



DARLINGTON

Borough Council

Audit Committee Agenda

10.00 am

Wednesday, 20 July 2022

Council Chamber, Town Hall, Darlington. DL1 5QT

Members of the Public are welcome to attend this Meeting.

1. Introductions/Attendance at Meeting
2. Appointment of Chair for the Municipal Year 2022/23
3. Appointment of Vice Chair for the Municipal Year 2022/23
4. Declarations of Interest
5. To consider the times of meetings of this Committee for the Municipal Year 2022/23 on the dates agreed in the Calendar by Cabinet at Minute C100/Feb/22
6. To approve the Minutes of the Meeting of this Audit Committee held on 13 April 2022 (Pages 3 - 6)
7. Annual Review of Significant Partnerships 2021-2022 – Report of the Partnerships Director (Pages 7 - 10)
8. Annual Risk Management Report 2021-22 – Report of the Chief Executive (Pages 11 - 32)
9. Audit Services Audit Work 2021/22 Annual Report – Report of the Audit and Risk Manager (Pages 33 - 46)
10. Audit Services - Activity Report – Report of the Audit and Risk Manager

(Pages 47 - 68)

11. Managers Assurance Statements –
Report of the Group Director of Operations
(Pages 69 - 74)
12. Treasury Management Annual and Outturn Prudential Indicators 2021/22 –
Report of the Group Director of Operations
(Pages 75 - 94)
13. SUPPLEMENTARY ITEM(S) (if any) which in the opinion of the Chair of this Committee are
of an urgent nature and can be discussed at this meeting
14. Questions



Luke Swinhoe
Assistant Director Law and Governance

Tuesday, 12 July 2022

Town Hall
Darlington.

Membership

Councillors Baldwin, Crudass, Lee, McEwan, Paley and Mrs H Scott

If you need this information in a different language or format or you have any other queries on this agenda please contact Allison Hill, Democratic Officer, Operations Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays E-Mail : Allison.hill@darlington.gov.uk or telephone 01325 405997

AUDIT COMMITTEE

Wednesday, 13 April 2022

PRESENT – Councillors Baldwin, Bartch, Crudass, McEwan and Paley

APOLOGIES – Councillor Lee

ALSO IN ATTENDANCE –Caroline Mulley (Ernst and Young LLP)

OFFICERS IN ATTENDANCE – Peter Carrick (Finance Manager Central/Treasury Management), Luke Swinhoe (Assistant Director Law and Governance), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Ian Miles (Assistant Director Xentrall Shared Services) and Hannah Miller (Democratic Officer)

A31 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A32 TO APPROVE THE MINUTES OF THE LAST MEETING OF THIS AUDIT COMMITTEE HELD ON 26 JANUARY 2022

Submitted – The Minutes (previously circulated) of the Audit Committee held on 26 January 2022.

RESOLVED – That the Minutes of the Audit Committee held on 26 January 2022 be approved as a correct record.

A33 ETHICAL GOVERNANCE AND MEMBER STANDARDS - UPDATE REPORT

The Assistant Director Law and Governance and Monitoring Officer submitted a report (previously circulated) to update Members on issues relevant to Member standards and ethical governance since the last report to this Audit Committee in September 2021.

The submitted report set out a number of datasets of ethical indicators to assist in monitoring the ethical health of the Council and by reviewing these indicators it is hoped to be able to identify any unusual or significant trends or changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.

The submitted report also included commentary for some data sets to give analysis and explanation for some of the more notable variations and it was reported that there were no particular issues of concern that had been identified from reviewing the data.

Discussion ensued regarding complaints against Non-Executive and Executive Borough Councillors.

RESOLVED – That the report be noted.

A34 ICT STRATEGY - IMPLEMENTATION PROGRESS REPORT

The Assistant Director Xentrall Shared Services submitted a report (previously circulated) to provide a six-monthly report to the Audit Committee on progress in relation to the implementation of the ICT Strategy.

It was reported that the current ICT Strategy focused on three strategic priorities, namely ICT Governance and Service Development; ICT Strategic Architecture; and Council Service Development and Transformation.

This submitted report summarised progress on the main activities within each of these priorities.

RESOLVED – That the report be noted.

A35 INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT

The Group Director of Operations submitted a report (previously circulated) to provide a six monthly update to the Audit Committee as required by The Systems and Information Governance Group (SIGG) and to outline planned developments of the information governance programme.

It was reported that the ongoing delivery of the information governance programme continued to provide the assurance required to reduce the information risks to an acceptable level and outlined the ongoing works.

It was also reported that the area of highest priority in the information governance programme was the Microsoft Office 365 Programme.

Members acknowledged the improvements to completion rates for mandatory training, recognised that further work was required and requested that this Committee continued to have sight of completion rates.

RESOLVED – That the report be noted.

A36 AUDIT SERVICES ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and highlighted the change in approach from traditional audit assignments to individual control testing and reporting and the different approach in terms of reporting on activity to be developed further in the coming months; and the move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.

Also previously circulated was detailed feedback on the performance of the service and the

position in relation to completion of audit work.

Following a question, the Audit and Risk Manager provided further information to Members in relation to the risk shown at 50 per cent assurance relating to corporate premises risks.

RESOLVED – That the activity and results be noted.

A37 AUDIT SERVICES - AUDIT CHARTER

The Audit and Risk Manager submitted a report (previously circulated) to present the Audit Services' Audit Charter for 2022-23.

It was reported that it was a requirement for the Council to have an internal audit function is outlined in Section 151 of the Local Government Act 1972; more specific requirements are detailed in the Accounts and Audit (England & Wales) Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

On the 1 April 2017 a shared service was established to deliver the Internal Audit function to Darlington Borough Council and Stockton-on-Tees Borough Council and the charter was developed to outline how the service will meet these requirements and detailed specifically how the Audit Plan will be developed and it was highlighted that it was felt that no changes were needed for 2022/23.

RESOLVED – That this Audit Committee approves the Internal Audit Charter and the rights of access conferred within.

A38 ANNUAL GOVERNANCE STATEMENT

The Chief Executive submitted a report (previously circulated) seeking approval of the Council's draft Annual Governance Statement (AGS) (also previously circulated).

It was reported that the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 require local authorities to prepare, approve and publish, each year an AGS. These regulations also determine the timetable for approval and publication and the Council must publish its draft AGS no later than 31 July and its final audited version no later than 30 September of the financial year immediately following the end of the financial year to which the statement relates.

It was also reported that although the Council did publish its draft AGS before 31 July 2021, delays in the external audit process have meant the Council has been unable to publish its final AGS in accordance with the timetable set in the Regulations.

The Annual Governance Statement for 2020/21 outlined the Council's responsibilities, explained the purpose of the governance framework; set out the key elements; detailed the review of its effectiveness; highlighted any significant governance issues; and included a commitment by the Leader of the Council and the Chief Executive to ensure the continuous improvement of the system in place.

RESOLVED – That the draft Annual Governance Statement for 2020/21, as appended to the submitted report, be approved.

A39 AUDIT OF ACCOUNTS 2020/21

The Group Director of Operations submitted a report (previously circulated) to present a report by the Council's external auditors, Ernst and Young LLP (EYP) on the audit for the year ended 31 March 2021.

It was reported that In accordance with the Accounts and Audit (Amendment) Regulations 2021, all Local Authorities were required to produce the draft annual Statement of Accounts by 31 July 2021 and an audited set published by 30 September 2021. These regulations had temporarily relaxed the previous deadlines for producing the draft accounts and completion of final audited accounts.

Caroline Mulley, EYP, advised Members that the audit work on the accounts had been substantially completed and that an unqualified opinion on the Council's 2020/21 accounts would be issued; concluded that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness of its use of resources; and confirmed that the Council's Annual Governance Statement was not misleading or inconsistent with other information known to them.

Members also gave specific consideration to items that were classified as unadjusted audit differences in relation to the Private Finance Initiative and Income to Services.

RESOLVED - (a) That the Auditors Audit Results Report on the Council's 2020/21 financial statements be noted.

(b) That Members note the Letter of Representation in Appendix B of the Audit Results Report.

(c) That the Audit Committee agree not to amend the unadjusted audit differences as they were not material.

(d) That the Audit Committee approve the IFRS complaint Statement of Accounts for the 2020/21 financial year.

20 JULY 2022
AUDIT COMMITTEE

ANNUAL REVIEW OF SIGNIFICANT PARTNERSHIPS 2021 - 2022

SUMMARY REPORT

Purpose of the Report

1. To present the outcome of the annual review of significant partnerships to enable the Audit Committee to consider the partnerships that the Council is involved with and to ensure that they have adequate governance arrangements in place.

Summary

2. Through the principles of the partnership toolkit, Darlington Borough Council (DBC) has established an approach to monitoring the significant partnerships it is involved with. As a result there are good governance arrangements in place for these partnerships. The toolkit has been effective in identifying high level concerns of the significant partnerships.

Recommendation

3. It is recommended that the review of significant partnerships be endorsed and the actions being taken to address outstanding issues be noted.

Reasons

4. The recommendations are supported:
 - (a) To enhance corporate governance arrangements in significant partnerships;
 - (b) To enhance the relevance and performance of partnerships in Darlington.

Seth Pearson
Partnerships Director

Seth Pearson: Extension 6090

Background Papers

- (i) Audit Commission Report – Governing Partnerships – Bridging the Accountability Gap
- (ii) Completed Partnership Toolkit Questionnaires
- (iii) Partnership Working Toolkit Report to Cabinet 20 March 2007
- (iv) Partnership Annual Review Forms – Year Ended 31 March 2022

S17 Crime and Disorder	The Darlington Partnership and Safe and Cohesive Community Group have been key partnerships in ensuring that Safer Darlington is delivered which includes reduction of crime and disorder as a main priority.
Health and Well Being	The Darlington Partnership and the Health and Wellbeing Board have been key partnerships in ensuring that the Health and Wellbeing Strategy is delivered to improve all aspects of the health and well-being of people in Darlington.
Carbon Impact and Climate Change	The Darlington Partnership has been key in ensuring the environmental and economic sustainability of Darlington is assured.
Diversity	The Darlington Partnership have One Darlington as a key priority with an objective of a safe and caring community which supports communities and neighbourhoods to be more cohesive..
Wards Affected	All wards.
Groups Affected	All groups.
Budget and Policy Framework	This report does not recommend a change to the Council’s budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	Partnerships support the delivery of the Council Plan
Efficiency	Partnerships that the Council is involved in are reviewed annually to consider outcomes delivered and resources expended.

MAIN REPORT

Information and Analysis

5. Public bodies have responsibilities in respect of their partnership arrangements in that they should for example:
 - (a) Know the partnership they are involved in and how much money and other resources they invest in them;
 - (b) Take hard decisions to scale down their involvement in partnerships if the costs outweigh the benefits, or if the added risks cannot be managed properly and;
 - (c) Agree and regularly review protocols and governing documents with all partners.
6. In order to demonstrate fulfilment of these responsibilities, Cabinet adopted a partnership toolkit in March 2007 (Min C174/March/07 refers). The toolkit provides a means to record that the performance of each partnership is monitored and that adequate governance arrangements are in place. The toolkit identifies partnerships currently classed as 'significant' in accordance with the definition reported to Cabinet in March 2007.
7. The methodology adopted in Darlington involves the application of the Partnership Toolkit Questionnaire which then informs an action plan to address areas for improvement in governance arrangements. The results of this process form the basis of this report. The lead officers play a key and continuing role in ensuring the good governance of the partnerships. Outstanding actions from last year's review have been addressed or are in hand.

Criteria for a Partnership to be classed as 'Significant'

8. A partnership is determined to be significant if:
 - (a) DBC has a statutory duty or other government requirement to enter into the partnership; or
 - (b) It is a major contributor towards achieving the Council Plan objectives; or
 - (c) It is a major contributor towards improving the lives of children and young people or older people; or
 - (d) Takes a lead on setting the Council's policy framework; or
 - (e) DBC has the role of accountable body/lead agency and the annual expenditure of the partnership is more than £100,000; or
 - (f) DBC funds the partnership by more than £100,000 annually.

9. The partnerships identified as significant in accordance with this definition for 2021/22 are as follows:
 - (a) 11 - 19 Partnership
 - (b) Creative Darlington
 - (c) Public Sector Executives Group
 - (d) Local Safeguarding Partnership
 - (e) Darlington Youth Offending Service
 - (f) Safe and Cohesive Community Group (was CDRP)

Performance and Governance of Partnerships 2021-22

10. An Annual Review proforma is completed by the relevant Council officer for each partnership. These are used to assess achievements against objectives, identify any areas for improvement or risk. This report gives a summary of specific remedial actions required by each significant partnership to achieve full compliance with the Council's governance requirements. In addition, the reports identify what Council resources, if any, are being used to support the partnerships. These are readily available and published on the intranet at:-

[Darlington Borough Council - Annual review of significant partnerships 2021-22](#)

Issues raised by Partnerships

11. All significant partnerships in Darlington have provided evidence that they are performing well and that adequate governance arrangements are in place.
12. Partnerships have indicated that they have a focus on Covid recovery.
13. The Safe and Cohesive Community Group has indicated that funding constraints affect the capacity of its members at a time when demand is increasing which it is closely monitoring.
14. The chair of Creative Darlington is expected to step down in 2022/23. Arrangements are being put in place to appoint a new chair.
15. The Youth Offending Service is experiencing staff shortages which it is looking to overcome by backfilling other posts.

Outcome of Consultation

16. Consultation with the Chairs and Lead Officers of the key partnerships was undertaken in the production of this report.

**AUDIT COMMITTEE
20 JULY 2022**

ANNUAL RISK MANAGEMENT REPORT 2021/22

SUMMARY REPORT

Purpose of the Report

1. To update Members on the approach to and outcomes from the Council's Risk Management processes.

Summary

2. The Complaints & Information Governance Manager has reviewed the Council's Risk Management Strategy (**Appendix C**).
3. Positive progress continues to be made within the Authority regarding the management of key strategic risks and with the work undertaken by Officers to manage operational risk.

Recommendation

4. It is recommended this Risk Management Report be noted.

Reasons

5. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's approach to Risk Management.

**Ian Williams
Chief Executive**

Background Papers

- (i) Council's Risk Management Strategy
- (ii) Corporate and Group Risk Registers
- (iii) Six Monthly Risk Management Report 2021/22

Lee Downey 5451

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There is no specific health and well-being impact
Carbon Impact and Climate Change	There are no specific recommendations contained within the attached reports concerning Carbon Reduction.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally
Groups Affected	All groups are affected equally
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter
Council Plan	Maintaining an appropriate oversight of risk will help contribute to the delivery of the Council Plan Objectives
Efficiency	Insurance premiums reflect the pro-active approach taken to risk management within the Council.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.

MAIN REPORT

Background

6. Risk Management is an essential part of effective and efficient management and planning and it strengthens the ability of the Council to achieve its objectives and enhance the value of services provided. It is also an important element in demonstrating continuous improvement as well as being part of the Council's Local Code of Corporate Governance that reflects the requirements of the CIPFA/SOLACE Framework of Corporate Governance.

Information and Analysis

Strategic Risk Outcomes

7. The Complaints & Information Governance Manager has reviewed the Council's Risk Management Strategy in light of information provided by Internal Audit and in conjunction with our insurers. The review did not result in any significant changes and therefore the revised strategy does not need endorsing by the Audit Committee/referring to Cabinet for approval. While that is the case, it is important to share the revised strategy with Members. A copy of the revised Risk Management Strategy 2022 is attached at Appendix C.
8. A key element of the Council's planning process is that the areas of potential risk, which could adversely impact on the ability to meet objectives set out in the Council plan, are identified together with the officer responsible for managing that risk. These risks are plotted on to a standard likelihood and impact matrix. There is also reference to management controls in place and working. The shaded part of the matrix signifies the area above the 'risk appetite line'. Risks in this region require further specific management, i.e. they are priorities for improvement that have an appropriate improvement action plan.
9. The review of the strategy included a review of the matrix headings. Rather than being categorised as Corporate and Departmental risks, the risks plotted on the matrices are now categorised as Strategic Risks and linked to the relevant objective in the Council Plan, where appropriate. This is in order to ensure there is a greater focus on managing the risks to the Council delivering the objectives set out in the Council Plan and to ensure more effective management of inter-departmental risks. The revised risk matrices are attached at **Appendices A and B**.
10. All risks are continually managed during the year by Corporate and Departmental Management Teams including any emerging risks identified. In addition, Assistant Directors/Heads of Service are required to confirm in their Annual Managers Assurance Statements (MAS) that processes are in place to ensure that controls identified to support the positioning of risks on the risk matrices are in place and working.
11. The information that follows, provided by appropriate departmental staff, details progress made on improvement actions for those risks identified as above the risk appetite line.
 - (a) **Strategic Risks** (Appendix B) – seven risks have been identified as above the risk appetite line.

(SR15) Inability to cope with significant increase in homelessness cases due to new requirements by DLUHC to accommodate everyone irrespective of status in order to limit spread of COVID-19 and also increased levels of homelessness due to increased relationship breakdowns and financial difficulties.

- (i) Additional funding has been provided by the Department for Levelling Up, Housing and Communities (DLUHC) for homeless services. More accommodation and support has been commissioned to cope with increased demand and additional staff have been recruited to the Housing Options Team. However, demand for emergency accommodation has remained high with the shortage of appropriate move on accommodation exacerbating the issue.

(SR16) Inability to contain placement costs for children looked after.

- (ii) A full Transformation and Efficiency programme is being delivered with the key objective of developing sufficient provision within or close to Darlington that meet the needs of looked after children. This includes in-house foster care, residential care and specialist provision for complex needs. Due to the changing complexities and the demand for placements not just locally, but also regionally and nationally, the work will be informed by other localities, and joint working will take place where this can add value.

(SR20) Increased demand for Adult Services impacts negatively on plans for budget efficiencies

- (iii) There is increasing demand for adult social care and support specifically domiciliary care, aides, adaptations and support for people with significant learning disabilities. People are living with multiple conditions and disabilities and require intensive support to remain at home and as independent as possible. Covid has also had a significant impact on people's wellbeing and support needs. Adult Social Care will continue with the Transformation programme, and ensure that all assessments are strength based and outcome focussed with the support of the local community. Performance, practice and quality will be continuously monitored and reviewed to ensure we reduce, delay and prevent people from requiring care and support prematurely. Funding streams and grants from the Department of Health & Social Care will support the demand management and provide some temporary cost mitigation. However, with the introduction of the Integrated Care Systems there is further dialogue required to understand the resources available to support post covid recovery.

(SR21) Increased demand for Children's services impacts negatively on budget.

- (iv) Work is ongoing within the Transformation Programme to safely reduce the level of risk in children's services. Input to this work has been enhanced with colleagues from Leeds City Council under the DfE sponsored Strengthening

Families Programme. The ethos of the work will continue despite the programme formally ceasing.

(SR27) Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.

- (v) Services are in place to screen contacts and referrals, and to respond should concerns be identified. Pathways for intervention are both internal and multi-agency, and the Council ensures that its own staff understand and apply them robustly.

(SR34) Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further COVID-19 lockdowns & further construction inflation, material supply and resource demands.

- (vi) Within the Construction industry there continues to be issues with rises in material prices and high demand for trades and resource to deliver projects of all sizes. These issues are across all sectors, both private and public. Projects developed prior to these issues materialising may not have built in contingencies into the budget or programme to absorb this. Therefore, this will require Programmes & Projects to be reviewed on an individual basis for affordability and deliverability as costs and programmes are finalised. Future project budgets will have inflation allowance built in linked to the proposed start and finish dates.

(SR39 New Risk) The Council is unable to deliver housing targets detailed in the Local Plan as a result of the designation of nutrient neutrality catchment area.

- (vii) In the interim period the Council (and other Tees Valley Authorities) will, based on Counsel advice, continue to determine all applications for housing where a permission already exists, for example, reserved matters applications and discharge of relevant conditions. Where housing applications are not yet determined arrangements are being set up with all of the authorities in the catchment area to make assessments on all new housing applications as far as they relate to nutrient neutrality.

Operational Risk Outcomes

12. The Insurance Group continues to meet representatives of the Council's insurers to examine insurance claims. The insurers provide the group with an update in relation to trends and operational risks to enable continuous improvement to the risk management and health and safety culture within the organisation.
13. Managing the risk of exposure to COVID-19 remained a health and safety priority for the council throughout 2021/22. The Council applied the HSE's guidance, to protect the health and safety of employees at work and members of the public accessing services and venues. Although restrictions on the public were relaxed at varying points through this period, the governments 'Working Safely' guidance remained in place, until 1 April 2022.

14. The Council continued to embed health and safety practice during this period with the profile and importance of health and safety being raised and relationships with trade unions and partner organisations strengthened.
15. Examples of COVID risk management work undertaken during 2021/22 included the May elections in Darlington, which required considerable planning and preparation by Democratic Services to ensure polling stations and the count were carried out in a COVID safe environment for staff, candidates and members of the public. The summer saw the delivery of an Events programme and Venues such as the Dolphin Centre, Library continued to open in some capacity (when restrictions allowed) with individual safe systems of work. The Hippodrome reopened in time for the pantomime with measures in place to reduce the risks of cross infection. Social care and housing, registrars and waste, the list goes on, adapted to the circumstances, and continued to work throughout the year providing services to clients and residents, following the corporate risk assessment COVID-19 and safe systems of work.
16. The 2021 staff survey brought HR and Health and Safety questions together for the first time. The results were positive compared to the 2016 Health and Safety Culture Survey, responses included 99% understand their H&S responsibilities, 98% understand H&S risks, 96% believe DBC safe place to work, 96% report all work related incidents. However, 2 out of the 16 questions did not receive the targeted 75%+ rating, these are 'I believe service delivery takes priority over health and safety' and 'I know who the health and safety champion is for my service' and are both areas that need improvement.
17. The agile work project required officers to consider the health and safety implications of 'the new ways of working' including the provision of suitable display screen equipment, fire procedures and appropriate first aid provision, to ensure compliance with legal requirements. The implementation and suitability of these arrangements will be monitored throughout the pilot.
18. Reducing the risk of violence at work and protecting staff continued to be a priority for many service areas. The new personal safety devices (395 devices used by 40 teams, approx. 500 staff) were issued in April 2021, usage by teams over the year has been mixed however, work has been carried out to encourage use and promote the benefits and we have seen improvement in recent months see Appendix 1. There were 6 genuine red alerts, where the user has activated the device and the Alarm Receiving Centre (ARC) listened in to the threatening situation to assess the circumstances and take appropriate action i.e., call for a police response, without the assailant being aware, in 2021/22. All the incidents were ended successfully, without injury to the employee, however these situations highlight the importance of using the device as part of a safe system of work.
19. EcoOnline, Incident Management System, has been in use now for 2 years to report and record all work-related incidents (accident/violence/near miss/security/vehicle). The system continues to receive positive feedback for its ease of use, which encourages reporting, promotes a positive safety culture, and allows managers to record the investigation and findings, and track actions to prevent a recurrence. The real time incident data is available to management on dashboards, allowing them to drill down into the visual reports to easily establish patterns and identify underlying root causes.

20. Although a full health and safety audit programme was not carried out due to the impact of COVID-19, other inspections were undertaken by the Health and Safety Team in 2021/22 to monitor health and safety during day-to-day activities. Visits were made to construction sites, housing planned maintenance operations, highways schemes, environmental service teams, leisure and culture settings, workshops and maintained schools. Over 80 monitoring visits were carried out over the course of the year, these visits included observing general health and safety practices and compliance with COVID-19 arrangements, with no major non-conformances identified.
21. It was previously reported that in March 2020 a new Street Works Permit Scheme was implemented in Darlington. The Permit Scheme requires all works promoters to provide adequate information when they intend to undertake works in the carriageways, footways and verges within the adopted highway to enable us to understand and more easily manage the impact of these essential works on the highway network.
22. The first Annual Report on the scheme is available on the Council's website with the second year currently in progress. There are no issues expected to be highlighted within this report.
23. As previously reported a new "Report It" system for recording highway & street lighting defects was implemented in June 2021. Up until 30 April 2022 1,450 reports had been received of which 59% were recorded directly into the Report It website rather than via telephone. The categories with the highest number of reports were:

(a) Road Condition / Potholes	28%
(b) Street Lighting	17%
(c) Footpaths	15%
(d) Obstructions (inc overhanging branches)	11%
(e) Signs	6%
24. The work in recent years to convert the Street Lighting stock to LED lanterns continues to show benefits. As well as the reduction in carbon emissions and electricity costs there has been a decrease in the number of faults reported. Work is now underway to convert sign lanterns to LED, this work will be complete this financial year.
25. Work is now in progress to prioritise and design the maintenance schemes for 2022/23, this includes looking at using alternative materials which will help to reduce our carbon emissions.
26. A total of 17 schemes will be completed as part of this year's surfacing program including 2 footways, 1 back lane, 1 recycling scheme and 9km of micro asphalt surfacing.
27. The proactive tree risk management processes continue to provide positive results enabling the Council to defend the majority of storm and subsidence compensation claims received.
28. Occupational Health is a specialist branch of medicine that focuses on the physical and mental wellbeing of employees in the workplace and considers an employee's ability and fitness to perform a particular job. It has a key role in assisting to manage risks in the workplace that may have the potential to give rise to work-related ill health. The Council's

service operates as an in-house model with a directly employed Occupational Health Advisor, an Occupational Health Doctor provided via a contract with Durham County Council and an Occupational Health Technician employed via an agency, all of which are suitably qualified and experienced. Together their aim is to prevent work-related illness and injury by:

- (a) Encouraging safe working practices and proactive absence management.
 - (b) Health surveillance and vaccination programmes in line with HSE recommendations, relevant to the workplace and specific job roles.
 - (c) Supporting the management of sickness absence and facilitating early return to work.
 - (d) Working with Human Resources, Health and Safety and managers to assist with policies to ensure we are health and safety compliant, including ensuring that reasonable adjustments are considered.
 - (e) Providing specific advice to managers on hazards and risks to health with work functions.
 - (f) Conducting pre-employment health assessments.
 - (g) Supporting health promotion and awareness programmes.
 - (h) Providing advice and signposting around non-health related problems; and
 - (i) Challenging fit note advice from a GP to ensure a swift return to work that is suitable and safe for the employee and team.
29. During the COVID-19 pandemic, Occupational Health continued to provide a service to the Council, albeit primarily as a virtual/telephone/paper assessment service. More face to face assessments are being undertaken but the bulk are now virtual.
30. The Council no longer supports eligible employees to receive a COVID-19 booster vaccination and directs employees to the mass vaccination centres and their GP services.
31. Between 1 April 2021 and 31 March 2022, 485 staff tested positive for COVID-19, this brought the overall figure since the start of the pandemic to 618.
32. For 2021/22, yearend Sickness absence was 8.23 days per FTE (attendance rate 96.3%), an increase on the 2020/21 figure which was 6.68. Except for 2020/21, the 2021/22 outturn was the lowest since 2013/14. Absence related to stress dropped by 556 days compared to last year.
33. The free flu job initiative has continued in 2021, and is still popular, with more employees than ever receiving a vaccination. Vaccines for the 2022 season have been placed.
34. Mental Health First Aiders and Mental Health Mentors have continued to be an asset to the workplace and the Council has continued to promote their availability via Microsoft Teams, face to face and telephone for confidential chats where employees are offered a

listening ear and signposted to further help where applicable. Our free, confidential Counselling Service continues to be well used, issues covered include general anxiety, concerns for family, bereavement and stress, both personal and work related either in the workplace or as part of returning to the workplace after a period of not being in work.

35. Wellbeing activities and events continue to be a key feature of the wellbeing strategy, with events on-going and booked in advance. Menopause and Domestic Abuse awareness have proved popular over the past few months, and we have mental awareness sessions on-going at the moment. Health promotion and awareness will continue to be a focus for monthly Wellbeing Champion posters. Occupational Health briefings also continue to promote and raise awareness of health and we continue to target localised health interventions and topical messages to groups/teams. These continue to be popular talking points for team meetings.
36. Our workforce strategy and workforce plan continues to be embedded through regular briefings and team meetings with improvements demonstrated in the employee survey. Further improvements are currently being made to our recruitment and retention strategies.
37. The ways we work policy was introduced in April 2022. This has allowed some employees to return to the workplace fulltime while allowing us to build on the success of our approach throughout the pandemic and a 6-month pilot for blended working is currently underway. This allows employees to work where is most appropriate for their day meaning that those who need more regular support/contact are able to access the office regularly. An Academy 10 online module for working in a blended way was published in February 2022 which outlines the expectations for both managers and employees.
38. Two new modules have been added to our managers programme which cover equality and diversity and managing investigations. A number of modules have also been refreshed to ensure best practice is up to date.
39. Results of the employee survey have been positive in most areas. It is pleasing that 88% of respondents report that the Council supports their wellbeing. Focus Groups are now being undertaken to move forward the results of the survey and look for improvements.
40. There had been ongoing issues with damp in understage areas of the Hippodrome which had not been addressed during the refurbishment. Work has now been completed to improve airflow meaning the area can now be used as storage for archive material. Work has also recently been completed in relation to Low Carbon Improvements such as installation of new air source heat pumps in the Plant Room along with interlock in Dock area and time controls on all fridges.
41. Work has now started on the Darlington Railway Heritage Quarter Redevelopment and in particular, the new building on site near Bonomi Way. This is the first phase of the redevelopment of the site which will continue in to 2023/2024. A1 Steam Locomotive Trust, who currently occupy the Carriage Works, will move in to this new building when complete, allowing the work to start on the Carriage Works leading in to the redevelopment of the rest of the site.

42. Over 1600 visitors attended the Vintage Car Rally at the museum. Unfortunately there were issues with sub-contracted stewards who all turned up late and also a lot of visitors had to park on nearby streets as the car park quickly filled up. Both these issues will be addressed within upcoming redevelopment with new DBC staff brought in for large events and a proposed new car park on the site for 250+ cars. Nonetheless, the event was viewed as a success.
43. Darlington Library is currently in the first stage of improvement building works, with the adult and children's lending room and reference library closed and in the possession of Building Services. The library is running from the original half of the building and is operating a reduced service but does still offer:
 - (a) Limited book browsing
 - (b) PCs for public use
 - (c) Study space
 - (d) Children's activities
 - (e) The complete Centre for Local Studies
 - (f) Select and Collect (All our resources are available to the public for free)
 - (g) Home delivery service
44. The library will operate at this level until January 2023 apart from a planned closure running from 4 July – 18 July 2022, after which the library will reopen our refreshed adult and children's libraries and the rebranded room of "The Study" and work will begin on the other half of the building with closures in place for the current eLibrary, Centre for Local Studies and Art Gallery until July 2023.

Conclusion

45. The Council's pro-active approach to risk management continues to produce positive results for the Authority.

Outcome of Consultation

46. There has been no formal consultation in the preparation of this report.

COUNCIL PLAN OBJECTIVES

Council Plan Objective	Strategic Risk(s) relevant to delivery of Council Plan Objective
CP1 - Growing Darlington's economy	SR1, SR4, SR5, SR7, SR8, SR9, SR10, SR13, SR14, SR22, SR23, SR24, SR33, SR34, SR35, SR36, SR39
CP2 - Maximise the potential of our young people	SR5, SR17, SR19, SR21, SR23, SR28, SR31, SR32, SR35, SR36, SR38
CP3 - Supporting the most vulnerable in the borough	SR3, SR5, SR18, SR16, SR17, SR18, SR20, SR21, SR22, SR23, SR24, SR26, SR27, SR28, SR29, SR35, SR36, SR38
CP4 - Working with communities to maximise their potential	SR5, SR35, SR36, SR37
CP5 - A dedicated workforce who are proud to serve the borough and an accessible, effective and engaged council*	SR5

**While not a Council Plan objective the objectives are supported by...*

RISK MATRIX

STRATEGIC RISK REGISTER

LIKELIHOOD	A Very High				
	B High			SR21	
	C Significant		SR11, SR13, SR29,	SR15, SR16, SR20, SR24, SR34, SR36	
	D Low		SR12, SR28	SR3, SR6, SR7, SR8, SR10, SR14, SR17, SR18, SR19, SR22, SR23, SR25, SR26, SR31, SR33, SR35, SR37, SR39	SR27
	E Very Low		SR1		
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

STRATEGIC RISK REGISTER

Risk No. & relevant Council Plan objective(s)	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
SR1 (CP1)	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	Ant Hewitt	None at E/III		
SR2	Corporate Premises Risks	Ian Williams	Removed from D/II	Risk to Corporate Premises remains low and staff continue to work from home as part of Agile Working Pilot	
SR3 (CP3)	Business Continuity Plans not in place or tested for key critical services	Dave Winstanley	None at D/II		
SR4 (CP1)	As a result of Brexit and Covid-19, cost and availability of material is impacting on projects	Ian Williams	Removed from D/II	Duplication with SR34 identified as a result of revised approach to risk management	

SR5 (CP1, CP2, CP3, CP4, CP5)	COVID-19: 1. Health and safety of the Council workforce 2. Health and safety of the public of Darlington 3. The impact on the Economy of the Borough and its population 4. Financial impacts on the Council of increased costs and reduced income 5. Impact on the Council's ability to provide services as a result of increased transmissibility of Omicron variant	Ian Williams	Removed from C/II	Robust measures in place to mitigate the impact of COVID-19 during the pandemic and remaining restrictions now lifted in UK	
SR6	Risk of regulatory action and increased costs resulting from PCI-DSS Non-Compliance	Elizabeth Davison	None at D/II		
SR7 (CP1)	Financial implications of maintaining and conserving key corporate assets within the borough	Dave Winstanley	None at D/II		
SR8 (CP1)	Investment in regeneration projects is not delivered	Ian Williams	None at D/II		
SR9 (CP1)	Delay to new Local Plan	David Hand	Removed from C/III	Local Plan adopted	

SR10 (CP1)	Planning Performance at risk of Standards Authority intervention	David Coates	None at D/II		
SR11	VAT partial exemption breach due to exempt VAT being close to the 5% limit	Brett Nielsen	None at C/III		
SR12	Fraud in General	Andrew Barber	None at D/III		
SR13 (CP1)	Instability within financial markets adversely impacts on finance costs and investments	Brett Nielsen	None at C/III		
SR14 (CP1)	Financial pressures to the General Fund as a result of increased levels of unemployment and increased Council Tax Support claims	Anthony Sandys	None at D/II		
SR15 (CP3)	Risk Re-worded Inability to cope with significant increase in homelessness cases following the impact of COVID.	Anthony Sandys	None at C/II		See main body of report at paragraph 11 (a) i
SR16 (CP3)	Inability to contain placement costs for children looked after due to lack of sufficient in house placements	Chris Bell	None at C/II		See main body of report at paragraph 11 (a) ii

SR17 (CP2, CP3)	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	Chris Bell	None at D/II		
SR18 (CP3)	Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service	Joss Harbron	None at D/II		
SR19 (CP2)	Failure to identify vulnerable schools and broker appropriate support to address needs	Tony Murphy	None at D/II		
SR20 (CP3)	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	Joss Harbron	None at C/II		See main body of report at paragraph 11 (a) iii
SR21 (CP2, CP3)	Increased demand for Children's Services impacts negatively on budget	Chris Bell	None at B/II		See main body of report at paragraph 11 (a) iv

SR22 (CP1, CP3)	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	None at D/II		
SR23 (CP1, CP2, CP3)	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	Christine Shields	None at D/II		

<p>SR24 (CP1, CP3)</p>	<p>Market (Domiciliary Care Residential Care providers) failure as a result of increased transmissibility of Omicron variant</p>	<p>Christine Shields</p>	<p>Decreased to D/II</p>	<p>The Council has stepped down its level of contact with the Adults Person’s Care Sector however, the Commissioning & Contracts Team continue to monitor outbreaks with Public Health colleagues. Case by case dynamic risk assessment of outbreaks continue to be completed. The particular risk with regard to workforce recruitment and retention has been significantly mitigated through both the transfer of funds from the Tees Valley CCG to the Council to bring forward the uplift of the national living wage, as well as the allocation of workforce recruitment and retention funding to the care sector workforce. The Council continues to work closely with CDDFT (County Durham and Darlington NHS Foundation Trust), Tees Valley CCG (Clinical Commissioning Group) and the North East Council’s to align approaches</p>	
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				recognising that independent sector providers often provide services across organisational boundaries.	
SR25	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	Joss Harbron	None at D/II		
SR26 (CP3)	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	Joss Harbron	None at D/II		
SR27 (CP3)	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures	Chris Bell	None at D/I		See main body of report at paragraph 11 (a) v
SR28 (CP2, CP3)	Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway	Penny Spring	None at D/III		

SR29 (CP3)	Risk of unsuccessful mobilisation of new service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE)	Penny Spring	None at C/III		
SR30	Impact of COVID-19 on team capacity	Penny Spring	Removed from D/III	No impact in last six months and remaining restrictions lifted in UK	
SR31 (CP2)	Failure to maintain dedicated home to school transport services	Tony Murphy	None at D/II		
SR32 (CP2)	Risk of schools closing due to Covid-19	Tony Murphy	Removed from at D/II	No closures in last six months and remaining restrictions lifted in UK	
SR33 (CP1)	Risk Reworded Impact of national cost of living crisis on customers and audiences for Leisure and Cultural facilities	Ian Thompson	None at D/II		
SR34 (CP1)	Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further COVID-19 lockdowns & further construction inflation, material supply and resource demands	Ant Hewitt	None to C/II		See main body of report at paragraph 11 (a) vi

SR35 (CP1, CP2, CP3, CP4)	Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	Ant Hewitt	None at D/II		
SR36 (CP1, CP2, CP3, CP4)	New Risk Failure to meet the Council's commitment to becoming Carbon neutral by 2050	Mark Ladyman	New at D/II	Included on the register as failure to meet the commitment will likely have a significant environmental and economic impact on the borough	
SR37 (CP4)	New Risk Failure to operate an effective Channel Panel	Ian Thompson	New at D/II	Included on the risk register as part of the Channel Panel Annual Assurance statement from the Home Office	
SR38 (CP2, CP3)	New Risk Reputational and regulatory risk if reinspection not successful	Tony Murphy	New at D/II	Written Statement of Action following Local Area SEND inspection	
SR39 (CP1)	New Risk The Council is unable to deliver housing targets detailed in the Local Plan as a result of the designation of nutrient neutrality catchment area	Mark Ladyman	New at C/II		See main body of report at paragraph 11 (a) vii

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**AUDIT COMMITTEE
20 JULY 2022**

AUDIT SERVICES AUDIT WORK 2021/22 – ANNUAL REPORT

SUMMARY REPORT

Purpose of the Report

1. To provide Members with the annual report of the testing undertaken in the previous 12 months in accordance with Audit Services' role and terms of reference.

Summary

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity and performance indicators.
3. The shared service was a new service beginning 1 April 2017 and brought together two teams from different organisations as well as a new approach to delivering the audit opinion.
4. In relation to Audit Services' performance a detailed report is provided with all agreed work completed.

Recommendation

5. It is recommended that the annual report of the results of testing during the previous 12 months and the overall opinion statement be noted.

Reasons

6. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber
Audit & Risk Manager**

Background Papers

- (i) Internal Audit Charter
- (ii) Results of Audit Testing

Andrew Barber: Extension 156176

S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact and Climate Change	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	Maintaining an appropriate oversight of risk & controls will help contribute to the delivery of the Council Plan Objectives
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

7. This is the first annual report following the change in approach to recording audit testing and as such is in a different format to previous annual reports.
8. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
9. **Appendix 1** provides members with detailed feedback on the performance of the service.
10. As members are aware, audit work is planned on a quarterly basis and is effectively a rolling programme of testing. Any work not completed at the end of the quarter is rolled forward into the next quarter. However, to ensure sufficient work is completed to be able to provide an overall opinion on the control environment a minimum level of coverage is identified. This takes into account the priority rating for each test. For the period July 2021 to June 2022 the minimum level of coverage has been calculated at 325, the actual number of controls tested was 340, meaning sufficient work has been completed to enable an overall opinion to be provided.

11. In line with good practice, at an appropriate time, Audit Services follow up with Managers progress on implementation of audit recommendations agreed in audit reports.
12. The Shared Service has also responded to routine requests from Groups for advice and guidance on operational matters.

Outcome of Consultation

13. There was no formal consultation undertaken in production of this report.

**INTERNAL AUDIT ANNUAL REPORT &
OPINION STATEMENTS**

2021/22

1.0 EXECUTIVE SUMMARY**Introduction**

- 1.1** Under the Accounts and Audit Regulations 2015, the Council is required to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. For the purposes of the 2018/19 opinion the standards for proper practices for internal audit are laid down in the CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (PSIAS).
- 1.2** The relevant body must conduct a review, at least once a year, of the effectiveness of its system of internal control. Following the review the Council must approve an Annual Governance Statement prepared in accordance with proper practices. The opinions given in this report provides independent and objective assurance on the overall adequacy and effectiveness of the Council’s system of internal control.
- 1.3** It is management’s responsibility to establish and maintain appropriate risk management processes, internal control systems, accounting records and governance arrangements. Internal Audit plays a vital role in advising management that these arrangements are in place and operating properly.

Quality Assurance and Improvement Programme

- 1.4** The Quality Assurance and Improvement Programme (QAIP) required by the PSIAS has been maintained during the year.

Planned Coverage and Output

- 1.5** The work of Internal Audit is agreed on a quarterly basis and approved by members at each meeting. Best practice requires that audit resources should target those areas that represent the greatest risk to the Council, to support this principle more frequent testing is undertaken on the areas that have the greatest impact in terms of managing risk within the council.
- 1.6** The planning process for audit work is much more fluid then in the past making a comparison of planned work against actual less relevant. In order to manage delivery to enable an overall opinion to be presented, minimum levels of coverage are established which are aligned with the risk assessment. Any planned work not completed in the original period is rolled forward to the next and prioritised ensuring all planned work is completed.

Measure	Target	Performance
Portfolio Coverage (Minimum)	325	340

Recommendations Made

1.7 Management continues to respond positively to audit reports and recommendations, with positive action taken to remedy any internal control weaknesses highlighted.

1.8 The current position regarding recommendations is as follows:

Status	Low	Medium	High	Critical	Total
Active	3	11	13	0	27
Implemented	2	1	1	0	4
Not Implemented	0	3	0	0	3

Overall Assurance

1.9 As the Head of Internal Audit, I am required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes. In assessing the level of assurance to be given, I based my opinion on:

- The written reports on all internal audit work completed during the course of the year and the subsequent audit opinions;
- Any follow up exercises undertaken in respect of previous years’ internal audit work;
- The proportion of Darlington Borough Council’s audit need that has been covered within this period;
- Any limitations which may have been placed on the scope of Internal Audit. (There have been no operational constraints placed upon Internal Audit, apart from agreed budgetary control provisions).

Opinion on the overall adequacy and effectiveness of the Council’s governance, risk and control framework

From the testing undertaken by the Internal Audit Section over the course of the year I am satisfied that sufficient assurance work has been undertaken to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council’s control environment to support the preparation of the Annual Governance Statement.

It is my opinion that the Council continues to have an appropriate, and overall, an effective system of internal control, upon which it can place reasonable reliance to deliver the Council’s objectives, and detect fraud and other malpractice within a reasonable period of time.

Where weaknesses have been identified through internal audit work, we have

worked with management to agree appropriate corrective actions and a timescale for introduction.

Statement of conformance with the PSIAS

A self-assessment of compliance with the PSIAS has been undertaken using the checklist included in the CIPFA Local Government Application Note to the PSIAS. The checklist runs to 35 pages and contains over 300 conformance targets.

This has been validated in 2017/2018 by an independent external assessor in-line with the requirements to undertake such a review at least once every 5 years.

The conclusion of the review is that the service conforms with the requirements of the standard.

The areas of non-compliance identified in the self-assessment and validated by the external review are as follows:-

- Assignments for on-going assurance engagements should be rotated periodically, this is not always possible given the size of the team and some areas that require technical expertise such as ICT. Audits are rotated wherever practical. This is mitigated by the code of conduct signed by auditors.**
- Organisational independence expects the Audit and Risk manager to report to an organisational level equal to or higher than corporate management team. For line management purposes the Audit & Risk Manager reports to the Procurement and Governance Manager however this is mitigated by having a secondary reporting line to the Director of Finance & Business Services and other senior management and the Audit Committee as required.**

Many of the compliance targets relate to consulting engagements. As the Internal Audit Section does not undertake any such engagements, the answers to these questions have to be “no”.

2 AUDIT RESULTS

- 2.1** The opinion given is supported by the results of testing completed during the previous 12 months.
- 2.2** To demonstrate the adequacy of controls the results are also analysed by governance theme. This analysis also supports the overall opinion on the adequacy of the control environment as a whole.

Theme Summary

Theme	Assurance	Audit Findings (By Impact)					
			VL	L	M	H	VH
1. Accuracy of Decision Making	74%	R	0	0	0	0	0
		A	0	1	1	2	0
		G	1	11	21	11	5
2. Monitoring of Decisions	89%	R	0	0	0	0	0
		A	0	2	0	1	0
		G	0	7	11	1	0
3. Information Governance	82%	R	0	0	1	0	0
		A	0	1	2	0	0
		G	1	10	16	4	2
4. Finance	90%	R	0	0	0	0	0
		A	0	1	1	0	0
		G	1	4	10	5	2
5. HR - Payments	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	0	2	0	1	0
6. HR - Health & Safety	100%	R	0	0	0	0	0
		A	0	0	1	1	0
		G	0	1	3	0	0
7. HR - Management	98%	R	0	1	0	0	0
		A	0	0	0	0	0
		G	1	7	1	0	2
8. Recruitment	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	2	1	0	0
9. HR - Training/Qualifications/Clearances	93%	R	0	0	9	0	0
		A	0	0	5	0	0
		G	0	7	7	3	0
10. Accuracy of Payments	87%	R	0	1	0	0	0
		A	0	2	0	0	0
		G	3	10	3	1	1
11. Income - Charging	94%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	4	0	2	0

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12. Income - Payments	93%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	6	2	1	0
13. Cash Handling	86%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	1	0	0	0
14. Procurement/Sourcing	95%	R	0	0	0	0	0
		A	0	0	2	0	0
		G	0	9	3	2	1
15. Physical Assets/Locations	87%	R	0	0	0	0	0
		A	0	2	2	1	0
		G	0	8	10	3	1
16. Fraud	100%	R	0	0	0	0	0
		A	0	4	0	0	0
		G	0	8	0	0	0
17. Business Continuity	87%	R	0	0	0	0	0
		A	0	2	1	0	0
		G	0	1	6	4	1
18. Procedures	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	6	5	3	1
19. Performance Management	93%	R	0	0	0	0	0
		A	0	2	0	0	0
		G	0	3	10	4	3
20. ICT Infrastructure	93%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	1	4	4	2	2
21. Handling of Requests/Incident Response	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	2	4	3	1	0

2.3 Counter Fraud

The Counter Fraud Strategy has been revised and presented to this committee in October 2021. The actions included in the action plan have been implemented.

The National Fraud Initiative (NFI) has been undertaken during the year, the results continue to be examined, the table below shows the current progress, which is 74% of all matches returned have been reviewed. The overall position in respect of the matches that have been examined is that 5 errors have been identified with a value of £20,000 which is currently being recovered.

This provides another source of positive assurance around our controls to prevent fraud.

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Row Labels	Sum of MATCHES	Sum of PROCESSED
Blue Badge	345	345
Concessionary		
Travel	444	444
Council Tax		
Reduction	682	2
Creditors	1505	1505
Grant Recipient	38	21
Housing Benefits	63	45
Housing Right to Buy	8	
Housing Tenants	136	49
Housing Waiting List	80	
Payroll	34	34
Procurement	35	35
Grand Total	3370	2480

3 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

2.4 Internal Audit is defined in the PSIAS as:-

“Internal auditing is an independent, objective and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

Adherence to the PSIAS ensures that Internal Audit complies with this definition.

2.5 In addition to the performance information shown below the following is evidence demonstrating Internal Audit’s compliance with the PSIAS:-

- Independence/no interference – There has been no interference during the year that would require the escalation processes to be invoked.
- Access to records – The service has been provided access to all records/personnel required to undertake the work in the plan.
- Director of Finance, Development and Business Services’ operational responsibility – Appropriate arrangements have been put in place to allow an objective opinion of the other operational services for which the Director of Finance, Development and Business Services has responsibility.
- Staff skills mix – An appropriate mix of staff has been in place throughout the year as defined in the audit competency framework.
- Staff training – Training has been given to staff as required. Staff have also completed a minimum of 20 hours CPD.
- Code of Conduct for Auditors – All auditors have signed up to an audit code of conduct and there is no evidence that this has not been complied with.

Performance Indicators

2.6 The PSIAS are unequivocal in that a QAIP must include both internal and external assessments: internal assessments are both ongoing and periodical and external assessments at least once every five years.

2.7 An independent external peer review was last undertaken to assess the effectiveness of internal audit and compliance with the new standards in 2017/2018. The review concluded:-

- The Internal Audit service complies fully with all key requirements of the Standards, and overall the level of compliance is very high.
- On the basis of the assessment and supporting evidence the Internal Audit service is shown to be well managed. It provides a good standard of service covering all key aspects of its remit and is well regarded and effectively utilised by senior management.
- No significant issues have been identified by the assessment process. The opportunities for improvement will improve service delivery and effectiveness,

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Opinion Statements 2021/2022**

but they do not in themselves represent a material risk to the Internal Audit service or its ability to deliver the audit programme.

1.10 The results of the performance measures are shown in the balanced scorecard below.

Quality, Assurance & Improvement Process

Period Covered	July 2021	to	June 2022
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Stewardship (Coverage)		
Measure	Target	Performance
Adequate Resources (Next 12 Months)	60	137
Portfolio Coverage (Period)	325	340
Presentation of Annual Report (Annual)	June	July
Presentation of Activity Report	Qtrly	Qtly

Stakeholders		
Measure	Target	Performance
Reports Issued	Qtrly	Qtrly
Fraud Strategy Review	31/03/2022	Oct 21
Client Satisfaction	TBC	
Recommendation Implementation	TBC	

Process		
Measure	Target	Performance
Self assessment against standards (Annual)	March	March
External Assessment (Every 5 Years)	31/03/2023	N/A
Staff Meetings Held (Period)	26	41
Up to Date Audit Manual	31/03/2021	February 22

People		
Measure	Target	Performance
Productivity (Period)	75%	70.6%
Training (Per Financial Year)	20	20.4
Code of Conduct (Annual)	100%	100%
Appraisals (Annual)	100%	100%

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**AUDIT COMMITTEE
20 JULY 2022**

AUDIT SERVICES – ACTIVITY REPORT

SUMMARY REPORT

Purpose of the Report

1. To provide Members with a progress report of activity and proposed activity for the next period.

Summary

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity.

Recommendation

3. It is recommended that the activity and results be noted and that the planned work is agreed.

Reasons

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber
Audit & Risk Manager**

Background Papers

- (i) Internal Audit Charter
- (ii) Departmental Audit Reports

Andrew Barber: Extension 156176

S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact and Climate Change	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	Maintaining an appropriate oversight of risk & controls will help contribute to the delivery of the Council Plan Objectives
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

5. Members will be aware of a change in approach from traditional audit assignments to individual control testing and reporting. This requires a different approach in terms of reporting on activity and this will be developed further in the coming months. Additionally there is a move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.
6. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
7. **Appendix 1** provides members with detailed feedback on the performance of the service and the position in relation to completion of audit work.
8. The first section of the report is to provide members with feedback on the management of the risks on the corporate risk register. Testing has not yet been undertaken for all risks but where testing has been undertaken an assurance level is provided, as previously reported one risk is shown at 50% assurance relates to premises risks (C3), this assurance rating is not currently indicative of the total risk as the testing to date has only examined buildings relating to adult social care establishments, the issues identified relate to risk assessments requiring review although there were assessments in place. The areas not yet tested are

included in the normal programme of work based on the audit risk assessment which takes account of the overall risk assessment.

9. The next section breaks down audit results against a set of key governance processes. As with the previous section where no assurance level is given testing is yet to be undertaken. No area is scoring below 70% which is the benchmark for substantial assurance.
10. The next section looks at service area and provides feedback on the work undertaken in the previous quarter and a summary of the work planned to be undertaken. The majority of testing undertaken has been classified as Green. One retested as Red was identified, this relates to a strategic plan for the Safeguarding Adults Board, progress has been made in developing plans but these are not finalised. One new control in relation to payments to event performers and this is in relation to a small number of duplicate payments being made, these are now being recovered.
11. The penultimate section is progress against our balanced scorecard. The key measures in this section are adequate resources and portfolio coverage. In terms of adequate resources we aim to have 15 days capacity spare to deal with any issues that may arise, for the next quarter there is a deficit on available resources, this is as a result of the service carrying a vacancy at present. Portfolio coverage identifies the number of controls that should be tested in the period, we were on target for the previous quarter.
12. The final section of the report is a full list of controls to be examined in the next period in priority order.
13. Staffing, we are currently carrying a vacancy. We will not be filling the post immediately and will be taking the opportunity to review how the section is structured before undertaking a recruitment exercise.

Outcome of Consultation

14. There was no formal consultation undertaken in production of this report.

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Risk Summary

Where possible audit testing is linked directly to risks on the risk register, below is a summary of current assurance levels based on work completed to date.

ID	Risk	Assurance
C&A 1	Inability to contain placement costs for children looked after due to lack of sufficient in house placements	
C&A 10	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	
C&A 14a	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	100%
C&A 14b	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.	100%
C&A 15	Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway.	100%
C&A 16	Risk of unsuccessful mobilisation of new service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE).	100%
C&A 18	Impact of COVID-19 on team capacity.	
C&A 3a	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	100%
C&A 3b	Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service	100%
C&A 5	Failure to identify vulnerable schools and broker appropriate support to address needs	100%
C&A 8a Adult	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	100%
C&A 8b	Increased demand for Children's Services impacts negatively on budget	100%
C&A 9a	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	100%
C&A 9b	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	100%
C1	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	
C17	As a result of Brexit and Covid-19, cost and availability of material is impacting on projects	100%
C18	COVID-19: 1. Health and safety of the Council workforce 2. Health and safety of the public of Darlington 3. The impact on the Economy of the Borough and its population 4. Financial impacts on the Council of increased costs and reduced income	
C3	Corporate Premises Risks	50%
C4	Business Continuity Plans not in place or tested for key critical services	93%
C5	Council unable to meet its obligations under the information governance agenda	94%
EG&NS 1	Investment in regeneration projects is not delivered	100%
EG&NS 12	Planning Performance at risk of Standards Authority intervention	
EG&NS 13	Significant impacts arising from the reduction in available cash/resources to the local economy, Council's GF and HRA and businesses due to the impacts of increased levels of unemployment and Universal Credit payments	
EG&NS 17	Impact of COVID-19 on customers and audiences on confidence to return to leisure and cultural facilities	
EG&NS 18	Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further COVID-19 lockdowns & further construction inflation, material supply and resource demands	100%
EG&NS 19	Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	100%
EG&NS 20	Inability to cope with significant increase in homelessness cases due to new requirements by MHCLG to accommodate everyone irrespective of status in order to limit spread of COVID-19 and also increased levels of homelessness due to increased relationship breakdowns and financial difficulties	100%
EG&NS 7	Financial implications of Maintaining and conserving key capital assets within the borough	75%
EG&NS 9	Delay to new Local Plan	100%
RE 1	VAT partial exemption breach due to exempt VAT being close to the 5% limit	
RE 2	Fraud in general	100%
RE 26	Joint Venture Arrangements impacted by a slow down in house building	100%
RE 3	ICT security arrangements inadequate	100%
RE 5	Increased sickness absence adversely affects service delivery	
RE 9	Instability within financial markets adversely impacts on finance costs and investments	100%

Theme	Assurance	Audit Findings (By Impact)					
			VL	L	M	H	VH
1. Accuracy of Decision Making	74%	R	0	0	0	0	0
		A	0	1	1	2	0
		G	1	11	21	11	5
2. Monitoring of Decisions	89%	R	0	0	0	0	0
		A	0	2	0	1	0
		G	0	7	11	1	0
3. Information Governance	82%	R	0	0	1	0	0
		A	0	1	2	0	0
		G	1	10	16	4	2
4. Finance	90%	R	0	0	0	0	0
		A	0	1	1	0	0
		G	1	4	10	5	2
5. HR - Payments	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	0	2	0	1	0
6. HR - Health & Safety	100%	R	0	0	0	0	0
		A	0	0	1	1	0
		G	0	1	3	0	0
7. HR - Management	98%	R	0	1	0	0	0
		A	0	0	0	0	0
		G	1	7	1	0	2
8. Recruitment	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	2	1	0	0
9. HR - Training/Qualifications/Clearances	93%	R	0	0	9	0	0
		A	0	0	5	0	0
		G	0	7	7	3	0
10. Accuracy of Payments	87%	R	0	1	0	0	0
		A	0	2	0	0	0
		G	3	10	3	1	1
11. Income - Charging	94%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	4	0	2	0
12. Income - Payments	93%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	6	2	1	0
13. Cash Handling	86%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	1	0	0	0
14. Procurement/Sourcing	95%	R	0	0	0	0	0
		A	0	0	2	0	0
		G	0	9	3	2	1
15. Physical Assets/Locations	87%	R	0	0	0	0	0
		A	0	2	2	1	0
		G	0	8	10	3	1
16. Fraud	100%	R	0	0	0	0	0
		A	0	4	0	0	0
		G	0	8	0	0	0
17. Business Continuity	87%	R	0	0	0	0	0
		A	0	2	1	0	0
		G	0	1	6	4	1
18. Procedures	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	6	5	3	1
19. Performance Management	93%	R	0	0	0	0	0
		A	0	2	0	0	0
		G	0	3	10	4	3
20. ICT Infrastructure	93%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	1	4	4	2	2
21. Handling of Requests/Incident Response	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	2	4	3	1	0

This section of the report presents the current overall results by Service area.

		VL	L	M	H	VH
Finance	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
HR	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Health & Safety	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Strategy, Performance & Communications	R	0	0	1	0	0
	A	0	1	0	0	0
	G	3	4	1	0	1
Children's Services	R	0	0	1	0	0
	A	0	2	2	0	0
	G	0	5	14	14	6
Adults	R	0	0	1	0	1
	A	0	1	1	2	0
	G	0	4	11	7	6
Education	R	0	0	1	0	0
	A	0	1	0	0	0
	G	0	8	10	2	2
Public Health	R	0	0	1	1	0
	A	0	0	0	0	0
	G	0	0	0	2	0
Legal	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Democratic Services & Registrars	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Information Governance	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Xentrall	R	0	0	0	0	0
	A	0	0	2	0	0
	G	1	28	21	8	0
Housing & Building Services	R	0	0	0	0	0
	A	0	0	0	0	0
	G	0	0	0	0	0
Community Services	R	0	1	1	0	0
	A	0	5	3	1	0
	G	2	23	13	0	0
Economic Growth	R	0	0	1	0	0
	A	0	1	1	1	0
	G	0	3	7	4	0
Transport & Capital Projects	R	0	0	1	0	0
	A	0	1	2	1	0
	G	0	4	8	3	0

Detailed Analysis of Output and Planning by Service

This section of the report will present detail of work undertaken and work planned by Service area.

	Results				Planned Work		
	April 2022	to	June 2022		July 2022	to	September 2022
	Number	R	A	G	No	Time	Monitoring
Finance	0	0	0	0	1	1	0
HR	0	0	0	0	0	0	0
Health & Safety	0	0	0	0	0	0	0
Strategy, Performance & Communications	1	0	0	1	5	3.75	0.3
Children's Services	22	0	0	22	25	23	1.2
Adults	8	1	0	6	20	21	1.2
Education	3	0	0	3	13	27.25	1.2
Public Health	1	0	0	0	6	7.5	0
Legal	0	0	0	0	1	3	0
Democratic Services & Registrars	0	0	0	0	0	0	0
Information Governance	0	0	0	0	0	0	0
Xentrall	13	0	0	13	30	51.5	2.4
Housing & Building Services	0	0	0	0	0	0	0
Community Services	7	1	1	5	37	27.5	1.5
Economic Growth	3	0	0	3	15	12.25	0.4
Transport & Capital Projects	3	0	1	2	11	6.5	0.6
Totals	61	2	2	55	164	184.25	8.8

Quality, Assurance & Improvement Process

Period	April 2022	to	June 2022
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Stewardship (Coverage)			Stakeholders		
Measure	Target	Performance	Measure	Target	Performance
Adequate Resources	15	-49.35	Reports Issued	Qtrly	*
Portfolio Coverage	81	75	Fraud Strategy Review	31/03/2021	*
Presentation of Annual Report (Annual)	June	*	Client Satisfaction	TBC	*
Presentation of Activity Report	Qtrly	*	Recommendation Implementation	TBC	*

Process			People		
Measure	Target	Performance	Measure	Target	Performance
Self assessment against standards (Annual)	March	*	Productivity	75%	63.2%
External Assessment (Every 5 Years)	31/03/2023	*	Training (Per Financial Year)	20	11.1
Staff Meetings Held	7	8	Code of Conduct (Annual)	100%	*
Up to Date Audit Manual	31/03/2021	*	Appraisals (Annual)	100%	*

* - to be reported as part of the annual report.

Full Plan

ID	Control	Frequency
33	Education, Health & Care Plans are completed appropriately and in a timely fashion	3
35	Section 17 payments made in respect of children are appropriately managed.	3
36	Children's cases are reviewed to ensure the type of placement remains suitable with family reunification considered.	3
42	Sufficient school places are available to meet demand.	3
44	Children's Assessment procedures are comprehensive and up to date	3
49	Children's cases are appropriately supervised with regular discussion and appropriate recording.	3
54	Systems are updated with the relevant referral information	3
55	Accurate and timely assessment of children's referrals is undertaken.	3
68	Clear budget process and timetable is in place which could be followed by team members as and when required.	3
78	Focussed financial support to commercial ventures	3
88	An approved Council Plan is in place which sets out the priorities of the council.	3
105	Update and report the strategic corporate risk register.	3
112	Process council tax support claims	3
113	Process housing benefit claims	3
165	Adult Services have a service strategy in place and delivery is being monitored.	3
172	An up to date strategic plan is in place for the Safeguarding Adults Board.	3
174	Adult Social Care cases are allocated appropriately considering caseloads and qualification requirements.	3
176	An appropriate ICT system(s) is in place to manage and safeguard adult social care information held.	3
179	Appropriate service provision has been identified to meet an Adult Social Care users individual needs, which is accurately charged for as required.	3
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place	3
214	Procurement by Legal Services is in line with contract procedure rules and value for money principles.	3
250	There is a system of performance management in place for adult social care.	3
348	DBS check renewals are undertaken for Adults and Health staff	3
380	The Supporting Families programme is managed effectively.	3
478	An appropriate ICT system(s) is in place to manage and safeguard children's social care/education information held.	3
535	Children have been matched with appropriate adopters	3
577	The correct charges are raised for Housing Rents.	3
661	Youth Employment Initiative financial claims are submitted in an accurate and timely manner.	3
662	Sufficient performance monitoring is in place to ensure the aims and objectives of the Youth Employment Initiative programme are being successfully achieved.	3
22	Adequate and effective after school, day care and residential short breaks provision is available for children with a care plan.	6
23	Appointment of suitable of in-house foster carers.	6
24	Appropriate arrangements are in place to assess the suitability of adopters.	6
26	Attainment in schools is appropriately monitored.	6
28	In-House carers receive appropriate training.	6
32	Education, Health & Care Plans are appropriately monitored	6
45	Staff assessing children's cases have the relevant qualifications and clearances.	6
46	Business continuity arrangements are in place to continue to deal with referrals.	6
48	Hard-copy Children's case files are appropriately managed and safeguarded.	6
64	Clear acquisition, disposal and revaluation process for land and buildings.	6
76	Ensure accurate monitoring of capital programme and schemes	6

79	Maintain formula and support for funding schools and high needs.	6
81	Operate clear arrangements for billing and collection of council tax and business rates	6
97	Prepare statement of accounts	6
108	Participate in appropriate safeguarding processes and provider serious concern protocol	6
114	Vehicles used in the provision of Community (SBC) and Passenger (DBC) Transport services are suitable and meet requirements for servicing and road worthiness	6
119	Client risk assessments are undertaken and appropriate arrangements in place for the provision of Passenger Transport (social care and education) service usage.	6
131	Planning and provision of school meals promotes healthy, nutritious eating in compliance with the School Food Standards.	6
132	Free school meals are provided to eligible pupils.	6
146	Bridge Inspections are undertaken in accordance with an appropriate specified programme.	6
163	Business continuity arrangements are in place in order to continue to receive adult referrals and undertake assessments.	6
168	Referral and Assessment Procedures (Adults) are comprehensive and up to date.	6
169	Appropriate financial monitoring is in place in respect of the Better Care Fund.	6
171	Non-financial targets as set out in the Better Care Fund plan are being met.	6
173	Appropriate reporting mechanisms are in place in respect of safeguarding activities and outcomes.	6
175	Adult Social Care case files are updated accurately and in a timely manner.	6
178	Staff working in settings for adults are suitably qualified and receive appropriate training.	6
181	Appropriate monitoring of residential placements is in place to ensure it continues to meet the needs of the individual.	6
184	Accurate charges for contributions to care costs are made to service users.	6
200	The Council maintains an accurate and up to date land charges register.	6
218	Posts requiring a DBS check are identified and requirements are in line with legislation.	6
249	Timely and accurate financial assessments are undertaken for service users wishing to take up a service.	6
251	Sufficient health & safety measures/risk assessments are in place/undertaken at individual adults establishments.	6
252	Arrangements are in place to ensure Day Services, Residential and Supported Living service provision continues if there was a loss of staff or premises.	6
255	All care packages are receiving appropriate approval, and include all relevant information.	6
256	Formal signed agreements in place between LA/CCG in accordance with relevant guidance	6
257	Appropriate arrangements are in place to continue managing clients finances in the event of disruption.	6
260	Food & Hygiene premises rating system is updated regularly and published.	6
270	Building control decisions are appropriately authorised and made in line with Building Regulations.	6
272	Breaches of planning control are investigated and enforcement action initiated as necessary.	6
283	Disposals of ICT equipment are undertaken in an appropriate manner in line with an adequate and appropriate official disposal policy.	6
285	Progress towards the ICT strategy goals is monitored and reported on.	6
289	Appropriate disaster recovery plans and procedures are in place to support recovery from a partial or total loss of significant ICT systems/servers.	6
295	Appropriate formal documented ICT project management standards/policies have been established.	6
296	Appropriate formal agreements are in place with any external parties involved in the management and operation of the networks.	6
299	Adequate controls are in place to ensure data in the cloud is adequately protected.	6
302	Anti-virus controls are in place for relevant elements of the ICT infrastructure including servers and individual machines.	6
303	An appropriate infrastructure is in place to facilitate the organisation's firewalls.	6
304	Appropriate periodic IT Health checks (or other equivalent exercises) are undertaken in order to identify and categorise significant security issues/vulnerabilities. Work is then undertaken to remediate these issues/vulnerabilities where appropriate.	6
309	Adequate and appropriate change controls are in place.	6

313	The Resourcelink payroll system calculates all payments correctly.	6
329	The authority complies with HMRC CIS scheme.	6
363	The adoption process is adequately documented to ensure a suitable, safe placement is found within an adequate time period in the absence of key personnel.	6
365	Management and oversight of youth offending cases improve outcomes for young people involved in criminal justice system or at risk of becoming involved.	6
367	The Council has a strategy in place to deliver public health services to the community.	6
368	Ensure the delivery of advice, support and refuge accommodation for victims of domestic abuse.	6
371	Information held about children, young people and their families is appropriate/up to date and sharing is in line with GDPR and IARs.	6
378	Pupil premium funding is used effectively.	6
396	Accurate and timely returns are provided to support New Homes Bonus.	6
397	Economic Growth Strategy and Economic Growth Plan is monitored and milestones achieved.	6
399	Support is provided to new and existing businesses.	6
405	Effective management of grants received to support jobs and growth.	6
408	Monitor re-offending rates and target resources towards young people at risk of re-offending.	6
464	Effective commissioning and procurement of public health services and programmes.	6
465	Public health research and local needs assessment.	6
466	Delivery of the Health and Wellbeing Strategy.	6
471	Achievement of completion rate targets for mandatory on-line information governance training.	6
484	Suitability of approved in-house foster carers is monitored.	6
499	Continued eligibility for a free school meal is monitored and appeals are handled appropriately.	6
536	Breakdowns in placements are handled effectively.	6
573	Where there is a shortfall in specialist housing facilities managed by the authority to meet demand external provision is effectively sourced.	6
576	Regular bank reconciliations are undertaken and are up to date with minimal amounts in suspense.	6
675	COVID Schools Workforce Fund	6
716	Bridges quality and compliance systems are operating effectively	6
20	A child in care's story is documented	12
21	A robust training and support regime is in place for new teachers.	12
25	Arrangements are in place to manage the breakdown of a placement	12
29	Hard copy information held in Children's Residential Homes is appropriately safeguarded.	12
34	Health & safety of children's placements is monitored	12
38	Plans are in place to manage the loss of a school and provide continuity of education.	12
39	School governors receive an appropriate level of support and training	12
40	School places have been allocated in accordance with admissions policies.	12
53	Procedures for managing referrals (Children's) and undertaking initial assessments are comprehensive and up to date.	12
56	Agreements for early years provision are in place and being complied with and monitoring visits are being undertaken.	12
59	Allocation of school budgets in line with funding formula.	12
67	School investment plan in place to ensure appropriate number and quality of places available.	12
69	Clear contract procedure rules.	12
72	Treasury Management Strategy and its implementation in relation to investments meets the Prudential Code and Treasury Management Code of Practice.	12
74	Delivery of tender management plan	12
75	Ensure accurate in-year financial monitoring	12
77	Financial appraisal completed as part of business case/options appraisal	12

86	Undertake forward planning and projections of external factors in respect of income and expenditure and feed into MTFP.	12
89	Development of an appropriate risk assessed H&S audit programme.	12
91	Delivery of an effective Internal Audit Service in compliance with Accounts & Audit Regulations.	12
93	Requests for information are handled in line with requirements of the Freedom of Information Act.	12
96	Prepare annual governance statement	12
104	Update and report RAG tools to assist in risk management in all adults, public health and children's contracts.	12
107	Ensure specifications are clear and include all requirements for safe care	12
109	Crisis and emergency/settlement support	12
115	Appropriate risk assessments are undertaken within the Passenger Transport service, and measures are in place to ensure the health and safety of Council employees.	12
116	Council employed drivers and passenger assistants hold the necessary clearances, licences, qualifications and training.	12
117	Contractors & sub-contractors involved in the provision of passenger transport hold the necessary clearances, licences, qualifications and insurance.	12
130	Catering and cleaning staff have been subject to appropriate disclosure checks.	12
134	Arrangements are in place for inspection and maintenance of security and surveillance equipment.	12
135	Civic enforcement decisions are consistent, fair, proportionate and necessary; in line with legislation.	12
138	Community engagement and communication to highlight and reduce environmental crime.	12
139	Ensure the health and safety of enforcement officers.	12
141	Sensitive personal information in relation to Telecare (SBC) and Lifeline (DBC) clients is managed in line with GDPR requirements.	12
142	Lifeline (DBC) and OneCall (SBC) staff hold appropriate qualifications and DBS clearances, and receive regular training.	12
147	Highway inspections are undertaken in accordance with an appropriate specified programme.	12
148	Street Lighting inspections and associated electrical testing are undertaken in accordance with an appropriate specified programme and relevant legislation/guidance.	12
150	Car Parking Strategy in place which is up to date and considers resident, disabled and general parking requirements.	12
151	Road closures are undertaken following appropriate consultation and required notifications are completed within relevant timescales.	12
152	The authority is committed to reducing it's carbon footprint and supporting residents and businesses to reduce theirs.	12
153	The highways network resilience to extreme events such as weather has been fully established and plans are in place to manage this.	12
157	The authority has an adequate, appropriate and up to date Homeless Reduction and Prevention Strategy in place.	12
158	Disabled Facilities Grants/Helping Hands recipients meet grant eligibility criteria, payments and contributions are correct.	12
159	HMO properties are licensed.	12
162	The authority has an adequate, appropriate and up-to-date Local Plan in place.	12
177	Adult Social Care staff are aware of Health & Safety requirements and have received appropriate H & S training.	12
183	Where legal charges have been placed on a service user's property, appropriate deferred payment/legal documentation is in place	12
188	A current Carers Strategy is in place.	12
189	Professionals are appropriately trained and qualified to undertake BIA/DoLS assessments.	12
190	Professionals employed to undertake DOLS assessments are procured and employed via correct processes.	12
193	Payments made to providers of employee benefit schemes are accurate.	12
194	Corporate initiatives are in place to help prevent sickness absence.	12
195	Procurement of contracts in place for provision of employee therapy is undertaken in line with contract procedure rules and appropriate monitoring undertaken.	12
203	Website and Intranet content is relevant and up to date.	12
206	Communication activities are aligned with corporate priorities and are delivered consistently and effectively.	12

216	Land charge related searches are completed effectively and within a reasonable timescale.	12
220	Appropriate checks have been undertaken prior to placing someone on the Employee Protection Register.	12
221	Information security and sharing protocols in relation to occupational health and employee therapy provision is in line with data protection legislation.	12
227	Arts Council funding is used appropriately and conditions complied with.	12
228	Venues for events are appropriate.	12
234	Library stock is adequately recorded, managed and its condition is 'fit for purpose'.	12
235	Adequate emergency response plans are in place for events and venues.	12
236	Arts and museum assets are adequately safeguarded and insured.	12
245	Maintain an accurate and up to date electoral register, which conforms to Electoral Commission requirements.	12
261	Adequate performance information is maintained and is appropriately utilised within the Highways Department.	12
263	Appropriate measures are in place to identify, record and investigate significant flooding incidents.	12
264	The authority has an adequate, appropriate and up to date Highway Infrastructure Asset Management Strategy (HIAMS) in place.	12
265	Street works are licensed, inspected and where applicable, appropriate charges are issued and collected for overruns/fines.	12
271	Residential delegated planning applications are considered and determined in line with the local development plan, national planning framework, gives consideration to the provision of green spaces and is dealt with within the appropriate timescale.	12
274	Section 106 agreements utilised effectively and obligations are complied with.	12
279	High level Active Directory administration privileges/credentials are only assigned to appropriate individuals.	12
284	An appropriate current documented and approved ICT strategy is in place.	12
286	ICT equipment located in computer facilities is adequately and appropriately protected from significant environmental threats.	12
290	Where applicable, appropriate internal disaster recovery arrangements (including backup, replication and snapshot facilities) are in place to cover significant ICT system/servers.	12
292	Use of email facilities by users is adequately controlled.	12
297	Network infrastructure/equipment is appropriately managed and protected.	12
298	Adequate and appropriate arrangements are in place in respect of business continuity and disaster recovery for the network infrastructure (including backup arrangements and arrangements to ensure network resilience).	12
300	Appropriate security/usage policies for users are in place to provide important guidance to users of the ICT facilities.	12
301	Users of ICT facilities are appropriately controlled.	12
306	Adequate and appropriate patching of host and guest operating systems is undertaken.	12
307	Appropriate access controls are in place to secure the virtualised environment.	12
308	An appropriate inventory of all significant ICT equipment is maintained. Including servers, PCs, laptops, tablets, etc.	12
310	HMRC reporting requirements are being complied with.	12
311	Information on payslips meets statutory requirements and is correct.	12
320	Information held in systems relating to HR are accurate and up to date.	12
325	Invoice certification procedures should confirm that: goods and services have been received; prices have been checked; discounts have been taken and the invoice has not been paid before.	12
326	All invoices/requisitions are expenditure coded.	12
330	Invoices give details of what the debts relate to, the goods and services provided and dates of provision, and are coded to the correct service.	12
332	Arrears recovery procedures are clearly defined and implemented in all cases. Reminder and recovery action periods are suitable for the types of debtor involved. Like debtors are treated equally.	12
334	A master record of periodical income records the amount and due dates of all sums which become due under the terms of leases, rents, licences, and wayleaves etc., amendments may be made to the master record by nominated officers only (on standard forms controlled by the Finance department) and certified by authorised officers.	12
338	Pension deductions are taken each month from employee's pay at the appropriate rate.	12
339	The employer makes the correct % contribution payment to the relevant pension fund on behalf of each employee within that scheme.	12

340	Early retirement is only granted to an employee in accordance with Council policies and that associated calculations made based on this are accurate.	12
341	The total contributions collected from both the employee and the employer are paid to the relevant pension fund in full.	12
342	There are clearly defined guidelines and procedures for the recruitment process.	12
346	The authority exercises powers to ensure safe, high quality standards in the private housing sector.	12
349	Safeguarding and child protection policies are in place, schools have an appointed designated safeguarding lead and arrangements are in place for appropriate training of staff.	12
351	Monitoring of Children's safeguarding partnership arrangements ensure effective multi agency working.	12
355	Up to date and accessible procedures available to support the management of children's case files.	12
356	Address patterns of absence and promote regular attendance at school.	12
358	Pathway plans support care leavers in managing the transition from school to higher education, training or employment.	12
359	Training, support and development is in place for foster carers/special guardians.	12
361	Training, support and development is in place for adoptive parents and families.	12
364	Effective recruitment and retention of foster carers, including ongoing campaigns promoting the role.	12
370	Commercial delegated planning applications are considered and determined in line with the local development plan, national planning framework, gives consideration to the provision of green spaces and is dealt with in accordance of the appropriate timescale.	12
379	Corporate privacy notices in place.	12
381	Prioritised support and provision to tackle fuel poverty and deliver the Affordable Warmth Strategy.	12
382	Monitor delivery of community partnership objectives and key priorities.	12
383	Strategic plans and framework are in place to tackle poverty.	12
390	Commitment to road safety and reducing road casualties.	12
392	Compliance with Department for Transport (DfT) funding terms and conditions for grant payments received.	12
393	Appropriate and timely response to a homelessness Duty to Refer request.	12
402	Tackling town centre property vacancies	12
403	Promotion of the borough and town centres as a great place to invest, trade and visit.	12
412	An accurate and complete register of licences issued is maintained.	12
413	Licence applications are subject to appropriate review and approval, evidence of background and eligibility.	12
415	A programme of trading standards inspections and sample tests has been identified using a risk assessment process.	12
416	Trading standards investigations are recorded accurately either as a result of a programmed inspection or in response to a complaint and the results circulated as necessary including general guidance as necessary.	12
423	Appropriate & up to date emergency plans are in place to guide a coordinated response to a major incident	12
428	Provide effective short-term support to individuals following a discharge from hospital or to prevent hospital admission.	12
449	Cemeteries and memorials are well maintained and health and safety risks managed.	12
450	Crematorium inspection and monitoring to reduce the impact of emissions.	12
455	Inspection and maintenance of Council owned play facilities and skate parks.	12
457	There is a register of land owned and a sustainable grounds maintenance/landscaping programme in place.	12
467	A Gypsy Traveller Accommodation Assessment (GTAA) is undertaken to identify pitch requirements.	12
470	Compliance with the Health and Social Care Information Centre (HSCIC) Information Governance Toolkit	12
472	A central record of Information Asset Registers is maintained and checked for completeness.	12
473	There is a corporate arrangement in place for the secure destruction of paper records.	12
474	Appropriate email encryption is in place for sharing sensitive information.	12
477	Information asset registers are in place for each service and are being complied with.	12
479	Up to date and accessible procedures available to support the management of Adult Social Care users files.	12
485	In-house foster carer details are accurately recorded and updated.	12
486	Information relating to adopters is accurately recorded and up to date.	12

487	Adopter suitability appeals are appropriately managed.	12
488	School admissions appeals are appropriately managed.	12
490	There is a process in place for managing appeals and monitoring continued placement on the employee protection register.	12
491	There is a system of performance management in place to establish the effectiveness of HR policies, procedures and initiatives.	12
494	Leisure provision requirements are understood and effectively sourced.	12
503	The programme of trading standards inspections and sample testing is being monitored for completion.	12
510	Monitoring is undertaken to ensure compliance with planning decisions and appeals are handled appropriately.	12
511	Inspections of building work are undertaken to ensure compliance.	12
513	Building control decisions are accurately recorded.	12
523	Where financial assistance has been provided to businesses these are being monitored for compliance.	12
526	Changes in circumstances for council tax support and housing benefit claimants are processed appropriately.	12
527	Records relating to Council Tax Support and Housing Benefits are accurate and up to date.	12
531	Exclusions/Pupils at risk of exclusion are reviewed and action taken to address issues.	12
532	Pathway plans are monitored	12
533	Pathway plans are accurate and up to date on the system	12
534	Any payments agreed as part of the Pathway Plan have been paid correctly.	12
537	Accurate and up to date information is recorded for adoption cases.	12
538	Monitoring of Adult's safeguarding partnership arrangements ensure effective multi agency working.	12
539	Monitoring is undertaken of care packages for continued suitability.	12
548	Payments made for discretionary housing payments are accurate.	12
552	Plans are in place to continue to deliver housing/council tax support during an emergency.	12
557	The community engagement and heritage crime grant funding received is appropriately dealt with.	12
559	COVID related business grants have been appropriately managed with eligibility confirmed.	12
570	Income Recompense Scheme is appropriately reported and claimed.	12
663	Effective sourcing of child placements.	12
676	COVID Testing in Schools & Colleges	12
677	Schools receiving Catch-up premiums have published strategies to demonstrate effective use of the funding.	12
740	Staff within Transport and Capital projects have completed mandatory information governance training.	12
741	Staff within Public Health have completed mandatory information governance training.	12
742	Staff within Children's Services have completed mandatory information governance training.	12
743	Staff within Adults Service have completed mandatory information governance training.	12
744	Staff within Education services have completed mandatory information governance training.	12
745	Staff within Economic Growth have completed mandatory information governance training.	12
746	Staff within Resources have completed mandatory information governance training.	12
747	Staff within Strategy, performance and communications have completed mandatory information governance training.	12
748	Staff within Housing and Revenue services have completed mandatory information governance training.	12
749	Staff within Law & Governance have completed mandatory information governance training.	12
751	Robust authorisation processes are in place for the payment of creditors.	12
795	Staff within Community Services have completed mandatory information governance training.	12
30	Cash in Children's Services is appropriately safeguarded and reconciled.	24
58	Cash in children's centres is appropriately safeguarded	24
60	Headcount is being undertaken accurately and steps taken to verify figures for early years contracts.	24
62	Payments made to early years providers are accurate	24
63	Annual maintenance plans are in place for all Council owned operating premises.	24

66	Debt Management of commercial properties is effective.	24
70	Clear fraud prevention and detection arrangements	24
73	Delivery of contract management plans	24
83	Operate Stockton Collections arrangements and bad debt arrangements in compliance with relevant legislation.	24
87	Co-ordinate complaints process	24
90	Deliver health & safety training programme and provide advice and guidance materials.	24
92	Implement the counter fraud strategy	24
103	Undertake health & safety investigations	24
118	Transport provision is in line with client eligibility criteria.	24
120	Costs and demand for Passenger Transport services are monitored to ensure the best use of resources is applied.	24
121	Procurement of transport routes, goods and services ensures compliance with value for money principles and contract procedure rules.	24
122	Secure and effective arrangements for the collection, recording and recovery of income in respect of Community (SBC) and Passenger Transport (DBC)	24
123	Payments made to Community (SBC) and Passenger (DBC) transport staff are appropriate, accurate and authorised.	24
124	Strategies are in place to monitor and manage the demand for school meals in the short, medium and long term.	24
125	Charges for internal and external catering and cleaning provision are raised accurately and promptly, and income due has been received.	24
126	Assets and equipment owned by the catering and cleaning service are effectively maintained.	24
127	Protect the health and safety of catering and cleaning staff, service users and the public.	24
128	Operational procedures are in place and available to catering and cleaning staff.	24
129	Payments for cleaning supplies are accurate and in accordance with the contract.	24
133	Charges for internal and external security and surveillance services are raised accurately and promptly, and all income due has been received.	24
137	Accurate charging and effective income management in relation to civic enforcement activity.	24
140	Invoices and recharges in relation to Lifeline (DBC) and OneCall (SBC) services are raised promptly and accurately and income due is received.	24
144	Appropriate measures are in place within the vehicle workshop environment to ensure the health and safety of council employees and the public.	24
145	Public Rights of Way Improvement Plan (RoWIP) is in place and progress against this monitored.	24
154	Appropriate controls and systems are in place to administer parking permits/waivers and the Blue Badge scheme.	24
155	The authority has undertaken appropriate consultation and produced an adequate, appropriate and up to date Local Transport Plan.	24
160	The authority has an adequate, appropriate and up to date Empty Homes Strategy in place.	24
166	Staff involved in adult referrals and assessments appropriately qualified and have appropriate clearances.	24
180	Adequate security measures are in place at each Day Service, Residential and Supported Living establishment to protect clients, guests and residents property and other assets.	24
186	The range of physical disability & sensory impairment equipment available is sufficient to meet service user need	24
191	Environmental Health cases are appropriately allocated to officers.	24
192	Environmental Health income is managed appropriately and all income due to the service is collected.	24
197	External communication and engagement contracts are procured in line with contract procedure rules, accounting instructions and value for money principles.	24
204	Effective internal communication and engagement with employees is achieved.	24
205	There is an appropriate documented HR, Legal and Communications business continuity plan in place that will enable service delivery in the event of short, medium and long term disruption.	24
207	The Council maintains positive and effective media relations.	24
210	Accurate and up to date records are maintained for all legal services provided.	24
212	Accurate and timely fee recovery for internal and external legal services provided.	24
215	Accurate charging is made in accordance with approved scale of land charges and fees.	24
219	Information stored on the employee protection register is accurate, up to date and used appropriately.	24

222	Appropriate employee benefit schemes are in place.	24
223	Effective procurement/commissioning of training and development providers ensures value for money and compliance with contract procedure rules.	24
224	Managers and staff are aware of their responsibilities in relation to personal development and training.	24
226	Successful delivery of a varied arts and events programme.	24
229	Ticket sales and admission charges for events are recorded and income received in full.	24
230	Procurement of events performers and suppliers is in line with contract procedure rules.	24
231	Payments to events performers and suppliers and performance are effectively managed	24
232	Learning and Skills Tutors are suitably qualified, trained and DBS checked.	24
233	Library income is securely held and effectively managed.	24
238	Learning and Skills course fees are set appropriately and income taken is held securely and adequately accounted for.	24
239	Staff and premises are available to enable delivery of adult education courses and qualifications by Learning & Skills to be maintained, in the event of unforeseen circumstances.	24
240	The range and quality of Learning & Skills provision meets local and national requirements.	24
242	Members induction and training sufficiently meets requirements.	24
243	Sufficient and trained staff are available to support Elections held.	24
244	Maintain an up to date and accurate register of officers and Members business interests.	24
246	Maintain accurate and up to date gifts and hospitality register.	24
247	Officers and Members and aware of appropriate conduct in relation to gifts and hospitality.	24
248	Council meeting agendas and supporting documentation are available to support decision making.	24
258	Environmental Health officers have the appropriate qualifications and undertake the required training.	24
259	Records relating to environmental health cases are appropriately recorded and managed.	24
266	Appropriate controls and systems are in place to ensure all car parking income is accounted for in the authority's accounts.	24
267	PCN/FPN appeals are correctly and fairly processed.	24
278	Financial assistance provided to businesses is subject to appropriate appraisal and approval.	24
280	Generic/built in Active Directory accounts are appropriately controlled.	24
281	The Active Directory domain structure is appropriate and supports good practice.	24
282	An appropriate staffing structure is in place for ICT.	24
287	An adequate and appropriate software asset and license register/inventory is maintained.	24
288	Sufficient appropriate policing/auditing of software installation/use and licensing compliance is undertaken.	24
293	Remote access to facilities is adequately controlled.	24
305	Significant changes to the virtualised infrastructure are adequately managed. Allocation of resources in the virtualised environment is adequately and appropriately controlled.	24
312	The organisation's establishment is authorised by the managing body.	24
314	All overtime payments are supported by appropriate paperwork and details are promptly and accurately entered onto the system	24
315	All variable payments other than overtime (control covered elsewhere) are supported by appropriate paperwork and details are promptly and accurately entered onto the system.	24
316	All fixed salary payments comply with policies and are supported by appropriate paperwork and details are promptly and accurately entered into the system.	24
317	All deductions other than pension deduction (control covered elsewhere) are supported by appropriate paperwork and details are promptly and accurately entered onto the system.	24
318	Financial information is updated in a timely manner and recorded accurately within Business World On!	24
319	Standard payroll exception reports are produced for subsequent investigation and clearance.	24
321	Staff fit notes and self-certification forms covering the entire period of sickness absence are promptly received, accurately recorded and stored appropriately.	24
324	Creditors procedure manuals are held and all staff are aware of these manuals.	24
328	Secure procedures operate for immediate payments.	24

333	Standing orders/financial regulations require the reasons for all sundry debtor write-offs exceeding £x to be reported to committee. Write-offs below this amount may be authorised by a nominated officer when all recovery procedures have been unsuccessful.	24
335	A record is kept of all accounts which are not dispatched at the time the accounts are raised. This record indicates why this action was taken, and where appropriate, records the agreement of the budget holder.	24
336	Regular reconciliation exercises are performed between the debtors (accounts receivable) balances and the main accounting (general ledger) system records.	24
337	Amendments and credits can only occur with the authorisation of the responsible officer for the cost centre whose account was originally credited in error.	24
343	The appointment process is fair, robust and managed effectively.	24
344	All new employees have been appropriately vetted before being employed.	24
345	All newly appointed employees are subject to an appropriate induction.	24
347	Specialist housing facilities managed by the authority meet demand, provide good quality accommodation and comply with the needs of vulnerable residents.	24
350	Procedures ensure that staff are aware of the process for making a referral to children's social care.	24
353	Suitability of emergency unsupported placements.	24
354	Information published by maintained schools is in compliance with regulations.	24
357	Effective oversight of education provided to children in the home/hospital or other setting outside school.	24
360	Payments to carers are accurate, appropriate and timely.	24
362	Financial support provided to adoptive families is paid accurately and timely.	24
366	Implementation of action plans that promote access to targeted resources, increase access to education, training and employment.	24
374	Effective management of payments and expenses associated with child contact visits.	24
375	Continuity of care workers for children and their families is a priority.	24
377	Effective resource management in schools to provide value for money and maximise outcomes for pupils.	24
384	Delivery of Stockton Business Improvement District partnership objectives and key priorities.	24
385	Effective administration and management of community centres.	24
386	Effective administration and management of children's centres.	24
387	Effective community engagement and consultation.	24
389	Delivery of an effective careers advice and guidance service.	24
398	Local economic assessment provides an economic baseline to inform decision making.	24
400	Effective administration and management of business premises and specialist start-up business space.	24
404	Promotion of apprenticeship opportunities.	24
406	Appropriate allocation of town centre market pitches.	24
407	Monitor trends in crime and anti-social behaviour and respond to emerging issues.	24
409	Effective management and delivery of CCTV strategy.	24
411	An appropriate licence fee is established.	24
417	Compliance with licence conditions is monitored and appropriate sanctions taken when necessary.	24
420	Response to requests for removal of needles and syringes within set timescales	24
430	Effective performance management systems are in place to monitor levels of take up of leisure and culture activities with remedial action taken as necessary.	24
431	Provide a broad selection of accessible leisure and outdoor activities, representing value for money to the public.	24
432	On-site concessions are managed and procured appropriately.	24
434	Safeguarding of assets and equipment used in the delivery of arts and events.	24
435	Kerbside collection routes provide an efficient and complete service.	24
438	Waste and recycling targets are achieved.	24
439	Effective management of trade waste contracts and collection of income.	24
440	Effective procurement of waste and recycling contracts.	24
441	Contingency plans are in place for the collection and disposal of waste.	24

443	Registration of births, deaths, marriages and civil partnerships is in line with statutory timescales.	24
444	Demand for burial space is monitored and plans are in place to meet current and future requirements.	24
445	Statutory records in relation to registrations and burials are accurate and complete.	24
446	Compliance with General Register Officer (GRO) statistical reporting requirements.	24
448	Crematorium operational controls are effective and comply with Cremation Regulations.	24
451	Maintain a schedule of cremator inspection and maintenance.	24
452	Parks and green spaces are identified, mapped and promoted.	24
454	Health and safety standards are maintained within our parks and green spaces.	24
456	Management of allotment sites, waiting lists and rental income.	24
459	Staff utilising grounds maintenance equipment are appropriately trained and qualified.	24
460	Security and crime prevention measures are in place in relation to parks and green spaces.	24
461	Provision of green spaces is a consideration for new housing developments, regeneration schemes etc.	24
463	National Fraud Initiative (NFI) matches in relation to COVID related business grants are promptly reviewed and investigations undertaken as necessary.	24
468	Effective marketing and promotion of the Council brand and services.	24
469	Monitoring and evaluation of social media content.	24
475	Records relating to housing and housing related developments are accurate, up to date and appropriately safeguarded.	24
480	Employee hard copy files are adequately safeguarded.	24
481	Up to date HR policies and procedures.	24
482	Effective working relationships with staff forums and other employee groups such as unions.	24
483	Payments made to external providers of day care, after school and residential short breaks for young people with complex and additional needs are accurate and timely.	24
489	School admissions records are accurate and up-to-date.	24
492	Payments made to external training providers are accurate.	24
495	Income/payments relating to on-site concessions are accurate.	24
496	Charges for security and surveillance have been set appropriately.	24
497	Civic enforcement actions are appropriately and accurately recorded.	24
498	Appeals against civic enforcement actions are managed appropriately.	24
500	Information held about pupils in receipt of a free school meal is accurate and update and managed appropriately.	24
501	Payments for catering supplies are accurate and in accordance with the contract.	24
502	Payments to Community (SBC) and Passenger (DBC) Transport providers are accurate.	24
504	Payments are made to waste contractors accurately.	24
505	Allocation of Markets pitches is monitored and feedback sought.	24
506	Details about market traders are accurate and up to date.	24
509	Systems are in place to report/identify potential planning breaches.	24
512	There is an appropriate system in place to manage building control appeals.	24
515	Fees for building control applications have been set appropriately.	24
516	The correct fee is received for planning applications/requests.	24
517	Fees for planning applications received have been set correctly.	24
518	Payment of disabled facilities/helping hand grants are accurate.	24
519	The outcome of the disabled facility/helping hand grant application has been appropriately recorded.	24
520	Monitoring of disabled facility/helping hand grant work is appropriate.	24
521	The disabled facilities/helping hand grant budget is appropriately monitored.	24
522	Financial assistance to businesses decisions are accurately recorded.	24
525	H&S audit work is recorded appropriately	24
528	Decisions to award discounts for Council Tax or Rate Relief for NNDR are appropriate	24

529	Council Tax/NNDR information is accurate and up to date.	24
530	Discounts/Rate Relief is monitored for continued eligibility and there is an appropriate appeals process in place.	24
540	Monitor and review use of personal budgets.	24
541	The decisions to allow a personal budget is appropriate.	24
542	Financial assessments are reviewed and updated for changes in circumstances.	24
544	Payment of personal budgets is accurate and timely.	24
545	There is an effective appeals process for transport eligibility decisions.	24
546	Community (SBC) & Passenger (DBC) Transport information is up to date and accurate.	24
547	The correct fee is received for licenses.	24
549	Feedback on cases of identified fraud are acted upon appropriately.	24
550	Council Tax support/housing benefit overpayments are managed effectively.	24
553	Adequate procedures exist to deliver Council Tax/Benefits/Business Rate services.	24
554	Decisions to write-off outstanding council tax and NNDR debts are appropriate and have been appropriately approved.	24
555	Decisions to write-off outstanding housing debts is appropriate and all steps taken to recover the amount.	24
556	Sundry debts are only written-off when all steps have been taken to recover the amounts and are appropriately authorised.	24
574	Effective management of external payments and expenses associated with independent DoLS assessors.	24
575	There is an effective financial process in place which ensures that all refunds, exchanges, and account credits are accounted for and appropriately authorised at the Hippodrome.	24
578	Results of the National Fraud (NFI) Exercise, identifying instances where VAT may have been overpaid, are reviewed and outcomes recorded.	24
579	Local Authority Compliance and Enforcement Grant	24
582	All newly appointed employees have completed an appropriate probation.	24
659	The procurement of Catering Supplies is in line with Contract Procedure Rules.	24
660	The procurement of Building Cleaning supplies is in line with Contract Procedure Rules.	24
680	National Fraud Initiative (NFI) matches in relation to Blue Badge permits are promptly reviewed and investigations undertaken as necessary.	24
681	National Fraud Initiative (NFI) matches in relation to Concessionary Travel passes are promptly reviewed and investigations undertaken as necessary.	24
682	National Fraud Initiative (NFI) matches in relation to resident parking permits are promptly reviewed and investigations undertaken as necessary.	24
683	National Fraud Initiative (NFI) matches in relation to trade creditors are promptly reviewed and investigations undertaken as necessary.	24
684	National Fraud Initiative (NFI) matches in relation to Council Tax Reduction Scheme are promptly reviewed and investigations undertaken as necessary.	24
685	National Fraud Initiative (NFI) matches in relation to Housing Benefits Claimants are promptly reviewed and investigations undertaken as necessary.	24
686	National Fraud Initiative (NFI) matches in relation to Housing tenants, waiting lists and RTB are promptly reviewed and investigations undertaken as necessary.	24
687	National Fraud Initiative (NFI) matches in relation to Council Tax Single Person Discount are promptly reviewed and investigations undertaken as necessary.	24
688	National Fraud Initiative (NFI) matches in relation to procurement are promptly reviewed and investigations undertaken as necessary.	24
689	National Fraud Initiative (NFI) matches in relation to payroll are promptly reviewed and investigations undertaken as necessary.	24
738	Ticket sales and admission charges for museums are recorded and income received in full.	24
750	Regular reconciliation exercises are performed between the creditors (accounts payable) balances and the main accounting (general ledger) system records.	24
752	The purpose and scope of CCTV coverage in the admin buildings has been appropriately documented and a Privacy Impact Assessment undertaken.	24
753	The purpose and scope of CCTV coverage at the dept has been appropriately documented and a Privacy Impact Assessment undertaken.	24

754	The purpose and scope of CCTV coverage of playgrounds has been appropriately documented and a Privacy Impact Assessment undertaken.	24
755	The purpose and scope of CCTV coverage used by street scene/refuse has been appropriately documented and a Privacy Impact Assessment undertaken.	24
756	The purpose and scope of body worn CCTV has been appropriately documented and a Privacy Impact Assessment undertaken.	24
757	The purpose and scope of CCTV coverage in the town centres has been appropriately documented and a Privacy Impact Assessment undertaken.	24
758	The purpose and scope of CCTV coverage in the hippodrome has been appropriately documented and a Privacy Impact Assessment undertaken.	24
759	The purpose and scope of CCTV coverage in the Dolphin Centre has been appropriately documented and a Privacy Impact Assessment undertaken.	24
760	The purpose and scope of CCTV coverage at the museum has been appropriately documented and a Privacy Impact Assessment undertaken.	24
80	Operate clear and robust insurance claim management and processing uninsured loss recovery.	48
84	Provide insurance underwriting support to services	48
94	Prepare and submit accurate financial returns by deadlines - RA/RO/Capital	48
110	Early help and support provided by welfare support service	48
196	Payments made to external employee therapy providers are accurate.	48
208	Communication and marketing budgets are effectively monitored and controlled.	48
209	Staffing requirements and associated costs are understood and effectively managed in relation to communication and media related activities.	48
211	Payments made by legal services to external providers or claimants are accurate and timely.	48
237	Payments to external leisure providers are effectively managed.	48
253	Finance and assets located at stand alone facilities for adults are adequately managed.	48
276	Landlord Accreditation Scheme membership is subject to an effective review and renewal process.	48
277	The Travellers Site is secure and maintained effectively.	48
291	An appropriate infrastructure is in place to facilitate Internet usage for the organisation.	48
322	Approved absence has been granted in-line with policy and promptly recorded and correctly authorised.	48
410	Delivery of Safer Stockton Partnership objectives and key priorities.	48
419	Prompt removal of graffiti from public land and street furniture.	48
425	Provision of a confidential animal collection and rehoming service.	48
426	Prompt and effective response to reports of stray or abandoned animals.	48
427	Receipt of appropriate fees prior to release of lost animals to their owner.	48
436	Facilities are in place for the public to report litter, fly-tipping or missed kerb side collections.	48
447	Registrars and bereavement services income is received and recorded.	48
493	Payments to external communication and engagement providers are accurate and timely.	48
507	Permits/Waivers and Blue Badges are monitored for continued eligibility and an appeal process is in place.	48
508	Information relating to car parking permits/waivers and Blue Badges is appropriately stored and kept up to date.	48
514	An appropriate fee has been received for building control applications.	48
551	Discretionary housing payments are made in accordance with the scheme.	48
565	Staff within Education services have completed mandatory information governance training.	48
567	Staff within Xentrall have completed mandatory information governance training.	48
671	The schemes of delegation for Xentrall are appropriate.	48
739	Treasury Management Strategy and its implementation in relation to borrowing meets the Prudential Code and Treasury Management Code of Practice.	48
800	Local Transport Authority Bus Recovery Grant funding received is appropriately dealt with.	48

**AUDIT COMMITTEE
20 JULY 2022**

MANAGERS' ASSURANCE STATEMENTS

SUMMARY REPORT

Purpose of the Report

1. To report outcomes from the completed 2021/22 Managers' Assurance Statements (MAS).

Summary

2. The report emphasises that MAS are a key element of the Council's corporate governance arrangements and based on the 2021/22 returns concludes that a thorough review has been undertaken and generally an overall positive position was identified. While there were no common improvement themes highlighted in the 2021/22 MAS, a number of improvements to process/controls were identified. These matters are to be progressed by Assistant Directors during 2022/23.

Recommendation

3. It is recommended that the contents of the report be noted.

Reason

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Elizabeth Davison
Group Director of Operations**

Background Papers

- (i) Managers' Assurance Statements 2021/22

Lee Downey: Extension 5451

S17 Crime and Disorder	The MAS includes reference to the need for staff to be aware of and understand the requirements of the Council's Anti-Fraud and Corruption arrangements.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact and Climate Change	There are no specific recommendations contained within the attached reports concerning Carbon Reduction.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	Maintaining a system of sound internal controls and risk management processes will help contribute to the delivery of the Council Plan Objectives
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	There are no specific recommendations contained within the attached reports concerning Looked After Children and Care Leavers.

MAIN REPORT

Information and Analysis

5. Annual MAS are a key element of the Council's corporate governance arrangements and an integral part of the framework that supports the production of the Annual Governance Statement (AGS).
6. MAS have been formally completed for a number of years and this Committee has previously received reports on the outcomes that depicted a largely positive position.
7. The MAS takes the form of a standard template covering the key aspects of the Council's internal control environment on which assurance is required. This coverage is wide ranging and includes risk and financial management, health and safety, information governance and HR arrangements. In providing this assurance the MAS also states that *'the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness'*.
8. Statements have been completed by all Assistant Directors or Heads of Service and endorsed by the appropriate Director, covering their areas of responsibility in 2021/22. They are published on the [intranet](#) and are available on request.
9. There were no common improvement themes highlighted by the 2021/22 MAS.
10. A number of improvements to process/controls were identified, including in some cases where the Assistant Director was already able to provide assurance in relation to a particular issue. Examples include:

Adult Social Care:

- (a) Ensure all managers including those new to the service have attended the appropriate training in relation to the Council's risk management methodology.
- (b) Business Continuity Plan (BCP) is in place, tested and reviewed as appropriate by Senior Leadership Team (SLT).
- (c) Performance meetings are in place, with monthly reports to Assistant Director and SLT.
- (d) Monthly budget meetings are in place with Team Managers and SLT.
- (e) SLT to ensure all staff undertaken the equalities training.
- (f) Improved analysis of findings and learning from complaints.

Community Services:

- (a) Need to ensure inventories are complete for all areas by December 2022.

Education:

- (a) Information Management - New Education Management System (Liquid Logic) purchased 2022.

Housing and Revenues:

- (a) Reviews of Health and Safety risk assessments due in 2022-23

Human Resources and Health and Safety:

- (a) Risk Management, added to monthly HR & H&S SLT meetings.
- (b) BCP - Annual review and testing of all plans completed in April 2021, Next HR formal review due January 2023.
- (c) Inventories to be updated following the start of the Agile Pilot.
- (d) Corruption and Fraud information sent to team as a reminder and for new staff in July 22.

Strategy Performance and Communications:

- (a) Risk management is now a standing item on the management meeting agenda.
- (b) Complete testing of 2 remaining Business Continuity Plans.
- (c) Given staff changes and further issuing of equipment, another inventory is required in 2022-23.

Transport and Capital Projects:

- (a) New PMF systems and Performance clinic being developed in parallel with development of new Corporate Plan & Service Plans.
- (b) Health and Safety - Review CDM arrangements & Implement Continuous Improvement Plan.

11. Those improvements to process/controls which require further work are to be progressed by Assistant Directors during 2022/23.

Conclusion

12. Generally the review of the 2021/22 MAS has identified an overall positive position.
13. Those improvements to process/controls which require further work are to be progressed by Assistant Directors during 2022/23.

Outcome of Consultation

14. There was no formal consultation undertaken in production of this report.

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**AUDIT COMMITTEE
20 JULY 2022**

**TREASURY MANAGEMENT ANNUAL REPORT AND OUTTURN
PRUDENTIAL INDICATORS 2021/22**

SUMMARY REPORT

Purpose of the Report

1. This report provides important information regarding the regulation and management of the Council's borrowing, investments and cash-flow. It is a requirement of the Council's reporting procedures and by regulations issued under the Local Government Act 2003 to produce an annual treasury management review that covers treasury activity for 2021/22. The report also seeks approval of the Prudential Indicators results for 2021/22 in accordance with the Prudential Code.

Summary

2. The financial year 2021/22 was another unprecedented year with regard to treasury management due to the ongoing Covid 19 pandemic. Cost of borrowing remained low throughout 2021/22 and due to the Covid-19 pandemic the cost of shorter term borrowing is anticipated to remain relatively low in the future. However, as Members are aware due to the recent low returns for cash investments new ways to improve investment returns are continually being sought.
3. During 2021/22 the Council complied with its legislative and regulatory requirements. The borrowing need (**Table 1**) was only increased for capital purposes.
4. At 31 March 2022 the Council's external debt was £149.649m which is £11.882m less than the previous year, this reduction relates to not re-borrowing for matured debt due to an increase in the level of monies received by the Council. The average interest rate for borrowing reduced from 2.76% in 2020/21 to 2.47% in 2021/22. Investments totalled £63.399m at 31 March 2022 (£59.399m at 31 March 2021) earning interest of 0.21% on short term cash investments and 2.21% on Property Fund units net of costs.
5. Financing costs have been reduced during the year and a saving of £0.366m has been achieved from the original MTFP. The savings are a mixture of reduced interest on debt as well as increased investment income, especially from property funds.

Recommendation

6. It is recommended that:
 - (a) The outturn 2021/22 Prudential Indicators within this report and those in **Appendix 1** be noted.

- (b) The Treasury Management Annual Report for 2021/22 be noted.
- (c) This report to be forwarded to Cabinet and Council, in order for the 2021/22 Prudential Indicators to be noted.

Reasons

- 7. The recommendations are supported by the following reasons:
 - (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities.
 - (b) To inform members of the Performance of the Treasury Management function.
 - (c) To comply with the requirements of the Local Government Act 2003.

Elizabeth Davison
Group Director of Operations

Background Papers

- (i) Accounting Records
- (ii) Annual Investment Strategy 2021/22
- (iii) Prudential Indicators and Treasury Management Strategy Report 2021/22

Peter Carrick: Extension 5401

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address
Carbon Impact and Climate Change	There are no issues relating to carbon impact
Diversity	There are no specific implications for diversity
Wards Affected	The proposals affect all wards
Groups Affected	The proposals do not affect any specific group
Budget and Policy Framework	The report does not change the Council's budget or Policy framework but needs to be considered by Council
Key Decision	This is not an Executive decision
Urgent Decision	This is not an Executive decision
Council Plan	The proposals in the report support delivery of the Council Plan through appropriate and effective deployment of the Councils Resources
Efficiency	The report outlines movements in the national economic outlook that have enabled officers to take advantage of different types of Investments and changing interest rates to benefit the Revenue MTFP.
Impact on Looked After Children and Care Leavers	Does this report impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8. This report summarises:
 - (a) Capital expenditure and financing for 2021/22
 - (b) The Council's overall borrowing need
 - (c) Treasury position at 31 March 2022
 - (d) Prudential indicators and compliance issues
 - (e) The economic background for 2021/22
 - (f) A summary of the Treasury Management Strategy agreed for 2021/22
 - (g) Treasury Management activity during 2021/22
 - (h) Performance and risk benchmarking
9. Throughout this report a number of technical terms are used, a glossary of terms can be found at the end of this report.

The Council's Capital Expenditure and Financing 2021/22

10. The Council undertakes capital expenditure on long term assets, which is financed either,
 - (a) Immediately through capital receipts, capital grants, contributions and from revenue; or
 - (b) If insufficient financing is available, by borrowing.
11. Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flow, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost and then optimise performance.
12. Capital Expenditure forms one of the prudential indicators that are used to regulate treasury activity. Table 1 shows total capital expenditure and how this was financed, compared with what was expected to be spent and how this would have been financed. Actual expenditure was £6.290m less than planned, mostly down to reduced activity in the HRA and reduced lending to the joint ventures. However, the mix of funding differs from that which was expected as some schemes progressed quicker than others. This impacted slightly on the borrowing needed to fund expenditure which was £1.078m lower than initially anticipated.

Table 1 – Capital Expenditure and Financing

	2020/21	2021/22		
	Outturn £m	Revised Estimate £m	Outturn £m	Variance £m
General Fund Capital Expenditure	20.094	27.036	26.072	(0.964)
HRA Capital Expenditure	6.434	13.183	10.729	(2.454)
Loans to Joint Ventures etc	3.501	9.459	6.587	(2.872)
Total Capital Expenditure	30.029	49.678	43.388	(6.290)
Resourced by:				
Capital Receipts GF	2.538	0.586	0.586	0.000
Capital receipts Housing	0.684	0.303	0.986	0.683
JV Loans Repaid	6.200	7.727	7.927	0.200
Capital Grants	11.717	21.294	19.371	(1.923)
Capital Contributions	0.029	0.000	0.038	0.038
Revenue Contributions - GF	0.145	0.000	0.123	0.123
Revenue Contributions - HRA	5.750	12.835	8.502	(4.333)
Total Resources	27.063	42.745	37.533	(5.212)
Borrowing needed to finance expenditure	2.966	6.933	5.855	(1.078)

The Council's Overall Borrowing Need

13. The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). The figure is a gauge for the Council's debt position. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents 2021/22 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources.
14. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the government, through Public Works Loan Board (PWLb), or the money markets) or utilising temporary cash resources within the Council.
15. The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

16. The total CFR can be reduced each year through a Voluntary Revenue Provision (VRP) or by the application of additional capital financing resources (such as unapplied capital receipts).
17. The Council's CFR for the year is shown in Table 2 and represents a key prudential indicator. The CFR outturn for 2021/22 is £224.285m which is £1.578m lower than approved due to the reduced borrowing need required to finance the additional capital expenditure in 2021/22.
18. No statutory MRP repayments were made on the General Fund debt in line with the report to Council on 23 February 2017, although a £0.500m VRP was made.

Table 2 - Capital Financing Requirement

	2020/21	2021/22		
	Outturn £m	Approved Indicator £m	31 March Actual £m	Variance £m
Opening Balance	219.488	220.685	220.685	0.000
Add Capital Expenditure financed by borrowing	9.166	14.660	13.782	(0.878)
Less repayment of JV loans	(6.200)	(7.727)	(7.927)	(0.200)
Less MRP/VRP GF	0.000	0.000	(0.500)	(0.500)
Less MRP/VRP Housing	(0.629)	(0.629)	(0.629)	0.000
Less MRP/VRP PFI	(1.140)	(1.126)	(1.126)	0.000
Closing balance	220.685	225.863	224.285	(1.578)

Treasury Position at 31 March 2022

19. Whilst the measure of the Council's underlying need to borrow is the CFR, the Group Director of Operations can manage the Council's actual borrowing position by:
 - (a) Borrowing to the CFR level; or
 - (b) Choosing to utilise some temporary cash flows instead of borrowing ("under borrowing"); or
 - (c) Borrowing for future increases in CFR (borrowing in advance of need, the "over borrowed" amount can be invested).
20. The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting and through officer activity detailed in the Council's Treasury Management Practices.
21. The Council's total debt outstanding at 31 March 2021 was £149.649m. In addition to this, a liability of £9.232m relating to the PFI scheme and Finance Leases brings the total to £158.881m. The Council's revised CFR position was estimated to be £225.863m, however,

the actual out turn position was £224.285m. When comparing this to our actual borrowing of £158.881m this meant that the Council was “under borrowed” by £65.404m. This “under borrowed” amount was financed by internal borrowing which means that the amount that could have been invested externally was reduced to cover this. The reduced under borrowed position still has the dual effect of reducing costs to the MTFP because borrowing costs are generally greater than investment returns and it reduces counterparty risk by reducing our exposure to banks and other financial institutions.

22. The treasury position at the 31 March 2022, including investments compared with the previous year is shown in table 3 below.

Table 3 – Summary of Borrowing and Investments

Treasury Position	31 March 2021		31 March 2022	
	Principal £m	Average Rate %	Principal £m	Net Annualised Average Rate %
General Debt - Fixed Rate Debt, Market and Public Works Loan Board (PWLB)	136.531	2.98%	124.649	2.66%
Property Fund Borrowing	25.000	1.42%	25.000	1.30%
Total Debt	161.531	2.76%	149.649	2.47%
Cashflow Investments up to 6 months	19.400	0.09%	33.400	0.21%
Capital Investments over 6 months	10.000	0.96%	0.000	0.00%
Property Fund Investment - net of costs	29.999	2.33%	29.999	2.21%
Total Investments	59.399		63.399	
Net borrowing position	102.132		86.250	

Prudential Indicators and Compliance Issues

23. Some prudential indicators provide an overview while others are specific limits on treasury activity. These indicators are shown below:
24. **Gross Borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 4 – Gross Borrowing Compared with CFR

	31 March 2021 Actual £m	31 March 2022 Approved Indicator £m	31 March 2022 Actual £m
Gross Borrowing Position	161.531	164.849	149.649
PFI and Finance Lease Liability	10.358	9.232	9.232
Total	171.889	174.081	158.881
CFR	220.685	225.863	224.285
(Under)/over funding of CFR	(48.796)	(51.782)	(65.404)

25. **The Authorised Limit** – The Authorised Limit is the “Affordable Borrowing Limit” required by section 3 of the Local Government Act 2003. The Council does not have power to borrow above this level.
26. **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary are both acceptable, subject to the Authorised Limit not being breached.
27. **Actual financing costs as a proportion of net revenue expenditure** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue expenditure. The actual for this indicator has risen from the previous year due to an increase in the Financing costs outturn.

Table 5 – Key Prudential Indicators

	Actual 2020/21 £m	Original Approved Limits 2021/22 £m	Revised Approved Limits 2021/22 £m	Actual Total Liabilities Borrowing + PFI/ leases 2021/22 Maximum £m
Approved Indicator – Authorised Limit	171.889	240.979	237.156	158.881
Approved Indicator – Operational Boundary	171.889	186.550	174.081	158.881
Financing costs as a percentage of net revenue expenditure	2.39%	2.22%	2.22%	1.94%

28. At 31 March 2022 the total liabilities were £158.881m which is below both the approved Authorised Limit and the approved Operational Boundary. The Operational Boundary is the point at which we expect borrowing to be, but it can be lower or higher. Borrowing cannot exceed the Authorised Limit.

29. A further four prudential indicators are detailed in Appendix 1.

Economic Background for 2020/21

30. A summary of the general economic conditions that have prevailed through 2021/22 provided by Link Asset Services, the Council's treasury management advisors is attached at **Appendix 2.**

Summary of the Treasury Management Strategy agreed for 2021/22

31. The revised Prudential Indicators anticipated that during 2021/22 the Council would need to borrow £6.933m to finance part of its capital programme, whereas the actual outturn figure was £5.855m.
32. The Annual Investment Strategy stated that the use of specified (usually less than 1 year) and non-specified (usually more than 1 year) investments would be carefully balanced to ensure that the Council has appropriate liquidity for its operational needs. In the normal course of the Council's business it is expected that both specified and non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
33. Longer term instruments (greater than one year from inception to repayment) will only be used where the Council's liquidity requirements are safeguarded. An estimate of long term investments (over 1 year) were included in the report on the Prudential Indicators update these were as follows £50m for 2021/22 and £50m for 2022/23. No other investments of over 1 year duration have been made during 2021/22.

Treasury Management Activity during 2021/22

Borrowing Strategy

34. During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the CFR), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
35. A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
36. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years (see table 6 below). However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Table 6 – net borrowing

	Market Loans (incl. other Local Authorities)			Total
	Amount £m	Length of Loan	Interest Rate %	£m
New Loans Taken	5.000 3.000	1 year 1 year	0.25% 0.10%	8.000
Loans Repaid	(4.750) (5.000) (2.000) (3.000) (5.000)	10 years 2 years 1 year 1 year 1 year	3.190 0.87% 0.90% 0.90% 0.20%	
Total New Borrowing				(19.750) (11.750)

37. The additional funding was utilised to not replace maturing short term loans.
38. **Summary of Debt Transactions** –The consolidated rate of interest reduced from 2.76% to 2.47% due to the above transactions as some of the debt repaid was at a higher interest rate than the longer term debt still held.

Investment Position

39. **Investment Policy** – the Council’s investment policy for 2021/22 is governed by the DLUHC Guidance which has been implemented in the annual investment strategy for 2021/22 approved by Special Council on 18 February 2021. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).
40. The investment activity during the year conformed to the approved Strategy and the Council had no liquidity difficulties.
41. Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid -19 pandemic were no longer necessitated.
42. The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap

credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

43. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
44. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.
45. Investments held by the Council consist of temporary surplus balances, capital receipts and other funds. Cash balances are invested on a daily basis to maximise the benefit of temporary surplus funds. These include investments in Money Market Funds, the Government’s Debt Management Office, other local authorities and bank short term notice accounts. Short term investments of up to a year earned interest of £52k on an average balance of £25.526m which equated to an annual average interest rate of 0.21%.
46. The Council also has longer term investments which consist of the property funds and the returns are shown below in **Table7**.

Table 7 – Longer Term 6 months to 5 years - Property Funds

	Original Budget 2021/22	Actual 2021/22
Daily average level of Investments	£29.999m	£29.999m
Interest earned (gross)	0.840m	0.988m
Average Rate of Return on Investment Interest earned (gross)	2.80%	3.29%
Average Rate of Return on Investment (net of costs)	1.53%	2.21%

Performance and Risk Benchmarking

47. A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance.
48. The following reports the current position against the benchmarks originally approved.
49. Security – The Council’s maximum security risk benchmarks for the current portfolio of investments, when compared to historic default tables was set as follows:

0.077% historic risk of default when compared to the whole portfolio

50. **Table 8** shows that there has been a fluctuation in the historic levels of default over the year although still well below the benchmark. This is mainly due to some longer term investments actually being made for shorter terms, i.e. up to six months rather than 1 year as these investments were better value than longer term investments and were also a better fit with how the council was expecting to utilise investments. It also shows more emphasis being placed on counterparties with a higher credit rating.
51. The investment portfolio was maintained within this overall benchmark during this year as shown in **Table 8**.

Table 8

Maximum	Benchmark 2021/22	Actual June 2021	Actual October 2021	Actual December 2022	Actual March 2022
Year 1	0.077%	0.012%	0.007%	0.004%	0.013%

52. The counterparties that we use are all high rated therefore our actual risk of default based on the ratings attached to counterparties is virtually nil.
53. Liquidity – In respect of this area the Council set liquidity facilities/benchmark to maintain
- (a) Bank Overdraft £0.100M
 - (b) Liquid short term deposits of at least £3.000M available within a week’s notice.
 - (c) Weighted Average Life benchmark is expected to be 146 days with a maximum of 1 year.
54. Liquidity arrangements have been adequate for the year to date as shown in **Table 9**.

Table 9

	Benchmark	Actual June 2021	Actual October 2021	Actual December 2022	Actual March 2022
Weighted Average life	146 days to 1 year	165 days	127 days	173 days	164 days

55. The figures are for the whole portfolio of cash flow investments deposited with Money Market funds on a call basis (i.e. can be drawn on without notice) as well as call accounts that include a certain amount of notice required to recall the funds.
56. Yield - In respect of this area performance indicators relating to interest rates for borrowing and investments were set with reference to comparative interest rates. For borrowing, the indicator is the average rate paid during the year compared with the previous year. Investment rates are compared with a representative set of comparative rates.

Risk

57. The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:-
 - (a) The Local Government Act 2003(the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity.
 - (b) The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2021/22).
 - (c) Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act.
 - (d) The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities.
 - (e) The SI also requires the Council to operate the overall treasury function with regard to the CIPFA code of Practice for Treasury Management in Public Services.
 - (f) Under the Act the Department of Levelling Up, Housing & Communities has issued Investment Guidance to structure and regulate the Council's investment activities.
 - (g) Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.
58. The Councils Treasury Management function has complied with all of the relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.
59. Officers of the Council are aware of the risks of passive management of the treasury portfolio and, with the support of Capita Asset Services, the Council's advisers, have proactively managed the debt and investments over the year.

Treasury Management Budget

60. There are three main elements within the Treasury Management Budget:

- (a) Long Term capital investments including Property Funds which earns interest, this comprises of the Council's revenue and capital balances, unused capital receipts, reserves and provisions.
- (b) Cash flow interest earned – the authority has consistently had positive cash flow. Unlike long term capital investments it does not represent any particular sum but it is the consequence of many different influences such as receipts of grants, the relationship between debtors and creditors, cashing of cheques and payments to suppliers.
- (c) Debt servicing costs – This is the principal and interest costs on the Council's long term debt to finance the capital programme.

Table 10 - Changes to the Treasury Management Budget 2021/22

	£m	£m
Original Treasury Management Budget		0.823
Debt		
Reduced interest payable on debt	(0.189)	
Investments		
Increased investment income including property funds etc	(0.144)	
Other Costs		
Less reduced brokerage charges	(0.033)	(0.366)
Outturn Treasury Management Budget 2021/22		0.457

61. The savings relate to a reduction in the interest payable on debt due to the cost of short term borrowing and reduced debt levels as well as an increase in the interest received on investments due to the cashflow levels.

Conclusion

62. The Council's treasury management activity during 2021/22 has been carried out in accordance with Council Policy and within legal limits. Financing costs have been reduced during the year and a saving of £0.366m achieved from the original MTFP.

Outcome of Consultation

63. No formal consultation has been undertaken regarding this report.

Additional Prudential Indicators not reported in the body of the report

		2020/21 Actual	2021/22 Approved Indicator	2021/22 Outturn
1	limits on fixed interest rates	88%	100%	84%
2	limits on variable interest rates	12%	40%	16%
3	Maturity structure of fixed interest rate borrowing (upper Limit)			
	Under 12 months	12%	40%	16%
	12 months to 2 years	22%	50%	19%
	2 years to 5 years	25%	60%	19%
	5 years to 10 years	35%	90%	29%
	10 years and above	100%	100%	100%
4	Maximum Principal funds invested greater than 364 days	£50m	£50m	£50m

The Economy and Interest Rates

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

Japan. The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Glossary of Terms

Capital Financing Requirement (CFR)	This is the Councils underlying need to borrow which can be traced back to the Councils Balance Sheet and the value of the Councils assets which have yet to be paid for.
Minimum Revenue Provision (MRP)	Monies set aside from the revenue budget to repay accumulated debt.
Call	Investments that can be returned without a period of notice
Counterparty	Institutions, Banks etc. that with make investments or take out loans with.
Specified Investments	Investments in Banks and Building Societies with a high credit rating for periods of less than 1 year
Non-Specified Investments	Investments in un-rated Building Societies and any investments in Banks and Building Societies for more than 1 year.
Operational Liquidity	Working Cash flow
Authorised Limit	Maximum amount of borrowing that could be taken in total.
Operational Boundary	The expected amount of borrowing assumed in total.
PWLB	Public Works Loan Board. The Governments lending body to Local Authorities
Discount	Amount payable by the PWLB when loans are repaid if the current loan rate is less than the rate borne by the original debt
Yield Curve	Is a graph that shows the relationship between the interest rate paid and length of time to repayment of a loan.
Gilts	Government Borrowing Bonds
SONIA	The Sterling Overnight Index Average – generally a replacement set of indices (for LIBID) for those benchmarking their investments.
Spreads	The difference between the highest rate of interest and the lowest rate of interest earned/charged on any one particular maturity period i.e. 1 year, 2 year 5 year etc.
LIBID	London Interbank Bid Rate. The average rate at which a bank is willing to borrow from another bank.
LIBOR	London Interbank Offer Rate. The average rate at which a bank is willing to lend to another bank. LIBOR is always higher than the corresponding bid rate and the difference between the two rates is known as the spread.

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