

**To: Deputy Leader and Members of the Resources Board
Councillors D Wright, T Clews, Davey, N Dirveiks,
Farrow, O Phillips, McLauchlan, Simpson, Singh and
Symonds**

For the information of other Members of the Council

For general enquiries please contact Democratic Services on 01827 719221 or via email – democraticservices@northwarks.gov.

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

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RESOURCES BOARD AGENDA

3 June 2019

The Resources Board will meet in the Committee Room at The Council House, South Street, Atherstone, Warwickshire on Monday, 3 June 2019 at 7pm.

AGENDA

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

- 4 **Minutes of the Resources Board held on 25 March 2019** – copy herewith, to be approved as a correct record and signed by the Chairman.

5 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am two working days prior to the meeting. Participants are restricted to five minutes each. If you wish to put a question to the meeting please contact Amanda Tonks or Emma Humphreys on 01827 719221 or email democraticservices@northwarks.gov.uk.

**ITEMS FOR DISCUSSION AND DECISION
(WHITE PAPERS)**

- 6 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2018 - March 2019** – Report of the Acting Chief Executive

Summary

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2018 to March 2019.

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

- 7 **Members Allowances for 2018/2019** – Report of the Corporate Director – Resources

Summary

The purpose of this report is to advise Members of the allowances paid for 2018/19. The Council also has a duty to publish the amounts paid to Members under the Members' Allowance Scheme.

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

- 8 **Risk Management Annual Report 2018/2019** – Report of the Corporate Director – Resources

Summary

This report is to inform Members of risk management actions undertaken during 2018/19 and the risks identified for 2019/20.

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

9 **Annual Treasury Report for 2018/19** – Report of the Corporate Director – Resources

This report shows the out-turn for 2018/19 and highlights any areas of significance.

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

10 **Internal Audit Annual Report 2018-19** – Report of the Corporate Director - Resources

Summary

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

The Contact Officer for this report is Linda Downes (01827 719416).

11 **Exclusion of the Public and Press**

Recommendation:

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

**EXEMPT INFORMATION
(GOLD PAPERS)**

12 **Irrecoverable Local Taxation Debts** – Report of the Corporate Director – Community

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

13 **Progress Report – Housing Direct Works** – Report of the Director of Housing

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

14 **Sale of Land** – Report of the Director of Housing

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

STEVE MAXEY
Acting Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE RESOURCES BOARD

25 March 2019

Present: Councillor D Wright in the Chair

Councillors Davis, N Dirveiks, Gosling, D Humphreys, Moss, Simpson, and Waters.

Apologies for absence were received from Councillors Henney and Symonds (substitute Councillor D Humphreys).

Councillors Clews and Jarvis were also in attendance.

57 **Disclosable Pecuniary and Non-Pecuniary Interests**

Councillor Humphreys declared a non-pecuniary interest in Minute No 67 (Land Issues – Further Update), left the meeting and took no part in the discussion.

58 **Minutes of the Resources Board held on 28 January 2019**

The minutes of the meeting of the Board held on 28 January 2019, copies having previously been circulated, were approved as a correct record and signed by the Chairman.

59 **Internal Audit Plan 2019/20 and Counter Fraud Activity**

The Corporate Director – Resources set out the proposed Internal Audit Plan for 2019/20 and updated Board Members on the work of the Counter Fraud Officer.

Resolved:

- a That the Risk Score within Appendix A to the report of the Corporate Director – Resources be amended from N/A to High Risk; and**
- b That subject to the amendments outlined at (a), the Internal Audit Plan, as set out at Appendix A, and the work of the Counter Fraud Officer be noted;**

60 **Financial Inclusion Update**

The Corporate Director – Community provided Members with an update on the Financial Inclusion activity undertaken by the Council.

Resolved:

That the report be noted.

61 **Exclusion of the Public and Press**

Resolved:

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

62 **Irrecoverable Local Taxation Debts**

The Corporate Director - Community detailed the amounts recommended for write-offs in accordance with the write-off policy agreed by the Resources Board on 23 May 2016.

Resolved:

That the report be noted.

63 **Community Support Service Delivery**

The Director of Housing provided the Board with information about the level of vacancies being experienced in the Community Support Section and explained the action being taken in order to safeguard service delivery.

Resolved:

That the resilience issues in the Community Support Section be noted, and that the actions taken to safeguard the delivery of the service, as outlined in the report of the Director of Housing, be supported.

64 **Condition of Council Properties - Trinity Close, Warton**

The Board were provided with information about the condition of Council owned houses in Trinity Close, Warton.

Resolved:

- a **That engagement take place between the Director of Housing, Developer and Architect for the Hatters Arms development in order to explore including properties on Trinity Close in their plans for the site;**
- b **That the Director of Housing consult with individual occupants (tenants and owner occupier) about the proposals as well as the neighbouring residents;**

- c That action be taken to demolish the Council owned houses identified in the report of the Director of Housing and replace them with new build properties; and**
- d In consultation with the Chair of the Resources Board, consider whether the owner occupied property should be bought, demolished and incorporated in the development scheme.**

65 Condition of Council Properties – Ansley Common

The Board were provided with information about the condition of Council owned houses in Ansley Common.

Resolved:

- a That following consideration of the options set out in the report to address repair issues in two properties in Ansley Common, the Director of Housing be directed to pursue the option outlined at 5.3 of the report - Demolition and Rebuild.**
- b That the Director of Housing consult with individual occupant tenants about the proposals.**

66 Land Issues – Further Update

The Director of Streetscape updated Members on issues relating to land ownership at Sheepy Road, Atherstone and the outcome of further discussions with the owner and developer of the neighbouring sites. The report asked Members to agree to a minor revision to the proposed land swap previously agreed by the Board.

Resolved:

- a That the contents of the report be noted;**
- b That the proposed land exchange outlined in the report of the Director of Streetscape be agreed; and**
- c That the exchange of contracts be completed within two weeks from the date of the meeting of this Board and that final completion takes place on receipt of all necessary outstanding information from the Land Registry.**

Councillor D Wright
CHAIRMAN

Agenda Item No 6

Resources Board

3 June 2019

Report of the Acting Chief Executive

Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2018 - March 2019

1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2018 to March 2019.

Recommendation to the Board

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

2 Consultation

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

3 Background

- 3.1 This report shows the year end position with the achievement of the Corporate Plan and Performance Indicator targets for 2018/19. This is the fourth report showing the progress achieved so far during 2018/19.

4 Progress achieved during 2018/19

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with our local performance indicators during April 2018 to March 2019 for the Resources Board.

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

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

Green – target achieved (shown as a green star)

5 Performance Indicators

- 5.1 The year end returns are subject to review by Internal Audit and therefore maybe subject to changes. Any amendments to the returns will be reported to a future meeting of the board. The information for three of the Housing related indicators is currently not available as indicated on Appendix B. The board will be updated with the outstanding information at a future meeting once this has been finalised.

6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 86% of the Corporate Plan targets and 67% of the performance indicator targets have been achieved. The report shows that individual targets that have been classified as red or green. Targets have not been achieved for actions relating to civil parking enforcement and for the Borough Care service. Indicator targets for payment of invoices, re-letting dwellings, customer services, processing of benefits and satisfaction of overall services by housing tenants. In most cases the targets have been missed by small degrees. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

Corporate Plan

Status	Number	Percentage
Green	18	86%
Red	3	14%
Total	21	100%

Performance Indicators

Status	Number	Percentage
Green	12	67%
Red	6	33%
Total	18	100%

7 Summary

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

8 Report Implications

8.1 Safer Communities Implications

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

8.2 Legal Data Protection and Human Rights Implications

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

8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of actions and indicators which contribute towards the priorities of the sustainable community strategy including financial inclusion, improving broadband access, providing adaptations and preventing homelessness.

8.4 Risk Management Implications

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

8.5 Equality Implications

8.5.1 There are a number of equality related actions and indicators highlighted in the report including improving broadband access, the borough care review and providing adaptations and preventing homelessness.

8.6 Links to Council's Priorities

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

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

Background Papers

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

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

Resources Board 18/19						
	Action	Priority	Reporting Officer	Quarter 4	Status	Direction
35	To update the ICT Strategy for 2019 – 2023 and to continue to contribute to the effective provision of services through implementing the actions and projects which help deliver the ICT Strategy and to report on progress to the Resources Board by March 2019	Responsible Financial & Resource Management	Linda Bird	The draft ICT Strategy has been reported to and considered by Resources Board. A Members Task and Finish Group has been formed to take it forward.	 Green	
36	To continue to seek opportunities to rationalise the Council's property portfolio including:- a) Working with partners in the public and voluntary sectors and reviewing the Council's property assets to ensure they support the Council's priorities and deliver key services in the most efficient and cost-effective way	Responsible Financial & Resource Management	Richard Dobbs	The OPE bid was submitted on time and is currently being evaluated with a decision expected by the end of February. Officers have met again with the Police to confirm their requirements	 Green	
	b) Continue to work through a programme of capital and maintenance improvements to key Council buildings, community buildings, shops and industrial units, including seeking ways to reduce, where possible, our carbon footprint.	Responsible Financial & Resource Management	Richard Dobbs	The specification for work on the depot has been completed and contractors approached - works will commence once staff consultation has concluded	 Green	
	c) identify any land or property which is surplus to requirements (and dispose of, as appropriate) but also look to identify opportunities to expand the Council's corporate property portfolio where that would generate additional revenue income	Responsible Financial & Resource Management	Richard Dobbs	ePIMS has been successfully completed and officers across several divisions are working together and with the Land Registry to discuss development of the GIS system and digitisation of land holdings and deed packs	 Green	
37	To work in partnership with the County Council and other agencies to agree and implement CPE and introduce a comprehensive new off-street parking strategy to ensure that the service is sustainable and continues to meet local demand	Promoting Sustainable & Vibrant Communities	Richard Dobbs	Feedback from DFT is still being awaited	 Red	
38	To work to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project and report on progress by December 2018	Supporting Employment & Business	Linda Bird	A report providing an update on work to improve Broadband Access through the work of the CSW Broadband team was approved by Resources Board in January 2019. Contract 3, which is the final part of the project, as currently funded, is due to be completed by the end of 2019.	 Green	
39	The forward work plan for the service will be set out by the HEART Board at its meeting in February 2018. During 2018, the service will seek to increase take-up for the service, monitor outcomes for customers and to procure a new framework for contractors to deliver adaptation works	Promoting Sustainable & Vibrant Communities	Angela Coates	The service is working in partnership with colleagues in health to ensure good outcomes for customers. More Grants are being delivered for adaptations and there has been an increase in uptake for the small home safety grants. The procurement of contractors to deliver the works is nearly complete.	 Green	
40	To deliver the agreed Asset Management Plan from April 2018 and report to Resources Board on progress annually	Responsible Financial & Resource Management	Angela Coates	The Plan was agreed in March 2018 and action is now being taken to deliver the objectives - including the procurement of a major works programme for blocks of flats.	 Green	
41	To use performance information to monitor the efficiency of the new HDW structure and report on progress to the Resources Board annually	Responsible Financial & Resource Management	Angela Coates	The new structure and systems of work have resulted in a positive position for the Trading Account.	 Green	

Resources Board 18/19						
	Action	Priority	Reporting Officer	Quarter 4	Status	Direction
42	To ensure good collection rates of rent revenue for the Council's Housing Revenue Account by taking action to mitigate risks to income from changes to welfare benefits and to report quarterly to Board	Responsible Financial & Resource Management	Angela Coates	Universal Credit is now fully live in the Borough and is having an impact on rent collection rates. An increase in team capacity and the introduction of new arrears monitoring software has helped to sustain good collection rates.	Green	
43	To continue to ensure that all debts due to the Council, wherever possible, are recovered efficiently in accordance with the Council's Corporate Debt Framework	Responsible Financial & Resource Management	Bob Trahern	Whilst collection performance dropped for the first time in over 10 years, this is wholly down to the conversion to a new computer system that meant that no recovery action was possible for a 3 month period. In spite of this, collection exceeded the target set and was still in excess of 98% for Council Tax and 99% for Business Rates. The work undertaken as part of the conversion resulted in excellent progress being made on the analysis and decision making on the likely recovery of older debts which is highlighting the challenges that a small but hard core of problem customers are facing in addressing their debt situation	Green	
44	To report by September 2018 on progress on the delivery of the Customer Access Strategy, including the use of Community Hubs, the BOB bus, increased take-up of online services and the success of driving channel shift	Promoting Sustainable & Vibrant Communities	Bob Trahern	The report to Resources Board in March 2019 highlighted progress in a number of these areas as a follow up to the report in September 2018	Green	
45	To review the Local Council Tax Reduction Scheme, to ensure that it remains affordable and fit for purpose by December 2018	Responsible Financial & Resource Management	Bob Trahern	As in Quarter 3. Work on modelling a potential countywide scheme for 2020/21 has already started	Green	
46	To report on changes to Homelessness Legislation and take action to implement new requirements, starting with a report to Resources Board following publication of the statutory consultation	Promoting Sustainable & Vibrant Communities	Angela Coates	New systems of work are in place to deliver the requirements of the Homelessness Reduction Act 2017. The use of temporary accommodation has been kept to a minimum with action taken to prevent homelessness where possible. The Duty to Refer on other organisations should have been implemented but co-operation is fragmented. We continue to work closely across the County to promote partnership working.	Green	
47	To undertake a review of the Tenancy Services and Neighbourhood Team, to ensure it is effective and efficient by September 2018.	Responsible Financial & Resource Management	Angela Coates	Universal Credit is now fully live in the Borough for new claimants. New systems of work have been implemented to enable the team to focus on supporting Universal Credit claimants. In all authorities this welfare benefit has had an impact on rent collection rates.	Green	

Resources Board 18/19						
	Action	Priority	Reporting Officer	Quarter 4	Status	Direction
48	To address the audit recommendations from the Telecare Service Authority by September 2018	Creating Safer Communities	Angela Coates	The service has been awarded the TSA accredited status again this year.	 Green	
49	To extend the Borough Care Service into the Nuneaton and Bedworth area by May 2018	Creating Safer Communities	Angela Coates	There has been a delay due to the necessity to have a partner in place to provide an out of hours visiting response. We will be reviewing how we can take this objective forward by the end of June 2019.	 Red	
50	During 2018, consider the implications of modernising the lifeline equipment used and anticipate the move to digital compliant equipment	Creating Safer Communities	Angela Coates	This will be subject to a report to the Resources Board later in 2019 when the position of telecare equipment providers is clearer.	 Red	
51	During 2018/2019, we will put procedures and systems in place to deliver the new homelessness legislation. This will include promoting the joint, prevention trailblazer initiative – PHIL (Preventing Homelessness Improving Lives) as part of our housing options offer	Promoting Sustainable & Vibrant Communities	Angela Coates	The new legislation has been implemented. We are seeking ways to work in partnership to promote homelessness prevention.	 Green	
52	We will deliver a new Homelessness Strategy by April 2018 and progress the action plan during 2018 – 2019	Promoting Sustainable & Vibrant Communities	Angela Coates	Complete with close partnership work being promoted to ensure the actions are delivered.	 Green	
53	During 2018, we will deliver a new shared service for the private sector housing duties and will review the service after 12 months and report to the Resources Board on performance	Promoting Sustainable & Vibrant Communities	Angela Coates	The first action is complete. A report will be submitted to the Resources Board with regard to the progress of the shared service.	 Green	

NWPI Resources 18/19

Ref	Description	Section	Priority	Year End Target 2018/19	Outturn 2017/18	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 052	The % of invoices for commercial goods and services which were paid by the authority within 30 days of such invoiced being received by the Authority (former BV8)	Management Accountancy	Public Services & Council Tax	98	98.50%	97.76%	 Red		Performance is improving: February 98.66% and March 99.2%
NWLPI 57	Percentage of calls answered through the Central Control system within 180 seconds. (TSA national standard 97.5%):	Community Support	Housing	99	99.92%	99.83%	 Green		
NWLPI 135	Percentage of response repairs completed right first time	Housing Maintenance	Housing	86.00%	85.49%	84.64%	 Green		New systems of work should provide for an improvement on this during 2019/2020.
NWLPI 068	Gas certificates completed	Housing Maintenance	Housing	100.00%	100.00%	100.00%	 Green		
@NW:NI156	Number of households living in temporary accommodation (snapshot at end of each quarter)	Housing Management	Housing	6	14	4	 Green		This is exceptional performance in a very difficult environment.
NWLPI 136	Number of tenants with more than 7 weeks rent arrears - as an average over the year	Housing Management	Housing	2.75%	2.00%	-	-	-	Not available until June
NWLPI 070	Average time taken to re-let local authority housing (former BV212)	Housing Management	Housing	30 days	25.73 days	36.52 days	 Red		A significant number of properties that became vacant were in poor condition. This was either because of tenant behaviour or because o the age of the property. The Tenancy Services team are now able to prioritise enforcing tenancy conditions.
NWLPI 039	The percentage availability of corporate systems available to users Monday to Friday 8.30 am to 5.30 pm :	Computer Services	Public Services & Council Tax	99.7	99.8%	99.91%	 Green		
NWLPI 040	The percentage of initial response to helpdesk calls within two hours of a call being placed :	Computer Services	Public Services & Council Tax	95	99%	99.00%	 Green		
NWLPI 041	Percentage of Service Desk Calls resolved in target (total of IS3 to IS6)	Computer Services	Public Services & Council Tax	95	95%	95%	 Green		

Ref	Description	Section	Priority	Year End Target 2018/19	Outturn 2017/18	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 096	The Percentage of Calls answered in 20 seconds in the contact centre	Contact Centre	Public Services & Council Tax	75%	74%	73%	 Red		The service whilst still delivering a very responsive service has had an increase in staff absence and the number of calls this year that based on resourcing levels has meant that the target was only just missed
NWNI181	The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit	Revenues & Benefits	Public Services & Council Tax	7.5	5.02	9.97	 Red	 	Following the major system preparation and conversion undertaken over part of the 18/19 financial year, this had a significant impact on both resourcing to process claims and this combined with the result of the introduction of Universal Credit and other teething issues meant our ability to process claims promptly as we have in the past when we have consistently been an Upper Quartile performer was not possible. The impact of the conversion was greater than we had expected with a number of significant system issues being worked through which have now largely been resolved. It is anticipated that the outstanding backlog in work will be completed in the next 2 months and this will allow performance levels to return much closer to previous levels all things being equal.
NWLPI 106	The percentage of non-domestic rates due for the financial year which were received by the authority (former BV10)	Revenues & Benefits	Public Services & Council Tax	98.6	99.95	99.13	 Green		Performance was achieved in spite of the major system conversion undertaken during this financial year. Whilst this resulted in the expected reduction in collection on 201718 performance, the performance achieved is expected will still place the Council as an Upper Quartile performer. It should be noted that by the 5 April 2019, the collection rate had risen to 99.5%
NWLPI 107	Proportion of Council Tax collected (former BV9)	Revenues & Benefits	Public Services & Council Tax	97.8	98.61	98.02	 Green		Performance was achieved in spite of the major system conversion undertaken during this financial year. Whilst this resulted in the expected reduction in collection on 201718 performance, the performance achieved is expected will still place the Council as a better than average performer in a year when we have received excellent recognition from Government on the ethical way we are recovering monies
NWLPI 161	Percentage of abandoned calls in the Contact Centre	Contact Centre	Public Services & Council Tax	5%	4%	5%	 Green	 	
NW: NI 158	Non decent homes relating to our stock	Housing Maintenance	Housing	0	0	0	 Green		

Appendix B
Performance Indicators

Ref	Description	Section	Priority	Year End Target 2018/19	Outturn 2017/18	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 066	The average waiting time for adaptations to local authority housing for people with disabilities between, time taken between referral and completion of work	Housing Maintenance	Housing	5 months	3.15 months	4.5 months	 Green		
NWLPI 160	The percentage of all council tenants, or a representative sample of council tenants, stating that they are satisfied with the overall service provided by their landlord when surveyed	Housing Management	Housing	86	85%	83%	 Red		This reflects the perception of the service during 2017 and the first part of 2018. New structures and systems of work are now in place to improve service delivery to tenants.
NWLPI 072	Local authority rent collection and arrears: Rent collected by the local authority as a proportion of rents owed on Housing Revenue Account (HRA) dwellings	Housing Management	Housing	97.70%	97.79%	-	-	-	Not available until June
NWLPI 137	The average waiting time for adaptations to private sector housing for people with disabilities: a; time taken between initial request and completion of work	Private Sector & Public Health	Housing	5 months	6 months	7 months	 Red		During the year staff vacancies have caused a delay in dealing with demand. The vacancies have been addressed and the work is underway to ensure contractors are more effective in delivering the work.

Agenda Item No 7

Resources Board

3 June 2019

Report of the Corporate Director Resources

Members' Allowances 2018/19

1 Summary

- 1.1 The purpose of this report is to advise Members of the allowances paid for 2018/19. The Council also has a duty to publish the amounts paid to Members under the Members' Allowance Scheme.

Recommendation to the Board

That the report be noted.

2 Report

2.1 Out-turn for 2018/19

- 2.1.1 The cost of Members' Allowances and other payments made under the Members' Allowance Scheme in 2018/19 was £221,332.63. A breakdown of these costs is shown at Appendix A. There were no claims in respect of Dependents'/ Carers' Allowance.

3 Report Implications

3.1 Finance and Value for Money Implications

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

3.2 Legal, Data Protection and Human Rights Implications

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

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

PAYMENTS TO MEMBERS 2018/19

Name	Initials	Basic Allowance £	Special Responsibility £	Travel (Mileage) £	Other Travel (Taxi / Parking) £	Subsistence £	Total £
Bell	M	5,076.96	4,736.68	123.75			9,937.39
Chambers	J	5,076.96	1,593.35				6,670.31
Clews	D	5,076.96					5,076.96
Davis	MC	5,076.96					5,076.96
Davey	P	1,311.15	182.95				1,494.10
Dirveiks	N	5,076.96					5,076.96
Dirveiks	LE	5,076.96					5,076.96
Farrell	AJ	5,076.96	4,278.96	297.45			9,653.37
Ferro	DC	5,076.96		89.10			5,166.06
Gosling	J	5,076.96					5,076.96
Hanratty	SJ	5,076.96					5,076.96
Hayfield	CC	5,076.96	1,779.96				6,856.92
Henney	BA	5,076.96					5,076.96
Humphreys	DJ	5,076.96	11,207.04				16,284.00
Humphreys	M	3,070.75					3,070.75
Ingram	S	5,076.96					5,076.96
Jarvis	RJ	5,076.96					5,076.96
Jenns	A	5,076.96	1,779.96	312.75	3.00		7,172.67
Lea	J	5,076.96	186.61				5,263.57
Lewis	A	5,076.96		10.80	25.00		5,112.76
Morson	PF	5,076.96					5,076.96
Moss	BP	5,076.96		460.80			5,537.76
Payne	RV	5,076.96					5,076.96
Phillips	H	5,076.96		317.70	3.10		5,397.76
Reilly	D	5,076.96	1,779.96	142.20			6,999.12
Simpson	MC	5,076.96	5,082.96				10,159.92
Singh	M	5,076.96					5,076.96
Smith	LJ	5,076.96	2,126.24	788.85	13.50		8,005.55
Smitten	J	5,076.96					5,076.96
Stanley	E	5,076.96					5,076.96
Stanley	ME	5,076.96					5,076.96
Sweet	R	5,076.96	186.61				5,263.57
Symonds	C	5,076.96	1,593.35				6,670.31
Waters	TV	5,076.96					5,076.96
Wright	A	5,076.96		148.50			5,225.46
Wright	DA	5,076.96	5,082.96				10,159.92
TOTAL		176,998.54	41,597.59	2,691.90	44.60	0.00	221,332.63

Agenda Item No 8

Resources Board

3 June 2019

Report of the Corporate Director - Resources

Risk Management Annual Report 2018/19

1 Summary

- 1.1 This report is to inform Members of risk management actions undertaken during 2018/19 and the risks identified for 2019/20.

Recommendation to the Board

That progress be noted.

2 Background

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

3 Work Undertaken During 2018/19

- 3.1 As part of the internal control framework, members of Management Team and Directors complete an Annual Statement of Assurance on the risks within their area of control. This process informs the Annual Governance Statement, which is a statutory requirement and is reported to Executive Board. The review process carried out for the Statements of Assurance includes an assessment of how identified risks were managed during the year, as well as a forward look at the risks facing the Council and its services in the coming year.
- 3.2 A number of issues were identified in the Annual Governance review for 2017/18 which needed to be addressed in 2018/19. Examples of action taken include:
- Finding the required savings for 2019/20 and updating the Medium Term Financial Strategy;
 - Completed compliance work on GDPR;
 - Implemented the recommendations from the external assessment of Internal Audit;
 - Continued to petition Parliament on HS2;
 - Assessed the action needed under the new homelessness legislation, and put new arrangements in place to deliver the new duties arising from the Homelessness Reduction Act 2017;
 - Achieved Cyber Essential Plus certification;
 - Carried out the annual disaster recovery test to verify our ability to retrieve critical systems;
 - Submitted the Local Plan for inspection;
 - Continued to carry out health and safety inspections at Council sites; and
 - Reviewed the Code of Governance, to ensure consistency with the latest guidance.
- 3.3 A lot of other risk management work was undertaken in 2018/19, which was identified through the Statement of Assurance reviews but which wasn't mentioned separately in last years Annual Governance Statement. Examples include: -
- Routine testing on electrical and emergency lighting, carried out fire risk assessments and asbestos and legionella surveys;
 - Commenced refurbishment works to the main depot building;
 - Work to retain accredited status with the TSA, to ensure a safe and focussed Borough Care service;
 - Changes to the Tenancy and Neighbourhoods Team, to improve capacity to collect rent income and proactively manage tenancy conditions;
 - The transfer of Arley Sports Centre to Elite Sports Development;
 - Annual inspection of all Council play facilities by the Play Advisory Service, with findings actioned in priority order;
 - Entered into a Tenancy at Will with Atherstone Sports Club, as a precursor to a potential long term lease arrangement for Royal Meadow Drive;

- Made further changes to the Revenues and Benefits recovery service, to incorporate proactive recovery methods (acknowledged by the Money Advice Service);
- Extended the shared service arrangement with Nuneaton and Bedworth, through converting onto a shared CIVICA back office system, with improved document management and e capability;
- Undertaken closer monitoring of work with the Valuation Office to mitigate NDR risks;
- Established a Member Working Group to assist in monitoring the use of Section 106 monies received from developers;
- Along with Nuneaton and Bedworth Borough Council, agreed entry into a larger Building Control Partnership, to improve future service resilience;
- The creation of a partnering contract to provide for an electrical testing programme in domestic premises to provide assurance around the safety of electrical installations; and
- Delivery of the standards for Houses in Multiple Occupation through the HEART shared service.

3.4 The forward look at the risks facing the Council in 2019/20 required the 2018/19 strategic and operational risk registers to be updated, to ensure that changes in external factors and service provision or processes were taken into account.

3.5 A few changes have been made to the strategic risks of the Council. Higher scores have been given to the risks around the Council's political arrangements, the Council's ability to recruit, and the delivery of the required savings.

3.6 The formation of the new Council will require some additional support, particularly with regard to new Members of the Council. However induction arrangements are in hand to provide the additional support required. It has become increasingly evident over the last year that there are recruitment pressures in a number of key areas. So far these have been managed in an ad hoc way though the use of agency staff, market supplements, and changing job requirements. The savings target for inclusion within the 2020/21 is significant, so early consideration of options for savings will be needed.

... 3.7 A copy of the Authority's 2019/20 Strategic Risk Register is attached as Appendix A. There are two significant risks in 2019/20 and over the longer term (classed as "red"), which are the Council's ability to recruit, motivate and retain appropriately qualified staff and the impact on the Borough of the HS2 project. A comprehensive review will be undertaken during 2019/20, to allow greater planning on how to manage future recruitment difficulties. The Council has a working group which continues to address issues on HS2, in order to try and mitigate the impacts on the Borough.

... 3.8 The individual assessments for the red risks are attached as Appendix B. These show the controls that are already in place to manage the risks.

3.9 A review of operational risks in each Division has identified a new risk for 2019/20. The new risk is in Leisure and Community Development around the failure to meet corporate expectations in respect of the Council's engagement in the Year of Wellbeing.

3.10 A summary of the red operational risks and also the highest scoring amber risks are shown at Appendix C. Individual assessments are held for all of these risks, including the controls already in place. Further work will be carried out during 2019/20 to help mitigate these risks.

4 Report Implications

4.1 Safer Communities Implications

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

4.2 Legal and Human Rights Implications

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

4.3 Environment and Sustainability Implications

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

4.4 Equality Implications

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

4.5 Risk Management Implications

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

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

Background Papers

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

Background Paper No	Author	Nature of Background Paper	Date

2019/20 Strategic Risk Register (Reviewed by MT - 19 March 2019)

No.	2019/20 Score			2020/21 – 2022/23 score			Risk	Responsible Officer	Corporate Objective
	Likelihood	Impact	Score	Likelihood	Impact	Score			
2019 S01	3	3	9	2	3	6	Council's procurement procedures are inadequate leading to poor VFM or lack of probity	D (CS)	Responsible Financial & Resource Management
2019 S02	2	4	8	3	4	12	Insufficient corporate capacity to deal with all the issues facing the Council	CE	Responsible Financial & Resource Management
2019 S03	3	4	12	3	4	12	The Council's political arrangements cease to work effectively	CE	Responsible Financial & Resource Management
2019 S04	2	3	6	3	3	9	Sickness absence is not managed effectively	CD (R)	Responsible Financial & Resource Management / Improving Leisure & Wellbeing Opportunities
2019 S05	4	4	16	4	4	16	The Council is unable to recruit, motivate and retain appropriately qualified staff	CD (R)	Supporting Employment & Business
2019 S06	2	4	8	2	4	8	Ineffective response to an incident (or business continuity plan fails)	CE	All Priorities
2019 S07	2	2	4	2	2	4	Relationships with key partners fail or become ineffective	CE	Responsible Financial & Resource Management
2019 S08	4	3	12	3	4	12	Expected efficiency savings and service improvements are not delivered whilst maintaining resilience	CD (R)	Responsible Financial & Resource Management
2019 S09	2	3	6	2	3	6	The Council fails to meet its commitments arising from the Community and Corporate Plans	CE	Responsible Financial & Resource Management
2019 S10	2	4	8	2	4	8	The council fails to comply with key legislation	CD (E)	All Priorities
2019 S11	3	3	9	3	4	12	Inadequate resources to maintain the Council's capital assets	CD (R)	Responsible Financial & Resource Management
2019 S12	2	5	10	2	5	10	Health & Safety is not managed effectively	CD (R)	Responsible Financial & Resource Management / Improving Leisure & Wellbeing Opportunities
2019 S13	2	4	8	2	4	8	Failure to manage staff concerns and well being, in the current economic climate	CE	Supporting Employment & Business
2019 S14	3	2	6	4	3	12	The instability of the Business Rates system	CD (R) / CD (C)	Responsible Financial & Resource Management
2019 S15	5	4	20	5	4	20	Impact on the Borough of the HS2 project	CD (E)	Protecting our Countryside &

							Heritage		
2019/20 Score			2020/21 – 2022/23 score						
No.	Likelihood	Impact	Score	Likelihood	Impact	Score	Risk	Responsible Officer	Corporate Objective
2019 S16	2	3	6	2	3	6	Impact of open cast mining on the local economy	CD (E)	Protecting our Countryside & Heritage
2019 S17	2	4	8	2	4	8	The impact of the duty to cooperate on the Borough	CD (E)	Protecting our Countryside & Heritage
2019 S18	2	4	8	2	4	8	Failure to manage reputational risk	CE	Responsible Financial & Resource Management
2019 S19	1	1	1	5	2	10	Changes to external resources as a result of the new Needs Assessment	CD (R)	Responsible Financial & Resource Management
2019 S20	3	4	12	3	4	12	Unplanned development happening across the Borough	CD (E)	Protecting our Countryside & Heritage
2019 S21	3	4	12	2	4	8	Non compliance with the General Data Protection Regulations (GDPR)	CD (E)	Responsible Financial & Resource Management

NWBC STRATEGIC RISK REGISTER 2019/20

Corporate Priority: Supporting Employment & Business

RED

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Existing Control Procedures	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
2019 S05	Council unable to recruit, motivate and retain appropriately qualified staff	High staff turnover, leading to difficulties in succession planning	4	4	16	Director's	Use of induction programmes for new staff	<u>19/20 Score</u> 4	4	16
		Key posts unfilled				Individual Director	Training and development opportunities for employees	<u>20/21 On</u> 4		
		Gaps appear in structures, putting pressure on existing staff who become de-motivated				D's / HR Manager	Use of an appraisal system			
		Reliance on agency/ temporary staff, which increases employee costs				HR Manager	An annual staff survey used to obtain feedback from staff			
		Pressure to offer more lucrative packages				Director's	Flexible Working Policy, with flexible working arrangements in many areas			
		Adverse impact on service delivery				D's / HR Manager	Shared working arrangements eg Housing, Revs & Bens			
		Service failure, leading to adverse publicity				EMT	Partnerships used where appropriate eg Building control			
The reputation of the Council is damaged	HR Manager	Exit interviews carried out								
						D's / MT	Trainee posts agreed and used for some difficult to fill posts			
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
	<ul style="list-style-type: none"> Carry out a risk assessment to establish problem areas for recruitment Explore possible solutions as part of a workforce planning exercise 									

NWBC STRATEGIC RISK REGISTER – 2019/20

Corporate Priority: Protecting Our Countryside & Heritage

RED

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Existing Control Procedures	Likelihood(5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
2019 S15	Impact on the Borough of HS2 Project	<ul style="list-style-type: none"> • Loss of open spaces/community assets- may need to provide elsewhere • Loss of residential properties • Air/noise pollution • Temporary increase in employment – possible stimulus to local economy • Road/ travel disruption • Reduced property prices • Loss of business rates 	5	4	20	CD (E)	<ul style="list-style-type: none"> • The Council is a Qualifying Authority, which gives a little more influence • Membership of local authority group pushing for mitigation • Representation to Select Committee on the potential impact of the loss of business rates • Participation in the Special Management Zone for North Warwickshire • Continued lobbying of Government 	<u>19/20 Score</u> 5	4	20
								<u>20/21 On</u> 5	4	20
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating

SUMMARY OPERATIONAL RISK REGISTER 2019/20

Risk Register number 2017/18	Risk	Gross Score	Net Score	Colour	Division	Corporate Priority
2019 CPS16	Virus on emails sent into the Council	25	15	Red	Corporate Services	RF&RM
2019 CPS17	Virus from users using web mail	15	15	Red	Corporate Services	RF&RM
2019 CPS18	Virus attack from main Council internet connection	25	15	Red	Corporate Services	RF&RM
2019 CPS19	Virus from users web browsing	20	15	Red	Corporate Services	RF&RM
2019 R10	Inadequate capital strategy and monitoring of capital schemes	20	16	Red	Resources	RF&RM
2019 SS14	Reduced / no market for recyclable materials	20	15	Red	Streetscape	RF&RM, PC&H
2019 E07	Major incident – out of hours not responded to	20	12	Amber	Environment	PC&H, RF&RM
2019 E22	North Warwickshire is considered a low priority for the allocation of resources commissioned by the PCC and for the use of policing resources	20	12	Amber	Environment	CSC
2019 H26	Pressure on HRA budgets due to ongoing rent reductions until 2020 and from the roll out of Universal Credit from September 2018	16	12	Amber	Housing	PS&VC
2019 LCD13	Failure to maintain the Borough Council's tree stock to an appropriate level of safety and sustainability	25	12	Amber	Leisure & Community Development	PC&H, RF&RM
2019 SS01	Failure to maintain assets	20	12	Amber	Streetscape	RF&RM

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

Agenda Item No 9

Resources Board

3 June 2019

**Report of the Corporate Director -
Resources**

**Annual Treasury Report for
2018/19**

1 Summary

- 1.1 This report shows the out-turn for 2018/19 and highlights any areas of significance.

Recommendation to the Board

- a That the Annual Treasury Report for 2018/19 be noted; and**

Recommendation to the Council

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

2 Report

- 2.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, 2018 Edition (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2.2 During 2018/19 the minimum reporting requirements were that the Resources Board and full Council should receive the following reports:
- An annual treasury strategy in advance of the year (Resources Board 29 January 2018);
 - A mid year treasury update report (Resources Board 12 November 2018); and
 - An annual report following the year describing the activity compared to the strategy (this report).

- 2.3 The regulatory environment places an onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the out-turn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 2.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Resources Board before they were reported to the full Council.
- 2.5 Treasury Management in this context is defined as: *The management of the local authority's investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*
- 2.6 The Annual Treasury report covers:
- The Council's treasury position as at 31 March 2019
 - Performance measurement
 - The strategy for 2018/19
 - The economy in 2018/19
 - The borrowing out-turn for 2018/19
 - Compliance with treasury limits and Prudential Indicators
 - Investment rates in 2018/19
 - Investment out-turn for 2018/19

3 Current Treasury Position as at 31 March 2019

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

	31 March 2018 Principal £m	Ave Rate %	31 March 2019 Principal £m	Ave Rate %	Average Life Years
Fixed Rate Funding: PWLB	51.939	2.86	50.239	2.93	11.39
Internal borrowing	13.575	0.66	13.193	0.99	19.55
Short-term Funding	-	-	-	-	-
Total Debt	65.514	2.40	63.432	2.53	13.09
Investments	26.407	0.66	32.508	0.99	160 days

- 3.2 Borrowing reduced in line with planned repayments. Investments increased in year due largely to timing issues around business rate income. The investments held include £1,301,728 held on behalf of other organisations (£1,165,438 in 2017/18).

4 Performance Measurement

- 4.1 Part of the Code relates to the use of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed, this is still a difficult area for a small Authority with limited cash balances, as generally we are only able to place funds for short periods and consequently at lower rates. For this reason, we measure investment interest against the 7 day LIBID rate.
- 4.2 As a member of the Link Investment Benchmarking Group for the region, we can compare our treasury performance against those of other authorities in the Warwickshire, Worcestershire and Oxfordshire region. Overall for 2018/19, our performance has been in line with these authorities, with our investment portfolio deemed to have been comparable with the average benchmarked performance.

5 The Strategy for 2018/19

- 5.1 Uncertainties on the terms of Britain's exit from the EU made forecasting the timing of interest rate changes difficult. Within the Treasury Strategy for 2018/19, it was assumed that interest rates would rise from 0.50% to 0.75% during quarter 3. The rise to 0.75% occurred earlier in the year than expected, during August 2018.
- 5.2 Given the low levels of investment interest available, the treasury strategy was to postpone external borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk. As a result we continue to use internal borrowing for General Fund debt.

6 Borrowing Outturn for 2018/19

- 6.1 The Council's external borrowing of £50.239 million at the 31 March 2019 is shown below, and relates entirely to the Housing Revenue Account (HRA). The repayments were profiled to take account of expected surpluses in the HRA, having regard to the HRA Business Plan, whilst still allowing some flexibility within the plan for unexpected events.

Years	Total loans £000	Rate %
1-5	10,610	1.99 – 2.70
6-10	13,400	2.82 – 3.15
11-14	16,229	3.21 – 3.34
15-20	0	0
21-25	10,000	3.49 – 3.50

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

7 Investment Out-Turn for 2018/19

- 7.1 The Council's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy. The Council manages its investments in-house with the institutions which fulfil its requirements with regards to credit ratings and security. Investments were made for a range of periods, although predominantly in Certificate of Deposits, enhanced money market funds and money market funds.
- 7.2 The Council invested with external bodies on 65 occasions when the bank accounts had a surplus of funds. Investments were made in a Certificate of Deposit (through broker King & Shaxson) on 11 occasions and in a Money Market Fund 47 times. The remaining 7 investments were with banks for a fixed term. Funds were invested over a range of periods to take advantage of favourable interest rates or to fund expenditure later in the year, e.g. payment of precepts. The average amount invested was £1,259,938. The average total investment held was £36 million, and the rate of return was 0.99%, compared with the average 7 day rate of 0.57%, earning a total of £290,285 in the year.

8 Prudential Indicators

- 8.1 The Prudential Code for Capital Finance in Local Authorities includes requirements for the way in which capital spending plans are to be considered and approved. The prudential code was developed which requires the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives.
- 8.2 The Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. In February 2018, the capital prudential indicators for 2018/19 were reported to the Executive Board as part of the 3-Year Capital programme and the treasury indicators were reported to the Resources Board as part of the Council's Treasury Policy Statement and Annual Treasury Strategy Statement.
- 8.3 During the financial year the Council operated within the treasury limits. The Council's Prudential Indicators will be reported to Executive Board in June.

9 Report Implications

9.1 Finance and Value for Money Implications

- 9.1.1 During 2018/19 the net interest earned on investments was £290,285.

9.2 Environment and Sustainability Implications

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

9.3 Risk Management Implications

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

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

Background Papers

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

Background Paper No	Author	Nature of Background Paper	Date

Agenda Item No 10

Resources Board

3 June 2019

Report of the Corporate Director - Resources

Internal Audit Annual Report 2018-19

1 Summary

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

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

2 Recommendations to the Board

- | |
|---|
| <p>a To note the findings of an assessment of the internal audit function against the PSIAS and quality assurance programme;</p> <p>b To consider the summary of internal audit work at Appendix A, which supports the Head of Internal Audit's opinion; and</p> <p>c That the Head of Internal Audit's overall opinion on the control environment be noted.</p> |
|---|

3 Background

3.1 The PSIAS came into force on the 1st April 2013; they are mandatory for all public sector bodies and the purpose of them is to:

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

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

4 Requirements of the PSIAS

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

Attribute Standards

1000 – Purpose, Authority and Responsibility

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

1100 – Independence and Objectivity

- 4.3 Independence is the freedom from conditions that threaten the ability of the internal audit function to carry out its responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit service, the CAE must have direct and unrestricted access to senior management and the board. The CAE is able to confirm that the North Warwickshire Borough Council's internal audit service is organisationally independent.
- 4.4 Individual objectivity is achieved when internal auditors have an impartial, unbiased attitude and avoid any conflict of interest.
- 4.5 The Standards suggest that the board should have responsibility for the appointment and removal of the CAE and for approving the CAE's remuneration. However, it is recognised that in the UK public sector it would be unusual for the board to have such a role, although it may be the case if the internal audit function is supplied by contractors or a partnership.

1200 – Proficiency and Due Professional Care

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

1300– Quality Assurance and Improvement Programme

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

4.8 Performance Standards

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

4.9 The elements included within this section are:

- *2000 - Managing the internal audit activity* – the CAE must effectively manage the internal audit activity to ensure that it adds value to the organisation. The activity adds value when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.
- *2100 - Nature of the Work* – the internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic, disciplined and risk based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.
- *2200 - Engagement Planning* – internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing and resource allocations. The plan must consider the organisation’s strategies, objectives and risks relevant to the engagement.
- *2300 - Performing the Engagement* – internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.
- *2400 - Communicating results* – communications must include the engagement’s objectives, scope, results, an appropriate conclusion, recommendations and an action plan. Where appropriate, the internal auditors’ opinion should be provided, which must take account of the expectations of senior management and must be supported by sufficient, reliable, relevant and useful information.

- *2500 - Monitoring progress* – The CAE must implement a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
- *2600 – Communicating the acceptance of risks* - If the CAE concludes that management has accepted a level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board.

5. **Conformance with the PSIAS**

- 5.1 The Standards state that an external assessment to establish compliance should be completed at least every 5 years. To comply with this requirement, Elizabeth Humphrey, who formed Tilia Solutions in February 2007 to provide training and consultancy in all areas of corporate governance, completed a review of the internal audit service against the requirements of the PSIAS in November 2017.
- 5.2 The findings of Elizabeth’s review identified a number of areas for improvement and these have all been addressed. The Head of Internal Audit can therefore confirm that the Council’s internal audit service is now fully compliant with the PSIAS.

6. **Quality Assurance Improvement Programme**

- 6.1 The internal audit quality assurance programme includes reviews of the files by the Head of Internal Audit before draft reports are issued and approval of the audit brief and audit programme before any work is completed. Performance is also monitored in quantitative and qualitative terms using the following factors:
- Proportion of planned audits completed in the year;
 - Extent to which management adopt Internal Audit recommendations;
 - Feedback from managers on the value and performance of the audit.
- 6.2 At the year end there were three reviews still in progress so the team completed approximately 90% of the Plan. This is a very good achievement given the resources available to complete what was a challenging Plan, and there were a number of un-planned reviews, investigations and ad-hoc queries.
- 6.3 Client questionnaires are issued to all managers with the final report, to establish the effectiveness of the review. The majority of managers who responded, felt that a good or very good performance had been achieved in respect of planning the audit, the quality of the report and recommendations made, the timing of the review, the standard of communication and the professionalism of the auditors. Managers also confirmed that the implementation of the recommendations made would lead to improvements in performance.

7. **Opinion on the adequacy of the Council's control environment and a summary of the work supporting that opinion**

- 7.1 The Operational Audit Plan for 2018-19 was approved by the Resources Board in March 2018.
- 7.2 Seventeen operational audit reviews and one computer audit review were completed during the year; and fourteen (83%) were considered to be satisfactory or better. Also, seventeen follow-up reviews were completed and fifty-five of the sixty-two recommendations checked had either been fully implemented or were in progress, which equates to approximately 89%, and the assurance level for all of the reviews was revised to substantial or satisfactory. The seven recommendations outstanding have all been accepted and are in the process of being implemented.
- 7.3 Based upon the results of the work undertaken during the year I can give satisfactory assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 7.4 A summary of the findings of the audit reviews is at Appendix A to this report, but it must be noted that this is a snapshot of the situation at the time of the audit and procedures may well have changed since then if agreed recommendations have been actioned.

8 **Report Implications**

8.1 **Risk Management Implications**

- 8.1.1 Failure to provide an effective Internal Audit Service may adversely affect the level of internal control operating within the Council.
- 8.1.2 Non-conformance with the PSIAS, which is a mandatory requirement, will attract criticism from external assessors.

8.2 **Links to Council's Priorities**

- 8.2.1 The audit programme agreed and delivered are aligned to both the priorities of the Council and the requirements of external assessors.

The Contact Officer for this report is Linda Downes (01827 719416).

Background Papers

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

Background Paper No	Author	Nature of Background Paper	Date

Appendix A

Summary of Internal Audit Findings

Reviews Brought Forward from 2017-18 Plan

Housing Benefit

Audit Scope

The purpose of this review was to confirm that Housing Benefit processes comply with the regulations and legislation and the Council's policies and procedures, and that there is adequate documentary evidence to support all transactions.

Audit Findings

A '**Significant Assurance**' level was given as there is a sound system of internal control in place that are being consistently applied. The only issues arising were that the Memorandum of Agreement needs to be updated to include insurance requirements, notice periods and data protection/information management and the Constitution needs updating to reflect the revised write-off procedures.

Mobile Phones

Only a brief review of the mobile phones was carried out rather than a full review so no audit opinion was given. We concluded that a full review needed to be completed by managers to ensure that the phones issued are to the correct specification required for the job which ensures value for money for the Council.

Contact Centre

Audit Scope

The purpose of this audit was to review the procedures in place to ensure that the Contact Centre and One Stop Shop, are operating efficiently and to review the ability to respond to demands and future developments, such as the General Data Protection Regulations (GDPR).

Audit Findings

A '**Significant Assurance**' level was given as there is a sound system of internal control in place that are being consistently applied. A few issues were raised which would make the system even more robust, which included a review of the level and type of information being requested to ensure that it is adequate and relevant for the purposes that it will be used for and procedure notes need to be updated to reflect the amendments required by the GDPR.

Purchasing Cards

Audit Scope

The purpose of this review was to look at the use of purchasing cards, currently held by twenty Council officers, to ensure compliance with the Council's Policy and Procedures.

Audit Findings

A '**Limited Assurance**' level was given because we identified a number of instances of non-compliance. For example, cards were being shared by team members rather than being used solely by the cardholder; there are instances where the Council's normal ordering and payment process would have been better suited to the type of spend; instances where there is no evidence that the relevant budget holder approved the purchase and for on-line purchases from merchants such as Amazon, often there is only an order confirmation and no VAT invoice to support the transaction. Also, the transaction monetary limits are in need of review. A follow-up review is currently in process to ensure that all agreed actions have been implemented.

2018-19 Audit Plan

CCTV

Audit Scope

To establish the effectiveness of the controls in place to mitigate key risks to the Atherstone CCTV surveillance camera scheme, which runs in partnership between the North Warwickshire Borough Council, Atherstone Town Council and Warwickshire Police.

Audit Findings

A '**Significant Assurance**' level was given because there is a sound system of internal controls that are being consistently applied. A few issues were raised which would make the system even more robust, which included carrying out a risk assessment to assess the use of surveillance cameras on individuals and their privacy and checking signs to ensure that they were clearly visible.

Freedom of Information (FOI), Environmental Information Requests (EIR) and Subject Access Requests (SAR)

Audit Scope

The audit work was structured to establish the effectiveness of the controls in place to mitigate the key risks to the Council arising from the Freedom of Information Act (FoIA) 2000; Environmental Information Regulations (EIR) 2004; and also Subject Access Request (SAR) arrangements. The key risks considered were:-

- failure by the Council to comply with current relevant statutory legislation; and
- failure to undertake proper identity checks in relation to SARs, which could potentially result in personal / sensitive data being released to a person/s other than the data subject and breach the data protection principle of a data subject's right to privacy.

Audit Findings

A '**Satisfactory Assurance**' level was given mainly because some of the documents on the Council's web-site and Intranet were out of date and, in some cases, not written in plain English. For example, some members of the public may not be aware of the terminology 'subject access request' but terms such as "accessing your own personal data" or "personal information request" would make it clearer. Also, in

relation to SARs, it is imperative that the Council does not share any personal data with the requester until his/her identity has been satisfactorily confirmed, unless the person is already known to the relevant Council department. Thus, it is recommended that this requirement be incorporated into the NWBC staff guidance.

Gifts and Hospitality

Audit Scope

The purpose of this review was to ensure that the Council has appropriate codes of conduct in place to cover the declaration of Gifts and Hospitality, with clear guidance on what is to be declared; that effective procedures are in place for the declaration and recording of Gifts and Hospitality; and sufficient guidance is given to employees and members regarding their responsibilities and the sanctions for non-compliance.

Audit Findings

A '**Satisfactory Assurance**' level was given mainly because the Council's Codes of Conduct and Anti-Fraud, Bribery and Corruption Policy need to be updated; the thresholds for the declaration of gifts need to be reviewed; and the guidance for hospitality for both employees and members in the codes of conduct is not clear or consistent between the two.

Asbestos Management (exc. Housing)

Audit Scope

This audit reviewed asbestos management health and safety in the Council House, Old Bank House, Sheepy Road Depot, the Council's leisure / sports centres, Memorial Hall buildings and the Council's industrial units (excluding shops). It excluded asbestos management in relation to the Council's housing stock.

Audit Findings

A '**Satisfactory Assurance**' level was given mainly because asbestos awareness briefing sessions are required to ensure that staff are fully conversant with their roles and responsibilities, including when it is safe to carry out minor works, e.g. drilling or nailing into walls to affix items such as notice boards. Clarity is also needed as to who is responsible for carrying out basic visual inspections to look for any signs of damage or deterioration to known Asbestos Containing Materials at Leisure Facility buildings built prior to the year 2000, which is when asbestos materials were banned; visual inspections of the corporate buildings have been undertaken and are up to date. Finally, the standard lease agreement template used to formally agree tenancy terms and conditions in relation to the Council's commercial and industrial units gives no specific mention to tenant responsibilities with regards to asbestos management.

Houses in Multiple Occupation

Audit Scope

The purpose of this audit was to provide assurance that all Houses in Multiple Occupation are identified, inspected and licenced and that all due income is received and properly accounted for.

Audit Findings

A '**Significant Assurance**' level was given because there is a sound system of internal controls that are being consistently applied and the only issue arising was the lack of a formal inspection checklist, with officers relying on their experience and knowledge, however, this work has now been transferred to NBBC under a shared service arrangement.

Sundry Debtors

Audit Scope

The purpose of this review was to ensure that all sundry income due to the Council is properly identified, promptly invoiced, recorded and coded; user access rights and privileges are commensurate with staff roles and responsibilities; adequate separation of duties exist; arrears are identified and reviewed and adequate recovery procedures are followed; and debts are only written-off after the recovery process has been exhausted.

Audit Findings

A '**Satisfactory Assurance**' level was given mainly because the User Notes need to be updated, the recovery process could be strengthened by use of an 'Attachment of Benefits' or 'Proof of Debt Letter' being completed and submitted to the Official Receiver or Insolvency Practitioner and there were some aged debts that needed to be reviewed and considered for write-off.

General Ledger

Audit Scope

The purpose of this review was to ensure that control account reconciliations are performed for all the key feeder systems; all closing balances are brought forward correctly; all journals have been posted appropriately, approved and to the correct code; all suspense and holding accounts are monitored on a regular basis and cleared out at year end; and transactions have been coded to the correct account code.

Audit Findings

A '**Significant Assurance**' level was given because there is a sound system of internal controls that are being consistently applied and there were no issues arising.

Pest Control

Audit Scope

The purpose of this audit was to ensure that procedures are operating in accordance with the Council's policies and relevant regulations; treatments are correct and appropriately charged and income received is fully accounted for; refunds are made correctly and only in appropriate circumstances; effective stock control and ordering systems are in operation, including stock held on vans and any items delivered direct and held on site and chemicals and other substances used are effectively controlled and safely stored.

Audit Findings

A '**No Assurance**' level was given. The provision of the Pest Control service during 2018/19 was operating at a cost to the Council of approximately £17.5K; the service was not operating as efficiently as it could be and this is currently being addressed; the fees charged are not in line with other providers, particularly regarding the prices for dealing with rat and mice infestations; and, it was not possible to confirm whether the pest control officer has received the required immunisations nor who is monitoring them to ensure they are up to date.

Licensing

Audit Scope

The purpose of this review was to ensure that the Council has published its statement of licensing and statement of principles as defined in the Licensing Act 2003 and Gambling Act 2005; and that effective internal controls are in place for issuing licences for the following categories:

- Alcohol & Entertainment Licensing
- Gambling License
- Scrap Metal Dealers Licence
- Taxi Licensing
- Animal Licences
- Acupuncture, Tattooing etc. Licences

Audit Findings

A '**Significant Assurance**' level was given because there is a sound system of internal controls that are being consistently applied and there were no issues arising.

Development Control

Audit Scope

The purpose of this review was to ensure that:-

- The Council has planning policy and supporting procedures in place to ensure that development complies with national, regional and local requirements;
- Written procedures comply with relevant legislation;
- Adequate procedures are in place for officers and members to declare conflicts of interest;
- Applications for development, change of use, advertisement consents, tree preservation orders and appeals are correctly processed and approved in a timely manner and in line with national and local performance indicators;
- All planning fee income is collected accurately, promptly and in full and refunds properly authorised;
- The planning IT system has appropriate access and data protection controls in place;
- Potential breaches of planning regulations are dealt with promptly and effectively and appropriate enforcement action is taken where necessary; and
- Accurate, relevant and timely management information is produced and reported appropriately.

Audit Findings

A '**Significant Assurance**' level was given because there is a sound system of internal controls that are being consistently applied and there were no issues arising.

Trees, Walls and Fences

Audit Scope

The purpose of this audit was to ensure that inspection programmes are in place and monitored; an audit trail has been maintained to support all inspections and risk assessments; a formal record is held of trees, walls and fences that are owned by the Council and guidance is available outlining the roles and responsibilities for the maintenance of trees, walls and fences.

Audit Findings

A '**Limited Assurance**' level was given. Reactive work is being carried out and known high risk requests dealt with, however an overall approach is needed to identify all the council's responsibilities for maintenance of trees, walls and fences and the creation of a risk based inspection programme.

S106 Monies

Audit Scope

The purpose of this audit was to ensure that;

- A clear and transparent audit trail exists identifying all figures and assumptions made when calculating the financial contribution;
- A legal agreement is in place and signed by all parties summarising the planning obligations purpose, value and trigger points;
- Effective procedures are in place for monitoring the conditions of the agreement and that appropriate action is taken if due income is not received and that there are plans for timely spending of income to avoid repayment;
- Income received is correctly accounted for and any unspent monies have been returned in accordance with the agreement;
- The planning obligations are registered as a local land charge.

Audit Findings

A '**Satisfactory Assurance**' level was given. Areas for improvement were raised in relation to the monitoring of contributions received and the matching of payments to specific contracts and the audit team worked with management during the review to improve controls and procedures in these areas.

Petty Cash

Audit Scope

The purpose of this review was to ensure that;

- There is full accountability of the petty cash floats, and the level and number of floats are necessary and reasonable;
- Petty cash claims made by employees are legitimate; reasonable and accurately processed onto the system;
- The petty cash vouchers are completed properly; signed and dated by the claimant; and properly authorised by an authorised signatory;
- Claim forms are struck through as paid to prevent them from being copied and resubmitted fraudulently;

- The petty cash limit is not exceeded;
- VAT is accounted for correctly and;
- The petty cash balances are reconciled to the General Ledger at the year end.

Audit Findings

Generally, a '**Satisfactory Assurance**' level was given for the control arrangements for petty cash as there were only minor areas for improvement identified. However, for Atherstone Leisure Complex, a '**No Assurance**' level was given because of the inconsistencies and poor working practices identified in accounting for the cash held. Nevertheless, we do acknowledge that management introduced some immediate changes to the procedures to improve the controls and they continue to work with the audit team to make further improvements.

Treasury Management

Audit Scope

The purpose of this review was to ensure that:

- The Council's Financial Regulations clearly set out the key controls and senior officer responsibilities in relation to Treasury Management;
- The Authority's borrowings and investments comply with best practice and the Council's Policy Statement and Strategy;
- All of the Council's current investments in 2018/19 are in accordance with the Council's approved Annual Investments Strategy; and
- The Council's borrowing activity to date has remained within its approved Authorised Borrowing Limit and Operational Boundary Limits for 2018/19.

Audit Findings

A '**Significant Assurance**' level was given because there was a sound system of internal controls that are being consistently applied over the Treasury Management function.

Trade and Bulky Waste

Audit Scope

The purpose of this review was to ensure that:

- The Council's web-site provides clear guidance on the bulky waste collection service;
- All bookings for bulky waste collections are paid for in advance;
- Adequate safeguards are in place to identify and prevent the Council being over-charged for collections made by the current contractor;
- There is adequate control over refunds to ensure that they are valid;
- There is a formal contract in place with the Council's current outsourced bulky waste collection contractor;
- The administration of trade refuse collection, client bookings, invoicing, income collection and recovery are dealt with effectively and efficiently;
- In relation to trade refuse collections: new service requests, changes in services and terminations are promptly processed and actioned; and
- Service fees and charges are regularly reviewed.

Audit Findings

A '**Satisfactory Assurance**' level was given because, generally, the controls in place over the Council's trade and bulky waste collection service arrangements are adequate and operating satisfactory and there were only minor areas for improvement identified in relation to the monitoring and checking of invoice payments to the contractor and the monitoring of refunds.

Procurement

Audit Scope

The purpose of this audit was to ensure that corporate spend on procurement activity is managed efficiently through a structured approach aimed at delivering value for money.

Audit Findings

A '**Satisfactory Assurance**' level was given. Generally, the controls in place over the Council's Procurement and Contract arrangements are adequate and operating satisfactory but the Contract Standing Orders needed to be updated and the management of the exemption process needed to be improved to make it more transparent.

Crime and Anti-Social Behaviour

Audit Scope

The purpose of this audit was to ensure that efficient and effective procedures are in place to help achieve 'Priority 2' of the Council's Corporate Plan 2018/19, which is "working with our communities and partners to both be and feel safer, whether at home or in and around the Borough", with an emphasis on anti-social behaviour and crime and disorder.

Audit Findings

A '**Satisfactory Assurance**' level was given. Generally control procedures were adequate but the North Warwickshire Community Safety Plan needed to be updated to reflect current priorities and initiatives; targets for responding to anti-social behaviour reports were not being monitored and; access to anti-social behaviour documents needed to be restricted to comply with the data protection legislation.

Assurance Level	Definition
Significant	There is a sound system of internal controls that are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system and/or the level of non-compliance puts some of the system objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Agenda Item No 11

Resources Board

3 June 2019

**Report of the
Acting Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

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

Agenda Item No 12

Irrecoverable Local Taxation Debts – Report of the Corporate Director - Community

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

Agenda Item No 13

Progress Report – Housing Direct Works – Report of the Director of Housing

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

Agenda Item No 14

Sale of Land – Report of the Director of Housing

Paragraph 3 – by reason of the report containing financial information

The Contact Officer for this report is Amanda Tonks (719221)