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**Tuesday, 15 November 2022**

**Chairman: Councillor Mrs S Michael**

**Vice-Chairman: Councillor R Crowe**

**Members of the Committee:**

**Councillor R Blaney**

**Councillor Mrs B Brooks**

**Councillor D Cumberlidge**

**Councillor Mrs E Davis**

**Councillor P Harris**

**Councillor S Haynes**

**Councillor J Kellas**

**Councillor B Laughton**

**Councillor J Lee**

**Councillor T Smith**

**MEETING: Audit and Governance Committee**

**DATE: Wednesday, 23 November 2022 at 6.00 pm**

**VENUE: Civic Suite, Castle House, Great North Road,  
Newark, NG24 1BY**

You are hereby requested to attend the above Meeting to be held at the time/place  
and on the date mentioned above for the purpose of transacting the  
business on the Agenda as overleaf.

If you have any queries please contact Karen Langford on [Karen.Langford@newark-sherwooddc.gov.uk](mailto:Karen.Langford@newark-sherwooddc.gov.uk).

Any questions relating to the agenda items should be submitted to Nick Wilson- Business Manager - Financial  
Services, at least 24 hours prior to the meeting in order that a full response can be provided.

## AGENDA

	<u>Page Nos.</u>
1. Apologies for Absence	
2. Declarations of Interest from Members and Officers	
3. Notification to those present that the meeting will be recorded and streamed online	
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10. Approval of the Statement of Accounts	117 - 122
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12. Counter-Fraud Activities from 1 April 2022 to 30 September 2022	126 - 130
13. Audit & Governance Committee Work Plan	131 - 133
14. Date of Next Meeting - Wednesday 1 February 2023	

# Agenda Item 4

## NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit and Governance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, NG24 1BY on Wednesday, 27 July 2022 at 6.00 pm.

PRESENT: Councillor Mrs S Michael (Chairman)  
Councillor R Crowe (Vice-Chairman)

Councillor R Blaney, Councillor Mrs B Brooks, Councillor D Cumberlidge, Councillor Mrs E Davis, Councillor P Harris, Councillor B Laughton, Councillor J Lee, Councillor T Smith and Mr C Richardson (Non-Voting Co-Optee)

ALSO IN ATTENDANCE: Councillor Mrs P Rainbow

APOLOGIES FOR ABSENCE: Councillor S Haynes (Committee Member) and Councillor J Kellas (Committee Member)

One minutes silence was observed at the start of the meeting to remember Councillor Michael Brown who had recently passed away having been a Member of the Audit & Accounts Committee.

The Chairman welcomed Clive Richardson to his first meeting as an Independent Non-Voting Member.

### 1 DECLARATIONS OF INTEREST FROM MEMBERS AND OFFICERS

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

### 2 NOTIFICATION TO THOSE PRESENT THAT THE MEETING WILL BE RECORDED AND STREAMED ONLINE

Other than the Council recording in accordance with usual practice, there were no declarations of intention to record the meeting.

### 3 MINUTES OF THE MEETING HELD ON 27 APRIL 2022

AGREED that the minutes of the meeting held on 27 April 2022 be approved as a correct record and signed by the Chairman.

### 4 ORDER OF BUSINESS

With the agreement of the Committee, the Chairman changed the order of business. Agenda Item 5 Audit & Governance Committee Work Plan was taken after Item 15 Committee Member Training followed by Agenda Item 18 Date of Next Meeting, then the agenda resumed to its stated order.

## 5 AUDIT REPORT - LONDON ROAD MUNICIPAL BUILDINGS

The Committee considered the report from the Chief Executive appending the findings and suggested improvements from Assurance Lincolnshire following their audit of decision-making surrounding the sale of Municipal Buildings and proposed extension to London Road car park.

The Chief Executive highlighted how the circumstances had brought the Council into conflict with some members of the community, which was distressing for the community, and also some Members and staff. The Council would not want a repeat of these circumstances. By undertaking an independent review, the Council will be able to learn from this going forward, which was really important. The Chief Executive wanted those present at the Audit & Governance Committee meeting to understand how really sorry he was for the upset caused.

The report provided background to the reasons the audit was commissioned. At an extraordinary meeting of Full Council held on 24 November 2021, it was agreed to rescind a previous decision taken by the Council on 12 October 2021 to proceed with an extension to London Road car park.

The circumstances leading up to this decision were considered in the audit report. Assurance Lincolnshire was commissioned to provide an independent review of the facts surrounding the decision-making process and to identify any lessons learnt.

Members were advised that the report had been shared with two external stakeholders before the Committee meeting took place as Assurance Lincolnshire had consulted with them as part of the review – Newark Civic Trust and Protect Newark Green Spaces.

Members were asked to consider the action plan appended to the report.

Councillor Harris asked a number of questions, including in respect of the scope of the review, the Council's current approach in relation to exempt items, the Council's approach to engagement and the legal advice referred to in the report. In relation to Suggested Improvement 2.6 in the action plan, he asked whether 'environmental case' could be included as a key question in all business cases. This was confirmed. Councillor Harris also expressed his view that a wider debate should be held on the report, rather than focussing on the action plan.

Councillor Blaney referenced Suggested Improvement 2.12 in the action plan regarding 'corporate memory' and suggested that there should be a commitment to implement a process.

At this point, in accordance with Procedure Rule 4.10.1, Councillor J Lee moved and Councillor B Loughton seconded that the question be now put given the full debate which had taken place. No vote was taken at this point on this procedural motion with the Chairman inviting further comments on the action plan, prior to inviting the Committee to vote on the substantive motion as set out in the report, at the conclusion of the debate.

Councillor Smith asked for further information in relation to Suggested Improvement 2.4 regarding communication and engagement. It was confirmed that an updated strategy is due to be presented to Cabinet in November 2022.

Other Councillors expressed the view that now was the time to move forward and acknowledged actions that had been completed already.

The Chairman concluded that the results of the internal audit were never going to satisfy everyone and that was why an independent audit was commissioned, that the Council has taken stock of its procedures to ensure a similar situation does not arise again, and that it is now time to move on.

AGREED (with 9 votes For and 1 vote Against) that the Audit & Governance Committee approved the action plan set out at Appendix 2 to this report in response to the audit.

## 6 ANNUAL INTERNAL AUDIT REPORT

The Committee considered the report from the Head of Internal Audit for Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2021/22 and to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.

The report highlighted that the opinion remained unchanged since the 2020/21 financial year and that the direction of travel was positive in all four areas.

The Director for Housing, Health and Well-Being provided an update with regard to landlords compliance informing the Committee that all modules relating to the compliance function would be in place by 30 September. For assurance purposes the Apex module will run alongside the existing monitoring arrangements before running Apex as the primary data source. This applies to all compliance management, that is gas, legionella, fire, electrical safety, asbestos, lifts and hoists.

The Director for Housing, Health and Well-Being gave the added assurance that the new contractor who would be starting on 1 August had already been setting appointments with tenants, providing added benefits of tenants such as receiving a text message to remind them of their appointment, and a 10 month style MOT service retaining the anniversary date with the ability to co-ordinate servicing with gas repairs if the service is due in the following 2 months.

The Chairman requested that a further update be provided at the next meeting of the Audit & Governance Committee and that the Director for Housing, Health and Well-Being returns in November to be able to confirm that everything has been carried out.

AGREED (unanimously) that the Audit & Governance Committee considered and commented upon the annual internal audit report and noted its content.

## 7 TREASURY MANAGEMENT OUTTURN REPORT 2021/22

The Committee considered the report from the Assistant Business Manager for

Financial Services giving Members the opportunity to review the Annual Treasury Outturn report, which will be presented to Council on 18 October 2022.

The report explained that the Treasury Management Strategy Statement for 2021/22 was approved by Full Council on 9 March 2021, and the Outturn report was the last report for the financial year, as required by the Code. It had been prepared based on the draft final accounts, which appeared elsewhere on the agenda. If it is found that there are significant changes resulting from the audit of the accounts, they will be reported at the next meeting of this Committee.

AGREED (unanimously) that the Treasury Outturn position for 2021/22 be considered.

## 8 GOING CONCERN STATUS OF THE COUNCIL

The Committee considered the report from the Business Manager for Financial Services setting out the Council's assessment by the Council's Section 151 officer of the Council's Going Concern status.

The report explained that 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 local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

Councillor Lee queried how the District Council operates in relation to its assets and their valuation. The Business Manager for Financial Services advised that infrastructure improvements to an asset will always be revalued, every single asset is valued every five years, carrying out 20% every year and the top ten assets every year to ensure that valuations are materially correct.

AGREED (unanimously) that Members noted the conclusion of the assessment made of the Council's status as a going concern for the purposes of the Statement of Accounts 2021/22.

## 9 UNAUDITED STATEMENT OF ACCOUNTS 2021/22

The Committee considered the report from the Business Manager for Financial Services which asked Committee to review the Council's draft Statutory Accounts for the financial year ended 31 March 2022.

The Committee Members had attended an End of Year Statement of Accounts training session prior to Committee in order to gain an understanding of the financial statements and notes to the accounts, in order to be able to objectively challenge the information in the accounts.

The report informed the Committee that the Accounts and Audit Regulations 2015 required that the authority to prepare and publish its approved draft and audited Statement of Accounts by 31 July and 30 November respectively. It is proposed that

these deadlines revert back to 31 May and 30 September respectively, subject to consultation, with effect from the 2022/23 accounts onwards. The Regulations only require the Section 151 Officer to sign and certify that the unaudited Statement of Accounts present a true and fair view of the financial position of the Council. However, in the interests of transparency and good governance, these are still being presented to this Committee in order to give the Members of the Committee a chance

to review the contents rather than first inspection being when the audited Statement of Accounts need approving in November.

Councillor Blaney referred to the Appendix on page 5 of the document with a map of the District and highlighted that Balderton was missing off the map. As did Councillor Smith to advise that Blidworth had also not been included. The Members asked that this is rectified before the final version is published.

AGREED (unanimously) that:

- a) Members noted the Annual Governance Statement for the financial year ended 31 March 2022; and
- b) Members noted the draft Statement of Accounts for the financial year ended 31 March 2022 and agreed to them being submitted to the external auditor (Mazars) for audit and certification.

#### 10 ANNUAL EXTERNAL AUDIT STRATEGY MEMORANDUM 2021/22

The Committee considered the report from the Business Manager for Financial Services presenting the External Audit Strategy Memorandum for the 2021/22 Statement of Accounts work.

The Mazars representative presented to the Committee the External Audit Strategy Memorandum at Appendix A setting out the proposed work of the Council's external auditors for 2021/22. The appendix provided a breakdown of the audit scope, approach and timeline in order to meet the deadline of 30 November.

AGREED (unanimously) that Members noted the External Audit Strategy Memorandum.

#### 11 FRAUD RISK ASSESSMENT

The Committee considered the report from the Business Manager for Financial Services informing Members of the update of the Fraud Risk Register undertaken during April 2022.

The report informed the Committee that all of the existing risks have had an in depth review by the Business Manager for Financial Services, a Principal Investigator from Assurance Lincolnshire and the risk owner. Consideration was given as to whether there are new fraud types within the risk and whether the controls reflected the current environment.

The risk scores were reviewed to determine whether the impact or likelihood of any of the frauds occurring had changed since the last review.

AGREED (unanimously) that Members noted the content of the report.

12 INTERNAL AUDIT PROGRESS REPORT 2022/23

The Committee considered the report from the Head of Internal Audit for Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2022/23 against the agreed audit plan and any remaining reports from 2021/22.

The report informed Members that there were eleven actions due for implementation and that there were no overdue actions for the Committee to review.

AGREED (unanimously) that the Audit & Governance Committee considered and commented upon the latest internal audit progress report and noted its content.

13 ANNUAL STANDARDS REPORT FOR THE PERIOD 1 APRIL 2021 - 31 MARCH 2022

The Committee considered the Annual Standards Report for the period 1 April 2021 to 31 March 2022 from the Assistant Director for Legal & Democratic Services and Monitoring Officer.

At its meeting on 17 May 2022, the Council adopted Executive Arrangements, also known as the Cabinet System. Under the new arrangements, the Audit & Governance Committee has responsibility for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council. It is also responsible for maintaining an overview of the Member Code of Conduct and arrangements for dealing with complaints.

The report highlighted the high standards to be expected of Members, Councillor Lee reminding Members when accepting gifts, to make reference to the Gifts and Hospitality provisions in the Constitution. It was confirmed that a reminder would be issued to Members.

AGREED (unanimously) that the Annual Standards Report be noted.

14 COMMITTEE MEMBER TRAINING

The Committee considered the report from the Business Manager for Financial Services proposing a training programme for Members of the Committee for the 2022/23 financial year.

Councillor Lee requested that the Treasury Management training be offered to all Councillors so that everyone receives the knowledge not just those who are currently Members of the Audit & Governance Committee.

AGREED (unanimously) that Members noted the training programme suggested.



15 AUDIT & GOVERNANCE COMMITTEE WORK PLAN

The Committee considered the Audit & Governance Committee Work Plan.

AGREED (unanimously) that the Audit & Governance Committee Work Plan be approved.

16 DATE OF NEXT MEETING - WEDNESDAY 23 NOVEMBER 2022

The date of the next meeting was discussed by the Committee to bring forward to the 23 November 2022.

AGREED (unanimously) to bring forward the date of the next meeting to the 23 November in order to meet the Accounts statutory deadline.

17 EXCLUSION OF THE PRESS AND PUBLIC

Agreed (unanimously) that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of this item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

18 FRAUD RISK ASSESSMENT APPENDIX A EXEMPT

The Committee considered the exempt report with regard to the Fraud Risk Assessment.

(Summary provided in accordance with Section 100C(2) of the Local Government Act 1972).

Meeting closed at 7.45 pm.

Chairman

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



Report to: Audit & Governance Committee Meeting 23.11.22  
Director or Business Manager Lead: Matthew Finch – Communities and Environment  
Lead Officer: Richard Bates – Safety and Risk Manager.

Report Summary	
<b>Report Title</b>	Strategic Risk Review
<b>Purpose of Report</b>	To provide an update to members on the status of the Council's 2022/23 Strategic Risk Register.
<b>Recommendations</b>	Members of the Committee are asked to note the content of this report and to highlight any issues of concern.
<b>Reason for Recommendation</b>	To ensure Committee members are aware of the status of the Council's strategic risks.

## 1.0 **Background**

- 1.1 The Risk Management function is the process of identification and management of significant risks faced by the Council which have the potential to prevent it from achieving its key/agreed objectives. Proactively identifying potentially significant risks and implementing suitable control strategies help prevent these risks from being realised, or this is not possible, mitigate to a tolerable level.
- 1.2 Strategic risks are those risks that have the potential to halt or significantly interfere with the ability of the Council to achieve its core objectives, priorities and/or ambitions.
- 1.3 The contents of the Strategic Risk Register were reported to Members in April 2022. The content of the current risk register has not changed since this last report and continues to have 13 strategic risks. These are listed in the table below.

<b>Strategic Risk Register – 2022/23</b>		
<b>Title</b>	<b>Description</b>	<b>Owner(s)</b>
<b>SR201 Financial sustainability – General Fund</b>	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives	Sanjiv Kohli
<b>SR202 Financial sustainability - HRA</b>	Financial sustainability of the HRA to ensure the council is able to provide, maintain and develop its housing stock.	Sanjiv Kohli Suzanne Shead
<b>SR203 Safeguarding</b>	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons.	Matthew Finch
<b>SR204 Failure to deliver growth infrastructure</b>	Facilitating the provision of local infrastructure to ensure growth within the district to meet agreed plans & corporate priorities	Matthew Lamb
<b>SR205 Contract/supply failure</b>	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives.	Deborah Johnson Suzanne Shead
<b>SR206 Workforce</b>	Ensuring the council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.	Deborah Johnson
<b>SR207 Emergency response</b>	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.	Matthew Finch
<b>SR208 Corporate governance</b>	Risk of failure in systems of governance within the council, council owned/influenced organisations and partnerships or other collaborative arrangements.	Sue Bearman
<b>SR209 Data management and security</b>	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation.	Sanjiv Kohli
<b>SR210 Arkwood Development</b>	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.	John Robinson
<b>SR211 Community Issues - Pandemic</b>	Understanding trends in the local COVID infection rates and its impact on local communities	Matthew Finch
<b>SR212 Environment</b>	Ability to meet requirements of the government's green agenda and aspirations/expectations of the NSDC community in delivering a greener/carbon neutral service.	Matthew Finch

<b>SR213</b> <b>Regulatory and Statutory compliance management</b>	Implementation and maintenance of suitable statutory safety compliance management systems.	Sanjiv Kohli Suzanne Shead
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- 1.4 It has recently been identified that the current strategic risk register does not address the issues/risks posed by the current cost of living crisis to the council, its services, and the communities it serves. This risk has recently been considered by SLT, who have subsequently agreed to its inclusion within the current risk register. It is envisaged that a drafted version of this risk will shortly be considered by the newly assigned risk owner and supporting officers, with a view to include within the next quarter reviews.
- 1.5 All current risks have been fully developed and action plans produced.
- 1.6 The table below illustrates the current risk scores and location of each strategic risk within the agreed corporate risk matrix.

<b>Likelihood</b>	<b>4</b> Certain		<b>SR205</b>		
	<b>3</b> Very likely		<b>SR201</b>	<b>SR206, SR209, SR212, SR213</b>	<b>SR204</b>
	<b>2</b> Likely			<b>SR202, SR203, SR207, SR208, SR210, SR211</b>	
	<b>1</b> Remote				
		<b>1</b> Minor/ trivial	<b>2</b> Moderate	<b>3</b> Severe	<b>4</b> Critical
<b>Impact</b>					
<b>Green Risks</b> - Generally acceptable and require only monitoring with no further action.					
<b>Yellow Risks</b> - Present a higher level of risk /failure. They require an action plan that identifies how the risk is to be mitigated, managed or if possible eliminated.					
<b>Red Risks</b> - These risks present the highest risk of failure/loss and therefore require the greatest level of management.					

- 1.7 Strategic risks SR204, SR206, SR209, SR212 and SR213 are currently all identified as red risks. Whilst every reasonable effort will be made to reduce the risk to a level to ensure compliance with the corporate risk appetite, it should be noted that the very nature of strategic risks are complex and influenced by many outside factors/controls. Some actions can be very long term and in other cases the ability to reduce the risk further may not be in the control of the council.
- 1.8 All strategic risk identified above are owned by a member of SLT. Risk owners, with the assistance of lead officers and Safety and Risk Manager meet on a quarterly basis to review and develop the risk.

1.9 All strategic risks continue to be reported to SLT, via our agreed assurance process, on a quarterly basis. The purpose of this process is to identify those risks that are red, failing or not reviewed during the previous quarter, for consideration by SLT.

1.10 All thirteen strategic risk assessments have been appended to this report in full.

## **2.0 Proposal/Options Considered**

2.1 It is proposed that a risk workshop will take place in January 2023. The workshop will lead SLT through the regional, national and international issues that may impact on the likelihood of a new risks developing. SLT will then review all the current risks to ensure they are still applicable to the Council and will identify any additional emerging risks that will need to be added to the register.

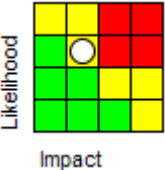
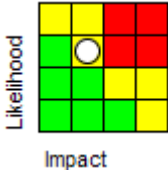
## **3.0 Implications**

In writing this report and in putting forward recommendation's officers have considered the following a range of implications. This report in itself does not have any implications. During the risk reviewing process any controls that are identified are considered in terms of the implications they may have before they are agreed as an appropriate control.

## **Background Papers and Published Documents**

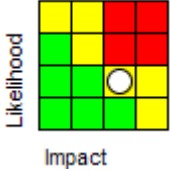
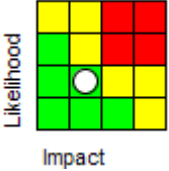
None for this report

## APPENDIX 1 – Strategic Risks

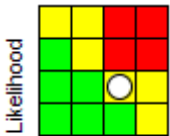
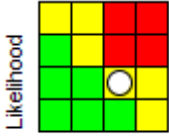
SR201 Financial sustainability – General Fund					
Description	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives				
Lead Officer	Kohli, Sanjiv (SLT)				
Support Officers	Nick Wilson				
Current Risk Matrix	Date Last Reviewed	Impact	Likelihood	Risk Management	Target Risk Matrix
	02-Aug-2022	2	C	Controlled	
Controls/Actions In Place	<p>Quarterly Capital monitoring meetings</p> <p>Investments approved in line with the annually agreed Treasury Management Strategy</p> <p>Annual refresh of Medium-Term Financial Plan including management of reserves</p> <p>Council approved Capital programme</p> <p>Financial implications added to Committee reports by Financial Services and a unique reference given each time</p> <p>Financial strategies and budget reviewed through Policy and Finance Committee annually</p> <p>Use of external Medium Term Financial Plan tool which assists with forecasting future Business Rates income for the following year budget</p> <p>Assigned project manager for each major project the Council is embarking on</p> <p>Corporate Projects Team established to identify business opportunities in service areas</p> <p>Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</p> <p>Approved Commercial strategy to support objectives set out in the MTFP</p> <p>Approved Investment Plan to support the objectives set out in the Commercial Strategy</p> <p>Nottinghamshire Business Rates Pool mitigating large impacts of reductions in Business Rates. This is kept under review by Nottinghamshire S151 officers</p> <p>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</p> <p>Annual Financial Regulations training in place</p> <p>Lead authority for administration around Notts Business rates pool</p> <p>Contract procedure rules in Constitution refreshed May 22</p> <p>Acquisition and disposal policy</p> <p>Internal Audit</p>				
Risk Categories	<p>Financial</p> <p>Meeting corporate objectives</p> <p>Service delivery</p> <p>Reputation</p> <p>Governance</p> <p>Compliance</p>				
Trigger/Event	<p>Unforeseen rise in interest rates over forecasted levels</p> <p>Changes in national policy e.g. fair funding review, change to government political parties</p> <p>Banking crisis</p> <p>Over reliance and poor decision making on investments</p> <p>Member priorities diverging from corporate priorities</p> <p>Increase CPI/RPI figures</p> <p>Failure of subsidiary companies</p> <p>Major contract failure</p> <p>Failure of HRA</p> <p>Reduction in Business Rates</p> <p>Poor decision making and business planning</p>				

	<p>Budgeted income levels not meeting target  Impact on promised funding not as expected  Change in government policy significantly reducing income/funding  Changes in government policy/direction impacting resulting in additional costs  Failure in compliance/ governance  Fraud  Global Pandemic  Economic downturn  Cyber-attack/fraud  Utility price increase  Supply chain – significant sudden increase in costs  Levelling up Nottingham and Nottinghamshire project</p>
<b>Impact</b>	<p>Inability to deliver service  Inability to meet corporate priorities/community plan  Inability to meet legislative requirements  External auditors review  Government taskforce  Negative media/reputation  Loss of ability to make local decisions  Division between members and officers  Greater division between political parties  Staff morale, loss of key staff and reduction in workforce  Staff morale and loss of key staff  Fines/ enforcement  S151 officer issues S114 notice  GF fails due to third party failure, i.e. HRA/subsidiaries  Curtaiment of activities of the subsidiaries/HRA/Major projects  Impact on residents and communities  Impact on income streams  Reduction/disposal of assets</p>

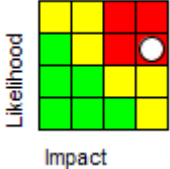
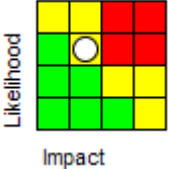


SR202 Financial sustainability - HRA					
<b>Description</b>	Financial sustainability of the HRA to ensure the council is able to provide, maintain and develop its housing stock.				
<b>Lead Officer</b>	Kohli, Sanjiv (SLT); Shead, Suzanne (SLT)				
<b>Support Officers</b>	Nick Wilson				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	17-Oct-2022	3	B	Control Pending	
<b>Controls/Actions In Place</b>	<ul style="list-style-type: none"> <li>• Quarterly Capital monitoring meetings</li> <li>• Investments approved in line with the annually agreed Treasury Management Strategy</li> <li>• Annual refresh of HRA financial business plan</li> <li>• Council approved Capital programme</li> <li>• Financial implications added to Committee reports by Financial Services</li> <li>• Financial strategies and budget reviewed through Policy and Finance Committee annually</li> <li>• Use of external HRABP tool allows scenario planning</li> <li>• Assigned project manager for each major project the Council is embarking on</li> <li>• Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</li> <li>• Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</li> <li>• Annual Financial Regulations training in place</li> <li>• Current development programme ensuring growth in house numbers, over and above the offsetting disposals through Right to Buy</li> <li>• Attendance at Housing related horizon scanning events, in order to feed future impacts into HRABP</li> <li>• Review on housing management completed and housing service brought back in house. Efficiencies generated through budget review</li> <li>• Reserves in place</li> </ul>				
<b>Risk Categories</b>	Financial Meeting corporate objectives Service delivery Reputation Governance Regulation Compliance				
<b>Trigger/Event</b>	Change in national policy & legislative requirements Increase in interest rates Increased rent arrears Suitability of stock meeting future standards Increase or change in standards required Current stock does not meeting housing needs Workforce issues Failing to ensure compliance with relevant legislation causing regulatory bodies to intervene Non-compliance with RSH regulatory standards Meeting tenant priorities Ineffective strategic decision making and business planning Key HRA major projects failure Ineffective management of housing maintenance function				

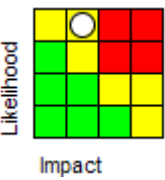
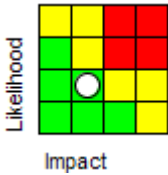
	<p>Loss of critical income streams  Fraud  Failure to manage critical income streams/ invest  Global Pandemic  Supplier/contractor cost increases due to demand/supply issues changes in the economy  Inability to secure sufficient external funding to regenerate existing stock to meet enhanced standards  Conflicting strategic direction and lack of regular review of 30 year business plan  Zero carbon works identifies significant increase in costs  Stock condition survey identifies significant increases in costs</p>
<b>Impact</b>	<p>Inability to maintain stock to acceptable level including development of future stock  Changes in national policy requiring internal funding above levels sustainable within business plan.  Increased requirement to use internal funding,  Reprioritisation of service delivery  Cash reserves used to right off rent arrears and voids  Substandard housing stock  Loss of morale and high staff turnover  Fines, notices, court cases and legal fees  Moratorium of services  Stakeholder Dissatisfaction with service delivery  Greater scrutiny on service slowing decision making  Poor local housing policy  Project failure  Contract disputes  S151 officer issues S114 notice  Failure to service debt  Legislative requirements not met  Impact on residents and tenants  Increase in void properties</p>

SR203 Safeguarding					
<b>Description</b>	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons.				
<b>Lead Officer</b>	Finch, Matthew (SLT)				
<b>Support Officers</b>	Alan Batty				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
 <p>Likelihood</p> <p>Impact</p>	10-Aug-2022	3	B	Controlled	 <p>Likelihood</p> <p>Impact</p>
<b>Controls/Actions In Place</b>	<ul style="list-style-type: none"> <li>• Countywide safeguarding policy adopted – and annual review</li> <li>• Annual Review and Update of the Council's Safeguarding Policy</li> <li>• Corporate Safeguarding group also assist in reviewing/developing this risk.</li> <li>• Corporate safeguarding group meets quarterly</li> <li>• Safeguarding Support Officers in place</li> <li>• County Lines multi agency meeting led by Police</li> <li>• Local NSDC group for County Lines</li> <li>• Annual assurance report to committee with exception reporting if required</li> <li>• Undertake domestic homicide reviews as directed by CSP</li> <li>• Corporate statement re Modern Day Slavery</li> <li>• Notts wide network for referring information relating to PREVENT</li> <li>• Participating in serious case reviews as required</li> <li>• Learning from serious case reviews</li> <li>• DBS notification process for key risk areas- at recruitment/prior to appointment and at annual updates thereafter</li> <li>• Shared safeguarding email</li> <li>• Annual completion of Section 11 return</li> <li>• Annual safeguarding review and report to SLT</li> <li>• Internal Audi</li> <li>• Disciplinary policy</li> <li>• Key Staff undertaken E-Learning</li> <li>• BMs and safeguarding specific training</li> <li>• Member training</li> <li>• PREVENT</li> <li>• Introduction to safeguarding training rolled out to all staff</li> <li>• Staff Induction training</li> <li>• Modern day slavery training for front line staff</li> </ul>				
<b>Risk Categories</b>	Compliance /Legislation Reputation Financial Resourcing Partnerships Governance Vulnerable persons				
<b>Trigger/Event</b>	Competing demands reducing managerial focus Lack of provision of suitable training Turnover of staff resulting in loss of continuity				

	<p>Failure to identify a serious case (including County Lines, PREVENT, Modern day slavery, Domestic abuse)</p> <p>Inappropriate response to a case or notification</p> <p>Resurrection of a historic case</p> <p>Lack of resources to respond to the safeguarding process (identification through to investigation and report)</p> <p>Lack of corporate awareness and culture (members and officers)</p> <p>Lack of communication with lead partner</p> <p>Partnership failure</p> <p>Non adherence to corporate policy</p>
<b>Impact</b>	<p>Harm is suffered by a vulnerable person</p> <p>Serious case review by Nottinghamshire safeguarding board</p> <p>Litigation (criminal and civil)</p> <p>Disruption caused by targeting by groups/individuals - Pressure groups/family/individual(s) and other partner agencies</p> <p>Possible effect on future insurance costs depending on liability and claims history</p> <p>Personal Liability</p> <p>Staff Morale</p> <p>Radicalisation</p> <p>Reputational damage with community e.g. negative media</p> <p>Resourcing any additional works</p> <p>Child exploitation, domestic abuse, radicalisation, modern day slavery</p> <p>Organisational abuse (e.g. older people in Extra care homes)</p>

SR204 Failure to deliver growth infrastructure					
<b>Description</b>	Facilitating the provision of key local infrastructure projects to ensure growth within the district to meet agreed plans & corporate priorities.				
<b>Lead Officer</b>	Lamb, Matt (SLT)				
<b>Support Officers</b>	Lisa Hughes, Matthew Norton				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	08-Nov-2022	4	C	Control Pending	
<b>Controls/Actions In Place</b>	<p>Community Plan  Infrastructure delivery plan  CIL charging schedule and infrastructure list  Development plan (Amended Core Strategy and Allocations and Development Management DPD)  Planning policy board  Cabinet and Full Council  Planning Committee  High performing planning service  Active Lobbying  Engagement with Developers, Stakeholders &amp; Partners  Economic Growth Strategy – Newark Town Investment plan &amp; Visitor economy strategy  Continued liaison with National Highways to monitor progression of SLR and A1 overbridge.  Southern link road – Continued liaison with Homes England re funding package  Newark “levelling up” fund governance</p>				
<b>Risk Categories</b>	<p>Inability to deliver infrastructure projects to support growth. Specific projects include:  <b>Direct NSDC influence</b>  A1 Overbridge (and inter-relationship with A46 Newark northern bypass)  <b>Indirect influence</b>  Southern link road - completion (grant funding) (and inter relationship with A46 Newark northern bypass)  A614 roundabout – indirectly funding via section 106  A46 improvement works – Influencing role  Political  Reputation  Financial  Partners and stakeholders  Economy, business and residents</p>				
<b>Trigger/Event</b>	<p>Government change in policy  Partner funding withdrawn  Funding reduced/costs increased  Funding bid failure  Withdrawal of Partners  Change in partnership priorities  Housing development stalls  Change in leadership  Poor strategic decision making  Failure of other related major infrastructure projects  Town fund delivery  A46 Newark northern bypass – Delivery and timing  A1 Overbridge – Technical constraints and increasing costs</p>				

	<p>Change in delivery method and/or partner</p> <p>Non-strategic major road network fund priority junctions(A614/A617/A6097 corridor)</p> <p>Lack of coordination of delivery</p>
<b>Impact</b>	<p>Infrastructure not delivered/ delivery delayed</p> <p>Inappropriate infrastructure delivered</p> <p>Growth within district affected</p> <p>Inadequate service provision</p> <p>Government sanctions for inability to deliver housing growth</p> <p>Housing development stalls</p> <p>Social Inequality</p> <p>Large Employer relocating outside district</p> <p>Inward investment stalls</p> <p>Newark devolution agreement</p> <p>Impact on council's MTFP</p> <p>Increased congestion</p> <p>MTFP assumptions not realised</p>

SR205 Contract/supply failure					
<b>Description</b>	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives.				
<b>Lead Officer</b>	Johnson, Deb (SLT); Shead, Suzanne (SLT)				
<b>Support Officers</b>	Andrew Kirk, Nick Wilson, Caroline Wagstaff, Dave Richardson, Alan Batty				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	15-Aug-2022	2	D	Control Pending	
<b>Controls/Actions In Place</b>	<p><b>CONTRACT INCEPTION &amp; MANAGEMENT</b>  Contract register developed using Pro-Contract and actively managed by OD team (not fully populated or embedded yet see action)  Contact renewal early warning provided by OD at quarterly meetings  Procurement advice provided through Welland procurement  Call off contract arrangements/template devised  SLA template devised for consistency  SLAs all reviewed  SLA register devised and actively managed by OD  .Comprehensive audit undertaken of contracts</p> <p><b>PROCUREMENT RULES</b>  Use of joint procurement service –Welland procurement  Focus on local providers for some services  Use of contract exemption forms where necessary</p> <p><b>WHOLLY OWNED COMPANIES</b>  Management agreements regularly reviewed  Contract managers named for each  Regular contract management meetings in place  Active partnership approach embedded</p> <p><b>TRAINING</b>  Session delivered to BMs on contract management  Session delivered to members on contract management</p>				
<b>Risk Categories</b>	Service delivery Financial Compliance (Regulatory, Health & Safety, Legislative) Governance Resources Reputational Procurement/lack of competition Project delivery				
<b>Trigger/Event</b>	<b>CONTRACT INCEPTION</b> Lack of understanding of requirements and different provision mechanisms available Lack of commercial approach and knowledge Inadequate/ambiguous specification Inadequate/ambiguous control/performance measures Inadequate/ambiguous exit arrangements Failure to engage relevant specialists in contract design Contract is not signed and saved in corporate register				

	<p>Limited market supply  Over reliance on single supplier(s)  Lack of competence in procurement  Lack of resource dedicated to procurement  Lack of preplanning for contracts  Lack of appropriate exit strategies  Limited availability due to emerging industries/concepts/technology/demand</p> <p><b>CONTRACT MANAGEMENT</b>  No assigned contract manager  Contract manager is not appropriately trained/skilled  Contract manager resource is insufficient  Ineffective performance monitoring and reviews  Evergreen contracts in place  Change control/variations are not appropriately managed  Lack of ongoing challenge throughout the contract  Loss of key personnel/ key resilience  Relationship breakdown  Contractor fails to deliver/ isn't able to deliver (bankruptcy)</p> <p><b>WHOLLY OWNED COMPANIES</b>  Management agreement not robust  Governance and oversight not appropriate  Inadequate/ambiguous governance arrangement  Contract management resource is insufficient/ unsuitable  Inadequate/ambiguous control/performance measures  Relationship breakdown and – objectives do not align  Lack of ongoing challenge throughout the contract  Board directors do not perform within required parameters  Lack of appropriate review of purpose of contract</p> <p><b>OTHER</b>  Financial management not embedded as part of contract management process  Impact of Brexit (link to STRAT SR012 Brexit)  Business continuity/Emergency incident  Contracts not entered on contract register  Provision commences before contract is in place  Lack of appropriate overview of contract management  Pandemic  Impact of inflation</p>
<b>Impact</b>	<p><b>FINANCIAL IMPACT</b>  Additional costs to council (hidden costs, increased costs)  Best value not achieved  Fines  Failure to utilise grant (repay grant because of failure to contract or contract failure)</p> <p><b>SERVICE DELIVERY IMPACT</b>  Provision is not timely/delayed  Poor/declining quality of service/provision  Increased unplanned demand  Inability to scale up/scale down provision to meet demand  Service failure  Not aligned to corporate objectives  Unable to procure</p> <p><b>LEGISLATIVE IMPACT</b>  Data loss/GDPR compromised  Council's legislative obligations not met  Providers are not able to be challenged as contract not in place when service is commenced</p>



REPUTATIONAL IMPACT

Customer/service user complaints increase

Member complaints increase

Negative media coverage

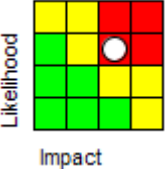
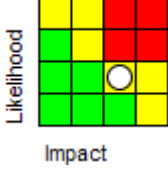
RESOURCE

Contract manager resource requirement is increased (leading to impact on other duties)

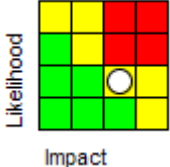
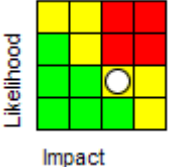
Other officer resource required to manage impacts (leading to impact on other duties)

Re-procurement additional resourcing

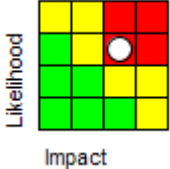
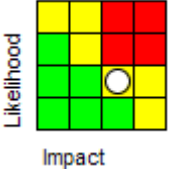
Project delay

SR206 Workforce					
Description	Ensuring the council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.				
Lead Officer	Johnson, Deb (SLT)				
Support Officers	Sarah Lawrie				
Current Risk Matrix	Date Last Reviewed	Impact	Likelihood	Risk Management	Target Risk Matrix
	16-Jun-2022	3	C	Controlled	
Controls/Actions In Place	<p>Business Planning embedded throughout the Council with clear links to Community Planning and Performance framework</p> <p>Managing absence standards and guidance</p> <p>Senior HR Officers provide support to Business Managers to manage staffing issues, e.g. sickness absence, capability etc.</p> <p>Effective communication arrangements are in place.</p> <p>Rolling programme of review for HR policies to ensure they remain robust and fit for purpose.</p> <p>Selima system provides Business Managers with ownership / control over staff sickness/Holiday approval etc. and provides corporate overview HR working closely with Business Managers to support organisational change.</p> <p>Partnership approach with recognised trade unions to support organisational change and current pandemic crisis (and any other similar extraordinary event).</p> <p>Counselling/therapy and welfare support services in place for staff.</p> <p>Visible inclusive leadership.</p> <p>Annual employee establishment planning process.</p> <p>Training and development programme to support ongoing development of skills and competencies and BM and other staff (i.e. change management, sickness and performance management and recruitment and softer skills)</p> <p>Targeted training interventions to support individual employee development and the facilitation of succession management.</p> <p>Family friendly policies and enhanced workplace entitlements to attract and retain quality candidates including hybrid working, flexible working, employee counselling and therapy services, health and wellbeing initiatives).</p> <p>Approved corporate priorities within the Community Plan 2019-23</p> <p>Comprehensive programme of activities to embed our culture and improve our sense of wellbeing and belonging</p> <p>Annual staff reward and recognition awards and a basket of seasonal activities</p> <p>Apprenticeships and graduate placements to support service succession management.</p>				
Risk Categories	<p>Service delivery and resources</p> <p>Financial</p> <p>Compliance</p> <p>Governance</p> <p>Reputational</p> <p>Competence and Capability</p> <p>Leadership</p> <p>Mobility and agility of workforce</p> <p>Safety of workforce</p> <p>Increased instances of mental health problems in workforce</p> <p>Culture – One council</p>				
Trigger/Event	<p>Key staff leaving e.g. with specific qualifications and/or experience and membership of professional body</p> <p>Number of staff leaving from one area/high turnover</p>				

	<p>Inability to recruitment to key posts  Lack of development opportunity  Lack of team cohesion  Lack of organisational culture/collaboration  Lack of alignment with corporate values/behaviours/culture  Pressure of work  External Demand in a specific skill set  Uncompetitive in the job market place  Poor industrial relations and ineffective people management processes  Working environment  Key member of staff goes on long term sick  Uncertainty and/or significant change  Aging workforce/retirement planning/succession planning  Pandemic or other significant emergency  Poor management/leadership  Inability to provide equipment/tools to allow staff to effectively perform their duties (e.g. shortage of laptops due to global microchip shortages)  Other external factors – cost of living, national shortages.  Projected national living wage increase leads to inability on pay structure to accommodate  National bargaining is protracted and leads to staff being disadvantaged  Current JE process is not fit for purpose – outdated.</p>
<b>Impact</b>	<p>Service delivery impact –inability to deliver services or delivering reduced services  Reputational impact through poor service delivery  Reputation as an employer resulting in inability to recruit staff  Loss of capacity/under resourced  Loss of expertise and corporate memory  High recruitment costs  Additional time required to support recruitment activity and the induction of new staff and their development  Additional training costs  Impact on morale, culture and team performance  Increased levels of staff absence (ill health)  Increased levels of non-attendance in nominated workplace (lack of cohesion/culture)  Loss of opportunity through loss of networks  Increase in accidents  Impact of potential civil claim (e.g. employment tribunal. insurance) or criminal actions  Financial penalties/ombudsman decisions/other regulatory bodies  Increased demand on corporate services (e.g. HR,ICT)</p>

SR207 Emergency response					
Description	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.				
Lead Officer	Finch, Matthew (SLT)				
Support Officers	Dave Richardson, Alan Batty				
Current Risk Matrix	Date Last Reviewed	Impact	Likelihood	Risk Management	Target Risk Matrix
	10-AUG2022	3	B	Control Pending	
Controls/Actions In Place	<p><u>Emergency Plan/ Business Continuity</u></p> <ul style="list-style-type: none"> <li>• Emergency plans in place and securely stored on Resilience Direct</li> <li>• Incident specific emergency plans in place.</li> <li>• Periodic review of key services by EPO e.g. Emergency Planning and Business Continuity.</li> <li>• Management shows support for BCM through regular discussions in key meetings. Business Continuity is a regular agenda item - SLT Annual</li> <li>• Management shows support to appropriately prepare, maintain and exercise a Business Continuity Plan by assigning adequate resources, people and budgeted funds.</li> <li>• Periodic review of documents e.g. Emergency Plan, Business Continuity Plan.</li> <li>• Business Continuity Audit Review.</li> <li>• There is a Business Continuity Management (BCM) Policy and it is updated periodically. -</li> <li>• Managers and staff have been made aware of BCP and BCM and their responsibilities.</li> <li>• BCM – annual plan for BM and managers to attend training events on an annual basis</li> <li>• Managers have been consulted in developing the plan and key individuals who input is more important than others have been identified.</li> <li>• The Business Continuity Plan identifies all critical areas of the authority</li> </ul> <p>Regular BCP testing</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> <li>• Corporate budget available to support existing flood alleviation schemes.</li> <li>• Council maintaining budget figure and reserve up to Belwin amount and beyond to cover emergency incidents.</li> <li>• Facilitation of government property level grant scheme in flood affected areas to enhance future resilience.</li> <li>• Proactive partners of district wide flood alleviation schemes</li> </ul> <p><u>Equipment/ Resources</u></p> <ul style="list-style-type: none"> <li>• Flood stores in some communities with provisions to self help and therefore not be as reliant on council.</li> <li>• Agile working arrangements.</li> <li>• Cyber security arrangements (See SR110)</li> <li>• Use and Audit of Resilience Direct as a Document Management System/repository</li> <li>• Load key documents onto Resilience Direct</li> <li>• Annual stock take of equipment in our Emergency Stores.</li> <li>• Scenario testing at least one exercise every two years</li> <li>• exercise carried out gap analysis of the testing.</li> <li>• Training &amp; LRF Training</li> <li>• Memorandum of Understanding for mutual aid.</li> <li>• Local Resilience Forum and annual assessment and review of plans.</li> <li>• BCP BCM training</li> <li>• Offering of Health &amp; Wellbeing advice e.g. offering flu vaccinations, mental health etc.</li> </ul> <p><u>Partners/Public</u></p>				

	<ul style="list-style-type: none"> <li>• Work with EA (Environment Agency) on flood resilience work has mitigated/reduced the risk in some areas.</li> <li>• Improved monitoring systems by EA for earlier warning for floods.</li> <li>• Raised awareness of flood risk, therefore increased understanding self help and increasing resilience.</li> <li>• Attendance of LRF multi agency meetings for partners</li> <li>• East Midlands Group WARP group</li> </ul> <p>Emergency response data management tool move to correct location</p>
<b>Risk Categories</b>	<p>Resourcing  Reputation  Expectations  Partners  Financial  Suitability of response  Service delivery</p>
<b>Trigger/Event</b>	<p>Extreme weather event of greater frequency and severity.  Unpredictable district/regional/national emergency events.  Council headquarters or key facilities are damaged.  Pandemic Flu  Cyber Attack  Counter terrorist Attack  Partners not playing part/full role  Failure of resources / suppliers / supply chain  Availability and resilience of key personnel  Ineffective BCPs  Concurrent events  Loss of power/water to HQ  Harder to draw on goodwill/reduced availability of staff</p>
<b>Impact</b>	<p>Drain on services and resources to provide an immediate and appropriate response/recovery.  Managing and resourcing the longer term recovery process  Business Continuity issues at Castle House and other council facilities - centres could be flooded, staff unable to get into work - loss of resources i.e. vehicles, premises.  Reputational damage due to perceived failure to respond to emergency or maintain services  Reputational damage to the District and attraction to place to live/work  Failure to maintain critical services day to day  Ceasing non-essential services  Manage financial requirements of the emergency event  Financial issues of being unable to claim back funding spent on assisting communities  Financial implication of up front costs required during an emergency.  Less likely to receive long term support to obtain government flood grants compared with high density areas due to cost benefit ratio.  Effect on communities (commercial or domestic)  Loss of key/ critical NSDC systems  Inability to support critical projects and projects at a critical stage  Impact on income generation/loss of income</p>

SR208 Corporate Governance					
Description	Risk of failure in systems of governance within the council, council owned/influenced organisations and partnerships or other collaborative arrangements.				
Lead Officer	Bearman, Sue (SLT)				
Support Officers	Nigel Hill, Nick Wilson, Ella Brady, Deb Johnson				
Current Risk Matrix	Date Last Reviewed	Impact	Likelihood	Risk Management	Target Risk Matrix
	05-Oct-2022	3	C	Control Pending	
Controls/Actions In Place	<ul style="list-style-type: none"> <li>• Code of corporate governance created, maintained and monitored in accordance with CIPFA guidance.</li> <li>• Corporate Governance self-assessment against the code of Corporate Governance undertaken periodically.</li> <li>• Periodic review of governance by 3 statutory officers.</li> <li>• Annual review of Constitution which includes fit for purpose and up to date</li> </ul> <p>-Officer code of conduct            -Officer registers of interests - Related third party transactions.            -Section 151 officer/Monitoring officer/Head of Paid Service.            -Gifts and hospitality - policy and register place.            -Council Financial regulations and procedures,            -Contract procedure rules            -Whistle blowing policy            -Anti-fraud and corruptions strategy</p> <ul style="list-style-type: none"> <li>• Annual governance statement reviewed annually and reported to Audit and Governance Committee. Annual Governance Statement goes to November meeting of Committee</li> <li>• Creation of annual combined assurance report in conjunction with SLT and BMs.</li> <li>• Internal Audit work including risk-based Audit Plan.</li> <li>• Effective use of External Auditor.</li> <li>• Under executive arrangements with Cabinet structure and portfolio holders:</li> </ul> <p>-Publishing of forward plan and all delegated decisions            -Mechanism for call in of all executive decisions            -Overview by Audit and Governance Committee            -Dedicated scrutiny committee under executive arrangements – Policy and performance improvement committee            -Tenant engagement board which ensures appropriate tenant involvement</p> <ul style="list-style-type: none"> <li>• Staff and member training in place</li> </ul> <p>-Training on governance issues including anti-fraud and financial regulations.            -Counter fraud training delivered            -Member induction at the start of each new Council cycle.</p> <ul style="list-style-type: none"> <li>• Complaints:</li> </ul> <p>-Localised standards framework and effective arrangements for dealing with complaints overseen by Audit and Governance Committee.            -Internal complaints procedure.</p> <ul style="list-style-type: none"> <li>• Fraud</li> </ul>				

	<ul style="list-style-type: none"> <li>-Annual internal review of the Fraud Risk register to carry out proactive work, check on internal controls and is reported to members</li> <li>-Participation with National Fraud Initiative process</li> <li>-Options appraisal for counter fraud and implementation of preferred option.</li> <li>-Appropriate insurance cover including Fidelity Guarantee.</li> <li>-Oversight of Active4Today, Newark and Sherwood Homes, Arkwood and East Midlands Building Control.</li> <li>-Appropriate monitoring of performance of the third party or alternative service delivery methods. <ul style="list-style-type: none"> <li>• HR policies in place</li> </ul> </li> <li>-Recruitment process controls, e.g. References, Immigration, DBS. <ul style="list-style-type: none"> <li>• Horizon scanning at Business Manager briefings and effective communication between SLT and business managers.</li> <li>• Measures in place to ensure IR35 compliance</li> <li>• Schedules review of Corporate Governance (Q4 19/20)</li> <li>• Governance review ongoing with support from change to Executive Arrangements completed in May 2022 – 6-month review of effectiveness of arrangements to be considered by Audit and Governance Committee in November 2022</li> </ul> </li> <li>• Internal Audit of governance arrangements for Council-owned companies in 2022-3 audit programme</li> </ul>
<b>Risk Categories</b>	<ul style="list-style-type: none"> <li>• Service delivery</li> <li>• Governance</li> <li>• Fraud</li> <li>• Poor decision making/leadership</li> <li>• Reputation</li> <li>• Financial</li> <li>• Legal compliance</li> <li>• Partners/stakeholders</li> </ul>
<b>Trigger/Event</b>	<ul style="list-style-type: none"> <li>• Failure to communicate, define, review and uphold governance standards policies to ensure fitness for purpose.</li> <li>• Failure of staff and councillors to understand their governance roles and responsibilities.</li> <li>• Failure to observe good governance.</li> <li>• Failure to adequately manage risk or monitor performance.</li> <li>• Failure in Policy adherence (All policies).</li> <li>• Malicious event e.g., Fraud, money laundering, etc.</li> <li>• Reduction in capacity and loss of key personnel and resources</li> <li>• Failure to adequately oversee governance standards of partnerships and other entities that the Council is involved in.</li> <li>• Failure of governance in wholly council owned companies</li> <li>• Failure of governance in partnership organisations</li> <li>• Negative findings identified by other organisations/bodies – Ombudsman and External Audit</li> <li>• Overuse of “Call-in”, “Call for action” or “Urgency provision”</li> <li>• Inexperience with new system – procedures set out in constitution not followed</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Loss of opportunity and ability to meet corporate priorities</li> <li>• Financial resource loss.</li> <li>• Poor or inadequate decision making.</li> <li>• Service delivery issues.</li> </ul>

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|  | <ul style="list-style-type: none"><li>• Criminal or civil liability.</li><li>• Risk of successful judicial review</li><li>• Regulator finding fault e.g. Internal Audit, External Audit, Ombudsman.</li><li>• Government or peer intervention.</li><li>• Failure of Council owned companies</li><li>• Failure of partnerships</li><li>• Ombudsman findings – Maladministration</li><li>• Significant Audit findings – e.g. Public interest report</li><li>• Reputational risk to the Council.</li><li>• Negative media coverage.</li><li>• Policies could be open to challenge.</li><li>• Excessive legal costs incurred.</li><li>• Poor staff morale.</li><li>• High staff turnover.</li><li>• Community disengagement.</li><li>• Capacity redirected to address failures.</li><li>• Inappropriate use of public office</li><li>• Fraud and corrupt practice identified.</li><li>• Fraud and corruption practices not identified or dealt with leading to an incident of fraud and corruption.</li><li>• Slowing down of decision making</li></ul> |
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**SR209 Data management and security**

**Description** Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation

**Lead Officer** Kohli, Sanjiv (SLT)

**Support Officers** Jill Baker, Nick Wilson, David Price, Dave Richardson, Sue Bearman

Current Risk Matrix	Date Last Reviewed	Impact	Likelihood	Risk Management	Target Risk Matrix
	17-Aug-2022	3	C	Control Pending	

**Controls/Actions In Place**

**Policy and Guidance**

- Policy suite and supporting guidance including:
  - a) Email Policy / Data Breach Policy
  - b) Information management framework incorporating Security Policy and Security Breach Policy.
  - c) Retention of document policy.
  - d) Data Protection policy.
  - e) Confidential waste handling procedure.

**Training/ Guidance**

- Training for all staff taking payments in line with PCI-DSS requirements.
- Training for ICT staff.
- Data protection training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process.
- Information governance check on furniture that is being disposed of.
- Information E Training completed by all staff.
- Annual review of Information Asset Register.
- Annual mandatory GDPR, cyber and spear phishing online training for all staff and councillors.
- Guidance and training available for elected members. 3 GDPR sessions provided for newly elected members.
- Guidance on security breach procedures for Business Managers as Information Asset Owners.

**Governance and Compliance**

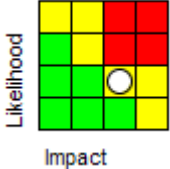
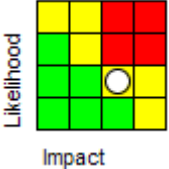
- CIO/SIRO/DPO appointed
- Compliance with the government’s security arrangements.
- PSN compliant data & internet connections implemented
- Compliance with new Cabinet Office email standards achieved.
- Weekly review of ICO guidance.
- Periodic PCI/DSS compliance checks
- Data Privacy Impact Assessment.
- Annual SIRO audit.
- Review of policies and procedures to ensure compliance with latest Payment Card Industry-Data Security Standard (PCI-DSS)
- Cyber Security now standing agenda item on monthly business unit management meetings.
- Governance arrangements established through CIGG with monthly review.
- CIGG meeting every quarter to review risks.

External Audit on ICT security annually.

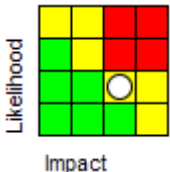
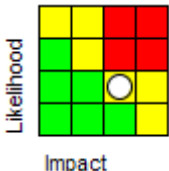
	<p><b><u>ICT/Equipment specific controls</u></b>  Encryption for mobile devices.</p> <ul style="list-style-type: none"> <li>• VASCO tokens and Google Authenticator.</li> <li>• Quarterly ICT security checks internally.</li> <li>• Penetration test annually by external company - monthly scans of servers for weaknesses, monthly server updates and monthly scans of Microsoft Office and Windows.</li> <li>• Perimeter software - eg. mailmarshall &amp; webmarshall.</li> <li>• Hardening test on new virtual servers.</li> <li>• Documents scanned reducing the need for paper.</li> <li>• Secure server room.</li> <li>• East Midlands WARP membership - alerting networking facility regarding any breaches.</li> <li>• Monthly updates of Adobe products.</li> <li>• Program in place to ensure the continual maintenance &amp; upgrade of the ICT environment.</li> <li>• Secure portal for Members to access the Extranet.</li> <li>• Airwatch MDM (Mobile Device Management) implementation for mobile devices.</li> <li>• DMark, DKim SPF and TLS secure email authentication software.</li> <li>• Cryptshare for encrypting secure emails and large files for email.</li> <li>• Report &amp; record all cyber-attacks/attempts and escalate to CMT where appropriate Users own devices cannot connect to network</li> <li>• 'Consent' tick box on appropriate forms.</li> <li>•</li> </ul> <p><b><u>Partners and Stakeholder specific controls</u></b></p> <ul style="list-style-type: none"> <li>• Non-disclosure agreements in place for third party access.</li> <li>• Use of data processing and agreements with partners.</li> <li>• Use of licensed confidential waste handler.</li> <li>• Letters sent to all third parties who process personal data on behalf of NSDC advising of additional responsibilities under GDPR and data processing agreements in place.</li> <li>• Actions arising from report to SLT on third party users implemented.</li> </ul>
<p><b>Risk Categories</b></p>	<p>Loss of vulnerable, personal, sensitive valuable data  Legal compliance  Reputation  Financial  Partners/stakeholders  Disruption of service from a cyber attack</p>
<p><b>Trigger/Event</b></p>	<ul style="list-style-type: none"> <li>• Personal, confidential or corporately sensitive/business critical information disclosed unintentionally or through error of judgement when responding to requests for information, data breach - intentional (malicious) or unintentional.</li> <li>• Theft or loss of equipment/papers/data belonging to the council, partners or third party companies.</li> <li>• Cyber attack: (either targeted such as denial of service or unintentional access to link on another website.</li> <li>• Agile Working i.e. mobile/remote/home working/home printing/disposal of printed data/Outreach posts.</li> <li>• Reducing resources with less capacity for processing data.</li> <li>• Loss of key resources/staff.</li> <li>• Decommissioning of property</li> <li>• Collaborative working, sharing, outsourcing and partnership working (including external printing and hybrid mail)/involvement in other peoples' data</li> <li>• Partnership working and sharing new service locations/data sharing issues.</li> </ul>

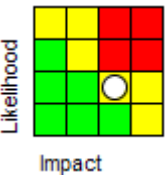
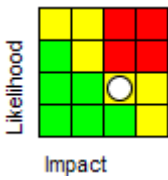
	<ul style="list-style-type: none"> <li>• Partner's/contractor's/host's poor data management and information security leading to data breach/loss.</li> <li>• Government integration agenda e.g. Increased working between public bodies</li> <li>• Use of BYOD (Bring your own device).</li> <li>• Use of suppliers/third parties, etc.</li> <li>• Local government reorganisation/Combined authority/change in service delivery model.</li> <li>• Third party access to IT systems.</li> <li>• New and inexperienced staff/elected members with access to data.</li> <li>• Termination of PSN/GCSX standards by the Cabinet Office limiting options for securely sharing with some Public Sector organisations.</li> <li>• Failure to comply with relevant standards and legislation including PCI-DSS/Cyber Essentials/NCSC best practice/PSN.</li> <li>• Unsupported software/unforeseen loss of support</li> <li>• Housing management re-alignment and integration of services</li> <li>• Adoption of unsupported/dated systems from third parties</li> <li>• Emergency event/Pandemic – leading to increased reliance upon ICT systems</li> <li>• Accelerated delivery of digital agenda</li> <li>• Failure to respond to subject access requests/information requests accurately and within statutory timeframes</li> <li>• Failure to identify and respond to a data breach promptly and effectively</li> <li>• Failure to protect information from accidental loss, corruption or disclosure or other non compliance with Data Protection Principles, by NSDC or a third party, involving large volumes of personal data or smaller volumes of sensitive personal data</li> <li>• Failure to protect information assets from an internal malicious attack leading to a data breach, corruption of data assets, loss of asset or service.</li> <li>• Failure to adopt appropriate technical security measures for keeping data secure within our systems and platforms which results in a significant data breach</li> <li>• Accidental data breach through any electronic source</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Individual loss/damage to an individual where the Council inappropriately released their personal data e.g. Civil claims.</li> <li>• Damage to reputation of the Council/trust by the public.</li> <li>• Breach of Access to Information legislation bringing about financial/legal damage - imposed on the Council by the Information Commissioner and other Statutory Bodies.</li> <li>• Financial/ resource impact of Information Commissioner investigation.</li> <li>• Disciplinary action taken against a member of staff and elected members if a breach is found to be deliberate/malicious.</li> <li>• Operational and resource issues eg. Service interruption - where focus has to be taken away from service delivery to dealing with the breach.</li> <li>• Individual loss/damage to an individual where the Council inappropriately released their personal data eg. civil claims.</li> <li>• Drain on resources to process and enable conformity in legislation.</li> <li>• Greater demand on existing resource</li> <li>• Impact on Agile working - lack of ability to work remotely and available physical resource</li> <li>• Cyber-attack leading to system downtime/damage/loss of data (Ransom Ware) and financial loss/ resource drain</li> <li>• Loss of provision to customers and partners e.g. Active4Today, DWP, CCTV (under current arrangements) leading to disputes over SLAs and contracts and potential loss of income, e.g. partner rent for Castle House.</li> <li>• Negative media coverage</li> <li>• Less control over data as service delivery models become more complex</li> </ul>

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|  | <ul style="list-style-type: none"><li>• Loss of partner data where the council is the data processor - subsequent impact on partner's reputation.</li><li>• Loss of confidence with the Council</li><li>• Loss of confidence with partners and stakeholders</li><li>• Withdrawal of service from partners and stakeholder</li><li>• Increased demand on existing services</li><li>• Inability to deliver critical/key services</li><li>• Capability of infrastructure/system to deliver services – i.e. increased demand during emergencies</li></ul> |
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SR210 Arkwood Development					
<b>Description</b>	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.				
<b>Lead Officer</b>	Robinson, John (SLT)				
<b>Support Officers</b>	Will Marshall, Nick Wilson, Ella Brady				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	27-Jun-2022	3	B	Control Pending	
<b>Controls/Actions In Place</b>	<p>Shareholder Committee established and membership agreed  Shareholder meetings scheduled  Shareholder Committee Members training session completed on 17/1/18  Governance Training given to Members for when Shareholder will be taken to Cabinet meetings from May 2022.  Company's Articles and shareholder agreement in place  Shareholder Committee approve business plan for company and business case for each development site  Bi-monthly officer contract meetings between Arkwood and council  Internal Audit Report giving substantial assurance  Inclusion of risk register by company with business cases</p>				
<b>Risk Categories</b>	<p>Financial  Reputation  Service Delivery  Conflict of interest</p>				
<b>Trigger/Event</b>	<p><u>Financial</u>  Loan repayments from the company are not made  Company failure to deliver approved Business Plan  Company failure to pay monies to the Council e.g. land transactions costs, SLA costs  Company failure to pay monies in a timely way  Company failure to manage cash flow</p> <p><u>Reputational</u>  Poor leadership  Company insolvency  Poor quality development leading to customer dissatisfaction  Secretary of State call in planning decisions made by council on company developments</p> <p><u>Compliance Issues</u>  Operational failure leading to non compliance/legislative failure  Compliance failure by the Company (ie. legislative &amp; policy)</p> <p><u>Lack of Delivery</u>  Failure to adhere to business plan  Lack of awareness of company purpose  Company failure to secure planning consent on developments</p> <p><u>Market &amp; External Factors</u>  Brexit - market volatility  Downturn in economy  Failure to understand and develop to meet market needs  Changes in local and national policy &amp; legislation e.g. restraints in legislation from Council</p>				

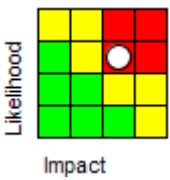
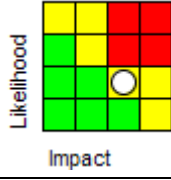
	<p>Lack of skills to deliver developments to quality and on time (e.g. skills shortage) Market and external construction prices leading to increased cost of build</p> <p><u>Resource Demand</u> Insufficient resourcing (e.g. internal capacity to deliver) Over resourcing Incorrect or over demanding SLA's Failure to deliver Council objectives due to increased amount of time spent by board of directors on company rather than substantive role</p> <p><u>Relationship with Company</u> Lack of communication between Company and Council Lack of regular updates/ assurance from company Conflict of interest - failure of the council to demonstrate the company's independence</p>
<b>Impact</b>	<p><u>Financial</u> Return on investment to the council not realised Lack of sustainability and viability of company Council not achieving aims &amp; objectives as set out in Council's Commercial strategy</p> <p><u>Resource Demand</u> Substantive council roles of directors compromised Council resource overstretched – poor quality service to council or company</p> <p><u>Reputational</u> Adverse impact on reputation Inability to contribute to local plan housing numbers Impact on reputation with key partners and stakeholders</p> <p><u>Market &amp; External Factors</u> Lack of housing that meets market demand</p> <p><u>Partners/Relationships</u> Relationship breakdown between council and company</p>

SR211 Community issues - Pandemic					
<b>Description</b>	Understanding trends in the local COVID infection rates and its impact on local communities				
<b>Lead Officer</b>	Finch, Matthew (SLT);				
<b>Support Officers</b>	Alan Batty				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	7/11/22	3	B	Control Pending	
<b>Controls/Actions In Place</b>	<p>Monthly review of local COVID infection rates</p> <p>Regular discussion with PHE</p> <p>Monitoring of staff absence</p> <p>Review of GOV guidance as issued</p> <p>Emergency plans in place</p> <p>Working from home plans in place</p> <p>Working group to be formulated if necessary</p>				
<b>Risk Categories</b>	<p>Financial</p> <p>Local economy</p> <p>Vulnerable persons / Communities</p> <p>Reputation</p> <p>Pressure on services</p>				
<b>Trigger/Event</b>	<p>Continuation of pandemic – further waves, variants of concern</p> <p>New restrictions and impact on key sectors</p> <p>Changes in behaviour as a result of the pandemic into the medium term i.e. key sectors/high street/ retail/hospitality/entertainment/ online/leisure/exercise preferences choices</p> <p>Financial security/investment decisions</p> <p>Recession and job losses</p>				
<b>Impact</b>	<p><b>Financial impact –</b> Impact on fees and charge - reduced income</p> <p><b>Vulnerable persons/communities-</b> Greater deprivation in already vulnerable areas/sectors Greater deprived areas/workforces are less able to be flexible re working arrangements</p> <p><b>Reputation –</b> Lack of trust Change of mood/tolerance within our communities Lack of tolerances to COVID and future restrictions Community concerns raised/resistance to new messaging</p>				

SR212 Environment					
<b>Description</b>	Ability to meet requirements of the government's green agenda and aspirations/expectations of the NSDC community in delivering a greener/carbon neutral service.				
<b>Lead Officer</b>	Finch, Matthew (SLT)				
<b>Support Officers</b>	Briony Ashton, Ella Brady				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	03-Nov-2022	3	B	Control Pending	
<b>Controls/Actions In Place</b>	<ol style="list-style-type: none"> <li>1) Climate emergency declared</li> <li>2) Approved date for net neutral – 2035</li> <li>3) Costed action plan to support net neutral date</li> <li>4) Appointed Environmental Policy and Projects Officer</li> <li>5) Climate emergency project working group – meets quarterly</li> <li>6) Project working group for depot development</li> <li>7) Annual report to P&amp;F – Activities undertaken and carbon footprint</li> <li>8) Internal Audit</li> <li>9) Urban tree challenge grant – 4000 trees planted</li> <li>10) Developed business cases for kerb side food and glass collection</li> <li>11) Financial planning – MTFP</li> <li>12) Elected member working party utilised to develop climate emergency strategy plan</li> <li>13) Community plan</li> <li>14) Bid to public sector de-carbonisation fund</li> <li>15) Successful bidding - LAD2 funding allocation (£750k)</li> <li>16) 2 x posts agreed for decarbonisation</li> </ol>				
<b>Risk Categories</b>	Financial Reputation Statutory compliance Disruption of service-Pressure groups /community action Negative media/comms Capacity to deliver on successful funding				
<b>Trigger/Event</b>	Climate change conference Government policies and legislation- i.e. national waste and resources strategy, environment bill, 2030 internal combustion engine phase out, national tree strategy. Budget pressure/planning/demand - MTFP Lack of financial support from government to implement Availability/cost/maturity of technology Incentivising of tariffs – cost v return Legacy issues -housing/fuels/infrastructure Resident/User engagement/participation - Behaviour change Active pressure groups Political influence Declaration of climate emergency Impact of media/social media events/influential individuals Poor communications Partnership failure Bidding arrangements/competition – restrictive nature of government funding to date Future resourcing to deliver Knowledge/skills gap within workforce				
<b>Impact</b>	Not meeting governmental targets/internal targets Penalties -TBC				



	Reputation Negative media Political/public pressure for improvement/campaigns against Increased scrutiny and workload Budget gaps Impact on other service provision Lack of infrastructure to improve Lack/loss of control in light of government mandated service provision Increased costs arising from emerging technology, reduced tariffs and government policy Unable to deliver due to access/obtain government funding/ technology Unable to deliver on climate strategy Customer disengagement Greater demand on external expertise leading to greater costs lower internal expertise
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SR213 Statutory compliance management					
<b>Description</b>	Implementation and maintenance of suitable statutory safety compliance management systems.				
<b>Lead Officer</b>	Kohli, Sanjiv (SLT); Shead, Suzanne (SLT)				
<b>Support Officers</b>	Mark Plant, Mark Eyre, Caroline Wagstaff				
<b>Current Risk Matrix</b>	<b>Date Last Reviewed</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Management</b>	<b>Target Risk Matrix</b>
	27-Jun-2022	3	C	Control Pending	
<b>Controls/Actions In Place</b>	<ul style="list-style-type: none"> <li>• Policies and procedures – (Need for policy review)</li> <li>• Dedicated Compliance teams and compliance reporting</li> <li>• Dedicated software –asset compliance/management software ICT systems</li> <li>• Contract management systems</li> <li>• Performance management systems</li> <li>• Training and competence Staff/tenants/contractor</li> <li>• Information/education to tenants</li> <li>• Enforcement of tenancy agreements</li> <li>• Assurance and scrutiny process – operational and committee levels</li> <li>• Use of specialist contractors/advisors</li> <li>• Competent/licenced/registered engineers/inspectors</li> <li>• Auditing and inspection processes</li> <li>• Reconciliation processes</li> <li>• Complaints processes</li> <li>• Tenant engagement</li> <li>• Maintenance/inspection programmes</li> <li>• Pre let inspections</li> <li>• Business planning</li> <li>• Compliance with regulatory standards</li> <li>• Legal/enforcement action/Fines/Regulatory judgement • H&amp;S</li> <li>• Civil claims</li> <li>• Service delivery - Loss of essential service &amp; System/equipment failure/out of use</li> <li>• Negative media coverage</li> <li>• Reputation</li> <li>• Customer satisfaction/impact</li> <li>• Financial impact (rectification)</li> <li>• Increased resource demand</li> </ul>				
<b>Risk Categories</b>	<ul style="list-style-type: none"> <li>• Legal/enforcement action/Fines/Regulatory judgement • H&amp;S</li> <li>• Civil claims</li> <li>• Service delivery - Loss of essential service &amp; System/equipment failure/out of use</li> <li>• Negative media coverage</li> <li>• Reputation</li> <li>• Customer satisfaction/impact</li> <li>• Financial impact (rectification)</li> </ul>				

	<ul style="list-style-type: none"> <li>• Increased resource demand</li> </ul>
<b>Trigger/Event</b>	<ul style="list-style-type: none"> <li>• Poor management systems</li> <li>• Failure to undertake statutory examinations</li> <li>• Poor record keeping /management</li> <li>• Remedial works not undertaken in a timely manner</li> <li>• Contract management – controls to manage/address poor performance/contract exit arrangements, use of evergreen contracts (non-ending), poor procurement</li> <li>• Poor contractor engagement</li> <li>• Cyber-attack/Ransom ware –denied/denying access to records</li> <li>• Data protection loss/GDPR</li> <li>• Routine inspection/audit identifies failure</li> <li>• Incorrect response to an accusation, complaint or request for service</li> <li>• Unauthorised repairs, Sabotage, maintenance, alterations and installations</li> <li>• Pandemic</li> <li>• Emergency incident – fire, gas, flood, etc.</li> <li>• Essential supplier chain failure/goes into administration.</li> <li>• Incorrect sub-contracting procedures</li> <li>• Change in legal/regulatory requirements</li> <li>• Failure of ICT and associated support systems</li> <li>• Recruitment – inability due to market demands</li> <li>• Loss of key personnel</li> <li>• Insufficient finance</li> <li>• Insufficient Resourcing</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Fines/enforcement action</li> <li>• Unable to deliver a suitable service/essential service</li> <li>• Resource demand/conflict</li> <li>• Financial – budget overspend, income generation/protection, rent loss, MTFP, viability of HRA business plan. Effect on GF income</li> <li>• Loss/reduction of service to Council, partners and tenants(commercial and domestic)</li> <li>• Reputation</li> <li>• Need to re home tenants</li> <li>• Leaseholders litigate</li> <li>• Negative local or national press coverage</li> <li>• Increased scrutiny – customer, committees, etc.</li> <li>• Self-referral to regulatory (co-regulation)</li> <li>• Commercial viability of building/site</li> <li>• Tenancy enforcement</li> <li>• Contract failure/suspension</li> <li>• Contract dispute</li> <li>• Increase turnover of staff</li> <li>• Inability to recruit the right staff</li> <li>• Poor morale/stress of workforce</li> <li>• Political engagement</li> <li>• Enforcement agency engagement</li> <li>• Accident/incident/poisoning</li> <li>• Civil claim due to failure</li> </ul>



Report to: Audit & Governance Committee Meeting 23  
November 2022

Director or Business Manager Lead: Sue Bearman – Assistant Director

Lead Officer: Jill Baker, Business Manager Customer Services, ext.  
5810

Report Summary	
<b>Report Title</b>	Local Government and Social Care Ombudsman and Housing Ombudsman Annual Update
<b>Purpose of Report</b>	To inform Members of the Local Government and Social Care Ombudsman and Housing Ombudsman annual review updates
<b>Recommendations</b>	That Members note the report
<b>Reason for Recommendation</b>	There is a requirement from the Ombudsman that the Annual Review Letter is shared with Members

## **1.0 Background Information**

- 1.1 Each year the Local Government and Social Care Ombudsman (LGSCO) produces an Annual Review Letter for local authorities detailing the number, type and decisions made relating to each authority. The annual review letter and decisions received information for the period 1 April 2021 – 31 March 2022 for Newark and Sherwood District Council are attached to this report - Appendices 1 and 2
- 1.2 The Housing Ombudsman produces an Annual Complaints Review. The most recent one issued in 2022, covers the period 1 April 2020 - 31 March 2021. Appendix 3
- 1.1 During this period, the Housing Ombudsman did not make any determinations on any complaints for the Council. Due to this, the contents of this report relate solely to the LGSCO decisions.

## **2.0 LGSCO Annual Review April 2021 – March 2022**

2.1 The statistics provided with the Annual Review Letter show that for this period, the LGSCO received ten complaints relating to services provided by this Council and made decisions on twelve complaints. This compares to the eleven received and eight decisions being made in 2020 – 2021.

2.2 The received and decided figures are different due to a number of reasons including:

- The complaint may have been received during 2021 - 2022 but a decision will be made in 2022 - 2023 (or even later) and therefore this complaint will show in a later year's report.
- The complaint did not relate to a service by this Council e.g., highways and transport.
- The complaint was classed as premature.

2.3 Likewise the received figures the LGSCO provide never align with the figures the Council hold. This is because the LGSCO numbers include enquires from people who the LGSCO signpost back to the Council but never contact us. These are captured in the “closed after initial enquiries” figures. There is no way of identifying who these customers are. The table below details the categories of the complaints received and decisions made in each of the Ombudsman categories.

Ombudsman Category	Received by the LGSCO	Decided by the LGSCO
Benefits and Tax	2	3
Planning and Development	5	2
Housing	1	1
Other	1	5
Highways and Transport	1	1
<b>Total</b>	<b>10</b>	<b>12</b>

2.4 The table below shows the outcome of each decision.

Ombudsman Category	Closed after initial enquiries	Advice given	Referred back for local resolution	Total
Benefits and Tax	2		1	3
Planning and Development	3		1	4
Housing	1	1		2
Other		1	1	2
Highways and Transport	1			1
<b>Total</b>	<b>7</b>	<b>2</b>	<b>3</b>	<b>12</b>

- 2.5 None of the complaints decided were upheld the by LGSCO.
- 2.6 The LGSCO has published the anonymised details of the seven complaints it reviewed and closed after making initial enquired.

<b>Ombudsman reference number and link</b>	<b>Ombudsman category</b>	<b>Summary of complaint</b>	<b>Decision Reason</b>
<a href="#">20 012 836 - Local Government and Social Care Ombudsman</a>	Housing	Incorrect service of improvement notices by the Council to a private landlord.	The Ombudsman did not exercise his discretion to investigate this complaint. This is because it concerns matters which Mr X was aware of outside the normal 12-month period for receiving complaints and there were no good reasons why it should investigate outside this period.
<a href="#">20 013 270 - Local Government and Social Care Ombudsman</a>	Highways and transport	Handling of matters related to a change of postcode to a property	Late complaint and therefore outside of jurisdiction.
<a href="#">20 013 800 - Local Government and Social Care Ombudsman</a>	Benefits and tax	Change to the amount housing benefit and council tax support received.	Ombudsman will not investigate as complaint can appeal the decision elsewhere
<a href="#">21 001 504 - Local Government and Social Care Ombudsman</a>	Planning	The pre-application planning advice given and the handling of the planning application	No evidence of fault in the pre-application advice given and if Mrs X wants to dispute the Councils decisions to would be reasonable for her to appeal.
<a href="#">21 003 848 - Local Government and Social Care Ombudsman</a>	Planning	Granting of planning permission without taking into account the overlooking	Not enough evidence of fault in planning process to warrant an investigation.

		and loss of privacy that the new development will have on their property.	
<a href="#">21 004 655 - Local Government and Social Care Ombudsman</a>	Planning	Granting of planning permission without taking into account of the visual impact that the new development will have on their property.	The complaint does not meet the tests in the Ombudsman's Assessment Code. Nothing to suggest fault affected the Council's decision
<a href="#">21 014 051 - Local Government and Social Care Ombudsman</a>	Benefits and tax	Reduction in the amount of housing benefit received following a change in financial circumstances.	Ombudsman will not investigate as complaint can appeal the decision elsewhere.

### 3.0 Further learning

- 3.1 Although the LGSCO and Housing Ombudsman did not conduct any investigations into any of the complaints received during this period, any Ombudsman complaints received by the Council are reviewed to see if any changes in processes and policies are required.

### Background Papers and Published Documents

Nil.

20 July 2022

*By email*

Mr Robinson  
Chief Executive  
Newark & Sherwood District Council

Dear Mr Robinson

### **Annual Review letter 2022**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

**Compliance with recommendations** - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.



Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

**Complaints upheld**

The Ombudsman carried out no detailed investigations during this period

**Compliance with Ombudsman recommendations**

No recommendations were due for compliance in this period

**Satisfactory remedy provided by the organisation**

The Ombudsman did not uphold any detailed investigations during this period

Reference	Authority	Category	Received
21011105	Newark & Sherwood District Council	Benefits & Tax	27/10/21
21001504	Newark & Sherwood District Council	Planning & Development	04/05/21
21003848	Newark & Sherwood District Council	Planning & Development	16/06/21
21004655	Newark & Sherwood District Council	Planning & Development	13/07/21
21012145	Newark & Sherwood District Council	Planning & Development	15/11/21
21012209	Newark & Sherwood District Council	Housing	16/11/21
21012915	Newark & Sherwood District Council	Planning & Development	29/11/21
21014051	Newark & Sherwood District Council	Benefits & Tax	20/12/21
21015612	Newark & Sherwood District Council	Other	25/01/22
21018615	Newark & Sherwood District Council	Highways & Transport	21/03/22

Reference	Authority	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
21011105	Newark & Sherwood District Council	Benefits & Tax	27/10/21	Referred back for local resolution	Premature Decision - advice given		
20012836	Newark & Sherwood District Council	Housing	26/04/21	Closed after initial enquiries	26B(2) not made in 12 months		
20013270	Newark & Sherwood District Council	Highways & Transport	04/05/21	Closed after initial enquiries	26B(2) not made in 12 months		
20013800	Newark & Sherwood District Council	Benefits & Tax	06/05/21	Closed after initial enquiries	26(6)(a) tribunal HB		
21001504	Newark & Sherwood District Council	Planning & Development	25/06/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21003848	Newark & Sherwood District Council	Planning & Development	16/08/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21004655	Newark & Sherwood District Council	Planning & Development	27/08/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21012145	Newark & Sherwood District Council	Planning & Development	15/11/21	Referred back for local resolution	Premature Decision - advice given		
21012209	Newark & Sherwood District Council	Housing	16/11/21	Advice given	Signpost - go to complaint handling		
21012915	Newark & Sherwood District Council	Planning & Development	29/11/21	Referred back for local resolution	Premature Decision - advice given		
21014051	Newark & Sherwood District Council	Benefits & Tax	21/01/22	Closed after initial enquiries	26(6)(a) tribunal HB		
21015612	Newark & Sherwood District Council	Other	25/01/22	Advice given	Signpost - go to complaint handling		

Reference	Authority	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
No compliance data recorded during the period							

# Annual Complaints Review

**2020-21**

**March 2022**

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## Ombudsman's foreword

Welcome to our first annual review of complaints.

Complaints provide governing bodies with valuable insight into the quality of their landlord's homes, performance of their services and their relationship with residents. Our Complaint Handling Code calls for a positive complaint handling culture to ensure fairness and that learning is identified when things go wrong, to improve landlord services for the benefit of all residents.

Creating and embedding a culture that values complaints and gives them the appropriate level of priority requires strong leadership and management. While our analysis and the accompanying landlord reports will be of particular interest to complaint handlers, I strongly encourage senior leaders and governing bodies to use it to facilitate a wider discussion about their organisation's success in handling complaints and how it can develop its approach.

This review considers the period between 1 April 2020 and 31 March 2021. It draws together insights from:

- our annual landlord performance reports – published for the second time alongside this review;
- the Complaint Handling Failure Orders (CHFOS) we have issued in the final quarter of the year; and
- our new annual surveys of our Resident Panel and landlord members.

Our analysis identifies the strategic and operational challenges to be overcome by the sector to achieve a positive complaint handling culture. It also contains a performance comparison by different types and sizes of landlord. In publishing this body of information, drawn from our unique and independent role as an Ombudsman, we are enabling landlords and residents to examine these insights in the context of their own intelligence and experiences.

The year examined by this report was dominated by the Covid-19 pandemic, which greatly affected residents and landlords; and it was also the year in which we published our Complaint Handling Code. This Code laid the foundations for a universal approach to complaint handling at a local level by social landlords, providing a consistent approach to defining a complaint, timescales for effective handling and expectation on the number of complaint handling stages. It also set expectations for putting things right and learning from outcomes to support landlords in developing their approach to complaint handling. A year on from the Code's publication, we have strengthened it in response to comments from landlords and residents, as well as our own experience; additionally, we have also updated our guidance on CHFOS and more details about both that can be found [here](#).

Introduced alongside the Code, CHFOS, and the associated escalation procedures prior to issuing them, aim to ensure a landlord's complaint handling is compliant with the requirements of the Code. The Ombudsman operated these in shadow when the Code was first published and went live on 1 January 2021. We have published [quarterly reports](#) on all CHFOS issued by type and whether they were complied with. In future reports, we will analyse the CHFOS we issued in the full year to provide further insight into complaints handling.

The introduction of the Complaint Handling Code and CHFOS, effective from 1 January 2021, has had a significant impact in the sector and on our service. Volumes for enquiries and complaints increased by 48% during the final quarter compared to the same period in 2019-20, while demand for formal investigations rose by 56%. The impact has continued unabated throughout



2021-22 with demand reaching unprecedented levels: an increase of 104% for all enquiries and complaints at the latest count; and an increase of 88% for formal investigations.

We believe the adoption of the universal definition of a complaint is a significant driver for this increase, demonstrating the latent demand for complaints processes. We also believe the required timescales have been a factor in bringing complaints through more quickly than had previously been the case.

While we expect the rate of growth in demand to stabilise over the coming year, we do expect growth to continue because of increased resident awareness, combined with the strategic challenges facing the sector, such as net zero and building safety; as well as the change to proactive consumer regulation. Our new corporate plan sets out the work we will do to help landlords improve complaints handling, including targeted engagement where needed and the creation of a Centre for Learning to increase the number of tools available to help all landlords develop their services.

**Richard Blakeway**  
**Housing Ombudsman**

## Key issues identified

We have identified the following key issues for all governing bodies.

Strategic issues:

- *Cultural*: not all landlords have adopted a positive complaint handling culture and see complaints as a vital window into the performance of their services. The unprecedented increase in demand for our service since the Code was launched indicates that complaints are now more likely to be recognised and dealt with on a timely basis, but there remain cultural challenges around putting things right and learning from outcomes.
- *Access*: the perceived ease of use and ease of access to landlords' complaints processes was rated as acceptable or above by over two thirds of survey respondents, but there were low levels of trust that complaining would make a difference and residents were clear that more needed to be done to raise awareness of both the landlord's procedure and the Ombudsman.
- *Procedural*: every complaint upheld represents at some level a procedural failing whether that is in the systems, policies, procedures or training. Uphold rates are particularly stark in relation to complaint handling and repairs which between them account for almost half of all complaints received. It is critical that the underpinning procedural aspects of service provision are kept under constant review to ensure they remain fit for purpose and the learning from complaints is acted on.

Operational issues:

- *Inadequate records*: a common finding across the spectrum of complaint categories is poor record keeping, particularly incomplete or missing repairs logs. This severely hampers landlords' ability to deal with individual issues effectively and efficiently and means subsequent complaints cannot be satisfactorily answered. For complaints handling, inadequate records will mean organisational oversight of complaint themes and trends will be limited and unreliable. This area is of particular concern given the proposed Access to Information Scheme for housing associations.
- *Missed or unproductive appointments*: too often, residents wait at home for an appointment to fix an issue only for the operative to not arrive or, if they do, lack the skills or equipment to deal with the issue reported.
- *Poor communication and lack of follow up*: we find consistently ineffective communication in our investigations, leading in a failure to manage residents' expectations, both in advising what will happen next and in any follow up to check that what was agreed has happened to the resident's satisfaction.

# Executive summary

## Landlord performance insight

In 2020-21, we investigated 2,185 complaints and made 3,872 findings. In 49% of cases, we found full or partial maladministration and, when individual findings are considered, 45% were upheld. These rates are high, and our analysis strongly suggests both complaints handling and service delivery need to be improved across our membership.

Responsive repairs is consistently the highest category of complaint we receive and represented 30% of the total in 2020-21 and was upheld at a rate of 45%<sup>1</sup>. If the number of reasonable redress findings are included, repairs services did not get things right first time in over 66% of the cases we handled. That is costly for landlords and frustrating for residents.

Our uphold rate of 66% for complaints handling sends a stark message that this is inadequate across our membership. Our Complaint Handling Code, the impact of which will be seen in the 2021-22 performance statistics, provides a universal set of expectations against which to determine complaints about complaint handling.

Complaints about the handling of tenant behaviour reports represented 12% of all complaints received in 2020-21, of which 34% were upheld. This suggests there might be a gap between the expectations residents have when reporting the behaviour to what is stated in the landlord's policy. Noticeably, larger landlords appear to have an uphold rate that is more in line our overall uphold rate – suggesting that residents of large landlords may be more informed about the likely outcome of a report of tenant behaviour and have their expectations managed and therefore only complain when there is basis for complaining that the report has been mishandled.

The reasons for upholding complaints are common – ineffective communication with residents, delayed and unsuccessful activities, and poor record keeping.

We issued 10 CHFOs in the final quarter of 2020-21 when they went live. They all related to failures to progress complaints through a landlord's process. Two of the CHFOs were not complied with and those complaints were taken into formal investigation at the Ombudsman's discretion.

## Landlord and Resident Panel survey insights

Our survey showed overwhelmingly that landlords found the Complaint Handling code easy to understand and apply. While just over half of the resident panel members surveyed agreed that complaints processes were effective and accessible, 70% felt there was more landlords could do to improve their complaint handling. Over 70% felt landlords could do more to raise awareness and accessibility, and 77% felt landlords could do more to learn from the complaints they received.

An effective process is not only accessible but also ensures landlords learn from the issues that arise in individual complaints to improve its services for the benefit all residents. To build trust and confidence with residents, we also encourage landlords to demonstrate this learning openly and set out any actions they have taken as a result.

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<sup>1</sup> An individual case can concern several issues, reflected in our findings in each case. The figures for our upheld rate are presented based on the proportion of findings rather than cases. The analysis excludes findings outside jurisdiction or where an aspect of a complaint is withdrawn.

# Landlord performance analysis 2020-21

## Individual landlord reports

Alongside this report, we have published individual performance reports for those landlords who received five or more determinations during 2020-21. We have not created individual reports for landlords with fewer than five determinations as meaningful performance interpretation is not possible – their figures are published in a table on our [website](#). If a landlord does not have an individual report or does not present in that table, we did not make a formal determination for them in 2020-21.

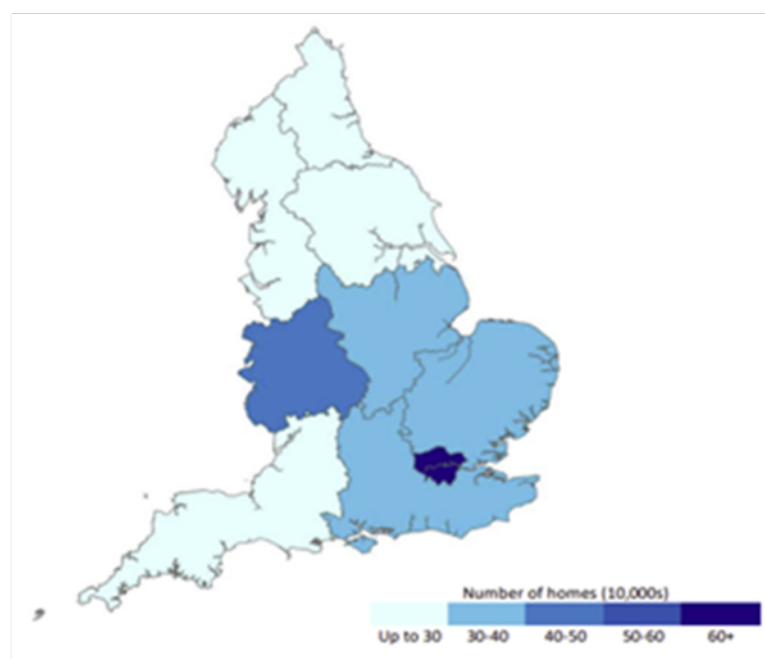
We have used housing association and local authority member data to analyse performance at a national level and draw out comparisons by both size and type. Voluntary members, as well as other types of mandatory members, such as Almshouses, have been excluded as they represented just 0.05% of all findings.

During our verification process for the individual performance reports, it became clear that there was a misunderstanding by landlords that a finding of ‘service failure’ does not represent maladministration. We will make it clearer in our reports that a ‘service failure’ finding is one of maladministration. Further guidance on our decisions can be found on our [website](#).

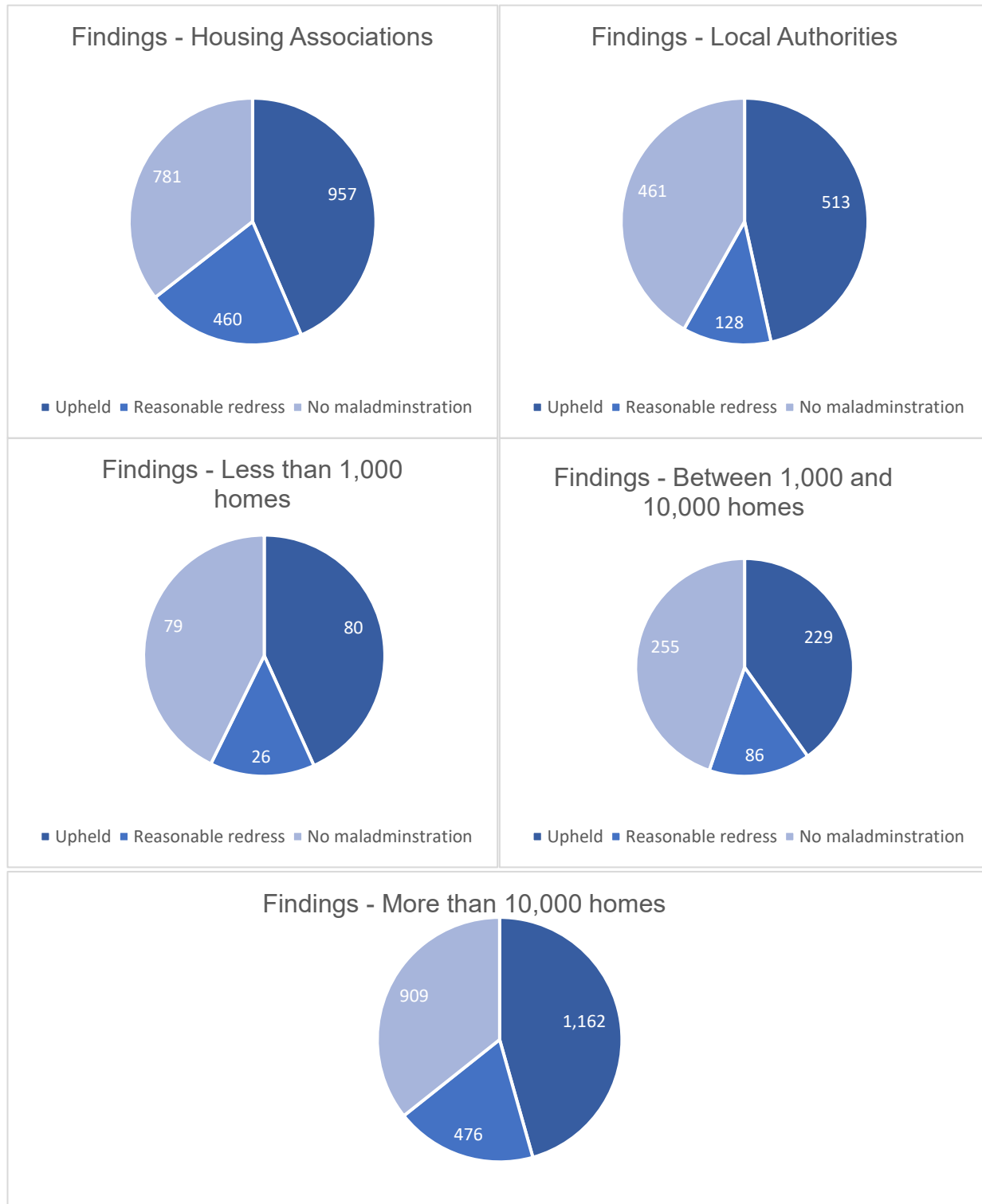
## National analysis

We determined 2,185 cases and made 3,872 findings for 320 landlords. The most cases determined for any one landlord was 122. There is an expected correlation between the number of complaints and landlord size – 76 (81%) of the landlords with five or more determinations are large landlords, managing or owning 10,000 homes or more. None of the landlords with five or more determinations owned fewer than 3,000 homes. As with last year, the number of determinations per 10,000 social homes was the highest in the London region.

### Rate of complaints brought to us by tenants and formally determined by the ombudsman per 10,000 social rent homes for each region

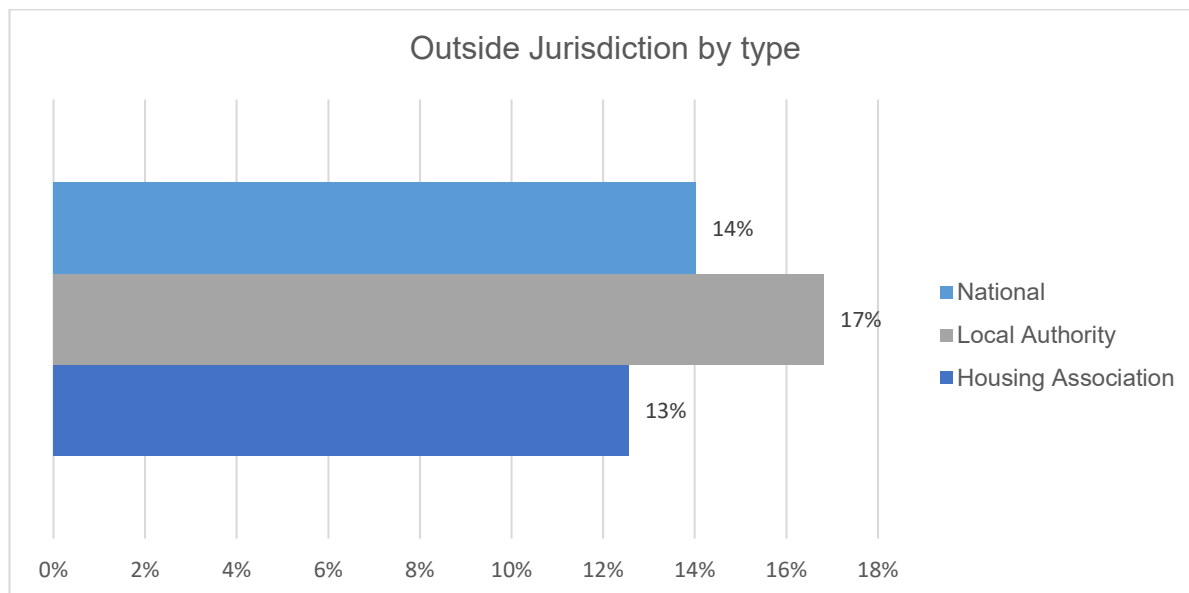


The Ombudsman upheld 49% of the cases investigated and 45% of the findings<sup>2</sup>. This rate is high and strongly suggests both complaints handling and service delivery needs to be improved across our membership; there is little difference in performance when analysed by landlord type or size. If, however, reasonable redress is taken into consideration – where something in the service provision went wrong but was recognised and subsequently put right on the complaints process – the failure to get things right first time is higher in housing associations (64%) compared to local authorities (58%) and large landlords (83%) compared to medium (55%) and small (57%) landlords.

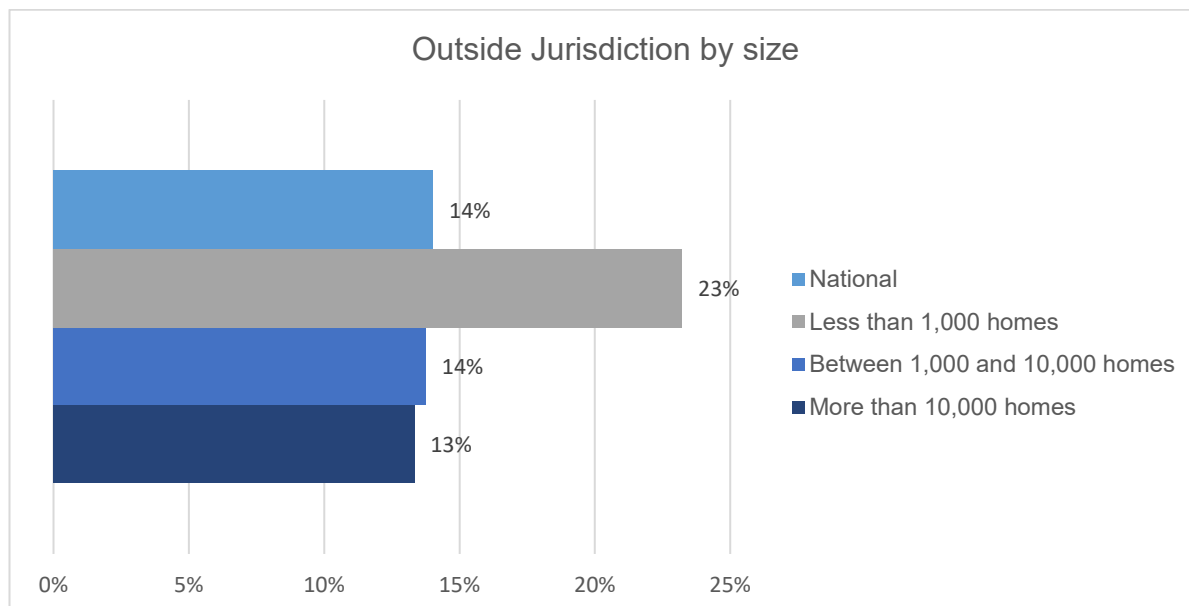


<sup>2</sup> a finding of service failure, maladministration, severe maladministration or settlement

We found a higher proportion of local authority complaints to be outside our jurisdiction to consider (17%) compared to those from housing associations (12%). Our remit for local authorities covers housing management only and the Local Government and Social Care Ombudsman (LGSCO) covers other areas such as allocations and homelessness. We work closely with the LGSCO at both an executive and operational level, signposting to each other as appropriate. Over the coming corporate planning period, we will explore a 'no wrong door' to improve the customer experience.



The rate of outside jurisdiction complaints was also significantly higher in small landlords with 23% of the complaints brought being declared as outside our jurisdiction to consider. This may be a lack of awareness of what can be considered under our Scheme by smaller landlords who may have less contact with the complaints process.



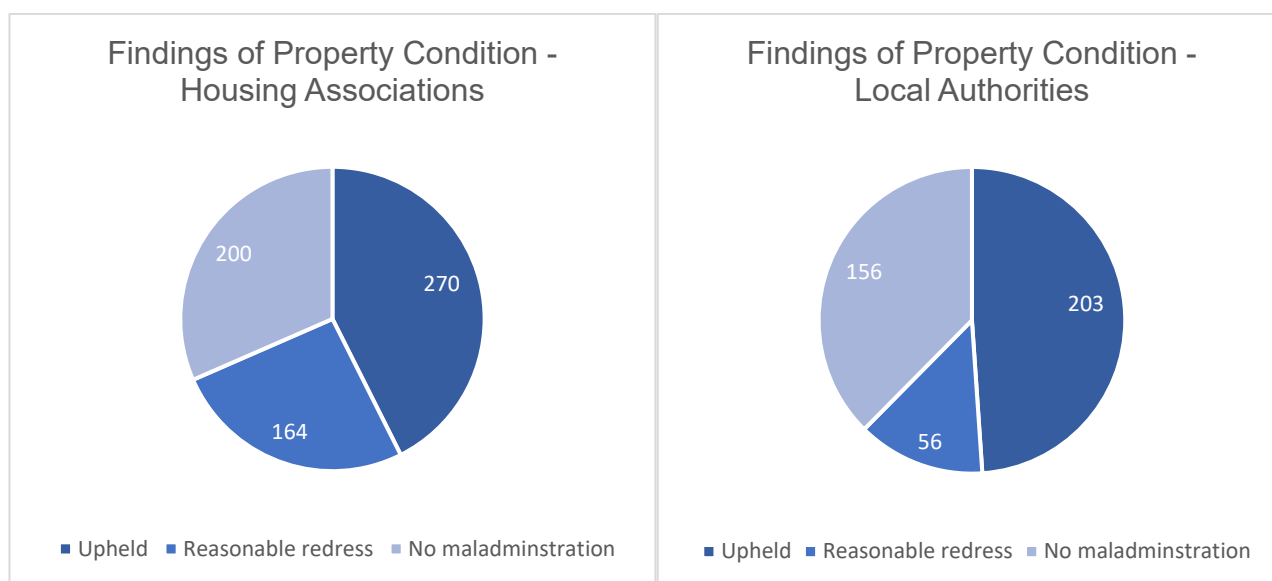
## Analysis by complaint category

The top three categories of complaint represented just over 60% of all complaints determined. We have revised our categories for 2021-22 and anticipate being able to provide more detailed analysis in future reports.

### Property condition

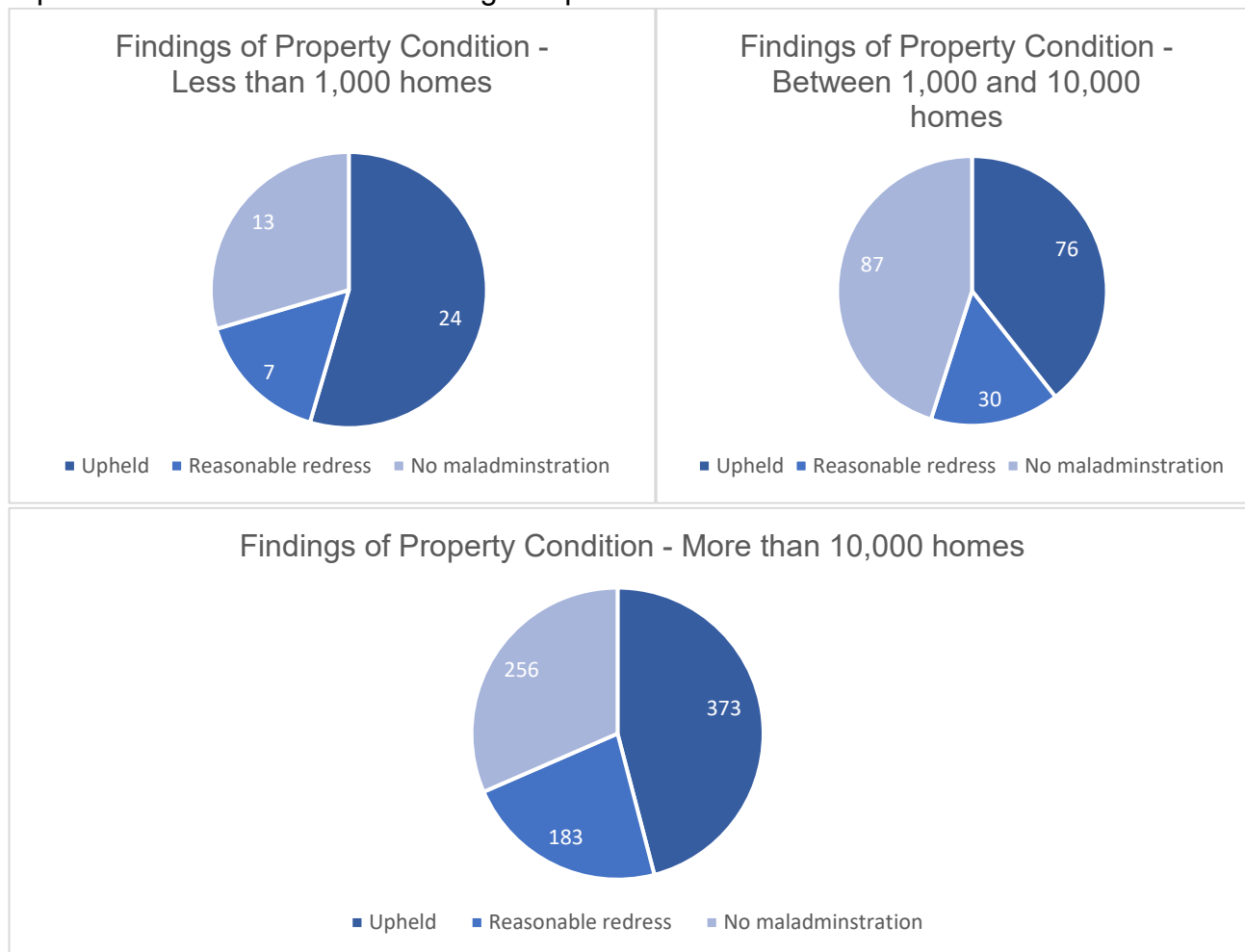
Complaints about property condition, including the responsive repairs to rectify the situation, are consistently the highest category of complaint we receive and represented 30% of the total in 2020-21. Uphold rates are consistent with the national average at 45% of findings and if the number of reasonable redress findings are included, repairs services did not get it right first time in over 66% of complaints, suggesting repairs services are not as effective as they should be - increasing costs for landlords and detrimentally affecting the landlord/resident relationship. We consistently found poor record-keeping, missed or unproductive appointments, poor communication, and lack of follow up as themes within repairs complaints. Ineffective repairs and missed appointments were a significant driver for maladministration in the Ombudsman's [Spotlight report on heating and hot water complaints](#). Issue 6 of the Ombudsman's [Insight Report](#) considered lessons on record keeping. Inadequate responses to repairs were found to be a driver for maladministration for shared owners and leaseholders, when the Ombudsman examined the issue in its [Spotlight report A new lease of life](#). In October 2021, the Ombudsman's [Spotlight report on damp and mould](#) found that residents may complain because the issue had reoccurred after the landlord had previously taken action. Landlords must tackle these issues. Record-keeping should be of particular focus for housing associations given the creation of an Access to Information Scheme.

We determined more repairs complaints, and upheld them at a higher rate, from residents of local authorities than housing associations. However, it is notable that the proportion of reasonable redress findings in housing associations is double that in local authorities (26% compared to 13%). Taken together, upheld and reasonable redress findings indicate something went wrong in repairs 68% of the time in housing associations and 62% of the time in local authorities.



Medium sized landlords have the largest rate of property condition complaints – 34%, compared to 32% for large landlords and only 24% for small landlords. However, their upheld rate is the

lowest at 39% and even when factoring in their reasonable redress rate, medium landlords fail to get it right first time less frequently than large or small landlords – 55% as compared to 68% for large landlords and 70% for small landlords. It is concerning that regardless of landlord size the majority of complaints about property condition are being upheld. The significant difference between small/large and medium size landlords suggests there is important learning from complaints that could be applied to improve their services. It also indicates that residents of medium landlords are more likely to bring complaints about property condition, but that when looked into, the repairs service has sometimes performed adequately. There may be any number of drivers behind this but it is possible that communication and managing expectations of what a repairs service can deliver is driving complaints in medium sized landlords.



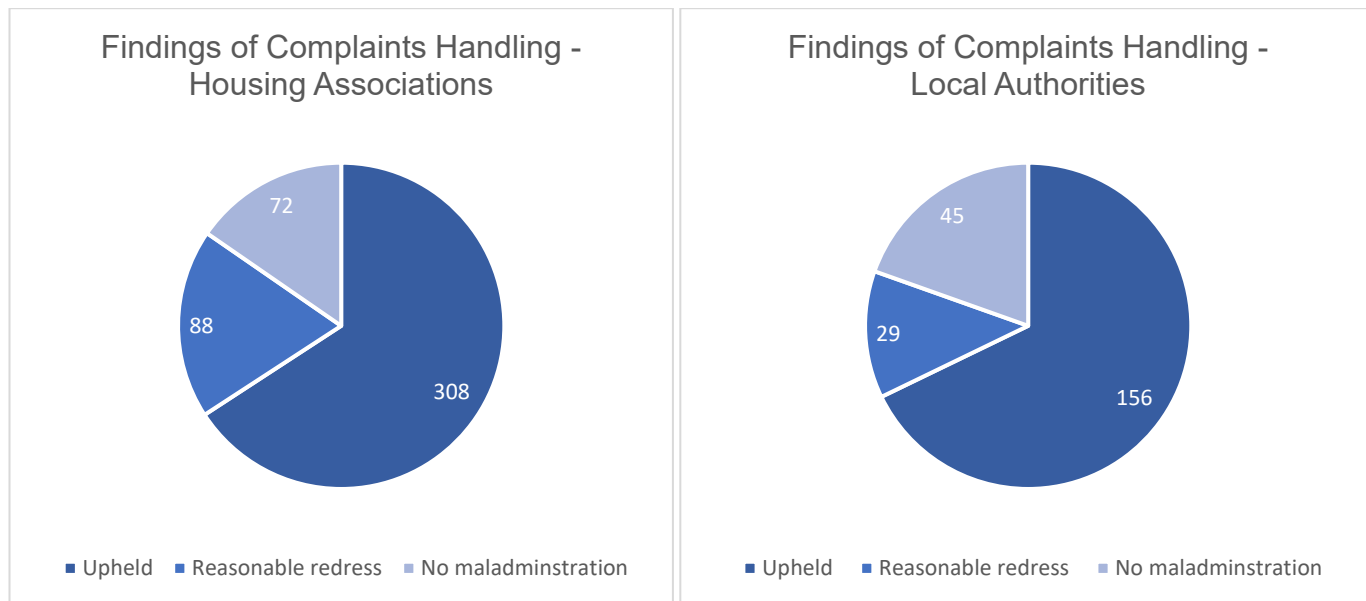
## Complaint handling

Complaints about complaint handling accounted for 19% of all complaints determined. The findings uphold rate of 66% sends a stark message that this is inadequate across our membership; poor complaint handling can considerably affect the trust residents have in their landlords to put things right. Common reasons for upholding complaints were a failure to address all aspects of the complaint, poor communication between the complaints team and other areas of the organisation, and unclear policies. In February 2021, the Housing Ombudsman published its Spotlight report on [complaints relating to heating, hot water and energy](#) where complaint handling featured significantly. Issue 8 of the Ombudsman’s [Insight Report](#) set out the importance of a clear compensation policy, which allows for discretionary payments to be made based on the merits of the case. The Ombudsman published a [Spotlight report considering complaints from shared owners and leaseholders](#) in September 2020 finding maladministration in

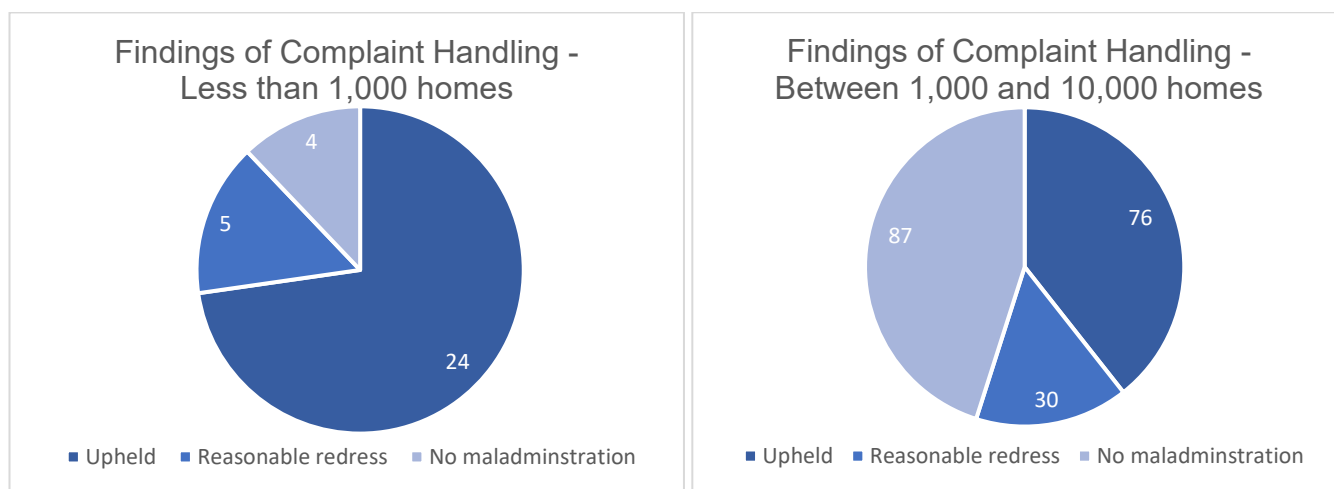


72% of cases where complaint handling formed part of the investigation. Our Complaint Handling Code, the impact of which we should see in the 2021-22 statistics, provides a universal set of expectations against which to determine complaint handling.

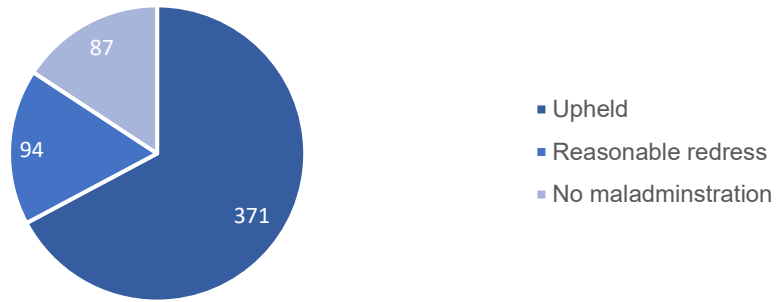
The analysis by landlord type shows little difference between housing associations and local authorities, both in terms of the overall proportion of complaints and upheld rates.



When considered by size, the proportion of complaints that are about complaint handling is relatively consistent across all sizes (18% for small, 20% for medium and 22% for large), but the rate of maladministration findings for medium sized landlords is noticeably lower at 39% compared to 73% for small landlords and 67% for large landlords. The high upheld rate amongst small/large landlords is concerning and there are significant lessons these landlords could learn from the complaints procedure to improve their services. An aspect of these complaints (noise) is something the Ombudsman is considering in a thematic report due to be published in 2022-23. As with property condition complaints, this may also indicate that medium sized landlords need to review their communication and how they manage expectations of the outcomes of making a complaint.



### Findings of Complaint Handling - More than 10,000 homes

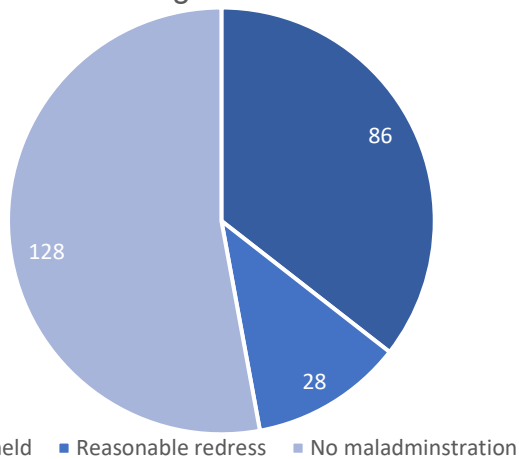


### Tenant behaviour

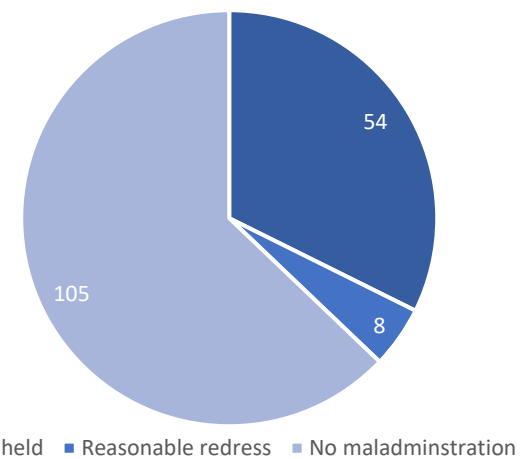
Complaints about the handling of tenant behaviour reports represented 12% of all complaints received in 2020-21, of which 34% of findings were upheld. This suggests there might be a gap between the expectations residents have when reporting the behaviour to what is stated in the landlord's policy. We have commonly recommended better risk assessment and more regular updates to residents in relation to these complaints. Issue 7 of the Ombudsman's [Insight Report](#) examined cases involving anti-social behaviour. As discussed in Issue 8 of our [Insight Report](#), landlords regularly offer mediation to residents involved in neighbour disputes which can be an effective way of resolving the issues. We intend to explore this further as part of our thematic work during 2022-23.

The proportion of these complaints received and upheld for local authorities and housing associations is broadly similar, but the rate of reasonable redress for local authorities is considerably lower – overall, local authorities are more likely to handle their tenant behaviour reports well, although, as stated previously, there is a potential issue with local authorities managing the expectations of residents about what will happen as a result of their report.

### Findings of Tenant Behaviour - Housing Associations

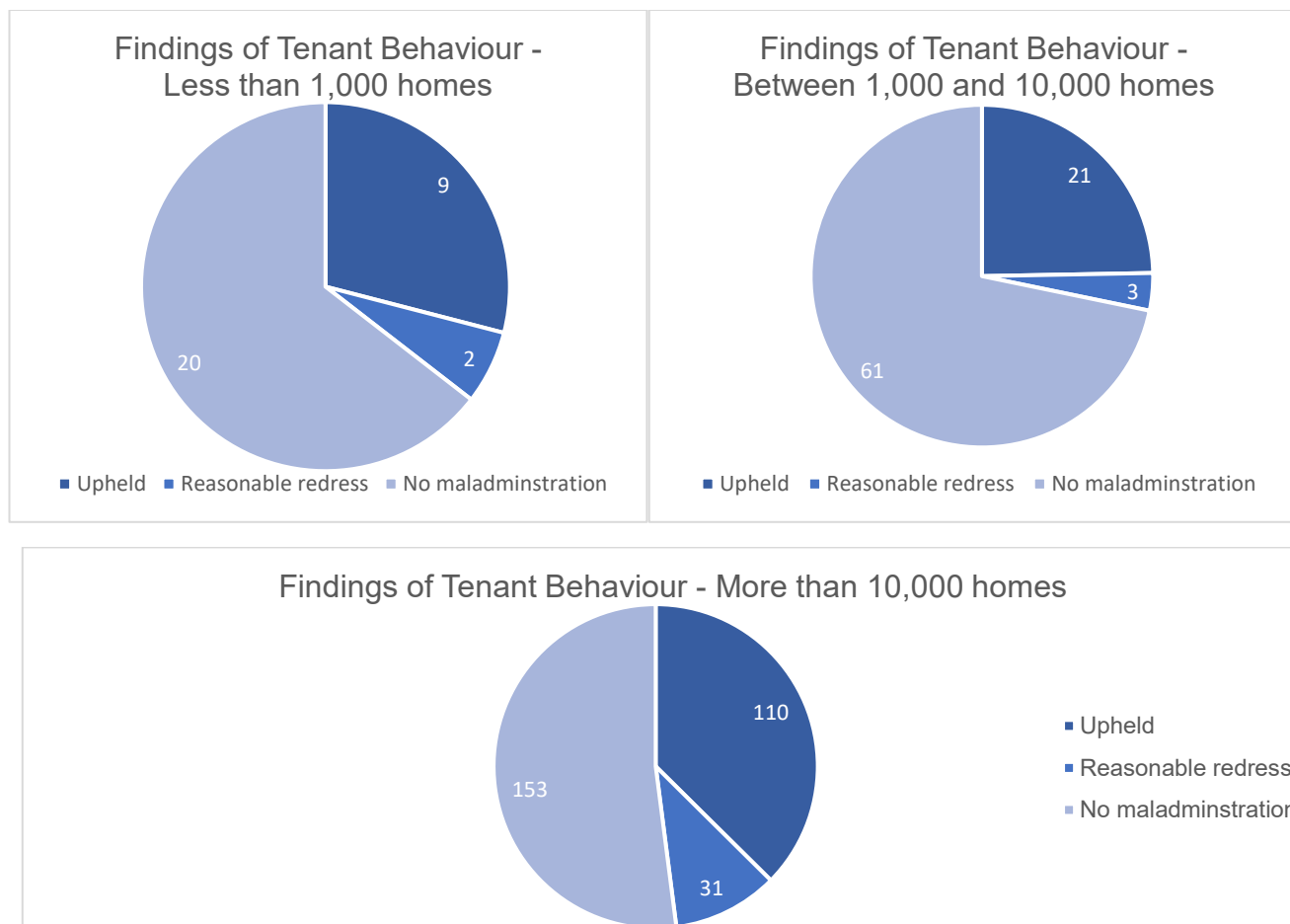


### Findings of Tenant Behaviour - Local Authorities



When analysing by landlord size, large landlords had a marginally lower proportion of complaints (12% compared to 15% for medium and 17% for small) but had a significantly higher upheld and reasonable redress rate. This again suggests there is considerable learning these landlords could extract from their complaints for the benefit of service improvement. It may also indicate that the residents of large landlords are more informed about the likely outcome of a report of tenant behaviour and have their expectations managed. Accordingly, they only make a complaint when

they consider that the report of behaviour has been mishandled and the rate at which we find maladministration or reasonable redress is reflective of the fact that residents are well-informed about when they have a basis for a complaint.



### Complaint Handling Failure Orders

In the quarter from 1 January to 31 March 2021, we issued 10 CHFOS, all related to the speed with which landlords were progressing complaints through their complaints. Equal numbers were issued to local authorities and housing associations.

Eight landlords complied with these orders within the given timescales. Two local authority landlords did not comply and the Ombudsman exercised their discretion to take these complaints into its formal investigation stage, judging that the landlords' complaints handling processes had failed.

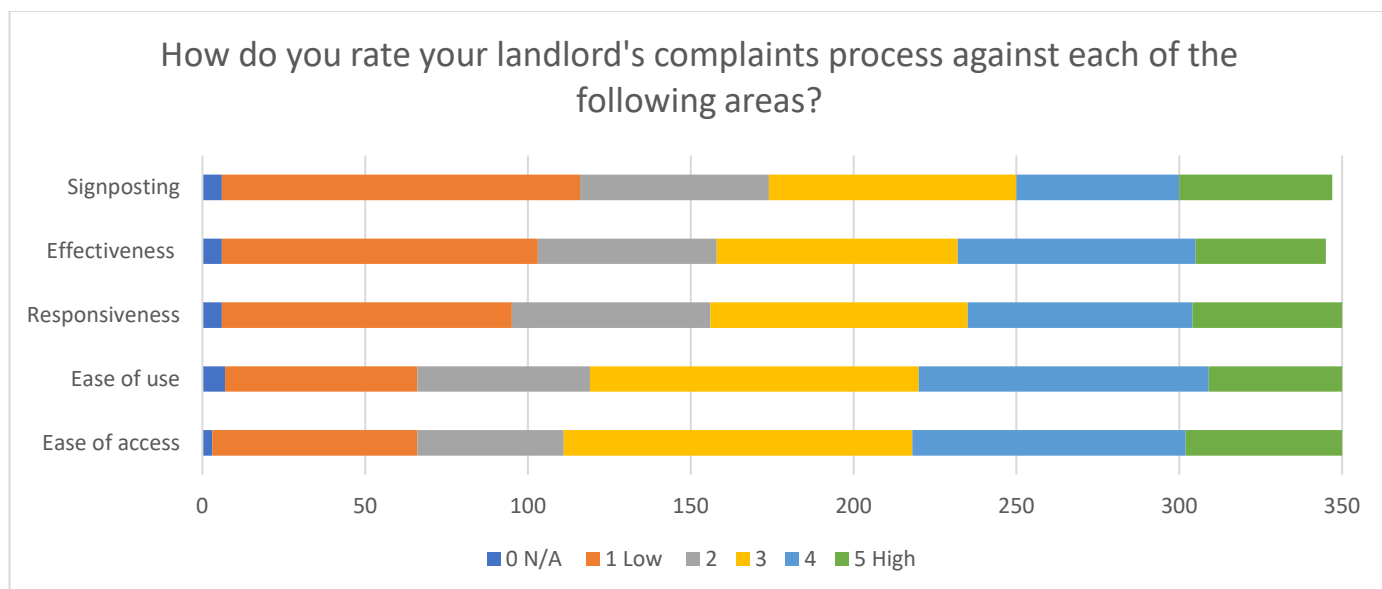
## Annual Resident Panel Survey

In 2021, the Ombudsman set up its first Resident Panel made up of more than 600 residents from across England. The Panel provides an opportunity for residents to be involved in the development of our service, as well as giving us direct feedback on their experience of using it. We invited all members to participate in our annual survey, asking their views on their landlords complaint handling, any changes during the previous period, and awareness of the Ombudsman, and received 350 responses.

### Accessibility

Access to the complaints process and ease of use scored relatively well with 68% and 66% of responses respectively rating these as acceptable or above. However, only 55% of respondents rated the responsiveness of their landlord's complaints procedure as acceptable or above, with its effectiveness rated at 54%.

Of particular concern, the lowest score in this section was signposting to the Ombudsman with only 50% of respondents rating this as acceptable or better. This is an area the Ombudsman has sought to strengthen through the changes to the [Complaint Handling Code](#).

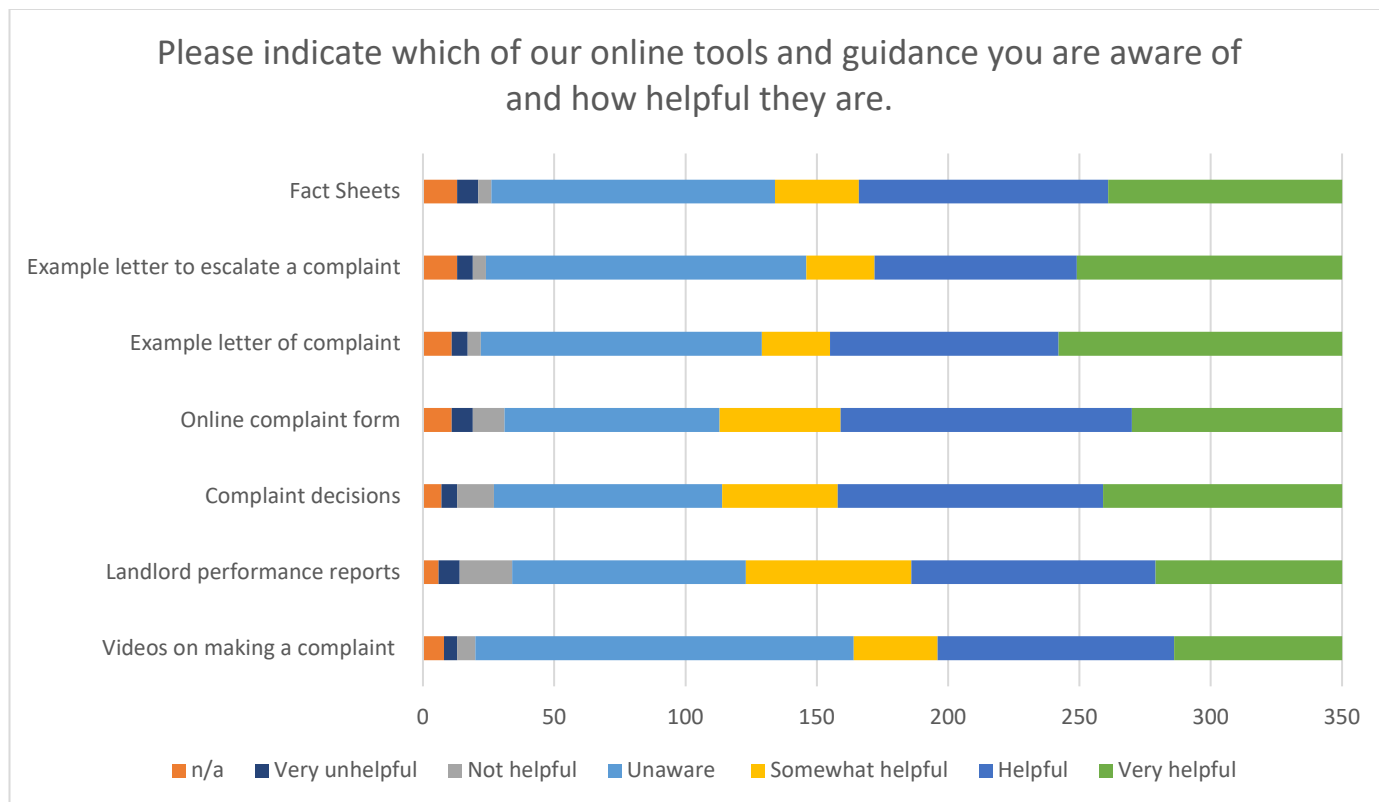


We asked the Panel why it thought residents may not escalate a complaint to the Ombudsman. Of the top three reasons cited by residents, awareness was again a feature but so too was a lack of confidence the complaints process would make a difference (18%) or that it would damage the relationship with the landlord or neighbours (17%).

The Ombudsman provides a range of tools and materials supporting residents to use the complaints process. This includes information to make and progress a complaint with a landlord, including example letters, an online complaint form and information, such as case reports and annual landlord performance reports, to promote accountability.

The most popular tools were the Ombudsman's online complaint form, landlord performance reports, example complaint letter and published decisions, with high scores for helpfulness. While respondents consistently said tools and material provided by the service were more helpful than not, awareness was lower for some of the information. This was notably the case for videos to support making a complaint and our fact sheets. We will continue to review the range of tools and

materials on our website throughout the three years of our next corporate plan, using this feedback to guide what we produce.



We also asked the Panel why it thought some residents may not be aware of the tools and information we provide. A general lack of awareness was identified by 34% of respondents, followed by concerns around digital exclusion and language barriers (24%). A significant proportion of respondents (18%) thought residents may seek advice or information from other bodies, such as advice agencies.

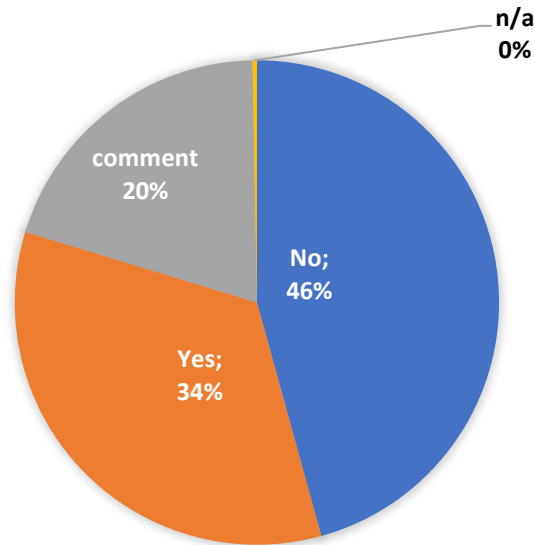
We also asked the Panel for their thoughts on residents, or groups of residents, who may especially struggle to access the complaints procedure. Several respondents raised concerns about elderly residents. Many also expressed concerns about residents with mental health problems and other health issues, such as impaired visibility. Digital exclusion and language barriers were also cited.

The Ombudsman has a project examining barriers to the complaints process and how access can be improved for residents or groups who may face specific challenges. We also plan to increase our awareness raising activities significantly over the next three years and will take all of these factors into consideration as part of our planning. We will also undertake further discussion with the Resident Panel.

### Awareness

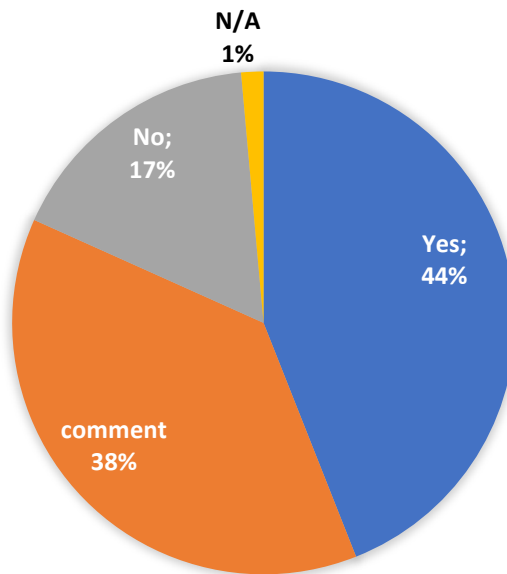
We asked the Panel whether it thought their landlord had done more to promote its complaints process, and the Ombudsman, in the last year. Of those residents that answered this question in a binary fashion, 57% did not believe that their landlord had done more to promote the complaints process. This reinforces the importance of awareness raising and provides the rationale for the changes we have made to the Complaint Handling Code to strengthen the promoting of redress.

Landlord promotion of the complaints system and Housing Ombudsman in the last year



We also asked the Panel about their landlord's role in increasing awareness of their complaints procedure and the Ombudsman. Over 70% of respondents who answered this question in a binary fashion felt their landlord could do more than it did.

Is there anything your landlord could do to increase awareness of its complaints process or the Ombudsman?



Seventy residents chose to submit qualified responses to the promotion question and 132 chose to submit comments on the awareness question. While some made encouraging comments about changes, others highlighted remaining challenges or thought things could be done better. Examples of these are:

*"My landlord sends out information if someone makes a complaint and there is a mention on the website but is not easy to find"*

*“Put a leaflet on notice board. Few read the board”*

*“There is only a tiny hidden reference about the Housing Ombudsman”*

*“Although the complaints team held specific training and awareness sessions on their complaints process and Complaint Handling Code... I feel that the wider resident base is still largely unaware the code.”*

*“I have never been made aware of the housing ombudsman by my landlord”*

There was a clear and consistent view amongst residents that the complaints process and the Ombudsman could be highlighted more clearly by landlords through newsletters, the website and social media. Residents raised concerns about only being told about the Ombudsman at the final stage of the process and the infrequency with which landlords made them aware of the procedure. Several suggested landlords should be made to do more to raise awareness of the Ombudsman. This is a condition of membership of the Scheme and fulfilling this more effectively is one of the issues addressed in changes to the Complaint Handling Code.

Some examples are:

*“It needs to highlight the Ombudsman not hide it away as the last procedure”*

*“Put detail on their website, maybe include a link factsheet linked to making a complaint produce newsletters which are sent out to residents not everyone has IT access or skills”*

*“I'd like to see the Housing Ombudsman referenced on the landlord's homepage”*

*“Make the public aware of the service it provides, advertise it”*

*“Force landlords to put details of Ombudsman Service on literature/website/letters”*

*“Leaflets through doors as not all customers have computers”*

*“Posters to signpost in landlords lobbies, and websites”*

*“Bigger campaign in media maybe? Highlight the idea that if you use Ombudsman you are not 'starting a big difficult legal process”*

*“... put on tutorials on YouTube”*

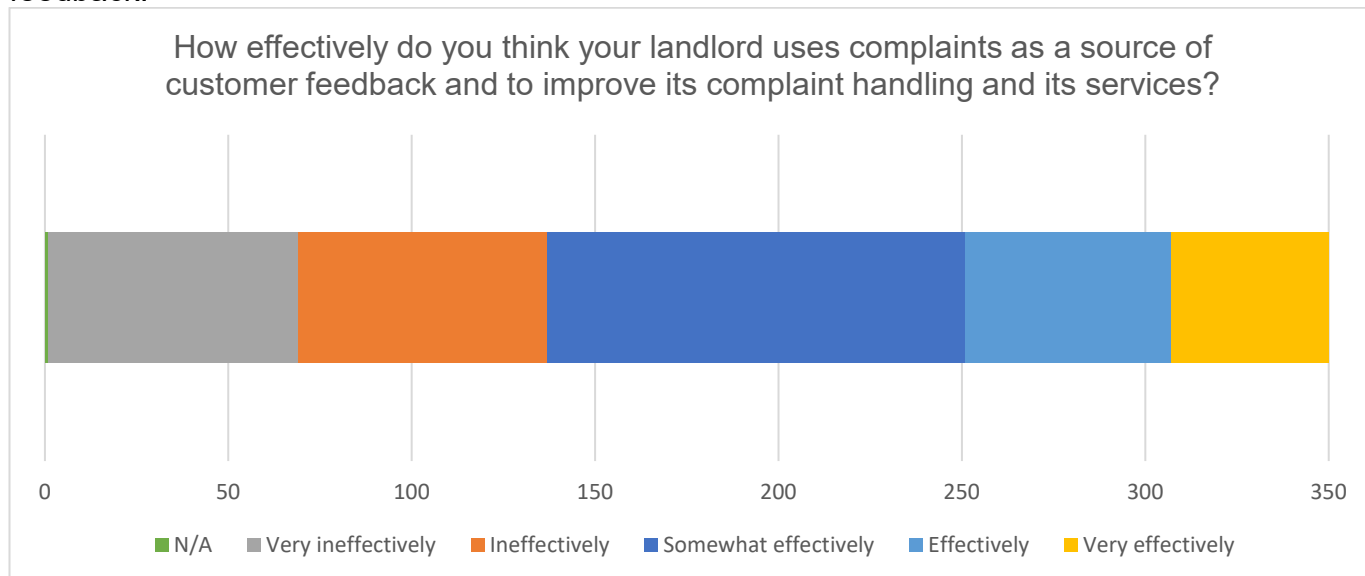
*“Leaflets / posters in Citizens Advice offices, in Health Centres (relating to housing issues causing health problems), in other local advice centres (such as centres for the elderly)”*

We further asked the Panel if there was anything we could do to improve awareness of the Ombudsman. Two thirds thought we could do more than we currently did. There was a strong desire amongst residents for more publicity about the Ombudsman through advertising and the media, and through posters and direct mailing, especially for residents with limited digital access.

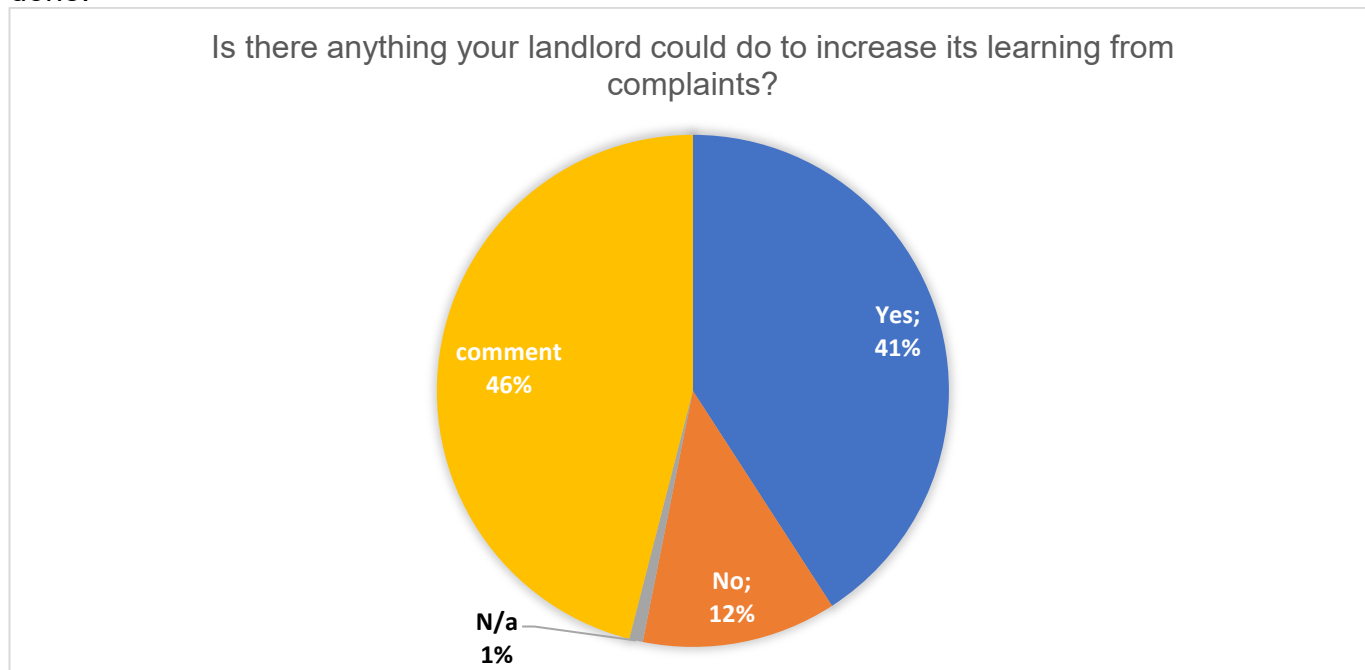
## **Positive complaints culture**

Residents were asked whether they thought making a complaint was more likely to make a difference compared to last year and 54% felt this would make no change or have less effect.

This is disappointing. The Ombudsman encourages landlords not to be defensive about complaints and to use the feedback to improve its complaint handling. However, at 61%, the majority of respondents did agree that landlords sought to use complaints as a source of feedback.



Learning from complaints is a critical part of a positive complaint handling culture. The Ombudsman has stressed the importance of this in its Complaint Handling Code and has provided numerous tools, from data to case studies, to encourage and enable landlords to do so more often and better. There was strong support from respondents for landlords to do more to learn from complaints – of the respondents who gave binary responses, 77% felt more could be done.



161 respondents gave qualified responses and suggested ideas and approaches to learning they would encourage landlords to consider, as well as encouraging the right behaviours to facilitate learning. Examples of these are:

*“Involve residents in looking at the complaints anonymised to look for trends”*

*“Be more transparent and open”*



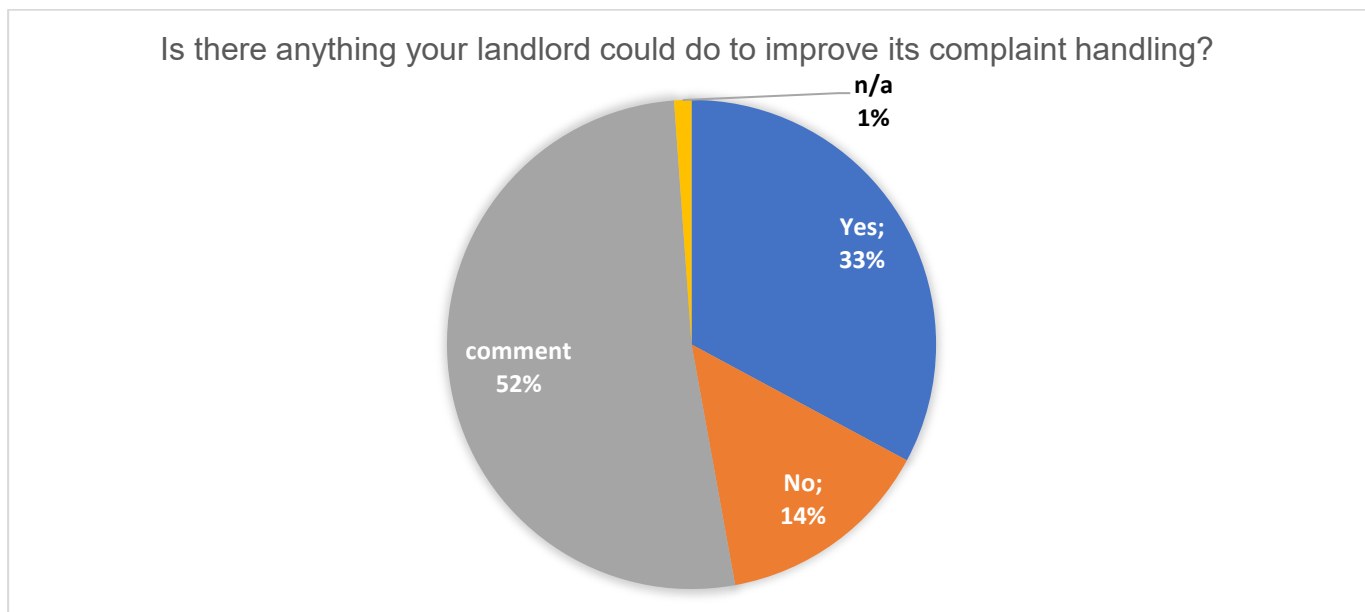
*“Greater use of the data”*

*“Publish ways they have rectified lessons learned”*

*“Bring it to the attention at managers meeting”*

*“Get the complaints-handling officers to train other officers”*

However, when we asked the Panel if landlords could do more to improve their complaint handling, of the respondents who gave binary responses, 70% felt more could be done.



181 respondents gave qualified responses and their comments often stressed the importance of landlords listening and strengthening communication. Timeliness was also frequently cited and well as the importance of continuous learning and improvement. Some examples are:

*“My landlord's staff appear to think a tenant complaint is an act of rebellion against our superiors, to which the only response is to try to prove the tenant is wrong. I genuinely don't know how they can correct this, as it's a symptom of a culture of overbearing bossiness seasoned with discourtesy.”*

*“Respond in a timely fashion, not make excuses and make improvements from complaints. Lastly do not use the same template letter for all complaints”*

*“Learn by common complaints and try to resolve complaints and then take preventive actions”*

*“Be less defensive and talk to residents, not just send a standard response. There should be some kind of accountability for the services provided”*

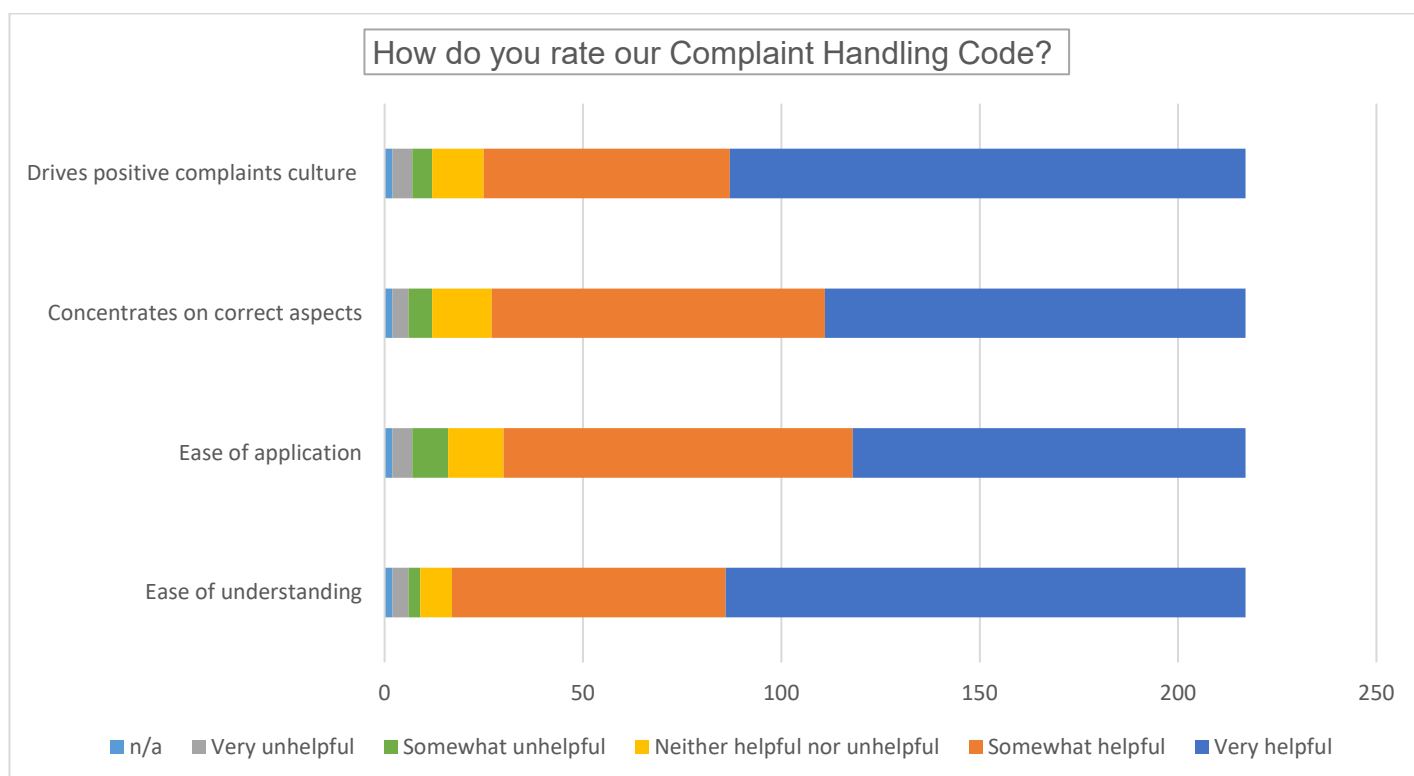
*“Train staff to know about complaints and most importantly, improve the service to reduce the need to complain”*

*“Needs to regularly promote access routes to the Housing Ombudsman including mail shots, social media and via meetings”*

## Annual Landlord Survey

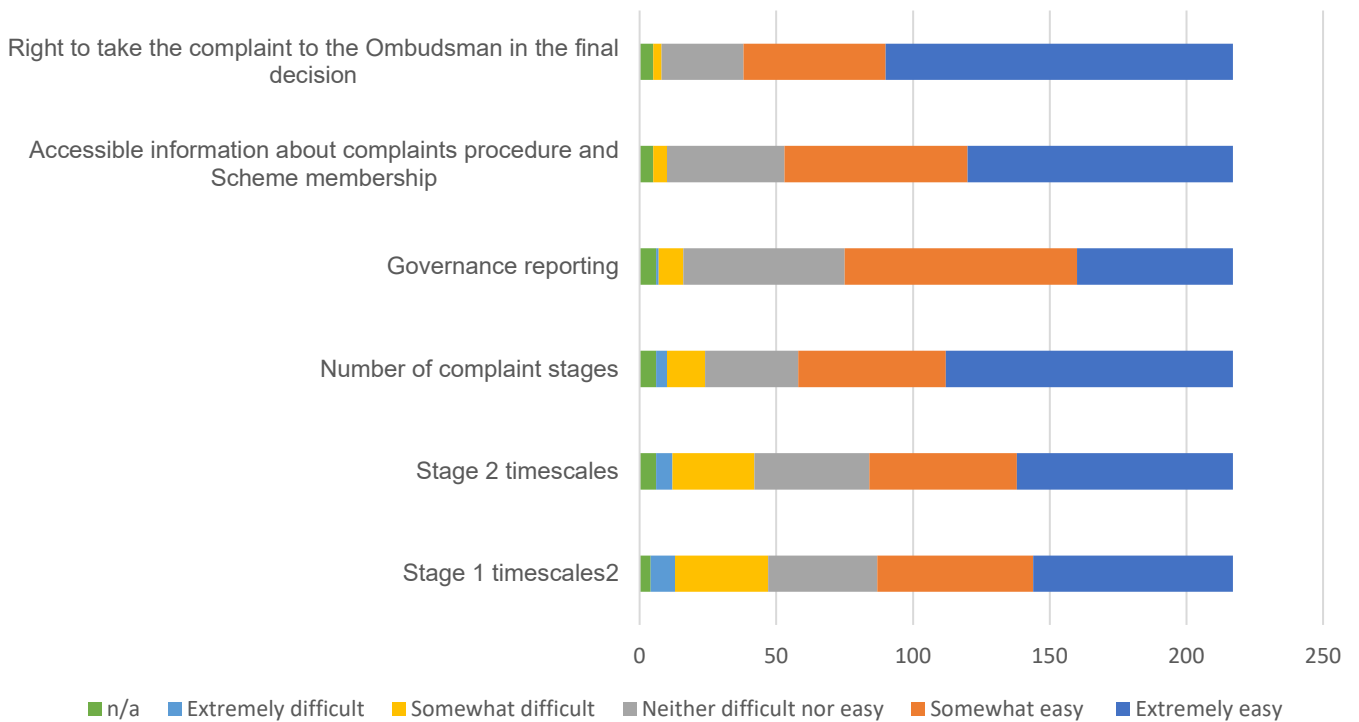
For the first time this year, the Ombudsman surveyed its member landlords about complaints and their engagement with our service. This will become an annual exercise. There were 215 responses to the survey, with a good spread across our membership: 43% of respondents were large landlords with more than 10,000 homes, 41% were medium sized with between 1,000 and 10,000 homes and 16% were small landlords with fewer than 1,000 homes. A number of the questions on the survey focussed on the Complaint Handling Code and the impact that had had on complaint handling.

We asked landlords whether they found the Code easy to understand, whether it focused on the right areas and how easy it was to apply. The response was strongly positive with 94% of landlords said it was easy to understand, 89% said it focused in the right areas, and 88% of landlords said it was easy to apply.



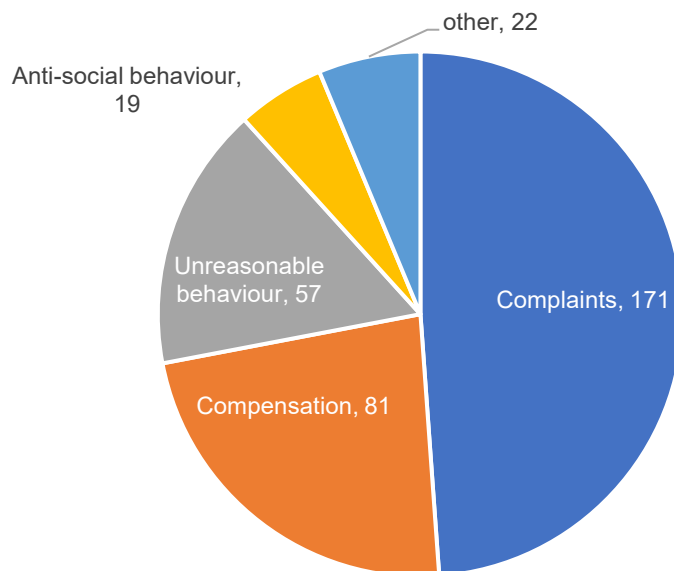
We also explored how easy landlords had found implementing different aspects of the Code. In every area, the clear majority of landlords reported it was either extremely easy or somewhat easy to implement the adjustments required to meet the Code and we have used this feedback in our review of the Code.

### Any elements of the Complaint Handling Code that were difficult to implement?



We also asked landlords which policies had changed as a result of the Code. Landlords were able to select more than one area, with complaints, compensation and unreasonable behaviour scoring the highest and an average of 1.6 policy changes per respondent.

### What policies have you changed or created as a result of the Code?



## Further information

**Complaint Handling Code:** For the Complaint Handling Code plus guidance and supporting information see our [website](#).

**Spotlight reports:** Find our Spotlight reports, including the report on damp and mould, on our [website](#).

**Decisions:** See the [Decisions](#) section of our website for reports on individual determinations that are now published every two weeks.

We would welcome your feedback on this report. Please let us know by completing this [short survey](#) or you can email [consultations@housing-ombudsman.org.uk](mailto:consultations@housing-ombudsman.org.uk)

## Housing

Ombudsman Service

Exchange Tower, Harbour Exchange Square, London E14 9GE

t: 0300 111 3000

[www.housing-ombudsman.org.uk](http://www.housing-ombudsman.org.uk)





Report to: Audit & Governance Committee Meeting 23  
November 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –  
Resources and Section 151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services on  
ext 5317

Report Summary	
<b>Report Title</b>	Audit and Governance Committee Annual Report
<b>Purpose of Report</b>	To inform Members of the activity undertaken by the Audit and Accounts/Audit and Governance Committee during the 2021/22 financial year.
<b>Recommendations</b>	That Members note the report
<b>Reason for Recommendation</b>	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

## 1.0 Background Information

- 1.1 As part of the bi-annual review of the effectiveness of the Audit Committee which was undertaken during July 2019, an action plan was presented to the Audit and Accounts Committee at the meeting in November 2019. One of the actions identified within that plan was to produce an annual report of the activity of the Audit and Accounts Committee.
- 1.2 Part 2 of the constitution sets out the remit of the Committee which is:
- To approve the Authority’s statement of accounts
  - To review the Council’s corporate governance arrangements
  - To receive reports/presentations from the Council’s internal audit manager
  - To receive and consider the external auditor’s opinion and reports
  - To ensure that there are effective relationships between external and internal audit
  - Consider the effectiveness and adequacy of the authority’s risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements

- Be satisfied that the authority's assurance statements properly reflect the risk environment and any controls in place to manage it
- Ensure effective scrutiny of the Council's Treasury Management Strategy and Policies.

## **2.0 Activity undertaken during the year**

2.1 During the year, the Committee discharged its responsibilities as described within the Constitution by:

### **28<sup>th</sup> July 2021**

2.2 Assurance Lincolnshire presented their Annual Audit report for the year 2020/21. The report detailed the four areas that the Head of Internal Audit offers an opinion on being:

Governance

Risk

Internal Control

Financial Control

2.4 All areas were referenced as having an improving direction of travel. The opinion on Financial Control and Risk had improved compared with the last financial year to now stand at Performing Well, whilst Governance and Internal Control were still assessed as Performing Adequately.

2.5 Within the year there had been a 37% increase in substantial assurance reports compared with the previous year and a 62.1% reduction in limited assurance reports. 92% of the revised plan had been delivered albeit a number of reports were in progress at the 31<sup>st</sup> March 2021, these were however duly completed.

2.6 The Treasury Management Outturn report was presented for 2020/21. As the Committee responsible for overseeing the Council's treasury activities, it reviewed the report and noted that no breaches to the approved prudential indicators were made during 2020/21. The report was therefore recommended to Council for approval.

2.7 The Business Manager – Financial Services presented a report relating to the Going Concern status of the Council. This report supports the production of the Statement of Accounts in that it assesses the financial position of the Council, based on the Balance Sheet at the 31<sup>st</sup> March 2021, together with the experience of the previous financial year and the forecast from the Medium Term Financial Plan going forward. Based on all of these influences it was felt that the Council was a Going Concern and as such Members were asked to note this assessment for the purposes of the production of the Statement of Accounts.

2.8 The Committee also received the draft Statement of Accounts and Annual Governance Statement for the year 2020/21. As in the previous year, the publication of the draft and audited set of accounts had been relaxed from the pre-pandemic requirements, and as such the approval of the audited set of accounts was not required at this meeting. Members were asked to note the draft Statement of Accounts and agree for them to be submitted to the external auditors for audit.

2.9 The Chartered Institute of Public Finance & Accountancy (CIPFA) introduced a new Financial Management Code of Practice which came into effect from 2021/22. The FM code is designed

to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

2.10 The FM code sets out 17 standards which should be met, for which the Council self-assessed themselves against. It found that 15 were at green status with 2 at Amber status. Actions were then outlined in order to improve the assessment of the 2 standards identified as Amber.

2.12 The Committee also received reports on:

- A training programme and arranging dates for the bi-annual review of the effectiveness of the Committee and the Internal Audit function;
- Underlying pension and Property, Plant and Equipment valuation assumptions to be used for the production of the Statement of Accounts;
- A progress report from Internal Audit
- The External Auditors audit strategy for the audit of the Statement of Accounts for 2020/21

### **29<sup>th</sup> September 2021**

2.13 The Committee began with a training session provided by Emma Bee (Internal Audit Manager) and Sue Bearman – Assistant Director Legal and Democratic Services. The session focussed on the governance framework and the role of the Audit Committee.

2.14 The Committee received the External Auditors Audit Completion report for 2020/21. Although the deadline for the publication deadline for the audited accounts was 30<sup>th</sup> September, the Committee were informed that the date to publish would now have to be 31<sup>st</sup> October. Mazars confirmed that this was not due to any management delay and that all Nottinghamshire Districts were affected with the delay by Grant Thornton with respect to the County Council audit of the Nottinghamshire pension fund.

2.15 Due to this, the Chair and the S151 Officer were given delegated authority to sign and date the letter of representation once the Statement of Accounts were finalised.

2.16 The next item reported was the Statement of Accounts which portrayed the updated version based on the amendments set out in the Audit Completion Report. Again the Chair and the S151 Officer were given delegated authority to sign the accounts at the appropriate time.

2.20 The Committee also received reports on:

- The annual report for the Committee itself;
- The Internal Audit Charter

### **1<sup>st</sup> December 2021**

2.21 The Committee received a report detailing the assessment of the effectiveness of the Committee and the Internal Audit function. The panel had felt that based on its review of both areas were working effectively. An action plan was also put into place in order to further improve effectiveness of the Committee.

2.22 The Committee reviewed the Council's Strategic Risk Register to update Members on the current status of the risk register. Members noted that there were 14 strategic risks identified, each that was owned by a Director. The risks were scored by the risk owners and Members had the ability to challenge the report author to ensure that risks were scored appropriately.

2.25 The Committee also received reports on:

- An update to the External Auditors Audit Completion Report for the 2020/21 financial year;
- An Internal audit progress report;
- Treasury Management mid-year report;
- Counter fraud activities for the half year to September 2021;
- Appointment of External Auditors from 2023/24

## **2<sup>nd</sup> February 2022**

2.26 The Committee received an audit report from Homes England regarding compliance against its grant programme as part of the Council 5-year HRA development programme. The Committee noted the Green score of its findings.

2.27 The External Auditor brought a supplementary letter to the Audit Completion Report which gave details of the unqualified opinion on the Council's financial statements for 2020/21. Together with the External Auditors Letter (which was also on this agenda) this brought the end to the Statement of Accounts for 2020/21.

2.28 The Committee considered three financial reports on:

- Treasury Management Strategy 2022/23
- Capital Strategy 2022/23
- Investment Strategy 2022/23

These reports were then recommended to Council for approval.

2.28 The Committee also received another report on:

- Review of significant issues identified in the Annual Governance Statement.

## **3.0 Conclusion**

3.1 As can be seen from the account of the year, the Committee has discharged its responsibilities as per the Constitution.

3.2 The Committee has added value to the organisation, by recommending to Council and appointing an Independent member to the committee. This will add skills to the Committee which will benefit the whole organisation as further scrutiny over the reports presented to the committee will be achieved.

## **Background Papers and Published Documents**

Nil.





Report to: Audit & Governance Committee Meeting 1 December 2022

Director or Business Manager Lead: Nick Wilson, Business Manager Financial Services

Lead Officer: Andrew Snape, Assistant Business Manager Financial Services ext 5323

Report Summary	
<b>Report Title</b>	Treasury Management Mid-Year Report 2022/23
<b>Purpose of Report</b>	To provide an update on the Council's Treasury Activity and Prudential Indicators for the first half of 2022/23
<b>Recommendations</b>	That the treasury management activity be noted and recommend to Full Council on 13 December; and  The Prudential Indicators detailed in Section 9 of the report be noted.
<b>Reason for Recommendation</b>	To allow Committee to note Treasury Management Activity and recommend it to Full Council and  To allow Committee to note the Prudential Indicators

## 1.0 Background Information

- 1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:
- 1.2 Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.  
Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.  
Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.  
Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- 1.3 Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit and Governance Committee.
- 1.4 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2022/23 financial year;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - The Council’s capital expenditure, as set out in the Capital Strategy, and prudential indicators;
  - A review of the Council’s investment portfolio for 2022/23;
  - A review of the Council’s borrowing strategy for 2022/23;
  - A review of any debt rescheduling undertaken during 2022/23;
  - A review of compliance with Treasury and Prudential Limits for 2022/23.
- 1.5 Treasury Management is defined as: “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 1.6 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

**2.0 Summary of Treasury Balances as at 30 September 2022**

- 2.1 Below is a summary of the Councils borrowing position as at 30 September 2022, further information is available at section 4.

<b>Balance on 01/04/2022 £m</b>		<b>Balance on 30/09/2022 £m</b>
97.070	Total Borrowings	97.537
5.233	Total Other Long Term Liabilities	5.233
<b>102.303</b>	<b>TOTAL EXTERNAL DEBT</b>	<b>102.770</b>

- 2.2 Below is a summary of the Councils investment position as at 30 September 2022, further information is available at section 5.

<b>Balance on 01/04/2022 £m</b>		<b>Balance on 30/09/2022 £m</b>
46.790	Total Short Term Investments	56.470
12.500	Total Long Term Investments	12.500
<b>59.290</b>	<b>TOTAL INVESTMENTS</b>	<b>68.970</b>

2.3 Below is a summary of the Councils capital expenditure position as at 30 September 2022, further information is available at section 3.

<b>Capital Expenditure</b>	<b>2022/23 Initial Capital Budget £m</b>	<b>2022/23 Revised Estimate £m</b>	<b>2022/23 Current Expenditure £m</b>
General Fund Expenditure	57.603	6.368	42.459
HRA Expenditure	29.543	5.502	24.650
<b>Total Capital Expenditure</b>	<b>87.146</b>	<b>11.870</b>	<b>67.109</b>

2.4 **Prudential Indicators**, during the first half of the financial year there was no breach in the prudential indicators. However, there was a breach of a treasury investment strategy limit. The approved strategy sets out that the maximum investment with one organisation is £15m. For a period of 66 days this limit was breached by £2m. This was due to a new Environmental, Social and Governance investment being taken with an existing counterpart. Once the existing investment had come to maturity, this was redeemed in order to return the total group investment to within the limit of £15m.

### **Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy update**

2.5 The Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by Full Council on 8 March 2022. There are no suggested policy changes to the TMSS within this report; the details in this report update the position in the light of the updated economic position and capital budget changes approved at Policy and Finance throughout the year.

### **3.0 The Council's Capital Position**

3.1 This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

3.2 The table below shows the revised estimates for capital expenditure and the changes since the Capital Programme was agreed within the Capital budget on 8 March 2022.

Capital Expenditure	2022/23 Original Budget Approved 9 March 2022 £m	2022/23 Revised Budget as at 30 September 2022 £m	Actual Spend as at 30 September 2022 £m
General Fund Expenditure	57.603	42.459	6.368
HRA Expenditure	29.543	24.650	5.502
<b>Total Capital Expenditure</b>	<b>87.146</b>	<b>67.109</b>	<b>11.870</b>
Financed By:			
Capital Receipts	3.643	5.013	
Capital Grants	23.700	23.976	
Capital Reserves	21.194	15.835	
Revenue	3.670	3.795	
<b>Total Financing</b>	<b>52.207</b>	<b>48.619</b>	
<b>Borrowing Requirement</b>	<b>34.939</b>	<b>18.490</b>	

- 3.3 The financing of the Capital Programme will be determined by the S151 Officer at the year-end based on best use of resources.

The decrease from the Budget approved 8 March 2022 relates to approved capital carry forward requests and approved variations to the capital programme as shown in the table below.

<b>Original Capital Budget Approved 22/23</b>	<b>£87.146m</b>
Capital Slippages Carried Forward	£16.696m
Cabinet Approvals 4.10.22	(£13.847m)
Cabinet Variations requested 6.12.22	(£22.885m)
<b>New Revised Budget</b>	<b>£67.109m</b>

#### 4.0 Borrowing Strategy

- 4.1 At 30 September 2022 the Council held £97.761m of loans, as part of its strategy for funding previous years' borrowing within those capital programmes.

#### 4.2 Borrowing Activity in 2022/23

	General Fund		HRA	
	Balance on 01/04/2022 £m	Balance on 30/09/2022 £m	Balance on 01/04/2022 £m	Balance on 30/09/2022 £m
Short Term Borrowing	0.110	0.592	6.491	6.476
Long Term Borrowing	8500	8.500	81.969	81.969
<b>Total Borrowing</b>	<b>8.610</b>	<b>9.092</b>	<b>88.461</b>	<b>88.445</b>
Other Long Term Liabilities	5.233	5.233	0.000	0.000
<b>Total External Debt</b>	<b>13.843</b>	<b>14.325</b>	<b>88.461</b>	<b>88.445</b>
CFR	70.912	72.883	138.162	137.541
<b>Under / (over) borrowing</b>	<b>57.070</b>	<b>58.559</b>	<b>49.701</b>	<b>49.095</b>

- 4.3 As the Council is in a significant under borrowed position, as per the table in 5.2, there may be a requirement during the remainder of the financial year where new borrowing is required. Any new borrowing will be within the approved Treasury Management Borrowing Strategy framework and will have been reviewed by the S151 Officer for cost effectiveness as whether to borrow shorter term or long term in relation to interest rate forecasts.
- 4.4 **LOBOs:** The Council holds £3.5m of LOBO (Lender’s Option Borrower’s Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of the £3.5m of LOBOS had options during the last 6 months, none of which were exercised by the lender. The Council acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.
- 4.5 **Internal borrowing:** For the Council, the use of internal resources in lieu of borrowing has continued to be the most cost effective means of funding of capital expenditure that has not been funded from grants and other resources. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium to longer term as the Council needs to use reserves for the purpose they were set aside for, and external borrowing may need to be undertaken.
- 4.6 **Debt rescheduling:** The premium charge for early repayment of PWLB debt remains relatively expensive for the loans in the Council’s portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken or is proposed during the rest of the financial year as a consequence.

## 5.0 Investment Activity

- 5.1 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council’s aim is to achieve a return commensurate with these principles.

### 5.2 Investment Activity in 2022/23

Type of Investment	Balance on 01/04/2022 £m	Balance on 30/09/2022 £m	Average Interest Rate
<b>Short term Investments</b>			
<i>Fixed Term Deposits:</i>			
Santander	5.000	5.000	0.63%
Lloyds 95 Day Notice	5.000	5.000	0.20%
Close Brothers	2.000	2.000	0.75%
Goldman Sachs International Bank	5.000	5.000	1.65%
Standard Chartered Sustainable Deposit	3.000	11.000	6.61%
<i>Money Market Funds:</i>			
Goldman Sachs	7.900	10.000	1.89%

Deutsche Bank	0.000	4.230	1.77%
Invesco	12.000	12.000	1.08%
CCLA	2.240	2.240	1.22%
<i>Bank Call Account:</i>			
Handelsbanken	4.650	0.000	0.07%
<b>Total Short Term Investments</b>			
Long term Investments			
CCLA Property Fund	7.000	7.000	4.00%
CCLA Diversified Income Fund	5.500	5.500	3.00%
<b>Total Long Term Investments</b>			
<b>TOTAL INVESTMENTS</b>			
Increase/ (Decrease) in Investments		9.680	

5.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

#### 6.0 Non-Treasury Investments

6.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return or regeneration purposes. This is replicated in MLUHC's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return or regeneration purposes.

Breakdown below of current Non-Treasury Investments held;

<b>Counterpart</b>	<b>Balance at 30/09/2022 £m</b>
Growth Investment Fund	0.002
Loans to Housing Associations	0.015
Loans to Parish Councils	0.013
Loans to Arkwood	3.997
Loans to RHH Ltd	0.761

6.2 These investments are due to generate £0.261m of investment income for the Council after taking account of direct costs, representing a rate of return of 5.46%.

**6.3 Maturity Structure of Fixed Rate Borrowing.** This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

	Upper Limit %	Actual at 30/9/22 £m	Actual at 30/9/22 £m	Compliance
Under 12 Months	15%	3.500	24.14%	Yes
12-24 Months	15%	12.500	53.73%	Yes
2-5 Years	30%	4.021	0.00%	Yes
5-10 Years	100%	21.838	0.00%	Yes
Over 10 Years	100%	48.610	0.00%5	Yes

#### **Limits to Investing Activity**

**6.4 Security.** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target	Actual	Compliance
Portfolio average credit rating	A	AA	Yes

**6.5 Liquidity Risk Indicator.** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a banding period, without additional borrowing.

Total Cash Available within;	Limit	Actual 30/09/22
3 Months	100%	78%
3-12 Months	80%	9%
Over 12 Months	40%	13%

**6.6 Principal Sums Invested for over 364 Days.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments

## 7.0 Limits to Capital Activity

7.1 **Capital Financing Requirement.** The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose.

	<b>2022/23 Original Estimate £m</b>	<b>2022/23 Revised Estimate £m</b>
CFR – non housing	24.233	26.546
CFR – housing	114.004	110.994
<b>Total CFR</b>	<b>138.238</b>	<b>137.541</b>
<b>Estimated Net Movements in CFR</b>		<b>-0.697</b>

7.2 **Capital Financing Costs to Net Revenue Stream.** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	<b>2022/23 Original Estimate £m</b>	<b>2022/23 Revised Estimate £m</b>
General Fund		
Financing Costs	-0.254	-0.767
Proportion of net revenue stream	-1.28%	-3.86%
Housing Revenue Account		
Financing Costs	27.949	28.089
Proportion of net rental stream	57.08%	56.79%

## 8.0 Economic Background/Interest Rate Forecast

8.1 **Appendix A and Appendix B** gives a summarised outlook for the economic background and interest rate forecast from our Treasury Consultants, Link.

### **Background Papers and Published Documents**

Nil.



### 3.1 Economics update

- The second quarter of 2022/23 saw:
  - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
  - Signs of economic activity losing momentum as production fell due to rising energy prices;
  - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
  - The unemployment rate fell to a 48-year low of 3.6% due to a large shortfall in labour supply;
  - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there

have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6<sup>th</sup> November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3<sup>rd</sup> November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23<sup>rd</sup> November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

- Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21<sup>st</sup> June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31<sup>st</sup> October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14<sup>th</sup> October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28<sup>th</sup> September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14<sup>th</sup> October or it decides to delay quantitative tightening beyond 31<sup>st</sup> October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Appendix B

### 3.2 Interest rate forecasts

### Appendix B

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

The latest forecast on 27<sup>th</sup> September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10



Report to: Audit & Governance Committee Meeting 23 November 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Lucy Pledge, Head of Internal Audit (Assurance Lincolnshire) contact: 01522 553692

Report Summary	
<b>Report Title</b>	Internal Audit Progress Report 2022/23
<b>Purpose of Report</b>	To provide a summary of Internal Audit work undertaken during 2022/23 against the agreed audit plan.
<b>Recommendations</b>	That the Audit & Governance Committee consider and comment upon the latest internal audit progress report and note its content.
<b>Reason for Recommendation</b>	In order to understand the internal audit work undertaken throughout the 2022/23 financial year.

## 1.0 Background

- 1.1 The Audit Plan for 2022/23 was agreed at the Audit and Accounts Committee in April 2022. Throughout the year reports on the progress made and changes to the plan are then brought to this committee.
- 1.2 The report contains details of all reports issued within the first half of the financial year 2022/23.

## 2.0 Proposals

- 2.1 To receive and comment upon the Internal Audit Progress Report 2022/23 and note its content.

## Background Papers and Published Documents

NIL

# Internal Audit Progress Report



## Newark and Sherwood District Council – November 2022

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This report has been prepared solely for the use of Members and Management of **Newark and Sherwood District Council**. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not bought to our attention. The opinion is based solely on the work undertaken as part of the agreed internal audit plan.

# Introduction & Key Messages

The purpose of this report is to:

- Provide details of the audit work during the period July 2022 to October 2022
- Advise on progress of the 2022/23 plan
- Raise any other matters that may be relevant to the Audit Committee role

## Key messages

Since our last progress report presented to the Audit and Governance Committee in July 2022, we have completed four assurance audits and three other types of audit as detailed below. Our current level of delivery against the revised 2022/23 audit plan is 59%.

## Work completed - Assurance and other audits

The following audit work has been completed and a final report issued:

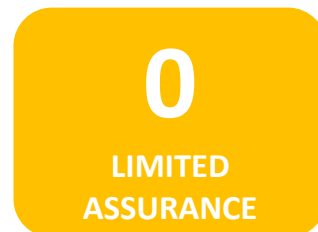
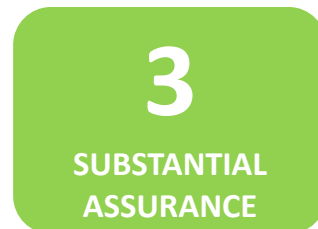
- Palace Theatre and National Civil War Centre – High assurance
- Key Control Testing – Substantial assurance
- Virus Protection / Malware – Substantial assurance
- Information Governance and Personal Data Breaches – Substantial assurance
- London Road Municipal Buildings – consultancy
- Flood grants – grant certification
- Gilstrap Accounts – accounts examination

## Work in Progress

We currently have the following seven audits in progress:-

- Project Strategy – draft report
- Social Housing Charter – consultancy
- Customer Services – Fieldwork
- Planning Applications – Fieldwork
- Combined Assurance – Fieldwork
- Levelling-up and Newark Town Funds – Terms of Reference agreed
- Responsive Repairs – draft Terms of Reference issued

We currently have further details of these within the body of the report and in Appendix 5.



Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in **Appendix 1**.



# Introduction & Key Messages

## Changes to the 2022/23 audit plan

Whilst we present a plan at the start of the year, we review it periodically throughout the year to reflect changes in risk profiles and capacity to deliver. This helps to ensure that the plan covers those areas which are a priority to the Council and there is adequate coverage to inform the Head of Internal Audit's opinion.

Since the last report to the Committee in July 2022, management have requested the following amendments to the plan, and we present them to this Audit and Governance Committee for review and approval – further details are provided in Appendix 2.

Audit area	Changes
Treasury Management	Deferred until 2023/24
iTrent HR / Payroll System	Deferred until 2023/24
Workforce planning*	Deferred until 2023/24
Governance Review (Health Check)*	Deferred until 2024/25
Palace Theatre and Newark Civil War Centre	Added to plan
Strategic Asset Management	Added to plan
Housing Repairs' Customer Service Review	Added to plan

\* Changes made to these 'must do' audits may affect the Head of Internal Audit's annual opinion. In order to support the Head of Internal Audit's opinion, we will consider other sources of assurance e.g. combined assurance and mitigating control actions to inform the opinion.

## Implementation of agreed actions

There are eleven actions which are due for implementation across the Council's directorate areas most of them (54%) relating to the Housing, Health and Wellbeing (HHW) directorate. Four of the HHW actions (two high and two Medium) are for the Compliance Services (Landlord) audit and two for the Policies and Procedures audit. We have provided more details on pages 11 and 12 of this report). Director extensions have been given for all six HHW actions.

In October 2022, Regulator of Social Housing issued a Regulatory Notice to the Council for a potential breach of part 1.2 of the Home Standard and some of the due actions in the Compliance Services (Landlord) audit relate to this.

## Other significant work

We jointly worked with the Council's Monitoring Officer to deliver governance training in November 2022 to support members of the Audit and Governance Committee.

## High Assurance

Overall, the Heritage & Culture business unit's arrangements for apportioning costs between the Palace Theatre, NCWC, Castle and Resource Centre have been found to be realistic, fair, financially viable and based upon a sound rationale. It is pleasing to note that no findings or advisory notes have been raised within this report.

The rationale for some example budget lines were explained and demonstrated, with a spreadsheet used to capture the apportionment percentages that had been applied to each venue. The apportionments are based on the operational knowledge and expertise of the Business Manager, who has been in the current post since 2019.

Part-way through the project, some potential operational inefficiencies were identified by the Business Manager in respect of how the costs could be apportioned during invoice processing, and in relation to how the apportionment could be easily reviewed, adjusted where necessary and monitored on an ongoing basis. In response to these concerns, internal audit facilitated a discussion between the Business Manager for Financial Services, the Business Manager for Heritage & Culture and the supporting Accountant, with a view to reaching an agreement which both served the rationale for apportioning the costs between the Heritage & Culture venues, and one which was operationally practical.

An agreement was reached during that meeting, whereby a temporary accounting mechanism would be used to apportion the costs. Actual costs would be appropriately journaled and verified at month-end by the Accountant and the Business Manager for Heritage & Culture, in accordance with agreed and finalised apportionments. This method enables the smooth processing of invoices, and an accurate set of monthly accounts to be maintained. It will also produce an audit trail which supports the apportionment of costs for each respective month. As well as verifying the month-end accounts as part of standard budget monitoring process, the Business Manager for Heritage & Culture will review the apportionments as part of the wider, annual budget setting cycle to ensure that they continue to agree with operational forward planning.

This will particularly occur where the theatre's calendar of events is concerned, as this will adapt and change regularly in response to its environment and the sometimes-unpredictable nature of its business.

We were informed by the supporting Accountant that the approach outlined above has been relayed to, and agreed by, the Deputy Chief Executive and Resources in line with the Council's financial regulations.

At the time of the last audit meeting on 30th June 2022, it was our understanding the cost apportionments had been finalised for the Palace Theatre and for all staff resources.

### Palace Theatre and National Civil War Centre

## High Assurance

### Palace Theatre and National Civil War Centre

...continued

The remainder, such as the apportionments for general operational and miscellaneous costs, and the theatre and NCWC's café, the NCWC, Castle and Resource Centre's other costs were going through final verification. Building costs were also due to be transferred to the Corporate Property team's budget, as had been previously agreed.

The temporary accounting codes for each venue were yet to be created. The next steps were for the Accountant to finish adding the budgets into the financial system, taking the apportionments into consideration. April 2022's budget and actual figures would then be used to complete a test run on the apportionment, which would be reviewed closely and agreed by the Business Manager for Heritage & Culture and the Accountant prior to being finalised. Any relevant adjustments to the apportionment proforma would be made following that verification, and the same practice would be applied to May and June's accounts.

It was envisaged that the cost apportionment would become business as usual from July 2022 onwards.

## Substantial Assurance

Overall, we found that the key controls, which have been put in place for the Creditors, Banking, Income and Treasury Management systems are operating effectively and have appropriate safeguards in place to ensure the integrity of the financial systems and the data. A 'Substantial' audit opinion has been given on the effectiveness of the key controls we reviewed, and the following conclusions support our opinion:-

- There is adequate segregation of duties in place for authorising, actioning payment runs, loans, investments, making bank payments, for receiving payments, managing debtor accounts and write offs which means there is a reduced risk of fraud.
- There is a mechanism in place to ensure invoices are processed in accordance with supplier payment terms, VAT regulations and set processes which support effective budget monitoring and ensures compliance with the Prompt Payment Code which minimises a financial and reputation risk to the Council.
- Regular standard exception reports are produced and reviewed, including potential duplicate payments which provides an opportunity for any errors or significant issues to be identified and rectified in a timely manner.
- There is an approved Treasury Management strategy which is complied with. Automatic transfers are properly authorised, reviewed and made to/ from the Council's bank account correctly which ensures reduced fraud risk.
- Bank account access is adequately restricted with additional controls in place by the bank to ensure the Council's funds are safeguarded from unauthorised access.
- Bank reconciliations are accurate and, in most instances, completed on a timely basis with independent review to ensure that any errors or significant issues are identified and promptly resolved.

Our review identified some areas where the processes can be strengthened further to ensure that:-

- Creditors reconciliations are regularly carried out in a timely manner and reviewed by an independent officer to ensure that irregularities or issues are identified and rectified in a timely manner.
- A clear framework is in place to ensure procurement cards are only used for valid purchases within defined limits. We acknowledge that an internal review on p-card usage and limits had been requested to support this improvement which help to enhance the controls around the use of the P-Card.

Key Control  
Testing 2021/22

## Substantial Assurance

Key Control  
Testing 2021/22

...Cont'd

- Evidence to support the processes for independent checks is retained to confirm that due diligence checks have been carried out when vendors have requested changes to their bank details. There is a risk that fraudulent bank changes are made resulting in a financial loss to the Council.
- Issuing of credit notes is sufficiently supported by appropriate instruction or authorisation. There is a risk that credit notes are incorrectly and/or fraudulently issued, resulting in financial loss to the Council.

## Substantial Assurance

We have concluded that substantial assurance can be given for the adequacy of security measures in place to protect key Council services against the threat of virus and malware infection.

Audit review identified several areas of good practice. For example, Windows Defender antivirus software has been deployed across the Personal Computer and Server estate. Any inactive (and unpatched) devices are automatically disabled from the Council network after a period of 90 days of inactivity.

Audit testing provided assurance that robust arrangements are in place which ensure that the systems are protected from unauthorised installation of software or running executable files with access to perform such tasks restricted to only authorised ICT technical support personnel.

To enhance user awareness of malware threats, we were informed that all Council users are required to undertake mandatory training covering information security and data protection. Any user that has or is suspected to have clicked on a phishing link is also required to retake the training.

In addition, the ICT & Digital Services have proactively initiated annual phishing security tests which highlight the risk of malicious attempts to disclose user logon credentials.

The Mail Marshall email scanning utility ensures that both incoming and outgoing email messages are scanned for virus infected attachments using McAfee antivirus software. Mail Marshall is also configured to block phishing emails by default.

A proxy server appliance has been deployed to monitor internet use and block user access to inappropriate or malicious websites. In addition, the proxy server automatically scans all files downloaded from the internet for virus infection.

A significant threat to any ICT infrastructure is ransomware infection of backup data. To protect against this risk, all backup media encompassing both business applications and data are encrypted. We confirmed that backup media was stored in three separate locations, including an offline copy and tape copies are securely stored in an offsite fireproof safe.

Our review of Active Directory security settings confirmed that macros (computer code inserted or embedded into other programs) were disabled by default in Microsoft Office documents.

### Virus Protection / Malware

## Substantial Assurance

### Virus Protection / Malware

We identified some areas where improvements could be made to strengthen the security environment including:-

- The need to review and update Information Security policy guidelines on malware threats and consideration to deploy antivirus software for Council smartphones and tablets to minimise system vulnerabilities
- Effective monitoring and reporting of users' completion of information security training to ensure continued user awareness and timely reporting of any identified security incidents.
- The need to review and minimise a number of Service Accounts with Active Directory superuser rights to ensure system changes are controlled and trackable.

Detailed findings, recommendations and agreed actions are provided in the Action Plan (presented in the full report) which once implemented will provide further protection against virus or malware infection.

## Substantial Assurance

Our review of the processes in place for the management of information and personal data breaches has provided an overall Substantial assurance that the processes in place for the management of information and personal data breaches are operating effectively.

We found there is good framework for Information Governance which comprises six key components supporting effective management of the Council's data and compliance with the relevant regulations. The arrangement in place for the identification, administration and remediation of personal data breaches were operating effectively to minimise harm to the relevant data subjects.

A member of the Senior Leadership Team (Deputy Chief Executive and Director of Resources) is the Council's designated Senior Information Risk Officer (SIRO). The officer chairs the Corporate Information Governance Group (CIGG) where oversight of all information governance and personal data breaches are reviewed. The CIGG provides leadership and direction for the delivery of the Council's information governance Framework and membership of the group includes the Council's Data Protection Officer (DPO), Business Manager ICT & Digital Services and Business Managers across the Council who are the Information Asset Owners.

There is a dedicated Data Protection Officer (DPO) who is knowledgeable, experienced and raises awareness about the importance of Information Governance and data security across the Council. Their understanding of data protection is paramount to the success of this area. The Council continues to commit in investing resources into people, procedures and technology to safeguard its data and services.

The ICT business unit is forward thinking and proactive in building systems that protect the council and improve its operational capability. Using experience gained from undertaking 360 audits of other organisations, key lessons are learned which inform further developments within the Council ICT provision e.g. the introduction of biometric scanners and the use of the three random word password as suggested by the National Cyber Security Centre.

The Council plans to commence a project to implement Information Security Management System (ISMS) which will help the council to meet ongoing requirements of Data Protection Act by further strengthening the current framework in place. Successful implementation will allow the council to apply for the ISMS - ISO 27001 accreditation demonstrating an overall commitment to data across the council.

There are effective processes to identify, report, manage and resolve any personal data breaches within the Council which are supported by the existence of an up-to-date Data Security and Breach Management Procedure (DS&BMP). The DS&BMP sets out the roles, responsibilities and the process in place for reporting and investigating data breaches. The process has recently been strengthened with a focus on the investigation of any reported breaches.

### Information Governance and Personal Data Breaches



## Information Governance and Personal Data Breaches

Cont'd...

The DPO has delivered training to Business Managers to ensure all relevant information is captured and a thorough assessment made. This has raised awareness and encouraged staff to report breaches. A comprehensive record of breaches is maintained tracking the incident from initial identification through to resolution and lessons learned. This record is used as a tool for trend analysis to reduce the likelihood or impact of future incidents.

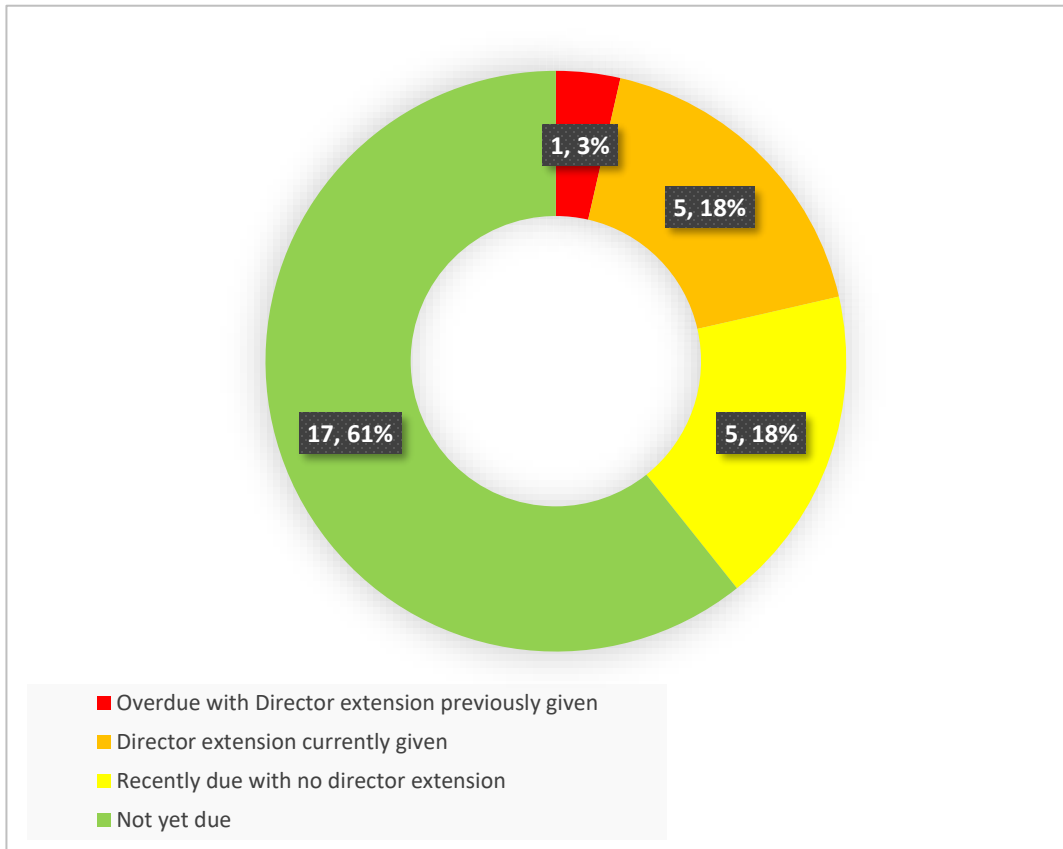
The Senior Leadership Team has quarterly oversight of Performance indicators which include a year-to-date figure for both reportable and non reportable personal data breaches.

Information governance is well managed, and work is currently underway to develop several the areas we have identified for improvement during the audit through the planned delivery of the ISMS project.

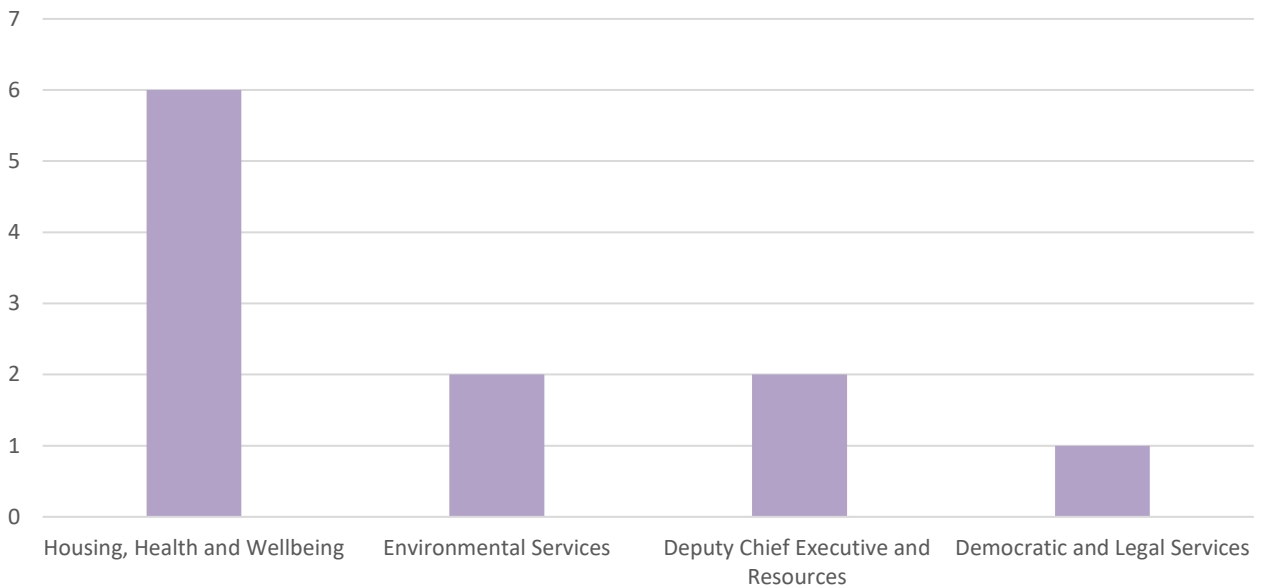
Our review identified some areas where the controls can be strengthened, and we have suggested improvements around:-

- Ensuring maintenance and monitoring of the staff members' training record to support the Council in identifying any training gaps and implementing a corrective action. In the event of a potential data breach investigation such record can be a useful tool to support the investigation.
- Ensuring key policies supporting the effective management of the Information Governance arrangement are relevant and provide up-to-date guidance to staff.
- Reviewing document retention and disposal arrangements to ensure ongoing compliance with the data protection legislation
- Ensuring the provision of regular staff updates to raise awareness about the importance of safeguarding the Council's data and prompt reporting of any security/data breaches to support timely corrective action. We would recommend a highlight report of key lessons learned within the Council and significant matters arising from other organisations.

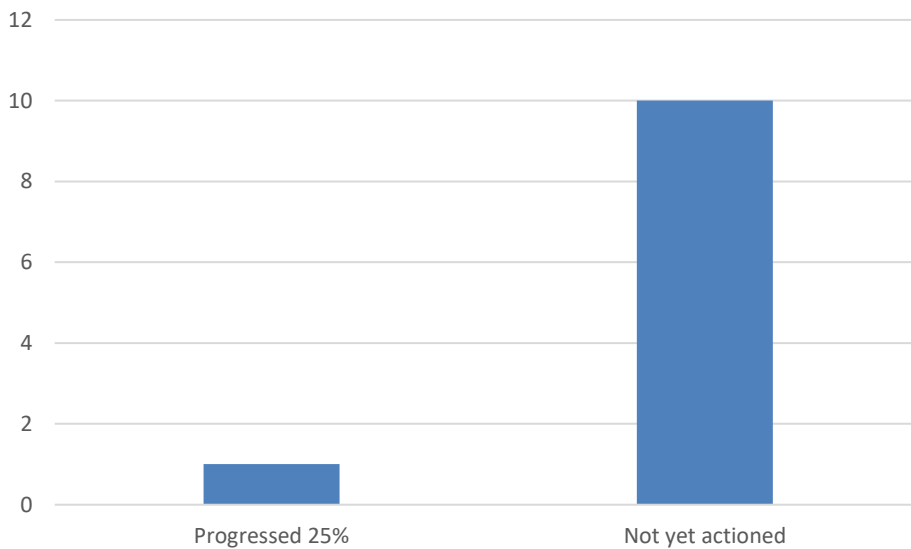
Summary of current audit actions for implementation



## All actions due by directorate area



## All actions due by implementation progress





# Other matters of interest

A summary of matters that will be of particular interest to Audit and Governance committee members

## **CIPFA Position Statement on Audit Committees – published May 2022**

CIPFA has updated their position statement for Audit Committees and replaces the 2018 edition and sets out the vital role an Audit Committee plays in a Councils governance arrangements. It sets out key principles around:-

- Independence and effective model
- Core functions
- Membership
- Engagement and outputs
- Impact

CIPFA will be issuing an updated 'Audit Committees – Practical Guide for Local Authorities and Police' – due to be published in September 2022.

## **CIPFA - Internal Audit Untapped Potential – published May 2022**

CIPFA advocates best practice in assurance, governance, management and financial control across the public services. Internal audit has the potential to help organisations achieve their goals, but this potential may not be currently realised. This report, and the research that has been conducted to create it, explores the changing landscape of internal audit in the public services and how vital it is for an organisation in terms of its future success.

CIPFA intention with this report is to open a dialogue across public service organisations, the internal audit profession, audit committees, as well as those considering a career in internal audit. Internal audit is an important part of the solution for effective management of the public services, and CIPFA hope to facilitate change that will see greater independence of internal audit, sustainability of recruitment into the role and an increased understanding of assurance.

This report makes several recommendations. Some are directed at the internal audit teams working within and for the public services. Others are directed at the client organisations, both management and audit committees. There are areas of planned work that CIPFA will be taking forward, some in collaboration with the Chartered Institute of Internal Auditors (CIIA) and the Internal Audit Standards Advisory Board (IASAB).

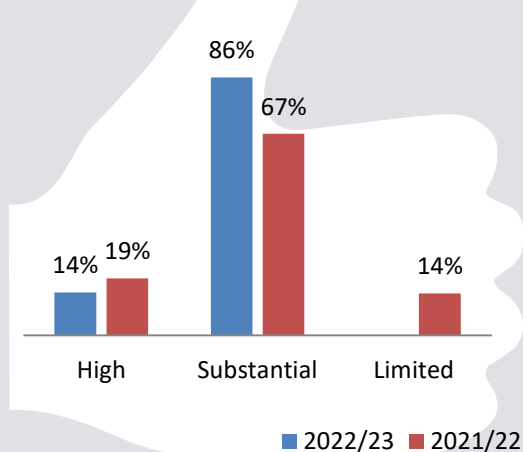
We suggest that it would be good to explore the content of this report with the Audit Committee as part of its training and development plan – gaining greater insight into the Role and Impact of Internal Audit in the Council.

## Performance on Key Indicators

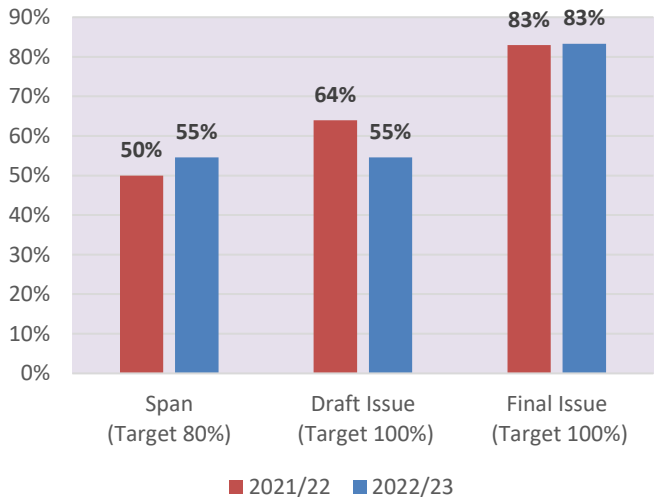
**“Good”  
feedback**  
(50% response rate)

**Plan completed  
59%**

### Comparison of Audit Assurances



### Time span



## Assurance

### High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

### Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

### Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

### Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

## Ranking of Recommendations

### High

Necessary due to statutory obligation, legal requirement, Council policy or significant risk of loss or damage to Council assets, information or reputation.

### Medium

Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist.

### Low

Current procedure is not best practice and could lead to minor inefficiencies.

## Amendments to Internal Audit Plan since the last progress report

Audit	Change	Rational
Treasury Management	Deferred	Management have assessed that this area does not currently present a great risk and to accommodate timely completion of priority audits before the end of Internal Audit Service contract, this review will be rolled over to 2023/24.
iTrent HR / Payroll System	Deferred	Management have provided assurance that robust processes have been put in place to ensure successful implementation of the new system. Key stakeholders have been significantly involved at all stages of the system implementation. Work is ongoing to implement some elements of the HR functions. Audit of Cloud Hosted during 2023/24 incorporating this system will ensure added value.
Workforce planning*	Deferred	A request has been made to defer this audit until 2023/24 due to resource issue to enable key staff to work on the implementation of the iTrent system.
Governance Review (Health Check)*	Deferred	<p>The Council is currently undertaking a desktop review of its governance arrangement and have requested if the review can be deferred for a couple of years until 2024/25 when the new governance at the Council are more established.</p> <p>A detailed review based on the Centre for Governance and Scrutiny's 'Governance Risk and Resilience Framework' will present best value for the Council at that time.</p>

### Amendments to Internal Audit Plan since the last progress report

Audit	Change	Rational
Palace Theatre and Newark Civil War Centre	Added	Priority audit rolled from the previous year
Strategic Asset Management	Added	Priority audit rolled from the previous year
Housing Repairs Customer Service Review	Added	Priority audit added to support decision making and inform the Customer Service Strategy.

Note:

\* Changes made to these 'must do' audits may affect the Head of Internal Audit's annual opinion. In order to support the Head of Internal Audit's opinion, we will consider other sources of assurance e.g. combined assurance and mitigating control actions to inform the opinion.



These key performance indicators are based on the 2022/23 revised audit plan.

Performance Indicator	Annual Target	2021/22 Actual	2022/23 (To date)
Percentage of plan completed (based on revised plan)	100%	95%	59%
Percentage of recommendations agreed	100%	100%	100%
<b>Timescales:</b>			
Draft Report issued within 10 working days of completion*	100%	64%	55%
Final Report issued within 5 working days of management response*	100%	83%	83%
Draft Report issued within 3 months of fieldwork commencing*	80%	50%	55%

Corrective action has been taken as follows:-

- Early scheduling of the audits to ensure timely monitoring
- Continued client liaison meetings and additional dialogue with management where issues will be flagged up and way forward agreed to resolve.
- Discussions continue to be held at each Directorate Meetings to ensure prompt responses and engagement from their teams moving forward.
- Strengthening of the Assurance Lincolnshire Team's capacity and resilience

Palace Theatre and Newark Civil War Centre	High Assurance	Assurance	Completed	0	0	0	0
Strategic Asset Management	Not yet determined	Assurance	Fieldwork	0	0	0	0
Key Control Testing	Not yet determined	Assurance	Not started	0	0	0	0
Treasury Management	N/A	Assurance	Cancelled	0	0	0	0
Information Governance & Personal Data Breaches	Substantial assurance	Assurance	Completed	0	0	0	0
Governance Review (Health Check)	N/A	Assurance	Deferred	0	0	0	0
Growth Infrastructure Risk	Not yet determined	Assurance	Not started	0	0	0	0
Company Governance (Arkwood and Active4Today)	Not yet determined	Assurance	Not started	0	0	0	0
Planning Applications (Decision Making)	Not yet determined	Assurance	Fieldwork	0	0	0	0
Workforce Planning	N/A	Assurance	Deferred	0	0	0	0
Performance Management	Not yet determined	Assurance	Not started	0	0	0	0
Responsive Repairs	Not yet determined	Assurance	Planning	0	0	0	0
Resettlement Co-ordination	Not yet determined	Assurance	Not started	0	0	0	0
Levelling-up and Newark Towns Funds	Not yet determined	Assurance	Planning	0	0	0	0
Storage Area Network /Hosts Refresh	Not yet determined	Assurance	Not started	0	0	0	0

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
ICT Applications	Not yet determined	Assurance	Fieldwork	0	0	0	0
iTrent HR / Payroll System (Selima replacement)	N/A	Assurance	Cancelled	0	0	0	0
Virus Protection / Malware	Substantial assurance	Assurance	Completed	0	0	0	0
Follow-ups	Not yet determined	Assurance	Not started	0	0	0	0
Contain Outbreak Management Fund (COMF)	Signed off	Grant certification	Completed	0	0	0	0
Mansfield Crematorium	Signed off	Accounts certification	Completed	0	0	0	0
Gilstrap	Signed off	Accounts certification	Completed	0	0	0	0
Housing Repairs Customer Service Review	N/A	Consultancy	Added	0	0	0	0
Combined Assurance	N/A	Other	Fieldwork	0	0	0	0



Report to: Audit & Governance Committee Meeting 23  
November 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –  
Resources - Section 151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services on  
ext 5317

Report Summary	
<b>Report Title</b>	Approval of the Statement of Accounts
<b>Purpose of Report</b>	To obtain approval of the Council’s Statutory Accounts for the financial year ended 31 March 2022.
<b>Recommendations</b>	<p>Members approve the Annual Governance Statement for the financial year ended 31 March 2022</p> <p>Members approve the draft audited Statement of Accounts for the financial year ended 31 March 2022</p> <p>Members give delegation to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign a revised set of accounts if required as per paragraph 3.4</p> <p>Members give delegation for the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign the Management Letter of Representation as per paragraph 3.6</p> <p>Members give delegation to the Leader of the Council and the Chief Executive to sign the Annual Governance Statement as per paragraph 3.9</p>
<b>Reason for Recommendation</b>	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

## 1.0 Background Information

1.1 In accordance with the Accounts and Audit Regulations 2015 there is a legal requirement that the Statement of Accounts for the Council receive approval by an appropriate Committee by

the 31 July following the end of the financial year to which the Accounts relate. However due to disruption caused by the COVID 19 virus, legislation (Amended by 2021/263 & 2022/708) was passed to change the statutory publication date to 30 November relating to the financial year beginning with 2021 and future financial years changed to 30 September. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval.

- 1.2 The contents of the accounts are largely determined by statutory requirements and mandatory professional standards as set out within the 'Code of Practice on Local Authority Accounting' and 'Standard of Professional Practice on Financial Reporting' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

## **2.0 Approval of the Accounts**

- 2.1 Although the regulations require the accounts to be approved by a resolution of a Committee it should be noted that approval in this context has, to some extent, a different meaning from other Committee resolutions. The Responsible Financial Officer (RFO) for the District Council, the Deputy Chief Executive/Director of Resources – S151 Officer, retains responsibility for the preparation of the annual accounts and is required to certify that they present a true and fair view of the financial position of the Council at 31 March 2022.
- 2.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. In order to assist Members in doing this a training session for members of the Committee on the Unaudited Statement of Accounts and Annual Governance Statement was completed on 27 June 2022 together with the draft document being presented at the Committee on the 27 July 2022.
- 2.3 There is a statutory requirement for the accounts of Arkwood Developments Ltd and Active4Today Ltd, the Council's two subsidiary companies, to be combined with the District Council's accounts to produce Group accounts which also have to be approved by the 30 September. Also, as per the previous financial year the Council has been required to include its 50% ownership in the group accounts of the joint venture in the company RHH Newark Ltd.

## **3.0 Audit of the Accounts**

- 3.1 The Council's external auditors, Mazars, commenced the audit of the accounts in September 2022. During the audit, the auditors, whilst reviewing the capital section of the Councils' Balance Sheet, identified that a number of the Councils' assets were being held at the incorrect value. This has meant a further review of the Councils' in-year valuation process to ensure the accuracy of the asset register. At the time of writing the report all the current identified misstatements (identified via either external audit or by management review) have been amended within the draft set of accounts – attached at the supplemental agenda paper. The External Auditors will give an update on the audit as a whole and also on their review of the revised capital section at the Committee meeting.
- 3.2 One area still to be completed, that is out of the Councils control, is the testing of the Pensions valuations that are held on our behalf with the Nottinghamshire Pension Fund. The Council's External Auditors require the Pension Funds external auditors (Grant Thornton) to produce an assurance letter, which Mazars will then scrutinise and test in order to gain the assurance they need. At the time of writing this report, the assurance letter had just been received by Mazars, hence the testing had yet to be conducted. As the net pension liability figure within the Councils accounts is £95.246m, this represents a significant amount on the

Council's Balance Sheet which therefore requires the assurance from the external suppliers of the figure.

- 3.3 As all of the anticipated changes to the accounts based on the audit review have been completed, it is proposed that the draft audited Statement of Accounts be approved by this Committee.
- 3.4 In the event that the accounts are required to be amended further, due to any changes required by the auditors, after the approval given within this report, this report recommends that delegation be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this committee to be able to approve any amendment.
- 3.5 There is a requirement that the external auditor, Mazars, provides details of all of the corrections in the financial statements that need amendment. Their full Audit Completion Report will be brought to the next meeting of this Committee post the completion of the audit.

#### **Management Letter of Representation**

- 3.6 Attached at appendix A is the Management Letter of Representation which provides certain assurances about the completeness and accuracy of the financial statements. This must be signed by the person with responsibility for the financial statements and the Chairman of an appropriate Committee of the Council – in Newark and Sherwood's case – the Audit and Governance Committee.
- 3.7 This document must be signed on or near the date that the auditors sign the audit opinion on the financial statements and therefore delegation will need to be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this Committee to sign this.

#### **Annual Governance Statement**

- 3.8 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).
- 3.9 Following the 2021/22 review of the system of internal control, this Committee considered the draft AGS at its meeting on the 27 July 2022. The AGS has not been amended since that point and is attached to the draft audited Statement of Accounts (attached at the supplemental agenda). It is proposed that this is approved in line with the Statement of Accounts. Following such approval, the AGS will be signed by the Leader of the Council and the Chief Executive, prior to its publication with the Statement of Accounts.

#### **Background Papers and Published Documents**

Nil.

Dear Whom this may concern,

**Newark and Sherwood District Council - audit for year ended 31 March 2022**

This representation letter is provided in connection with your audit of the financial statements of Newark and Sherwood District Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

**Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

**Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

**Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

**Group Accounts**

I confirm that I have reviewed the accounting transactions of the Council's partnerships and joint ventures and am satisfied that these do not need lead to the need for the Council to prepare group accounts.

**Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

#### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

#### **Fraud and error**

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;

- All knowledge of fraud or suspected fraud affecting the Council involving:

- management and those charged with governance;

- employees who have significant roles in internal control; and

- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

#### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

#### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date.

#### **Charges on assets**

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

#### **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities

#### **Subsequent events**

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.



**Covid-19**

We confirm that we have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

**Brexit**

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

**Ukraine**

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from restrictions or sanctions in place.

**Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

**Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

**Narrative report**

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

**Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Deputy Chief Executive/Director of Resource – S151 Officer



Report to: Audit & Governance Committee  
 Date: 23 November 2022  
 Report Author: Sue Bearman, Assistant Director Legal and Democratic Services,  
 Monitoring Officer  
 Lead Officer: As above [sue.bearman@nsdc.info](mailto:sue.bearman@nsdc.info), 01636 655935

Report Summary	
<b>Report Title</b>	Review of the New Governance Arrangements
<b>Purpose of Report</b>	To update Members on plans for the 6-month review of the new (Executive) Governance arrangements adopted by Full Council on 17 May 2022
<b>Recommendations</b>	a) Members endorse the plans; and b) Members note that the findings of the review will be brought back to this Committee on 1 February 2023
<b>Reason for Recommendation</b>	Full Council resolved for a report to be brought to Audit & Governance Committee six months after the new arrangements were adopted in order to review their effectiveness of the arrangements. It is proposed to bring a further report in February in order to allow time for consultation with all Members.

## 1.0 Background

1.1 On 17 May 2022 the Council moved from a committee system of governance to a cabinet system of governance. The aim of this change was for the system to meet the principles outlined below.

Inclusion	Ownership	Transparent & Agile	Challenge Performance	Modern & Accessible	Connected
<ul style="list-style-type: none"> <li>Members feeling involved and well-informed</li> <li>Members are able to contribute</li> </ul>	<ul style="list-style-type: none"> <li>The Executive operates as a team, but individual members of the Executive take ownership and accountability for their portfolios</li> </ul>	<ul style="list-style-type: none"> <li>Agile, clear and appropriate decision-making</li> <li>Swift where it needs to be</li> <li>Transparent</li> <li>The 'right' decisions being made at the 'right' level by the 'right' portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Purposeful, constructive and challenging performance review</li> <li>Open to external outlook and input</li> </ul>	<ul style="list-style-type: none"> <li>Modern</li> <li>Bureaucracy light</li> <li>Accessible and easy to understand</li> </ul>	<ul style="list-style-type: none"> <li>Linked up to locality</li> <li>Connected Cabinet and Performance Review</li> </ul>

1.2 Considering this significant change, it was agreed to undertake a review of the system 6 months after implementation (mid-November 2022) to review how it was working and make recommendations for improvement (as required). This recommendation was agreed by Full Council on 17 May 2022.

1.3 This report shares the review plans, ongoing at the time of writing this report, which will inform the 6-month review of the system to be reported to the Audit and Governance Committee in February 2023.

## **2.0 Proposal**

2.1 The governance review has been ongoing during October and November 2022 to allow appropriate engagement with Officers and Members. This has also allowed Officers and Members to reflect on three Policy & Performance Improvement Committee meetings, three Cabinet meetings and one Audit & Governance Committee meeting. The engagement plans are outlined below and have been reviewed, and endorsed by, the Governance Review Member Working Group, who have also given initial thoughts on various aspects of the new governance arrangements.

### **2.2 Consultation with Officers**

Officers who have attended a Cabinet or Committee under Executive arrangements have been asked to complete a survey reflecting on their experiences with various aspects of the Executive system such as report templates and the Executive Forward Plan. Business Managers and the Senior Leadership Team (SLT) also provided their feedback on the system at a session in October. Officers closely involved in the Executive system (namely Democratic Services Officers and Transformation Officers supporting Policy and Performance Improvement working groups) were hosted at a bespoke feedback session in early November to gather their feedback and considerations.

### **2.3 Consultation with Members**

There are two sessions open to all Members, one in person and one virtual to allow the greatest engagement. These sessions are to be held on Monday 12 December (remote) and Thursday 15 December (in person at Castle House). These will be chaired by the Chief Executive and Members will be invited to review the governance structure and provide feedback on various aspects of the structure such as the Cabinet, Policy & Performance Improvement Committee and the Executive Work Programme, sharing what is working well and what could be improved. Members will also be invited to consider the principles upon which the new system was designed and provide feedback on whether these principles are being embodied in the new system.

### **2.4 Next Steps**

The findings of this consultation will feed into the 6-month review of the governance structure now proposed to be presented to this Committee in February 2023 following further consideration by the Governance Review Working Party.

## **3.0 Implications**

In writing this report and in putting forward recommendations officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

### **3.1 Financial Implications (FIN22-23/1736)**

A one-off £5,000 training budget was assigned for both Officers and Members. £2,115 has been spent to date. The findings of the 6-month review will inform how the remaining £2,885 could be spent.

#### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Proposals for New Governance Arrangements, reported to Full Council [May 2021](#)

Proposals for New Governance Arrangements, reported to Full Council [Dec 2021](#)

Proposals for New Governance Arrangements, reported to Full Council [March 2022](#)

Adoption of New Governance Arrangements, reported to Full Council [May 2022](#)



Report to: Audit & Governance Committee Meeting 23  
November 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –  
Resources and Section 151 Officer

Lead Officer: Andrew Snape, Assistant Business Manager Financial  
Services on ext 5331

Report Summary	
<b>Report Title</b>	Counter-Fraud Activities from 1 April 2022 to 30 September 2022
<b>Purpose of Report</b>	To inform Members of counter-fraud activity undertaken since the last update reported on 1 December 2021.
<b>Recommendations</b>	That Members note the report
<b>Reason for Recommendation</b>	To promote a strong counter-fraud culture, it is important that Members are aware of the Council’s response to fraud and the results of any actions taken.

## 1.0 Background Information

1.1 An element of the role of the Audit & Governance Committee is to provide assurance to the Council that its anti-fraud arrangements are operating effectively. In order to do this, counter-fraud activity reports are brought to the Committee twice a year. These reports detail the number of cases detected, amounts lost, the outcome of cases and amounts recovered, together with any other counter fraud work that has been undertaken.

## 2.0 Counter Fraud Detection

2.1 The Housing Benefit fraud team was transferred to the Fraud and Error Service at the Department for Works and Pensions on 1 December 2015.

2.2 Any housing benefit cases identified as potentially fraudulent are referred to the Fraud and Error Service at the DWP for investigation.

2.3 Referral procedures have been established and since 1 December 2015, **289** (last report 231) potentially fraudulent claims for housing benefit have been referred to the Fraud and Error Service for investigation.

### 3.0 Other Counter-Fraud Work

#### **Business Grants**

- 3.1 As part of the Council's response to the COVID-19 Pandemic, grants were given to Businesses through a number of Government initiatives. A data matching exercise has been conducted through the National Fraud Initiative and of 2,269 grants, 749 were flagged as requiring a review.
- 3.2 All of the 749 cases have been reviewed and 2 have been recorded as fraud. The Government Department BEIS requested details of any fraud cases that were currently live whereby payments have yet to be recovered. During February 2022, officers submitted the two cases to BEIS for their review, to ensure that all reasonable steps had been taken to recover the debt. During September 2022, BEIS contacted the Council requesting additional information in relation to the two fraud cases to ensure that all reasonable recovery action had taken place prior to agreeing to take on the debt.
- 3.3 BEIS agreed that they were satisfied the Council had taken all reasonable steps in the recovery of the debt, and hence were comfortable with taking on the burden of recovering the debt themselves, absolving the Council of the responsibility of recovering the money.

#### **Fraud Risk Register**

- 3.4 Based on the Fraud Risk Register that was presented to the committee on the 27 July 2022, the table below shows progress against the identified actions:

Action	Due Date	Update	Revised date
Refresh Housing Benefit Anti-Fraud Strategy	September 2022	Work still to progress and will update the website when complete	March 2023
Refresh training session for Benefits staff on counter fraud	September 2022	To be scheduled for the next Revenues and Benefits Team meeting	February 2023
Corporate fraud campaign developed	March 2023	Communications Business Unit have started to liaise with various risk owners in order to put create fraud campaign	March 2023
Whistleblowing policy to be updated and approved	September 2022	Work yet to be started	March 2023
Housing Benefit Matching Service Accuracy Initiative to be implemented with DWP	May 2022	Now business as usual	Complete
Proactive NNDR review - Use analytical approach to target main business rate payers in line with best practice	March 2023	Now business as usual	Complete

Gifts and Hospitality Policy to be updated and approved	November 2022	Work yet to be started	March 2023
Review current credit balances and suspense, and return to monthly reviewing	March 2023	Current workload does not allow, but anticipated still for March 2023	
Adoption of Corporate Asset Management Plan	June 2022	Approved at Cabinet -	Complete
Estate Rationalisation approved at Cabinet	December 2022	Work is currently underway and it is anticipated to take this to Cabinet in March 2023	March 2023
Ensure Managers know the signs of trafficking so they can raise concern as appropriate by providing annual refresher training	September 2022	Modern Slavery awareness module sent to all recruiting managers during November 2022	Complete
Refresher training on identity validation for all HR and recruiting managers	December 2022	Work yet to progress	December 2022
Validate new starters end date of previous employment	December 2022	Work yet to progress	December 2022
Data analysis of payroll information and costs	December 2022	New HR/Payroll system has been implemented during November. Reports will be created over the next couple of months in order to analyse this information	March 2023
Investigate feasibility of the creation of a Countywide Insurance group	July 2022	Initial contacts made, but limited interest, due to different structures for dealing with insurance	March 2023
Recruitment of a new permanent Insurance officer with a comprehensive training plan	July 2022	Officer appointed during June 2022	Complete
Review the assurance from the insurers regarding fraud	December 2022	Meeting with Insurers prior to the end of November to progress this discussion	December 2022
To implement impending Government legislation regarding personal ID checks at polling stations	May 2023	Awaiting final legislation, regulations and guidance prior to implementation	May 2023
Spot checks of closure of enforcement cases	July 2022	This has now become standard practice	Complete

Recap counter fraud training with Planning staff	July 2022	This has been raised within Team meetings, and will continue to be on the agenda in future	Complete
Inclusion of the annual number of sub-letting reports in the Council's approved performance monitoring framework	April 2022	This is now being reported on in line with corporate reporting	Complete
Implementation of annual refresh of supporting documentation where applications are older than one year on the housing register	March 2023	Work is currently underway in order for this to commence from April 2023	March 2023
Report on the findings of "Getting to know you visits" to the Portfolio Holder for Housing and Health	March 2023	Visits commenced from October 2021, annual reporting to commence from April 2023	March 2023

#### **4.0 The National Fraud Initiative (NFI)**

- 4.1 The National Fraud Initiative (NFI) is a data-matching exercise where electronic data is collected from numerous agencies including police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The data collection is carried out by the Cabinet Office and is reviewed for any matches that might reveal fraudulent activity. e.g. a record of a person's death exists, but that person is still claiming state pension. The potential matches are sent to individual bodies for investigation to check if there is another, innocent explanation. Most data sets are currently submitted every two years, apart from single person discount data which is submitted every year.
- 4.2 During 2021/22 3,181 Council Tax single person discount awards were investigated. Of the matches generated by NFI, 244 cases of suspected fraud were identified 40 cases of error amounting to £129,906.
- 4.3 Of the other data sets 163 cases have been processed and of these 27 cases have been classified as error, mainly due to deceased persons that were still registered on the housing waiting list.
- 4.4 A County wide approach is currently being implemented for the single person discount 2022/23 exercise – at present a third party has been selected to conduct the exercise with the major preceptors agreeing to pay the costs pro rata according to the % share of the Council Tax bill.
- 4.5 Contracts are being drafted so that the exercise can then commence which will combine the NFI data matches to other credit reference agency data sets to improve the quality of the matches.



## **Background Papers and Published Documents**

Nil.



Report to: Audit & Governance Committee Meeting – 23  
November 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services  
Sue Bearman, Assistant Director - Legal & Democratic  
Services

<b>Report Summary</b>	
<b>Report Title</b>	Audit & Governance Committee Work Plan
<b>Purpose of Report</b>	Work Plan attached for consideration and approval
<b>Recommendations</b>	That the Audit & Governance Committee consider the Work Plan for approval.

**AUDIT & GOVERNANCE COMMITTEE**  
**MEETING DATE 23<sup>rd</sup> NOVEMBER 2022**

**WORK PLAN**

Meeting date at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
<b>1 February 2023</b>	Annual Audit Letter 2021/22	David Hoose (Mazars)	Gain assurance on the Council's Statement of Accounts and arrangements for achieving Value for Money
	Draft Treasury Strategy 2023/24	Andrew Snape	Gain assurance that risks in relation to the Council's treasury management activities are to be managed in accordance with need and the Council's risk appetite
	Draft Capital Strategy 2023/24	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Draft Investment Strategy 2023/24	Andrew Snape	The investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government.
	Internal Audit Progress Report 2022/23	Lucy Pledge/McJoy Nkhoma (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Review of significant internal control issues highlighted in the Annual Governance Statement	Nick Wilson	Gain assurance that the Council is making progress on any governance issues that were raised in the AGS
	Regulation of Investigatory Powers Act Annual Report	Sue Bearman	To provide details of any RIPA activity undertaken in 2022/3
	Whistleblowing Policy	Sue Bearman	To review the Council's current Whistleblowing Policy
	Gifts and Hospitality	Sue Bearman	To review the Council's Gifts and Hospitality Policy and Guidance
<b>26 April 2023</b>	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Statement of Accounting Policies 2022/23	Andrew Snape	Gain assurance that the Council has appropriate accounting policies in place that

			reflect the way items are treated in the annual Statement of Accounts
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
	Fraud Risk Assessment	Nick Wilson	Gain assurance that the Council understands its fraud risks and that actions are put in place to address them
	IAS19 Pension Assumptions 2022/23	Andrew Snape	Gain assurance that the pension assumptions used by the actuary to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Property, Plant and Equipment Valuation Assumptions 2022/23	Andrew Snape	Gain assurance that the assumptions used by the Council's valuers to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Annual Internal Audit Plan 2023/24	Lucy Pledge/McJoy Nkhoma (Assurance Lincolnshire)	Ensure that an appropriate plan is in place which will provide assurance on the Council's activities
	Internal Audit Progress Report 2022/23	Lucy Pledge/McJoy Nkhoma (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Code of Conduct Annual Report	Sue Bearman	To provide details of Code of Conduct complaints received in 2022/23
	Independent Persons	Sue Bearman	To consider the appointment of the Council's Independent Persons