded once other priorities with final accounts and audit have been completed.

Revised Target Date: 30 September 2022

5. Customer Services

March 2022, Reasonable, Actions – 2

5.1 Review of Customer Services Strategy

Agreed Action (Medium Priority)

The Customer Services Strategy will be reviewed and updated as necessary.

Managers Responsible

Head of Revenues, Benefits and Customer Services

Target Date: 31 August 2022

Progress Report of the Head of Revenues, Benefits and Customer Services

The Customer Services Team is currently working with the Overview and Scrutiny Working Group and will look to incorporate appropriate recommendations into the revised Customer Services Strategy. As a result of this, the revised Strategy is likely to be submitted to the November meeting of Cabinet for formal approval.

Revised Target Date: 30 November 2022

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Report of the Chief Audit and Control Officer

GOVERNANCE DASHBOARD – MAJOR PROJECTS1. Purpose of Report

To provide the Committee with an update to the 'Governance Dashboard' relating to the Council's major projects.

2. Recommendation

The Committee is asked to NOTE the report.

3. Detail

The Council currently has three major projects in progress: the redevelopment of Beeston Square, the Housing Delivery Plan and the Stapleford Towns Fund. As part of Internal Audit's role in providing independent assurance over the governance arrangements in place at the Council, a 'Governance Dashboard' report relating to these three projects is periodically provided to this Committee.

The first part of this report (appendix one) provides an update on recent work performed by Internal Audit regarding the three projects. The second part of this report (appendix two) comprises the checklist, completed by managers involved in the projects, detailing the governance arrangements in place for each project.

Over the lifetime of these projects, Internal Audit also carries out scheduled audits of each project as part of the Annual Audit Plan. The findings, and any recommendations, arising from these scheduled audits, are reported to this Committee as part of the regular Internal Audit Progress Reports presented at each meeting.

Internal Audit is pleased to report that no issues have been noted with the governance arrangements for the three major projects currently in progress.

4. Financial Implications

The comments of the Head of Finance Services were as follows:

Under the Council's Constitution, this Committee is responsible for overseeing the maintenance of the Council's internal control environment and for monitoring and making recommendations regarding the Council's corporate governance arrangements. The importance of good governance cannot be overstated in the successful management of these major projects which are key to the delivery and sustainability of the Council's services to its communities. Whilst there are no direct financial implications resulting from this report, a strong governance, risk management and internal control

framework will support sound decision making and complement the financial and performance management arrangements in place.

5. Legal Implications

There are no direct legal implications that arise from this report.

6. Human Resources Implications

Not applicable.

7. Union Comments

Not applicable.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. Background Papers

Nil.

APPENDIX 1

GOVERNANCE DASHBOARD – INTERNAL AUDITBeeston Square Redevelopment

A detailed report on the governance arrangements for the Beeston Square Redevelopment project was presented to this Committee on 29 November 2021. This report included a summary of the governance arrangements in place for the project along with a review of the processes and approval procedures followed for key decisions and ‘milestones’ in the project’s history leading to the completion of Phase II (construction and inauguration of the ‘Arc’ Cinema and neighbouring Food and Beverage Retail Units).

Internal Audit was pleased to report that no cause for concern was noted as a result of the review reported in November 2021. Since then, Internal Audit has continued to monitor the progress of the project – in particular the redevelopment of the existing retail units to the west of Beeston Square (the ‘Argos Block’) including the construction of the ‘Changing Places’ toilet adjacent to the Beeston Tram and Bus Interchange.

No issues with the governance arrangements for the project have been noted during this time.

Housing Delivery Plan

A scheduled audit of the Housing Delivery Plan was completed as part of the Internal Audit Plan for 2021-22. The findings and recommendations arising from the audit were reported to this Committee as part of the regular Internal Audit Progress Report on 19 July 2021.

The audit opinion was that of a ‘substantial’ (the highest) level of assurance over the controls in place to ensure the effective delivery of the Housing Delivery Plan. Of the recommendations made in the audit report, two recommendations – relating to the update of the Housing Delivery Plan document and the production of a project-specific risk register – currently remain outstanding as noted in the Internal Audit Progress Report presented to this Committee alongside this present report. Completion of both these actions is expected by October 2022.

Since the completion of the above-detailed scheduled audit, Internal Audit has continued to monitor the progress of the project. No issues with the governance arrangements for the project have been noted during this time.

An audit of the arrangements in place for the repurchasing of former Council-owned properties (the ‘buy-back’ scheme – a core component of the Housing Delivery Plan) is scheduled for completion as part of the Internal Audit Plan for 2022-23. A further review of the Housing Delivery Plan is also under consideration for inclusion in the Internal Audit Plan for 2023-24.

Stapleford Towns Fund

An audit of the Stapleford Towns Fund is included within the Internal Audit Plan for 2022-23. This audit commenced in April 2022. However, shortly after the (then) manager primarily responsible for the day-to-day management of the project left the Council and the audit was paused to accommodate the consequent recruitment exercise.

An Interim Project Manager has now been recruited to the Council to ensure the continuance of the delivery of the Stapleford Towns Fund project. The scheduled audit has now been recommenced with revised and updated planning work for the audit currently in progress.

No issues with the governance arrangements for the Stapleford Towns Fund have been noted during either the initial audit work carried out in April 2022 nor during the recent update to the planning work for the recommencement of the audit. Completion of the audit is anticipated in October 2022 with the findings and any recommendations arising from the audit expected to be reported to this Committee as part of the regular Internal Audit Progress Report in November 2022.

APPENDIX 2

GOVERNANCE DASHHOARD – COMPLIANCE CHECKLIST

The following table comprises the responses of the Project Sponsors and other relevant senior managers to the Compliance Checklist devised to provide an overview of the governance arrangements in place for each of the Council’s three major projects.

With regard to the responses for the Beeston Square Redevelopment, these relate to the various processes and procedures which have been in place for the whole life of the project. As the project has now passed its major milestones (construction and opening of the Arc Cinema, letting of the related units and opening of ‘Ottimo’ and ‘The Beeston Social’), meetings of the Project Board have now become less frequent as decisions relating to the remainder of the project are now considered more operational than strategic.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Project Board:	Beeston Square Project Board	Cabinet	Stapleford Towns Fund Executive Board. A major project Delivery Board is going live this quarter.
Officer Working Group or other Stakeholder Group:	Beeston Square Project Board	Housing Delivery Group	The Board is supplemented by a wider stakeholder group as agreed by the Jobs and Economy Committee.
Project Sponsor and/or Senior Responsible Owner:	Deputy Chief Executive Head of Asset Management and Development	Deputy Chief Executive	Chief Executive
Project Manager:	Faithful and Gould (<i>external</i>) Capital Works Officer (<i>client</i>)	Interim Housing Delivery Manager	Interim Regeneration Manager

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
<p>Business Case/Project Plan: Has the business plan been approved by a Committee(s)?</p>	<p>Yes – approvals for the overall plan and strategy were approved by the Policy and Performance Committee in 2017-18.</p>	<p>The Housing Delivery Plan (including the business plan) was approved by Housing Committee in June 2019.</p>	<p>5 of 6 Stapleford Towns Fund final business cases have been fully approved by Government, with the sixth (the Street Improvement Scheme) currently being planned due to a decreased budget for this project.</p>
<p>Has the project vision, objectives, delivery strategy been defined?</p>	<p>Yes – Project Execution Plan in place.</p>	<p>Project vision, objectives and delivery/action plan identified in the Housing Delivery Plan.</p>	<p>5 of the 6 projects are now clearly defined. For each, a draft project vision was agreed by the Board, then business cases for each potential project were developed and went through external assurance with Thomas Lister. Then project summary reports were provided. The updated Local Assurance Framework provided detail on delivery, governance and performance monitoring.</p>
<p>Is there a delivery/action plan?</p>	<p>Yes – Project Execution Plan in place.</p>	<p>A delivery/action plan was identified in the Housing Delivery Plan.</p>	<p>A timeline for delivery of the bid has been agreed. Final business cases for each project outlines individual timelines. Detailed action plans are being developed.</p>

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Have outcome targets been set and is performance regularly monitored?	Yes – through the Project Board and reports to Cabinet	Targets are identified and monitored through the Housing Delivery Group meetings, the Housing Capital Programme and Cabinet reports.	Outputs and outcome targets have been set in each project’s business case and performance monitoring is detailed in the M & E plan.
Is the Business Case subject to regularly review and updated?	Yes – at Project Board	Yes, through the Housing Delivery Group and Cabinet reports.	Business cases for projects are in the process of being developed. Final business cases for 5 of the 6 projects have been finalised and approved. The Street Improvement Scheme is still in development. A final plan will be in place by October.
Project Board: Has a project board been established?	Yes	Yes – the Housing Delivery Group	Yes Executive Board established, Delivery Board planned, with individuals, in addition to Project Managers, to be appointed this quarter.
What is its meeting frequency?	Monthly	The Housing Delivery Group meets monthly.	A programme of meetings has been set – at least monthly. The Executive Board has been meeting monthly, we are now transitioning into quarterly Executive Board meetings and six-weekly Delivery Board meetings.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Who attends the meetings?	Members; officers; external advisors (non-executive)	The Group is chaired by Deputy Chief Executive and comprises of officers from Housing, Finance Services, Planning, Legal Services and Estates.	Meetings are well attended by those who are on the Board and are always quorate. Meetings have become less well attended and delivery is due to begin with the awarding of monies, so, we are addressing this issue by introducing new Board members, obtaining agreement from Grant-awarded business owners being asked to support the Board, and reducing the frequency by moving to quarterly meetings with the Delivery Board feeding into the Executive Board. These meeting will become less onerous, more interesting and give acknowledged credit to those sitting on the Executive Board. The Economic Development and Regeneration Manager is responsible for good governance.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
How have Board Members been identified and appointed – is this based upon any particular skillset?	Cross-party political representation, officer responsibilities, external skills	Officers from Housing, Finance Services, Planning, Legal Services and Estates.	Approved by Jobs and Economy Committee in accordance with the requirements of the criteria set by the fund guidance. The Executive Board is made up of private, public and third sector members, with a majority from the private sector. The local MP, Darren Henry, is also on the Board Representativeness of tiers of government and private sector leadership is crucial. The membership is from the local town business owners, this Council, Nottinghamshire County Council, Stapleford Town Council, Broxtowe MP, and the third sector.
Have roles been established and has authority and responsibilities been defined?	Yes – through the project execution plan.	Roles have been established and responsibilities identified.	A chair/vice-chair have been appointed. Their powers are as agreed by the Board and outlined in the Local Assurance Framework. Otherwise they have no individual decision making authority

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Has decision making authority been defined to comply with Standing Orders/Scheme of Delegation (committee approval or delegated powers)?	Yes – due regard is given in the production of suitable Cabinet reports.	All proposals are agreed by the Group and then taken to GMT and Cabinet as required or dealt with under Delegated Powers and Standing Orders.	Yes. Any expenditure complies with Standing Orders and work is subject to tendering as required by Standing Orders. The Section 151 Officer attends and has oversight of these meetings.
Have any potential conflicts of interest been identified and duly declared?	Yes – these are reviewed at each Project Board	Yes	Declarations of interest is a regular item on the agenda. Board membership includes developers and an estate agent. If there be a failure to declare any conflict, the Standards regime would be unable to hold private sector Board members to account. However, criminal law would apply if a fraud had occurred.
Is an agenda prepared and are meeting minutes taken?	Yes	Agendas and minutes are prepared for each monthly meeting. A report is presented to Members on a quarterly basis via 'Members Matters' which includes a programme update, finance update and covers items for Committee approval.	Yes. Every meeting has an agenda and is minuted. These are publicly available.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Project/Delivery Plan: Has a project/delivery plan been prepared?	Yes – the Project Execution Plan	The project has an approved Housing Delivery Plan which will be updated at key trigger dates.	Yes. There is a project plan up to the date of submission which has been replaced by a programme of work now that projects have been approved for funding. Project funding has now been approved, so we are transitioning into the work programme and assigning project managers to each of the 6 projects.
Are these plans regularly reviewed and updated?	Yes – at Project Board and at Cabinet where required	The plans are reviewed by the Housing Delivery Group and Cabinet.	Moving forward, the current plan will be reviewed on a quarterly basis in line with Executive Board meetings.
Reporting to Key Stakeholders and Members: Is there any scrutiny of strategic decision making by Members?	Yes – at Project Board and at Cabinet where required	Yes – at Cabinet	Members are included on the Board (including opposition group members). Progress is reported to Cabinet where scrutiny occurs.
What is the lead Committee?	Cabinet (on to Full Council where appropriate)	Cabinet is the lead committee.	Cabinet (Jobs and Economy committee now dissolved)

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
<p>Are the outcomes of the Project Board meeting (i.e. minutes, action plans, risk registers) reported to GMT, political leaders and/or the appropriate Committee(s)?</p>	<p>Yes, primarily through the Cabinet reporting system which incorporates reporting to GMT as part of the process.</p>	<p>An update report on the Housing Delivery Plan has been prepared for every Housing Committee since October 2019. Since the cabinet system has been introduced a report is now taken to Members through 'Members Matters' on a quarterly basis - starting September 2022.</p> <p>Main outcomes from the Housing Delivery Group are reported to GMT, Committee Chairs and/or Cabinet. Senior officers have most of the authority required to approve the mechanics of delivering the programme within the agreed budget.</p>	<p>Yes. The Cabinet receive reports on progress. GMT see all papers on their way to Cabinet.</p>
<p>What is the frequency of these update reports?</p>	<p>As per the appropriate Committee cycles</p>	<p>As per the appropriate Cabinet and 'Members Matters' cycles</p>	<p>Every meeting.</p>
<p>Budget/Financial Management: Do operations take due regard of the Council Financial Regulations?</p>	<p>Yes</p>	<p>All operations take regard of the Council's Financial Regulations</p>	<p>Yes. Expenditure is in accordance with the Council's Standing Orders. This is overseen by the Section 151 Officer who attends Executive Board meetings and works with the Economic Development team.</p>

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Has the budget been approved? By whom and when?	Yes. Policy and Performance Committee on 3 July 2019 (and Full Council on 17 July 2019).	Budget approved by Finance and Resources Committee on 19 October 2019 and revised in subsequent years' budget process.	Yes, Government awarded £21.1M. The budget for the project is reported regularly to the Towns Fund Board. Any additional expenditure outside the budget is requested from Finance and Resources Committee.
What are the arrangements for monitoring and reporting financial performance?	By the Project Manager to the Project Board and then onto Cabinet.	Monitoring and report of Financial performance is undertaken by the Head of Finance Services and the Project Manager on bi-monthly basis for Cabinet.	Reported to every meeting of the Board and progress reported to the Cabinet.
Is financial performance considered by Project Board, GMT and/or Committee(s)?	Yes – at Project Board and at Cabinet where required	Yes, by Cabinet.	Financial performance is a matter covered in progress reports to the Cabinet.
Procurement/Contracts/Legal How do you ensure compliance with procurement regulations and internal process (Contract Standing Orders)?	Procurement decisions taken in consultation with the Procurement and Contracts Officer.	The procurement of contracts is carried out in line with procurement regulations and the Council's Standing Orders.	Tendering in accordance with Standing Orders. The Local Assurance Framework has further details on procurement. The Deputy Chief Executive has final oversight.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
How do you ensure compliance with contractual terms and other legal matters?	External Project Managers monitor and advise the Project Board. Legal advice taken as required.	All contracts are signed by the appropriate officer under delegated powers. The Legal department are consulted on significant contracts. Cabinet approval is also sought if required for the contracts.	Written agreement as to the work that is required is agreed prior to the commencement of work. Should anything deviate from this, the agreed reporting procedures are used. For major works, a contract will be put in place.
Risk Management: Has the project 'risk appetite' been defined considering the acceptable levels of risk in strategic, financial, operational, regulatory and reputational terms, and is this used to inform risk management?	Yes as part of the planning process in 2017-18.	Risk is discussed at length at the Housing Delivery Group and considered in Cabinet reports on a scheme by scheme basis.	Yes, this is in line with the Council's 'risk appetite'.
How are risks managed at project level? Do these feed into the Council's strategic risks?	Risks managed by the Project Board, with external advice (legal, project management) as required.	Risk is discussed at length by the Group. Schemes have to work within the constraints of the HRA Business Plan and the Housing Capital Programme. Work is being undertaken to agree a financial appraisal for housing delivery programme. Risk for new opportunities is carefully considered by the Project Manager on a scheme by scheme basis.	Risk management will be in line with the PRINCE2 risk management technique. We have a risk register for each project which is reviewed and re-scanned regularly.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Is a risk register prepared and is this regularly maintained and reviewed by the Project Board?	Yes. This is a standing agenda item for the project board	The project would benefit from a formal risk register.	Each business case has a risk register. This will continue to be updated and reported throughout delivery. This risk register will be maintained by the Project Manager and reported to the Delivery Board and by exception to the Executive Board. It will then go through the normal internal reporting channels as outlined previously.
Is the risk register more widely reported and reviewed?	Yes. Top-level risks shared with Cabinet as required.	Not currently	Each business case has a risk register. This will be updated and reported once each of the projects moves towards and then into delivery. This risk register will be maintained by the Project Manager and reported to the Delivery Board and by exception to the Executive Board. It will then go through the normal internal reporting channels as outlined previously.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Have risk tolerances been agreed in terms of cost, time and quality and are there clear escalation levels should the level of risk be outside these limits.	Yes, as defined in the Project Execution Plan.	Schemes are not progressed where the likelihood of securing planning permission is not viable. The nature of residential development is that abortive costs will be accrued for development opportunities that are initially worked up but which are not ultimately developed. The level of acceptable abortive costs for sites (both Council owned and privately owned) needs to be agreed.	Project risks for the five final Business Cases have been outlined with corresponding risk management plans have been created in line with government requirements. Generous overheads have been included to account for current market instability.
Other Considerations Any other considerations for inclusion in the dashboard report.	None	None	None

Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER1. Purpose of report

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. 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.

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 17 August 2022 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals from the Group. The objectives of the review were to:

- Identify the extent to which risks included in the Register are still relevant
- Identify any new strategic risks to be included in the 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 '5x5' 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 full revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. An extract from the register of the entries relating to the highest rated 'red' risks are included in appendix 3 for Members consideration.

Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications that arise from this report. Any future additional budgetary requirements will be considered separately by Cabinet.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The Strategic Risk Register is the main mechanism used by the Council to identify, assess and monitor key risks. Whilst there are no direct legal implications arising from this report, it is important to assess whether the risks identified are being effectively mitigated and managed.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. 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 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
Risk Identification	Identification of risks which could significantly impact the Council’s aims and objectives – both strategic and operational.
Risk Analysis	Requires consideration to the identified risks potential consequences and likelihood of occurring. Risks should be scored against the Council’s risk matrix
Risk Treatment	Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (may be one or a combination of a number of treatments)
Completing the Risk Register	Document the previous steps within the appropriate risk register. Tool for facilitating risk management discussions. Standard template to be utilised to ensure consistent reporting.
Monitoring, reporting and reviewing the risks	Review risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable.

Risk Matrix

		Risk – Threats				
Likelihood	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
		Impact				

Risk Rating	Value	Action
Red Risk	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
Amber Risk	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
Green Risk	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> <p><i>The position with regards to this risk is unchanged.</i></p>	20	<p>4</p>  <p>Green</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</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	<p>16</p>  <p>Red</p>	<p>The group noted the ongoing ‘cost of living crisis’ and the significant rises in inflation which is keeping this risk as one of the highest rated red risks.</p> <p>Two new actions were added to monitor the impact of rising inflation and the cost of living crisis on both the Council’s service provision and its financial position and to present an updated Medium Term Financial Strategy and revised Business Strategy to Cabinet on 4 October 2022.</p> <p>The action to submit bids to the Levelling Up Fund for Eastwood and Kimberley was updated to await the outcome of the bids submitted.</p> <p>The action to retender the gas supply contract was completed, with the Council continuing with a procurement compliant ESPO Framework.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>12</p>  <p>Amber</p>	<p>A new action was added to monitor the impact of rising inflation and the cost of living crisis on the HRA service provision and financial position.</p> <p>Given the potential impact of ‘cost of living crisis’ and the significant rises in inflation on the HRA Business Plan, pending further information regarding any central government support, it was agreed that the residual risk score be increased from 6 to 12.</p>

Risk	Inherent Risk	Residual Risk	Changes
4. Failure of strategic leisure initiatives <i>The position with regards to this risk is unchanged.</i>	25	20  Red	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
5. Failure of Liberty Leisure (LLL) trading company The residual risk score has been revised after it was considered that the position with regards to this risk had improved.	25	12  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk. Given the improvement in the company's financial position with swimming income at pre-pandemic levels and memberships at around 70% and the company posting a surplus in 2021/22, it was agreed that the residual risk score be reduced from 16 to 12.
6. Failure to complete the re-development of Beeston town centre <i>The position with regards to this risk is unchanged.</i>	25	8  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
7. Not complying with legislation <i>The position with regards to this risk is unchanged.</i>	25	9  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions <i>The position with regards to this risk is unchanged.</i>	25	8  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
9. Failure to maximise collection of income due to the Council <i>The position with regards to this risk is unchanged.</i>	20	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.

Risk	Inherent Risk	Residual Risk	Changes
10. Failure of key ICT systems <i>The position with regards to this risk is unchanged.</i>	25	15  Red	The review and refresh of corporate and departmental Business Continuity Plans to consider the potential impact of a cyber-attack was ongoing. The action to complete the relocation of the Backup Server from the Council Offices to Kimberley Depot will be completed shortly once electrical upgrade works are concluded.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The position with regards to this risk is unchanged.</i>	20	4  Green	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose <i>The position with regards to this risk is unchanged.</i>	15	4  Green	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
13. Failure to contribute effectively to dealing with crime and disorder <i>The position with regards to this risk is unchanged.</i>	15	3  Green	The Violence Reduction Unit was added as a key control.
14. Failure to provide housing in accordance with the Local Development Framework <i>The position with regards to this risk is unchanged.</i>	20	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
15. Natural disaster or deliberate act, which affects major part of the Authority <i>The position with regards to this risk is unchanged.</i>	15	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. Emergency Planning Documents have been revised and are ready for the Health and Safety meeting. The review and refresh of corporate and departmental Business Continuity Plans to consider the potential impact of a cyber-attack was ongoing.

Risk	Inherent Risk	Residual Risk	Changes
16. Failure to mitigate the impact of the Government's welfare reform agenda <i>The position with regards to this risk is unchanged</i>	20	6  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements <i>The position with regards to this risk is unchanged</i>	20	9  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
18. Corporate and/or political leadership adversely impacting upon service delivery <i>The position with regards to this risk is unchanged</i>	20	8  Amber	New Constitution and arrangements under the Cabinet and Scrutiny model should provide more robust governance and decision making. No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
19. High levels of sickness <i>The position with regards to this risk is unchanged</i>	16	6  Amber	The level of sickness absence has improved and is close to the target for this year based on outturn for Q1.
20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations. <i>The position with regards to this risk is unchanged</i>	20	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
21. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc. <i>The position with regards to this risk is unchanged</i>	20	6  Amber	The White Ribbon Action Plan, Violence Action Plan and Serious Violence and Violence against Women and Girls Strategy were added as key controls. The number of referrals to CHANNEL Panel was added to the risk indicators.
22. Unauthorised access of data <i>The position with regards to this risk is unchanged</i>	20	6  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.

Risk	Inherent Risk	Residual Risk	Changes
<p>23. High volumes of employee or client fraud</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>9</p>  <p>Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p>The action to undertake fraud risk assessments for the Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund and Local Discretionary Grant Fund awards was completed. There are final elements of planned post-assurance work that may still need to be concluded for central government so the action point was updated accordingly.</p>

APPENDIX 3

EXTRACT OF THE STRATEGIC RISK REGISTER – AUGUST 2022
ENTRIES RELATING TO HIGHEST RATED ‘RED’ RISKS

Risk 2 - Failure to obtain adequate resources to achieve service objectives

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive Head of Finance Services	20	16

Key Controls

- Medium Term Financial Strategy
- Business Strategy
- Economic Regeneration Strategy
- Commissioning and Procurement Strategy
- Capital Strategy
- Asset Management Strategy
- Energy Procurement Strategy
- Commercial Strategy
- Land Disposals Policy

Risk Indicators

- Formula grant
- Budget gap
- Fuel and energy prices
- Income levels
- Failed bids for external funding
- General economic indicators
- Interest rates

Action Points

1. Review service objectives in response to changing resources
2. Identify and assess external funding opportunities and ensure any accompanying targets are met
3. Investigate and develop opportunities for shared service working
4. Monitor the impact of the collection of business rates upon resources available to the Council
5. Seek the disposal of surplus assets to generate additional capital receipts
6. Submit bids for town centre re-generation initiatives
7. Identify potential budget saving opportunities
8. Maximise income from Commercial Property and Industrial Units.
9. Assess the impact of the transfer of responsibility for land charges from local authorities to HM Land Registry.

10. Work collaboratively with Nottinghamshire local authorities to maximise the recovery of business rates income.
11. Assess the potential outcome of the Fair Funding Review, including proposals for greater localisation of business rates, upon the Council's finances.
12. Produce a new Commercial Strategy to replace the previous Commercial Strategy 2017-2020.
13. Respond as necessary to the outcome of the 'Town Deal' bid for Stapleford.
14. Develop Town Investment Plans for Eastwood and Kimberley.
15. Produce a new Asset Management Strategy to replace the Asset Management Strategy 2015/16 to 2019/20.
16. Await the outcome of the Levelling Up Fund bids submitted for Eastwood and Kimberley.
17. Seek full recovery of the agreed tram compensation claim against Nottingham City Council.
18. Monitor the impact of rising inflation and the cost of living crisis on the Council's service provision and its financial position.
19. Present an updated Medium Term Financial Strategy and a revised Business Strategy to Cabinet on 4 October 2022.

Risk 4 - Failure of strategic leisure initiatives

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive	25	20

Key Controls

- Leisure Facilities Strategy
- Leisure and Culture Service Specification
- Liberty Leisure Limited Business Plan
- External legal advice and support

Risk Indicators

- Results of consultation exercises
- Progress against business plans
- Progress against capital programme
- Events impacting upon joint use agreements
- Visitor numbers at leisure facilities
- Income at leisure facilities
- Financial viability of Liberty Leisure Limited

Action Points

1. Determine future strategy for investment in leisure facilities.
2. Review leisure opportunities arising from major developments.
3. Produce a programme to address the issues identified in the detailed property condition survey at Bramcote Leisure Centre.
4. Utilise external legal advice and support as required.
5. Assess the financial implications and risks associated with two options for a replacement for Bramcote Leisure Centre
6. Establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe.
7. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.

Risk 10 - Failure of key ICT systems

Risk Owner(s)	Inherent Risk	Residual Risk
Executive Director Chief Information Officer	25	15

Key Controls

- ICT Strategy
- Service agreements
- Systems mainly supplied by external supplier
- Back-up server offsite
- Security Policies
- System availability
- Server virtualisation
- Provision of emergency power supply
- Identification of failure at points of entry
- Shared service arrangements with other local authorities
- Geo-location blocking on the firewall
- Warning, Advice and Reporting Point (WARP) service
- Cyber Security Information Sharing Partnership (CISP)

Risk Indicators

- Viruses
- Computer downtime
- Overrun/failure of overnight processing
- Key financial reconciliation processes
- Customer complaints
- Backlog of works
- Appropriate staffing resources to support key systems
- Number of security incidents

Action Points

1. Monitor implementation of and regularly test the Business Continuity Plan for ICT Services
2. Pursue partnership working initiatives, where appropriate
3. Assess the impact of the National Cyber Security Standard.
4. Complete the relocation of the Backup Server from the Council Offices to Kimberley Depot by August 2022.
5. Address the matters raised by the independent LGA specialist review of the Council's cyber-risk arrangements and key controls.
6. Review and refresh the corporate and departmental Business Continuity Plans by 31 August 2022.

Report of the Chief Audit and Control Officer

ANNUAL COUNTER FRAUD REPORT1. Purpose of Report

To provide the Committee with the Annual Counter Fraud Report for 2021/22.

2. Recommendation

The Committee is asked to NOTE the report.

3. Detail

As required by the Council's Fraud and Corruption Prevention Policy, the Annual Counter Fraud Report is presented to this Committee to provide a summary of the ongoing Counter Fraud work performed by Internal Audit and other relevant departments.

Internal Audit is pleased to report that no fraudulent activity within the Council has been noted during the financial year 2021/22. There have, however, been two instances of successful fraud attempts against the Council, one of which resulted in a minor financial loss. Details of these are provided within the confidential Appendix 2.

The primary report is presented within Appendix 1. Therein, to provide some context, the current fraud 'landscape' as viewed by the Chartered Institute of Public Finance and Accountancy (CIPFA) is presented, followed by a summary (by department) of the work undertaken in response to the fraud risks facing the Council, including the Council's engagement with the National Fraud Initiative (NFI). An action plan for the next 12-18 months concludes the report.

As noted above, the confidential Appendix 2 comprises a summary report regarding the two successful fraud attempts against the Council.

The Council's Fraud Risk Register is presented in Appendix 3. This provides a summary of the key significant fraud risk areas within the Council along with the processes and procedures in place to mitigate those risks.

4. Financial Implications

Fraud perpetrated against the Council has a direct impact on the cost of providing services to the local community. The positive counter fraud work undertaken across the Council to complement and improve key controls is therefore vital in mitigating against the risk of fraud. The review of key significant fraud risk areas as part of Fraud Risk Register is an important tool in this regard.

5. Legal Implications

The Council's Fraud and Corruption Policy ensures the Council meets its legal obligation and there are adequate safeguards and reporting arrangements in place to protect the Council from fraud.

6. Human Resources Implications

Not Applicable.

7. Union Comments

Not Applicable.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an Equality Impact Assessment is not required.

10. Background Papers

Nil.

APPENDIX 1

ANNUAL COUNTER FRAUD REPORT 2021/22

1. Introduction – National Context and Council Policy

The Chartered Institute of Public Finance and Accountancy (CIPFA) produces a periodic report on fraud within the UK public sector. In the latest report – the ‘Fraud and Corruption Tracker’ published in February 2021 – CIPFA estimates that fraud costs the public sector at least £40.3bn each year. Of this total, an estimated £7.3bn is specifically located within local government.

Other key findings within the report include:

- An estimated 47,000 frauds were detected or prevented across local authorities in 2019/20 with a total value of £239m (down from £253m). The average value of each fraud case detected or prevented increased from £3,600 to £5,090.
- Procurement and Council Tax Single Person Discount continued to be perceived as the two greatest fraud risk areas within local authorities. The main types of fraud by volume that affected district authorities remained council tax, housing and business rates with the highest number of identified instances of fraud relating to housing and council tax at an estimated total value of £122.4m £35.9m respectively.
- Other notable types of fraud (but which did not emerge as major types of fraud nationally) were insurance; welfare assistance; economic and voluntary sector support; payroll, recruitment, expenses and pension; bank mandate fraud and manipulation of data.

It is against this background that in response to the risks and threats presented to the Council by fraud, the Council has in place a Fraud and Corruption Prevention Policy, approved by this Committee in March 2017.

By way of this policy, the Council acknowledges the significant negative impact fraudulent and corrupt acts can have on the Council, the delivery of its Corporate Plan and the services provided to residents. The policy also makes clear that the Council takes a zero-tolerance approach to fraud and corruption; will take all necessary steps to prevent, detect and punish fraudulent and corrupt acts; and will take all appropriate action against perpetrator(s) and pursue all available options to recover any losses.

The policy establishes two key processes for the prevention of Fraud and Corruption within the Council. Firstly, the policy outlines (in tandem with the Council’s Whistleblowing Policy) a procedure for the reporting of suspected fraudulent and corrupt acts. Such reports are considered by senior management, with the potential for further investigation by Internal Audit, referral to specialist fraud investigation services and/or the Police. The results of one such investigation during 2021/22, noted above, are summarised in the confidential Appendix 2 to this report.

The second key process established by the Policy is an ongoing programme of preventative measures established by relevant departments across the Council, supported by ongoing assurance and advisory work performed by Internal Audit. The basis for this programme is the Fraud Risk Register (presented in Appendix 3) which is maintained by Internal Audit and periodically reviewed in conjunction with relevant Heads of Service and managers.

A summary of the key measures and activity in each relevant department now follows.

2. Summary of Key Measures and Activity

Revenues and Benefits

As part of the ordinary course of operations, documentary evidence for all claims for discounts, reliefs or benefits are required before any such discount, relief or benefit is awarded. Regular inspection work is also carried out.

The Council participates in the annual Single Person Discount data matching programme provided by the National Fraud Initiative. In addition, much of the current counter fraud activity within the Revenues and Benefits teams is in support of the Department for Work and Pensions (DWP). In 2021/22 this activity included:

- Issuing four fraud referrals to the DWP;
- Completing three Local Authority Information Exchange Forms (LAIEF), being requests for information from the DWP to support their ongoing investigations; and
- Undertaking one adjudication.

In addition, successful Housing Benefits cases in the year included an overpayment of Housing Benefit totalling £688 due to earnings.

Housing

Nationally, the risk of fraud relating to housing has been identified as high value. In a local context, the risks for this Council include the potential for tenancy fraud, sub-letting and risks associated with the 'Right to Buy'.

With regard to all these risk areas, documentary evidence for all claims or applications is sought prior the awarding of any tenancy or financial arrangement. In respect of 'Right to Buy' applications, appropriate checks are undertaken to prevent and detect potential fraud, including:

- Requesting identity and proof of address for each applicant.
- Checking if the applicant is in receipt of Housing Benefit and referring this on for enquiry (particularly where the sale is expected to be financed without a mortgage).

- Checking each applicant's details with appropriate agencies (including the National Anti-Fraud Network) to see if the applicant has other mortgages and to check the persons registered at the address from electoral records.
- Requiring applicants to provide details as to how they intend to finance the purchase. If monies are being gifted, the Council will require the applicant to provide confirmation from the third party that these funds are available and seek proof of identification.

Procurement

The Council has in place a formal Procurement and Commissioning Strategy which provides considerable detail into the processes and procedures required in order to complete procurement exercises, including formal tender exercises. Contract opportunities are well-advertised, with a commonly-used online tendering system utilised to help ensure transparency and fairness.

Payroll and Human Resources

All new employees and changes to employee details are subject to robust checking processes which involve, as required, documentary evidence and/or direct confirmation of details with the relevant employee. Areas such as probation, sickness absence, right-to-work and payroll data are similarly supported by established Council policy and documentary checks as required.

Finance Services

The Finance Services team engages with banks and other financial institutions to prevent fraudulent activity. This includes both treasury management activity and creditors payments. Barclays Bank has provided officers with fraud awareness briefing sessions and periodic email updates on developments and trends in fraudulent activity.

Environmental Health and Licensing

The Environmental Health team ensures that, where necessary, the identity and relevant details for applicants or premises owners are established and supported by documentary evidence. Reference is made to the National Anti-Fraud Network as required, in addition to cross-agency data sharing and checking.

In addition, the Licensing service continues to check right-to-work status for all new taxi and private hire drivers and for relevant alcohol licensing applications. These measures assist in preventing illegal working, unlawful employment of workers and unlawful payments to employees.

Insurance

The Council continues to work with its insurers who regularly provide briefings and advice to enable officers to remain vigilant to potential fraudulent claims. All claims continue to be rigorously reviewed at every stage to ensure that anything suspicious is identified and the appropriate outcome is achieved. Claimants are

advised that information provided may be shared by the insurers with other appropriate bodies responsible for the prevention and detection of fraud, such as the Claims and Underwriting Exchange Register.

Training and Awareness

As part of the mandatory training provided through the Council's online learning platform (Broxtowe Learning Zone), employees are required to complete modules on Cyber Security and the Code of Conduct in addition to a number of Information Management and Security modules. Other specific courses are available for relevant service areas, including modules on Payment Card Security and Serious Organised Crime.

Internal Audit provides periodic general fraud awareness updates to employees in addition to providing more targeted fraud information to relevant officers. As noted in the section 'plans for 2022/23', below, work towards the development of a Fraud and Corruption Prevention intranet page and the launch of two training courses, via Broxtowe Learning Zone, on Fraud Prevention and the Bribery Act 2010 has now commenced.

National Fraud Initiative

The Council participates in the Cabinet Office's National Fraud Initiative programme (NFI), which matches electronic data within and between the public and private sector to assist in the prevention and detection of fraud. These include local authorities, police authorities, local probation boards, fire and rescue authorities as well as a number of private sector bodies. The NFI tool is helpful in assisting to identify potential fraud in areas such as council tax, housing benefit, pensions, payroll and housing tenancy.

The Council periodically provides specified sets of data to the Cabinet Office for matching. The data provided can include records relating to council tax, creditors, payroll, electoral register, housing tenants, housing waiting lists, insurance claims and licences. Whilst Internal Audit is the single point of contact for participation in the NFI data matching programme, the process does require the support of the respective service managers with responsibilities for the service/system being subjected to review under the scheme. A network has been established to enable departments to support Internal Audit with this work.

The latest NFI data matching exercise has recently commenced with datasets shortly to be gathered from the relevant Council departments and submitted via the secure online portal. Once the data matching results are released by the Cabinet Office (anticipated in January 2023), Internal Audit will perform a risk analysis on the results and lead and co-ordinate the Council's response to those matches deemed higher risk.

Internal Audit – Special Investigations

Details of the fraud-related investigations carried out by Internal Audit may be found in the confidential Appendix 2 to this report.

In addition, Internal Audit also completed a review of the processes and procedures followed by the Council upon the discovery of a large amount of cash within the home of a deceased housing tenant. An Internal Audit Report was issued to management in August 2021, providing assurance over the security of cash handling, banking and considerations from a Money Laundering Prevention perspective.

3. Plans for 2022/23

The primary focus for the next 12-18 months is the reinforcement and development of the resources available to the Council with regard to the prevention and detection of fraud. Specific planned actions include:

- Development of a Fraud and Corruption Prevention intranet page, containing links to the relevant policy documents and signposting employees to the relevant reporting schemes (target date: March 2023).
- Launch of two training courses via the Council's e-learning platform (Broxtowe Learning Zone) on Fraud Prevention and the Bribery Act 2010 (target date: May 2023).
- A review of the Fraud and Corruption Prevention Policy and Money Laundering Prevention Policy, to be presented to this Committee for approval should this be required (target date: May 2023).

APPENDIX 3

FRAUD AND CORRUPTION RISK REGISTER – SEPTEMBER 2022

1. Introduction and Background

Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is widely recognised as a key component of a quality governance framework. One of the key principles of the Code is to identify the fraud and corruption risks within an organisation; understand the exposure to these risks and routinely consider these as part of risk management arrangements.

The preparation of the Council's Fraud and Corruption Risk Register, presented in this appendix, satisfies this key principle of the Code. The Fraud and Corruption Risk Register is maintained by Internal Audit and periodically reviewed in conjunction with relevant Heads of Service and other managers. The register is also considered by the General Management Team and will be continue to be presented to this Committee alongside the Annual Counter Fraud Report.

2. Fraud Risk Assessment Matrix

The corporate 5x5 risk matrix is used for assessing the threats for each fraud risk in terms of both the likelihood and impact. A score is provided for both the inherent risk and the assessed residual risk. This matrix reflects the direction of travel in terms of the effect of mitigation measures implemented to help manage a particular risk. It also assists in directing resources to areas where they will have the most influence.

		Risk – Threats				
Likelihood	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
		Impact				

Risk Rating	Value	Action
Red Risk	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
Amber Risk	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
Green Risk	1 to 4	No strategic action necessary

In applying the matrix to the fraud and corruption risks posed to the Council, appropriate reference has been made to published guidance and reports from CIPFA, the National Fraud Initiative, Central Government, the external auditors and other relevant organisations. Existing knowledge of the Council’s operations derived from previous counter fraud and Internal Audit work has also been drawn upon as appropriate.

This risk register will serve as a ‘living document’ and evolve over time as the nature of the services provided by the Council and the environment within which it operates changes, giving rise to variations in the Council’s risk profile.

Fraud and Corruption Risk Register

Risk Area	Risk	Mitigation	Inherent Score	Residual Score
Housing Tenancy (Applications)	Fraudulent applications for new or successive tenancies	Documentary evidential requirements Checking, review and authorisation procedures Data-matching exercises through NFI	12	6
Housing Tenancy (Subletting)	Sub-letting of Housing properties	Direct and indirect monitoring of tenanted properties Data-matching exercises through NFI	10	6
Right to Buy	Fraudulent Right-to-Buy applications	Documentary evidential requirements Checking, review and authorisation procedures Data-matching exercises through NFI	16	4
Benefits	Fraudulent applications for Housing Benefit	Documentary evidential requirements Checking, review and authorisation procedures Data-matching exercises through NFI Risk Based Verification of Claims	10	4
Disabled Facility Grants	Fraudulent applications for new or additional grants	Documentary evidential requirements Officer site visits Checking, review and authorisation procedures	12	3
Council Tax	Fraudulent applications for discounts and reliefs, including Single Occupier Discount and Local Council Tax Support	Documentary evidential requirements Checking, review and authorisation procedures Data-matching exercises through NFI	15	4

Risk Area	Risk	Mitigation	Inherent Score	Residual Score
Business Rates (Discounts/Relief)	Fraudulent applications for discounts and reliefs including Small Business Rate Relief and Charitable Relief	Documentary evidential requirements Checking, review and authorisation procedures Property Inspector visiting properties	12	4
Business Rates (Properties)	Unlisted / Concealed Properties	Officer knowledge of borough development Data-matching exercises through NFI Working with third party company to identify gaps	6	4
Procurement (Contract Awards)	Improper award of contracts due to lack of tendering and/or collusion with or between potential suppliers	Procurement and Commissioning Strategy Procurement and Contracts Officer Internal monitoring of supplier spends Publication of Contracts Register Code of Conduct Register of interests, gifts and hospitality Contract Monitoring Training and Guidance	16	8
Procurement (Purchases)	Purchase of items for personal use or profit through resale	Authorisation controls through Civica Financials Purchasing and Creditors systems Monitoring of Purchase Card transactions Inventories Budget Monitoring Training and Guidance	12	4

Risk Area	Risk	Mitigation	Inherent Score	Residual Score
Procurement (Payments)	Redirection of payments to third party bank accounts through fraudulent submission of changes in bank details	Restrictions on officer abilities to modify supplier bank details Checking, review and authorisation procedures Training and Guidance	16	9
Payroll (Bogus employees)	Creation of bogus ('ghost') employees	Documentary evidential requirements Checking, review and authorisation procedures Independent headcount reconciliation	9	3
Payroll (Overtime/Claims)	Fraudulent overtime or expenses claims	Documentary evidential requirements Checking, review and authorisation procedures	9	4
Human Resources (Applications)	False employment applications	Documentary evidential requirements Checking, review and authorisation procedures	12	4
Human Resources (Sickness)	False claims for sickness absence	Documentary evidential requirements Checking, review and authorisation procedures	12	4
Planning	Intentionally false or misleading information contained within planning applications	Documentary evidential requirements Officer site visits Checking, review and authorisation procedures	12	4
Grant Aid	Fraudulent grant applications for work or activities not carried out or by ineligible groups or individuals	Documentary evidential requirements Knowledge of local community groups and individuals	9	3

Risk Area	Risk	Mitigation	Inherent Score	Residual Score
Money Laundering	Money Laundering, often in the form of significant cash overpayments then followed by an electronic or cheque refund	Anti-Money Laundering Policy and Procedures Reporting channels to Money Laundering Reporting Officer (MLRO) and Internal Audit Reviews of customer account credit balances Upper limit on receipt of cash transactions Training and Guidance	12	4
Internal Fraud and Corruption (Inducements)	Inappropriate favourable treatment of a supplier/customer/ applicant by a Council officer, often in exchange for financial reward.	Code of Conduct Disciplinary Procedure Whistleblowing Procedure Declarations of Interest Review/authorisation processes for decision making Training and Guidance	9	4
Internal Fraud and Corruption (Theft)	Theft of cash or other physical assets	Limited Petty Cash floats Bank Reconciliation Inventories Training and Guidance	9	4
Internal Fraud and Corruption (Payments)	Redirection of payments to personal bank accounts	Restrictions on officers modifying supplier bank details Checking, review and authorisation procedures Training and Guidance	9	3

Risk Area	Risk	Mitigation	Inherent Score	Residual Score
Internal Fraud and Corruption (Improper Use)	Improper personal use of Council assets (such as vehicles and fuel)	Code of Conduct Tachographs Monitoring of fuel usage Vehicle Tracking (Masternaut) Training and Guidance	9	4
Licensing	Fraudulent applications for new or renewed licences	Documentary evidential requirements Checking, review and authorisation procedures Data-matching exercises through NFI	12	4
Insurance Fraud (Claims)	False, inflated or duplicate claims	Documentary evidential requirements Checking, review and authorisation procedures Internal and external (insurance company) monitoring of claims	12	4
Cybercrime (System Outage)	System outage, operational disruption, financial loss and / or reputational damage as a result of a targeted cyber attack	Firewalls and similar ICT security systems Disaster Recovery and Business Continuity Plans Frequent initial and refresher training for all staff	25	5
Cybercrime (Data Breach)	Loss of data and / or data breach as a result of targeted cyber attack	Firewalls and similar ICT security systems Disaster Recovery and Business Continuity Plans Frequent initial and refresher training for all staff	20	4
Cybercrime (Internal Theft)	Intentional theft of data by an employee	Code of Conduct Disciplinary Procedure Frequent initial and refresher training for all staff	12	6

Report of the Executive Director

WORK PROGRAMME

1. Purpose of Report

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

2. Recommendation

The Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.

3. Detail

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.

28 November 2022	<ul style="list-style-type: none"> • Internal Audit Progress Report • Review of Strategic Risk Register • Review of Polling Districts and Polling Places • Audit of Accounts 2021/22 and Associated Matters
13 March 2023	<ul style="list-style-type: none"> • External Audit Plan 2022/23 • Statement of Accounts 2022/23 – Accounting Policies • Statement of Accounts 2022/23 – Underlying Pension Assumptions • Statement of Accounts 2022/23 - Going Concern • Internal Audit Plan 2023/24 • Internal Audit Progress Report • Review of Strategic Risk Register

Background Papers

Nil.

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