

14 June 2016

Committee	Audit
Date	Wednesday, 22 June 2016
Time of Meeting	2:00 pm
Venue	Committee Room 3

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND



**for Sara J Freckleton
Borough Solicitor**

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (staff should proceed to their usual assembly point). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.



Item	Page(s)
3. DECLARATIONS OF INTEREST	
<p>Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.</p>	
4. MINUTES	1 - 13
<p>To approve the Minutes of the meetings held on 23 March and 17 May 2016.</p>	
5. GRANT THORNTON PROGRESS REPORT	14 - 23
<p>To consider the external auditor's report on progress against planned outputs.</p>	
6. GRANT THORNTON FEES LETTER 2016/17	24 - 27
<p>To consider the fee letter from Grant Thornton in relation to the audit work to be undertaken during 2016/17.</p>	
7. INTERNAL AUDIT PLAN MONITORING REPORT	28 - 40
<p>Internal Audit To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited during 2015/16.</p>	
8. INTERNAL AUDIT ANNUAL REPORT 2015/16	41 - 47
<p>To consider the Internal Audit Annual Report 2015/16 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.</p>	
9. CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE DURING THE PREPARATION OF THE STATEMENT OF ACCOUNTS	48 - 55
<p>To approve the critical accounting judgements that will be used in completing the 2015/16 annual accounts and to note the key sources of estimation uncertainty.</p>	
10. ANNUAL GOVERNANCE STATEMENT 2015/16	56 - 74
<p>To approve the Annual Governance Statement 2015/16.</p>	
11. CORPORATE RISK REGISTER	75 - 83
<p>To consider the Risk Register and the risks contained within it.</p>	
12. ANNUAL REPORT ON HEALTH AND SAFETY ACTIVITIES	84 - 108
<p>To consider the adequacy of the Council's health and safety arrangements.</p>	

DATE OF NEXT MEETING
WEDNESDAY, 21 SEPTEMBER 2016
COUNCILLORS CONSTITUTING COMMITTEE

Councillors: K J Cromwell, A J Evans, R Furolo (Chair), Mrs P A Godwin, B C J Hesketh, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-Chair)

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

Please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 23 March 2016 commencing at
2:00 pm**

Present:

Chair

Councillor R Furolo

and Councillors:

K J Cromwell, Mrs R M Hatton (Substitute for A J Evans)
and H A E Turbyfield (Substitute for Mrs P A Godwin)

AUD.37 ANNOUNCEMENTS

- 37.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 37.2 The Chair welcomed David Johnson, Grant Thornton's Audit Manager for Tewkesbury Borough Council, and Julie Masci, the Engagement Lead from Grant Thornton, to the meeting.

AUD.38 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 38.1 Apologies for absence were received from Councillors A J Evans, Mrs P A Godwin, Mrs S E Hillier-Richardson and Mrs H C McLain (Vice-Chair). Councillors Mrs R M Hatton and H A E Turbyfield would be acting as substitutes for the meeting.

AUD.39 DECLARATIONS OF INTEREST

- 39.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 39.2 There were no declarations made on this occasion.

AUD.40 MINUTES

- 40.1 The Minutes of the meeting held on 16 December 2015, copies of which had been circulated, were approved as a correct record and signed by the Chair.

AUD.41 GRANT THORNTON CERTIFICATION LETTER 2014/15

- 41.1 Attention was drawn to Grant Thornton's Certification Letter 2014/15, circulated at Pages No. 9-11, which set out the findings of the claim which had been certified during the year. Members were asked to consider the information provided.
- 41.2 The Audit Manager from Grant Thornton reminded Members that it had been intended to bring this letter to the last meeting of the Audit Committee but timing issues with the previous Engagement Lead had meant that this had not been possible. Page No. 10 of the report set out details of the claims and returns certified for 2014/15 and confirmed that the housing benefits subsidy claim had been certified. He indicated that the Minutes of the previous meeting had stated that an amendment of £50,000 had been made and he clarified that this was the subsidy amount whereas £47,221, as stated in Appendix A to the report, was the actual figure in that particular cell. The fee for the 2014/15 certification work was outlined at Page No. 11, Appendix B to the report, and was the same as had been outlined in previous plans.
- 41.3 A Member noted that this was the second year in succession that a claim had been certified and he questioned whether it was the same claim. Clarification was provided that both certification claims related to the housing benefit subsidy but were for different years; 2013/14 and 2014/15 respectively. A Member felt that this amendment was very minor considering that the total value of the claim was £18.9M and the Engagement Lead advised that it was not uncommon to have qualifications within housing benefit claims.
- 41.4 It was
RESOLVED That the Grant Thornton Certification Report 2014/15 be **NOTED**.

AUD.42 GRANT THORNTON PROGRESS REPORT

- 42.1 Attention was drawn to Grant Thornton's progress report, circulated at Pages No. 12-26, which set out the progress that had been made in relation to the Audit Plan, together with any emerging national issues and developments that might be relevant to the Borough Council. Members were asked to consider the report.
- 42.2 Members were advised that the interim accounts audit had been undertaken in February 2016 and an Audit Plan had now been produced which would be considered under the next Agenda item. The final accounts audit 2015/16 was still planned for completion in August 2016 and Grant Thornton was required to provide an opinion by 30 September 2016. It was noted that, in the coming years the deadline for submission would be brought forward and the Engagement Lead advised that, for 2017/18, the accounts would need to be audited by the end of July. A Member noted that the draft financial statement and Annual Governance Statement were expected by 30 June 2016, however, the Audit Committee was due to meet on 22 June 2016. He was informed that, previously, the accounts had to be brought to the Committee by the end of June to approve the draft but the rules had been changed a few years earlier; the accounts were now published by the end of June but they were not taken to the Committee until September when they were approved and signed. In response to a query as to how that might change going forward, Members were advised that the deadline for the Finance Team would be the end of May which meant that in 2018 there would only be a one month period to complete the accounts as opposed to three.

- 42.3 The Audit Manager for Grant Thornton went on to advise that the National Audit Office was now responsible for issuing value for money guidance and the criteria had changed so that external auditors were now required to assess the risks applicable to the Council rather than a suite of risks. Work was ongoing with various partners in relation to financial stability and resources within the Council and a lot of work had been conducted with the Finance Team in this regard.
- 42.4 Members were informed that a number of articles had been produced on issues which the external auditors wished to bring to the Committee's attention. The first one was relatively new and related to Grant Thornton's ongoing review of local government governance. There was also a report on "CFO insights", an online analysis tool that gave access to insight on the financial performance, socio-economic context and service outcomes of every local authority in England, Scotland and Wales. Page No. 22 related to public right of inspection of the accounts which had changed for 2015/16. Previously there had been a requirement to advertise in the newspaper for a certain number of days but the accounts must now be published on the Council's website for inspection. The 30 working day period for the exercise of public rights had to include the first 10 working days of July and therefore local authorities would not be able to approve their audited accounts or publish before 15 July 2016. The other two reports, set out at Pages No. 23 and 24, related to fair value measurement, which was a major accounting change this year but one which was not anticipated to affect Tewkesbury Borough Council due to the make-up of its asset base, and unlodged non-domestic rate appeals which could now be backdated to 1 April 2015. A Member questioned what the impact of this would be and the Finance Manager indicated that it was unknown as local authorities would need to estimate a provision for unlodged appeals; ideally a contingency would be put in place but this had not been included in the accounts for 2015/16 as there would be no financial impact for that year. The Member queried whether money would be allocated for that and he was advised that earmarked reserves were set aside ready for next year but they may need to be increased to account for this change. A Member questioned if there was a trend for more business rate appeals and the Revenues and Benefits Group Manager explained that they were fairly constant; rating agents and very large companies were particularly keen to submit appeals due to the success of the Virgin revaluation. Officers anticipated that the number of appeals would reduce as there had been a period of adjustment when rents had not been as high as before but this was pure speculation and it was a situation which needed to be closely monitored.
- 42.5 It was
RESOLVED That the Grant Thornton progress report be **NOTED**.

AUD.43 GRANT THORNTON AUDIT PLAN 2015/16

- 43.1 Attention was drawn to Grant Thornton's Audit Plan 2015/16, circulated at Pages No. 27-49, which set out the Audit Plan for the year ended 31 March 2016. Members were asked to consider the information provided.
- 43.2 The Engagement Lead from Grant Thornton explained that the report summarised the initial planning work and the risk assessment work in preparing for the audit and the results of initial work around the value for money conclusion. Page No. 5 of the report gave a high level overview of the key areas which had been considered in understanding the Council and its ongoing challenges. Financial pressures associated with a continuing reduction in government funding would be picked up as part of the value for money conclusion in terms of the impact on the Council and the alternative plans being put in place for the medium to long term. There had been some interesting developments around devolution over the past few weeks and a close eye would be kept on this going forward. Business rates

had already been discussed under the previous Agenda item in terms of the ongoing problems with Virgin and the impact on Tewkesbury Borough Council's financial position. The earlier deadlines for the closure of accounts was another challenge which was faced over the next few years and a number of local authorities were already preparing and signing-off accounts to shorter deadlines. She indicated that a national report was being produced around faster close down in order to share good practice in a more formal way and she undertook to ensure that Officers had access to that once it was available. As part of the audit planning, consideration was also given to key developments in the sector as well as national audit requirements.

- 43.3 There had been a major accounting change around International Financial Reporting Standard (IFRS) 13 which defined how fair value was measured and recorded within the accounts. The main area where local authorities would be affected was around investment properties and surplus assets. There was a new requirement for local authorities to produce a Narrative Statement which reported on financial performance and use of resources in the year and the Council was also required to submit a Whole of Government accounts pack upon which Grant Thornton would provide an audit opinion.
- 43.4 Members were informed that the concept of materiality was applied when performing the audit. This was determined as a proportion of the gross revenue expenditure of the Council and, for the purposes of planning the audit, this had been deemed to be £698,000, or 2% of the gross revenue expenditure. Any adjustments over and above 5% of the materiality level were referred to as 'trivial' matters but still needed to be stated in the accounts. There were certain items where separate materiality levels were appropriate, for instance, if they were sensitive or in the public interest, and these were set out at Page No. 34 of the report. Pages No. 35-36 set out the significant risks which had been identified for the audit. There were two presumed significant risks which were applicable to all audits under accounting standards: that the revenue cycle included fraudulent transactions and management over-ride of control. Other key risk areas included operating expenses and employee remuneration.
- 43.5 The Audit Manager from Grant Thornton had outlined the changes around the value for money conclusion and the table at Page No. 38 of the report set out the new criteria. Under the old regime, external auditors had been required to look at a wide range of elements and the new system employed a more risk-based approach with targeted work on specific areas. The main risk was the Medium Term Financial Strategy due to the ongoing challenge of meeting savings outlined by the Chancellor in the Autumn Statement and the reliance on the continuation of New Homes Bonus. The audit would review the Council's savings plans and the extent towards which it was seeking to generate additional income and alternative solutions to mitigate the risk of future cuts in resources and government funding. Pages No. 40-41 of the report summarised the results of the interim audit work and it was noted that there were no specific control issues from the work carried out so far. The two areas considered were journal entry controls and early substantive testing. It had been identified that journals over £10,000 were normally reviewed by the Finance Manager, however, a report was not being produced for Suspense journals so they had not been subject to normal review. Furthermore, a report for each review was produced based on the 'posted to' date rather than the 'posted on' date so if a journal was backdated it was not subject to review. From the early testing of fees and charges income, one issue had been found in relation to garden waste subscriptions and how income from those transactions was recognised; revenue was recognised at the point of payment and not for the period to which it related. The fees for the audit were set out at Page No. 44 of the report and Members were advised that they were based on rates set by Public Sector Audit Appointments Limited.

- 43.6 In terms of the interim work on journal entry controls, a Member questioned what happened to journals under £10,000. Members were advised that all of the journal entries were carried out by accountants in the Finance Team, however, those over £10,000 were reviewed by the Finance Manager who stressed that there were very few journals in excess of that amount and this was simply an extra level of scrutiny. The Member questioned what happened if an error was found in a journal and how this was reported. The Finance Manager advised that no errors had been identified to date; all systems were balanced monthly so any issues would be flagged up at that point. The Member noted that the report stated that journals were reviewed on an annual basis and she explained that all income came in via the income management system and was allocated a code. If the system did not understand the income, it would allocate it to a Suspense account and Officers would move it to the correct code; these were the journals which would be looked at together at the end of the financial year. The Corporate Services Group Manager advised that Internal Audit did quite a lot of work around journals and this was included in the Internal Audit Monitoring Report which was the next item on the Agenda. The Engagement Lead from Grant Thornton stressed that this was a presumed risk which needed to be mitigated and the external auditors were specifically required to include audit journals each year irrespective of value and the controls put in place by Officers.
- 43.7 With regard to garden waste subscriptions, the Finance Manager advised that they often generated a lot of queries with Customer Services so it was beneficial to smooth out the payments so that there was a more even spread of calls throughout the year. The Corporate Services Group Manager indicated that this was another area which had been subject to an internal audit. He explained that there were currently various renewal dates built into the system throughout the year with reminders sent a month before the renewal was due, during the month it was due and the month after the renewal was due. Any non-renewals were allocated to a 'do not collect' list which was generated daily and issued to Ubico operatives. However, this could cause problems as the system was reliant upon operatives using the list whilst balancing this against the need to ensure bins were emptied properly. A recommendation had been made to review the best way forward to tighten up this control including retrieval of the bins. One idea was to use tags to put on the bins to identify who had paid but there would be a cost to introducing this. A Member raised concern about how this would work in practice and it was agreed that this was something which needed further consideration. The Corporate Services Group Manager confirmed that this was an audit recommendation and would be assigned to the Interim Group Manager for Environmental and Housing Services.
- 43.8 It was
RESOLVED That Grant Thornton's Audit Plan 2015/16 be **NOTED**.

AUD.44 STATEMENT OF ACCOUNTING POLICIES

- 44.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 50-70, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 supported by International Financial Reporting Standards. Members were asked to approve the accounting policies to be used during the 2015/16 closedown.
- 44.2 Members were advised that the Council was required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. In order to do this, the Council had to review all of its accounting policies to ensure that it complied with the Code. One of the main changes was the introduction of the accounting standard IFRS13 Fair Value Measurement; it was noted that fair value had always been

mentioned within the accounting standards but this had standardised the definition. Fair value was now defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. There were three levels of input to measure the sale of an asset: Level 1 inputs which were quoted prices in active markets for identical assets e.g. bonds, shares; Level 2 inputs which were inputs other than quoted prices included within Level 1 that were observable for the asset e.g. interest rates; and Level 3 inputs which required more estimation e.g. cash flow forecasts.

44.3 Although there was no change in measurement for operational Property, Plant and Equipment (PPE), the definition of the measurement base had been changed from 'fair value' to 'current value' in line with the new fair value requirements. The policy for investment properties had also been amended to reflect the new fair value requirements. The valuation method was no longer looking at the current use of the asset and instead focused on the possible wider use of the asset which meant that the final value reflected the highest and best use of the asset. This was more relevant in the private sector, for instance, if prime retail land was used for retirement homes then more money would be made and the higher value would need to be included in the accounts. As the Council had undertaken borrowing for cash flow purposes, clarification had been provided as to how this would be presented in the balance sheet. In terms of interests in companies and other entities, the previous year's accounts had been specific about the relationship with the Swimming Bath Trust, however, the Council now had an interest in Ubico which needed to be accounted for. This standard had been rewritten to be less specific as full details of any interest would be disclosed within the notes to the account. It was also noted that the depreciation policies had been amended slightly to allow for the new solar panels which had been installed on the roof of the Council offices as they needed to be treated as a more specialist asset and depreciated over a longer term than current plant and equipment.

44.4 A Member questioned whether the new leisure centre would have any impact on the value of the Council Offices and the Finance Manager confirmed that valuations were currently being undertaken as part of the annual review of assets and Members would be informed of the outcome within the coming weeks. It was subsequently

RESOLVED That the accounting policies to be used during the 2015/16 closedown be **APPROVED**.

AUD.45 INTERNAL AUDIT PLAN MONITORING REPORT

45.1 The report of the Corporate Services Group Manager, circulated at Pages No. 71-102, was the third monitoring report of the financial year and summarised the work undertaken by the Internal Audit team during the period December 2015 to February 2016. Members were asked to consider the audit work completed and the assurance given on the adequacy of the internal controls operating in the systems audited.

45.2 The Corporate Services Group Manager reminded Members that the Internal Audit team consisted of two full-time equivalent posts. As previously reported to the Committee, one of the postholders had been on maternity leave which had been covered through a combination of a secondment arrangement and an external contractor. This Officer had now returned on a part-time basis and shared a post with the other member of staff leaving one vacancy in the team. This post had been advertised and an appointment had been made with the new member of staff starting the role on 11 April. It was noted that no incidents of fraud had been reported during the period and no work had been commissioned for Tewkesbury Town Council.

- 45.3 Full details of the work undertaken in the period was attached at Appendix 1 to the report and a list of audits within the 2015/16 Audit Plan and their progress to date could be found at Appendix 2 to the report. It was noted that all audit opinions issued had been either 'good' or 'satisfactory'. A good level of control had been found in respect of the audit of the main accounting system and the local authority had strong financial control which was a view shared by the external auditors. An audit of 'cash and bank', a key financial system, had identified a good level of control over the Council's cash payments and bank reconciliation. Payroll was another fundamental financial system with reputational risks. This audit had found that key parameters had been correctly input into the system and were applied correctly during the payroll process; salary adjustment notifications were entered correctly into the payroll system; reconciliation and assurance checks were undertaken during the processing of the payroll, supported by a monthly reconciliation to the main accounting system; and the payment of employees was verified on an annual basis.
- 45.4 With regard to the garden waste audit, which had been discussed under an earlier Agenda item, a satisfactory level of control had been found overall and a comprehensive record of nearly 15,000 residents who subscribed to the garden waste service was held through the Achieve system which allowed renewal administration. In terms of renewals, there were prescribed stages built into the system with a number of reminders sent out. Any non-renewals were added to the 'do not collect' list which was provided to Ubico on a daily basis, however, there could not be full assurance that the unpaid bins were not collected as the system was reliant on the Ubico operatives using the list and trying to empty the bins at the same time. Since April 2015, Ubico had not been instructed to physically pick up the unpaid bins which meant that there were over 400 unpaid bins which could potentially be presented for collection. An audit of Cascades had found a good level of control around the collection of income, however, there was limited assurance around stock control. Whilst stock control systems were in place and stock checks could be demonstrated for all resale items, there were variances in minor items such as vending machine stock and ice creams. Sample testing had indicated that four out of eight items tested did not balance and the Asset Manager had been invited to attend the meeting to answer any questions Members may have. It was noted that the inventory of equipment had been found to accurately list the assets on site. A high level programme for decommissioning the Cascades facility had been produced and more detail would be provided as this formally commenced.
- 45.5 Appendix 3 to the report contained a summary of all audit recommendations and their status. The Corporate Services Group Manager advised that tree inspections had been discussed at length at previous meetings and a transformational project had been launched to attempt to resolve the problems identified which involved replacing the paper system currently in operation with mobile devices to plot trees. A number of days would be allocated within the 2016/17 audit plan to audit the new system. Members were also advised that the recommendations arising from the garden waste audit would be part of a wider review of the garden waste system and the new Revenues and Benefits Write-Off Policy which had been identified as being in need of amendment, would be taken to the Executive Committee on 6 April 2016. Pages No. 93-95 of the report related to the local transparency agenda audit and demonstrated that the recommendations had been implemented and there had now been a vast improvement in the way assets were recorded and managed following the audit of the ICT Asset Inventory.

- 45.6 With regard to the decommissioning of Cascades, a Member queried how it was intended to ensure that the building was kept safe and would remain empty. The Asset Manager advised that the new leisure facility would be opening on 30 May 2016, which was during the school half-term holiday when the majority of the decommissioning of Cascades would be done. All valuables would be removed from the site and the pool would be emptied with a barrier system operating to ensure that if anyone did break in they would not have access to the tanks. He would shortly be going out to tender with the specification for demolition to commence in mid-June. A Member queried whether anything was being done to address the issues identified with the stock at Cascades and was advised that, whilst there were controls in place, they were not strictly in line with the financial procedure rules. Stocktakes were undertaken quarterly and where any discrepancies were found they tended to be among the high volume, low value items such as teabags and sugar. The resale goods and vending machines generated a profitability level of 58% which far exceeded the Swimming Bath Trust target of 30%. The Asset Manager stressed that no items had actually gone missing and the high end stock such as swimming costumes and goggles was extremely well monitored. The site manager was able to sign-off £25 of discrepancies for resale items worth over £45,000, anything more was referred to the Section 151 Officer to sign-off and no such requests had been made over the last 18-24 months. One issue which had been identified was how to identify the amount of stock at year end and how this would be disposed of. A statutory stocktake was undertaken on 31 March each year with an audit carried out at the same time by an external auditor on behalf of the Swimming Bath Trust. This year it would be carried out on 31 March for auditing purposes and again on 29 May, immediately prior to closure. The operators of the new facility, Places for People, had agreed to take some of the stock and the rest would need to be disposed of and written-off in accordance with Council policy. It was a very difficult time as stock levels needed to be run down but also maintained at an appropriate level whilst Cascades remained operational.
- 45.7 In terms of the garden waste audit, a Member noted that there were around 400 unpaid bins which equated to approximately £17,500 of unpaid fees and he questioned whether the Ubico operatives could be tasked to physically go and collect those bins. The Corporate Services Group Manager stressed that these bins were not necessarily all being presented for collection. A letter had been sent to everyone on the unpaid bins list and 50 people had subsequently come back and paid with a further 30 having cancelled their subscription so that number had been reduced by 80. Nevertheless, there was a recommendation that a system be put in place to collect bins on the unpaid list and discussions were taking place with Officers about the best way to do this.
- 45.8 Having considered the information provided, it was
RESOLVED That the Internal Audit Monitoring Report be **NOTED**.

AUD.46 INTERNAL AUDIT PLAN 2016/17

- 46.1 The report of the Corporate Services Group Manager, circulated at Pages No. 108-119, set out, at Appendix 1, the Internal Audit Plan 2016/17. Members were asked to approve the Plan.
- 46.2 Members were advised that the Internal Audit Plan 2016/17 was divided into five main areas: corporate governance; corporate improvement; fundamental financial systems; service areas; and other areas. Members were informed that, under corporate governance, the Internal Audit team would be looking at health and safety and lone working as well as the new complaints framework, which was due to be considered by the Executive Committee on 6 April 2016, as well as business continuity, safeguarding and information governance. The work on the fundamental

financial systems would help to inform Grant Thornton's year end work on the accounts. In terms of the service areas included in the plan, audits would be carried out in relation to insurances; ICT; client monitoring of the new leisure centre and Ubico; Tell Us Once; tree inspections; playground inspections; recycling; community grants; Tourist Information Centres; bulky waste and flood resilience/flood alleviation grants. Consultancy and advice had been allocated 30 days within the plan which accounted for representation on corporate groups e.g. 'Keep Safe, Stay Healthy' Group, Business Continuity Group etc. with 20 days set aside for internal audit work undertaken at Tewkesbury Town Council and a further 30 days for follow-up audits.

46.3 It was

RESOLVED That the Internal Audit Plan 2016/17 be **APPROVED** as detailed at Appendix 1.

AUD.47 INTERNAL AUDIT CHARTER

47.1 The report of the Corporate Services Group Manager, circulated at Pages No. 108-119, informed the Committee of the requirement to formally define the purpose, authority and responsibility of internal audit activity in an Internal Audit Charter which must be periodically reviewed. Members were asked to approve the Internal Audit Charter.

47.2 Members were advised that the Internal Audit Charter established the internal audit activity's position within the organisation and final approval rested with the Audit Committee. The Charter was first approved at the Audit Committee meeting on 20 March 2013 and there were no significant changes to the original Charter other than amendments such as updated job titles. The revised Charter was attached at Appendix 1 to the report. It was noted that Page No. 118, Paragraph 10.1 of the report, set out that it was a requirement of the Public Sector Internal Audit Standards that an independent review must be commissioned at least once every five years by a qualified assessor and a report would be brought to a future meeting of the Audit Committee within the current financial year. In response to a query, the Corporate Services Group Manager confirmed that the independent review must be carried out by 2018. It was a matter of debate as to who would be classed as a qualified assessor; it could be the head of internal audit from another authority provided that it was independent, or it could be external auditors such as Grant Thornton. The Engagement Lead from Grant Thornton confirmed that it did carry out these reviews and, if Grant Thornton was commissioned by the Council, the work would be undertaken by a different team which was not associated with the audit team. It was noted that some authorities pooled together and carried out a review on a joint basis. The Corporate Services Group Manager felt that it was important that the review was proportionate to the authority's size.

47.3 It was

RESOLVED That the Internal Audit Charter be **APPROVED**.

AUD.48 NATIONAL FRAUD INITIATIVE DATA MATCHING EXERCISE

48.1 The report of the Revenues and Benefits Group Manager, circulated at Pages No. 120-123, informed Members of the outcomes of the National Fraud Initiative data matching exercise. Members were asked to consider the report.

- 48.2 The Revenues and Benefits Group Manager advised that the National Fraud Initiative (NFI) matched electronic data within and between public and private sector bodies to prevent and detect fraud. The NFI had helped to trace almost £203M in fraud, error and overpayment in England in the 2012/13 exercise, bringing the UK total since its launch in 1996 to £1.17 billion. Public sector bodies were required to submit data to the NFI on a regular basis in order for it to be cross-checked against other government departments and other organisations' databases. The exercise focused mainly on checking the correct eligibility for single person discounts and ensuring that housing benefit recipients had reported changes in circumstances.
- 48.3 The 2014/15 data matching exercise on Council Tax single person discount had been completed and had made 525 matches and identified 99 ineligible awards with over-claimed discount amounting to £32,512.81. 82 Council Tax matches had been made identifying where a resident had reached the age of 18 with 25 ineligible awards being found amounting to £7,542.17 of over-claimed discount. The outcomes showed a fall in the number of incorrect awards of single person discount compared to the last review; previously the total number of ineligible discounts was 176 with a total of £59,492.45 over-claimed discount. During 2014/15, the total value of awards for single person discount amounted to £3,822,576.74 with the total number of single person discount claims amounting to 12,083. The amount found was relatively small in value, although it was important that the discounts were checked to ensure that those who were eligible to receive the award continued to receive it. The average over-claim in 2014/15 amounted to £323 per case.
- 48.4 Going forward, the Council was working with the newly formed Counter Fraud Hub which was made up of a consortium of local authority staff, backed by the districts in Gloucestershire. The Hub would be carrying out a major review of single person discount awards during 2016 and a review form would be sent out with the annual Council Tax bills. Staff from the Hub and the Borough Council would be carrying out checks on the returned forms and on the latest matches received from the NFI to ensure that awards had been correctly made. Throughout 2015, staff had carried out checks on matches provided by the NFI on housing benefit claims and, of the 589 matches, 535 had been cleared with 16 frauds and 41 claimant errors identified resulting in overpayments of £59,878.67. The fraudulent claims had been passed to the Department of Work and Pensions and the outcome of their investigations was awaited. It was noted that there was a caseload of 4,079 claims and housing benefit awards totalling £19M; the exercise in itself did not establish a significant amount of fraud in error but it was important to ensure that claims were accurate and awards were appropriately made. The Revenues and Benefits team made every effort to collect the arrears created through both exercises and, where payment was not made, enforcement action was taken and would result in cases being taken to court.
- 48.5 A Member questioned how many cases were taken to court and how many were won by the Council. The Revenues and Benefits Group Manager explained that the Council had not been liable for any overpayments on single person discount and no appeals had been made in relation to housing benefit overpayments. The cases tended to be very clear cut, however, there was always an option to take court action. In relation to a query regarding single person discount, Members were advised that approximately 9,000 review forms had been issued but the response so far had been very poor. In many cases people stated that they had just moved into the property and that would be monitored going forward. A Member raised concern regarding assured short hold tenancies which were in one name but where there could be several people living in the property. The Revenues and Benefits Group Manager explained that Council Tax was assessed on the number of people living in the property and when information was provided by letting agents to advise that someone had moved in, Officers always asked for

information about any other joint tenants or occupiers as there was an obligation to include them on the Council Tax bill. This information was not always forthcoming and it required quite a lot of work from Officers. In response to a query as to what was being done to recoup overpayments, Members were advised that the Council received a 40% housing benefit overpayment subsidy from the Government for every overpayment. The Council Tax collection rate was very high at around 98% which indicated that Officers did work hard to ensure that payments were made and money collected. A Member questioned whether overpayments were claimed back from tenants or landlords where properties were rented out and was advised that, whilst it was possible to claim from the landlord, there were strict rules about when that could be done and the vast majority of the cases went to the claimant.

48.6 Having considered the information provided, it was

RESOLVED That the outcomes of the data matching exercise be **NOTED**.

AUD.49 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES

49.1 The report of the Borough Solicitor, circulated at Pages No. 124-129, set out the Significant Governance Issues and the action to be taken to address them as identified in the Council's Annual Governance Statement. Members were asked to consider the progress made against those issues.

49.2 Members were advised that the table set out at Appendix 1 to the report comprised the Significant Governance Issues and the proposed actions and timescales for completion, with a further column indicating the progress as at 1 March 2016. It was noted that good progress was being made in relation to embedding budget understanding and business continuity, however, the date for the completion of the Constitution update had been put back to December 2016. The Borough Solicitor provided assurance that the Constitution did not contain any fundamental errors, and it had been updated over the year, it did require a refresh and this was something which had been identified by the Peer Review. Unfortunately, the Democratic Services team who would be carrying out this action were now working towards the forthcoming Police and Crime Commissioner Elections in May and the EU Referendum in June, which had been announced since the adoption of the Annual Governance Statement, and the deadline had therefore been pushed back. In terms of the Workforce Development Strategy, the Human Resources team was working in partnership with senior Human Resources Officers from Gloucestershire Care Services who were helping to deliver the strategy, however, the date of completion would need to be extended to reflect the sickness absence of the Council's lead Officer who had been involved in a skiing accident. A Member questioned how long this action would be delayed and the Borough Solicitor indicated that she believed that the new target date would be April 2016 but she would confirm this to Members following the meeting.

49.3 It was

RESOLVED That progress against the Significant Governance Issues identified in the Council's Annual Governance Statement be **NOTED**.

AUD.50 CORPORATE RISK REGISTER

- 50.1 The report of the Corporate Services Group Manager, circulated at Pages No. 130-138, attached the corporate risk register which Members were asked to consider.
- 50.2 Members were advised that the Council's overall risk management arrangements were overseen by the Corporate Governance Group and the corporate risk register, attached at Appendix 1, was a high level summary document which had been endorsed by the Corporate Leadership Team; changes to the register since the last update were highlighted in bold. It was noted that the risk management framework, including the Risk Management Strategy and risk register, would be formally reviewed through the course of 2016/17. This would be supported with training for relevant Officers and Members. The review of the Risk Management Strategy had been briefly discussed at the Transform Working Group where there had been evidence of a shift in the risk appetite of the Council, for example, a will to explore commercial opportunities, which should be reflected in the new strategy.
- 50.3 With regard to Appendix 1, particular attention was drawn to business transformation which was a key part of the transform programme and a Digital Strategy was due to be presented to the Executive Committee at its meeting on 6 April 2016. Economic growth was central to the new Council Plan and an Overview and Scrutiny Committee Working Group was currently in the process of reviewing the Economic Development and Tourism Strategy. The Working Group needed more time to ensure that the strategy was comprehensive and the implementation date had therefore been amended to December 2016. In terms of asset management, Members should be aware that the Executive Committee had recently approved the preparation of development proposals for the Spring Gardens and Oldbury Road site. As mentioned under the previous Agenda item, the development of a new Workforce Development Strategy was on hold pending the return of the Lead Officer from sickness absence, however, assurance was provided that work would still be done in this area, e.g. training, without a formal strategy in place. In relation to customer expectation, a Customer Care Strategy had been approved by the Executive Committee in March 2016 and the corporate standards included within the strategy, which set out what customers could expect when making contact with the Council, now needed to be rolled out. In terms of the delivery of operational services, a client monitoring framework had been developed and the Overview and Scrutiny Committee was due to receive the second report since the transfer of waste services to Ubico at its next meeting. Finally, business continuity had been identified as a Significant Governance Issue in the Annual Governance Statement and a desktop exercise had been held for Operational Managers in February which had provided the catalyst for more work during the year.
- 50.4 A Member felt that the register needed to be updated in relation to the new leisure centre which was entering the final phase of build work, as it would be necessary to ensure that the agreement was working properly before the handover of the facility to the operators. The Corporate Services Group Manager felt that this was a valid point and undertook to update the risk accordingly. It was subsequently

RESOLVED That the information contained within the corporate risk register be **NOTED**.

The meeting closed at 3:50 pm

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Tuesday, 17 May 2016 commencing at 6:15 pm**

Present:

Chairman
Vice Chairman

Councillor R Furolo
Councillor Mrs H C McLain

and Councillors:

K J Cromwell, A J Evans, B C J Hesketh and Mrs S E Hillier-Richardson

AUD.1 ELECTION OF CHAIR

1.1 The Mayor opened the meeting by seeking nominations for the Chairmanship of the Committee.

1.2 It was proposed and seconded that Councillor R Furolo be nominated as Chair of the Committee. Upon being put to the vote it was

RESOLVED That Councillor R Furolo be elected as Chair of the Audit Committee for the ensuing Municipal Year.

AUD.2 APPOINTMENT OF VICE-CHAIR

2.1 Councillor R Furolo took the chair and invited nominations for Vice-Chair of the Committee.

2.2 It was proposed and seconded that Councillor Mrs H C McLain be nominated as Vice-Chair of the Committee. Upon being put to the vote it was

RESOLVED That Councillor Mrs H C McLain be appointed as Vice-Chair of the Audit Committee for the ensuing Municipal Year.

The meeting closed at 6:20 pm

Audit and Accounts Committee
Progress and Update Report for
Tewkesbury Borough Council
Year ended 31 March 2016

22 June 2016

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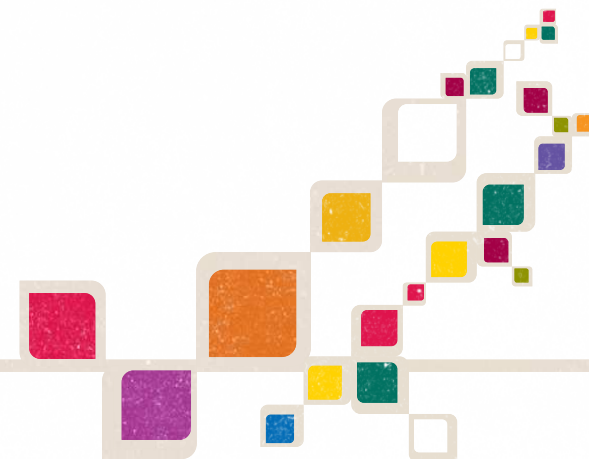
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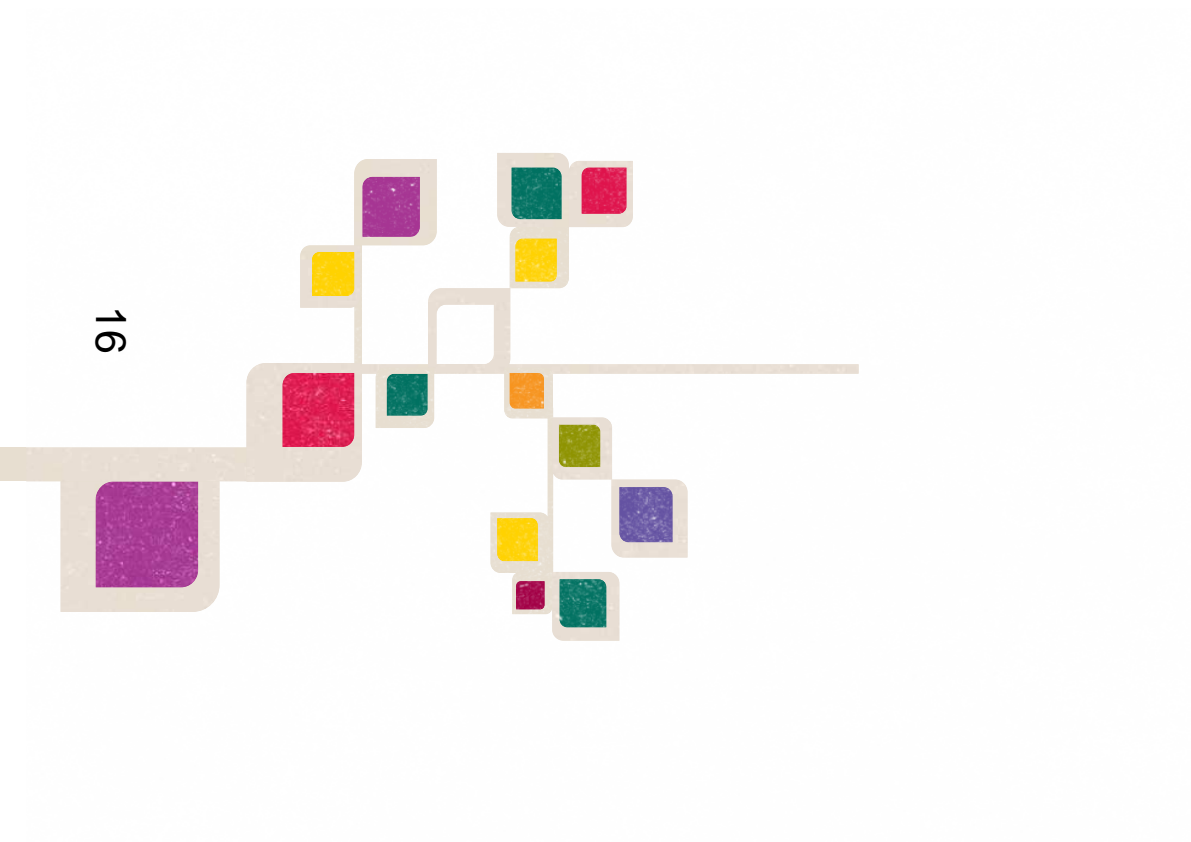


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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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Introduction

This paper provides the Audit and Accounts Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Accounts Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company;
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ;
www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015)
www.grantthornton.co.uk/en/insights/making-devolution-work/

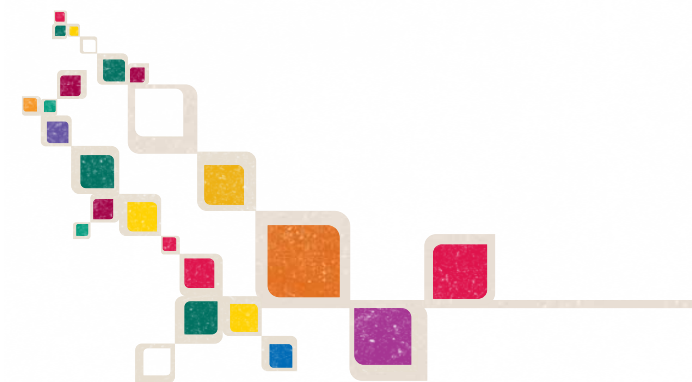
If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Associate Director or Engagement Manager.



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Progress at 22 June 2016



 **Progress against plan**
On track

 **Opinion and VfM conclusion**
Plan to give before deadline of 30 September 2016

 **Outputs delivered**
Fee letter, Progress reports, delivered to plan

2015/16 work

Completed Comments

Fee Letter

We issued the 'Planned fee letter for 2015/16 in April 2015.

April 2015

We have also recently issued the fee letter for 2016/17 on 25 April 2016, with no change to the fee proposed. This is reported to this meeting of the Audit and Accounts committee.

Accounts Audit Plan

We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.

March 2016

This was presented to the Audit and Accounts Committee in March 2016, as planned and there have been no amendments that require bringing to your attention

We also inform you of any subsequent changes to our audit approach.

Interim accounts audit

Our interim fieldwork visit includes:

- updating our review of the Council's control environment
- updating our understanding of financial systems
- review of Internal Audit reports on core financial systems
- early work on emerging accounting issues
- early substantive testing

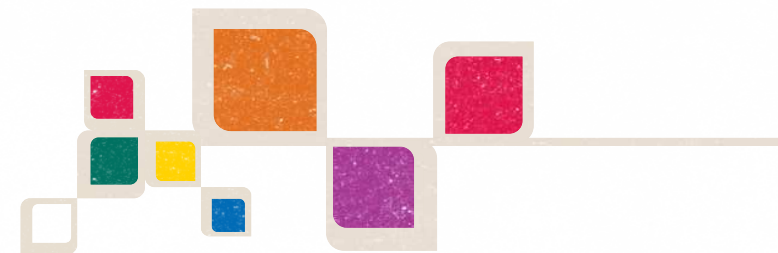
February 2016

Interim audit findings for the work were completed in February and the findings from the work were included in the Audit Plan presented to Audit Committee in March.

Further work has been undertaken with the Council in May to assess the proposed treatment and accounting arrangements for the UBICO partnership and the requirement for disclosure of group accounts. Following discussion involving the Group Manager of Finance and Assets Management and the finance team we have concluded that the treatment proposed by the Council of not preparing group accounts is appropriate.

As part of our formal communication between auditors and the council's Audit Committee, as 'those charged with governance' we prepare a specific report which covers some important areas of the auditor risk assessment where we are required to make inquiries of management and the Audit Committee under auditing standards.

Progress at 13 May 2016



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2015/16 work	Completed	Comments
<p>Final accounts audit Including:</p> <ul style="list-style-type: none"> • Audit of the 2015-16 financial statements • proposed opinion on the Council's accounts 	<p><i>Planned for August</i></p>	<p>We are planning to complete our audit by 31st August as part of the transition to the earlier closedown and audit cycle that is required from 2018.</p> <p>To help the Council prepare appropriate evidence to support the financial statements, in February we shared a schedule of the working papers that we expect and discussed the implications of emerging accounting matters with finance staff.</p>
<p>Value for Money (VfM) conclusion The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p><i>Field work in March – July 2016, formal conclusion reported by 30 September 2016</i></p>	<p>We set out the result of our risk assessment and the proposed focus of our work in the Audit plan presented to Audit Committee in March 2016.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p> <p>We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.</p>
<p>Other activities</p> <p>We provide a range of workshops, along with network events for members and publications to support the Council.</p>	<p>Ongoing</p>	<p>We have provided a local workshop covering changes to accounting standards and the Code of Practice, which are part of a national programme delivered in partnership with CIPFA, and emerging issues and future developments, to support officers involved in the preparation of the Financial Statements.</p> <p>Further details of the publications that may be of interest to the Council are set out from page 7.</p>

Better Together: Building a successful joint venture company

Grant Thornton reports

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

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'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

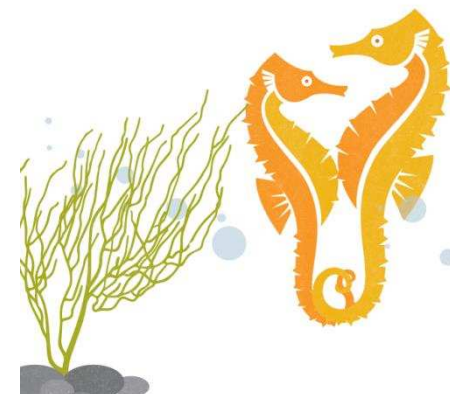
- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton reports

We have published our first cross-sector review of Audit Committee effectiveness encompassing the corporate, not for profit and public sectors.

It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. The report is structured into four key issues:

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- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

The detailed report is available here

<http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

Size: 3-5 members is an ideal size for an audit committee

Frequency: meetings should be regular and the length should adapt to content

Relevance: audit committee members should be selected based on the skills and experience they bring

Communication: papers should strike the balance between detail and length

Ability: training should be provided for audit committee members

Clarity: the role of the audit committee and its relationship with other committees, should be clearly defined

Evolution: audit committees should continually develop

The two key things that audit committee members should be asking are:

- 1** What is expected of the audit committee and does it reflect the specific nature of the industry in which the organisation sits?
- 2** Does the audit committee have clear terms of reference in place? Audit committees should set themselves targets for what they want to achieve and define how these will be measured to ensure they are operating effectively.

Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

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This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

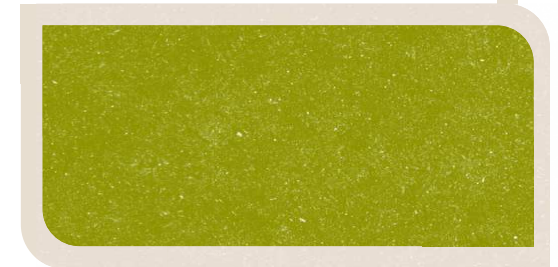
Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





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25 April 2016

Dear Simon

Planned audit fee for 2016/17

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the PSAA website <http://www.psa.co.uk/about-us/what-we-do/>.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset.

CIPFA/LASAAC is expected to confirm, subject to consultation, that the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom will adopt the measurement requirements of the CIPFA Code of Practice on Highways Network Asset.

As Tewkesbury Borough Council is not a highway authority, this change for accounting for highway assets is not applicable.

PSAA have proposed that 2016/17 scale audit fees (excluding work completed on the Highways Network Asset) are set at the same level as the scale fees applicable for 2015/16. The Council's scale fee for 2016/17 has been set by PSAA at £44,921.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the PSAA website (<http://www.psaa.co.uk/wp-content/uploads/2015/10/Proposed-work-programme-and-scales-of-fees-consultation-for-local-government-and-police-bodies1.pdf>). Further information on the NAO Code and guidance is available on the NAO website <https://www.nao.org.uk/code-audit-practice/>.

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return (if applicable).

As outlined above, the fee for any additional work in respect of the Highways Network Asset is not included in this fee.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

The Council's indicative grant certification fee has been set by PSAA at £9,525. This fee covers the cost of certifying the housing benefit subsidy claim only and is based on final 2014/15 certification fees.

The indicative fee for certification work is based on the expectation that you provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	11,230.25
December 2016	11,230.25
March 2017	11,230.25
June 2017	11,230.25
Total	44,921

Grant Certification	
March 2017	9,525

Outline audit timetable

We will undertake our audit planning and interim audit procedures in January to March. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in August and work on the whole of government accounts return in August.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	January to March 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July – August 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	August 2017	Audit Findings (Report to those charged with governance)	As above.
Whole of government accounts	August 2017	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	September 2017	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Alex Walling	0117 305 7804	alex.walling@uk.gt.com
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Engagement Manager	David Johnson	0117 305 7727	david.a.johnson@uk.gt.com
In Charge Auditor	Aled Evans	0117 305 7813	aled.evans@uk.gt.com

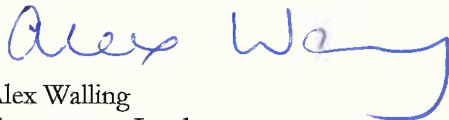
Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely



Alex Walling
Engagement Lead

For Grant Thornton UK LLP

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22 June 2016
Subject:	Internal Audit Plan Monitoring Report
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines
Number of Appendices:	3

<p>Executive Summary:</p> <p>This is the final monitoring report of the financial year and summarises the work undertaken by and the assurance opinions given by Internal Audit for the period March 2016.</p>
<p>Recommendation:</p> <p>To CONSIDER the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.</p>
<p>Reasons for Recommendation:</p> <p>The work of Internal Audit Work complies with the Public Sector Internal Audit Standards (PSIAS). These standards state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on Internal Audit's activity relative to its plan.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with PSIAS.</p> <p>If there are delays in response to the acceptance/implementation of essential audit recommendations then this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance remaining within the systems audited.</p>
<p>Performance Management Follow-up:</p> <p>All recommendations made by Internal Audit are followed up within appropriate timescales to give assurance they have been implemented. All recommendations made by Internal Audit are reported to the Audit Committee and these can be found in Appendix 3.</p>

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The 2015/16 Internal Audit plan was approved at Audit Committee on 18 March 2015. This is the final monitoring report of the financial year and summarises the work undertaken by and the assurance opinions given by Internal Audit for the period March 2016. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Group Manager Corporate Services) reports formally to the 'board' (Audit Committee).

2.0 INTERNAL AUDIT WORK FOR THE PERIOD

2.1 The work undertaken in the period is detailed in Appendix 1. This provides commentary on the activity audited, the control objectives for each activity and the audit opinion for each control objective.

2.2 A list of the audits within the 2015/16 audit plan and their progress to date can be found in Appendix 2.

2.3 When reporting, a 'split' opinion can be given. This means an individual opinion can be given for different parts of the system being audited. This approach enables Internal Audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'good', 'satisfactory', 'limited' and 'unsatisfactory'. With regards to the trade waste audit completed in the period a combination of limited and unsatisfactory opinions have been given.

2.4 All audit recommendations have been included within this monitoring report. This provides the committee with an overview of the breadth of work undertaken and allows the committee to monitor the implementation of the audit recommendations. The list of recommendations and their status can be found in Appendix 3. Note: recommendations that have been previously reported to the Audit Committee as implemented have been removed from the template.

3.0 INTERNAL AUDIT STAFFING

3.1 The internal audit establishment consists of two FTE. As reported to Audit Committee in September 2015 and December 2015 one of the post holders was on maternity leave and this leave was covered through a combination of a secondment arrangement and an external contractor. Two officers now share one post and there has been successful recruitment to the remaining post.

4.0 FRAUD/CORRUPTION/THEFT/WHISTLEBLOWING

4.1 No incidents have been reported during the period.

5.0 PARTNERSHIP ARRANGEMENT WITH TEWKESBURY TOWN COUNCIL

5.1 As reported at previous Audit Committees, the Internal Audit team has been commissioned by Tewkesbury Town Council (TTC) to undertake their Internal Audit. No work has been commissioned during the period. The year-end audit of the Council's systems and processes commenced in May 2016.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to complete a client survey at the end of the audit.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 Internal Audit Charter and Internal Audit Annual Plan.

9.0 RELEVANT GOVERNMENT POLICIES

9.1 None.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

11.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

11.1 None.

12.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

12.1 Internal Audit contributes to VFM through their improvement work.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13 .1 None.

Background Papers: None

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Appendices: Appendix 1 – Audit work undertaken March 2016
Appendix 2 – Audit Plan progress
Appendix 3 – Summary of recommendations

**List of Audits Completed As Part of the 2015-16 Audit Plan
(March 2016)**

Audit	Audit Objective & Opinion		
ICT Helpdesk	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Procedures and service level agreements are documented for the ICT helpdesk. 2. Helpdesk calls are logged, classified and allocated to an officer for resolution in a timely manner. 3. A central knowledge base exists for both users and helpdesk staff. <p>Audit opinion</p>		
	CO	Assurance Level	Opinion
	1	Satisfactory	<p>Helpdesk calls are tracked through a ticketing system; with each ticket being assigned a priority. Response targets exist for each of these priorities although these should be supported by a Service Level Agreement (SLA) and communicated to staff. In addition to an SLA, helpdesk processes and procedures should be documented for consistency purposes and business continuity.</p> <p>The helpdesk software provides an extensive range of performance management reports which are frequently reviewed by the ICT Operations Manager. These reports highlighted the fact that the majority of incidents are still being reported over the phone. It is therefore recommended that further promotion of the self-service portal is carried out in order to encourage more staff to use this method of logging calls with the helpdesk.</p>
	2	Satisfactory	<p>A review of tickets logged through the ICT helpdesk established that all had been assigned to an appropriate member of staff for resolution and assigned an appropriate priority, although a definition for these priorities should be established as part of the procedures. Sufficient information is recorded against each ticket which is appropriate to the nature of the incident or request.</p> <p>Through the ticketing system, the progress of reported incidents are able to be tracked by both ICT and the user; ensuring that they are aware of the status of their request. All closed tickets have been completed and dealt with in a timely manner, with appropriate user notification upon completion. In respect of open tickets, it would be beneficial to carry out a periodic check in order to ensure they are being closed off promptly.</p>

	3	Satisfactory	<p>A central knowledge base of known errors and resolution options is in the process of being developed for ICT Services. In addition, the helpdesk system acts as a knowledge base in itself; whereby helpdesk operators can look back at the history of similar tickets to identify how they were previously resolved.</p> <p>Furthermore, guidance exists and is in the process of being developed to allow staff to attempt the resolution of common ICT issues before raising a helpdesk call. It is recommended that this is promoted to ensure staff are aware of it and encourage the self-service resolution of simple ICT issues.</p>						
Trade Waste	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Commercial Waste charges are approved and reviewed on a regular basis 2. Commercial Waste accounts are appropriately managed including the completion of contractual/statutory documentation, the raising of invoices for bin collections and the recovery of debt due. 3. The performance of the service is measured using the contractual key performance indicators <p>Audit Opinion</p> <table border="1" data-bbox="352 972 1426 2045"> <thead> <tr> <th data-bbox="352 972 427 1070">CO</th> <th data-bbox="427 972 644 1070">Assurance Level</th> <th data-bbox="644 972 1426 1070">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="352 1070 427 2045">1</td> <td data-bbox="427 1070 644 2045">Limited</td> <td data-bbox="644 1070 1426 2045"> <p>The audit identified that commercial waste charges had been updated for financial year 2015/16, however, no review of these charges was undertaken for 2016/17. In addition, current financial data being provided from UBICO is of a very high level nature and anticipated expenditure currently exceeds expected income for both 2015/16 and 2016/17. Further detailed financial information expressed as expenditure type is required to provide a greater understanding on where expenditure is being incurred and assist the budget monitoring process. It is acknowledged that, as part of the council plan 2016/20 priorities, this waste service is to be reviewed to ensure it is operating on a viable commercial level. The audit also noted that commercial waste services would currently have difficulty in providing evidence to the environmental regulator on demonstrating the reasons for continuing to not offer a recycled trade waste separate collection service in respect of paper, plastic, metal and glass and as a result there is the potential to be non-compliant to legislation changes which came into force from 1 January 2015. This issue is due to be considered as part of the planned service review.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Limited	<p>The audit identified that commercial waste charges had been updated for financial year 2015/16, however, no review of these charges was undertaken for 2016/17. In addition, current financial data being provided from UBICO is of a very high level nature and anticipated expenditure currently exceeds expected income for both 2015/16 and 2016/17. Further detailed financial information expressed as expenditure type is required to provide a greater understanding on where expenditure is being incurred and assist the budget monitoring process. It is acknowledged that, as part of the council plan 2016/20 priorities, this waste service is to be reviewed to ensure it is operating on a viable commercial level. The audit also noted that commercial waste services would currently have difficulty in providing evidence to the environmental regulator on demonstrating the reasons for continuing to not offer a recycled trade waste separate collection service in respect of paper, plastic, metal and glass and as a result there is the potential to be non-compliant to legislation changes which came into force from 1 January 2015. This issue is due to be considered as part of the planned service review.</p>
CO	Assurance Level	Opinion							
1	Limited	<p>The audit identified that commercial waste charges had been updated for financial year 2015/16, however, no review of these charges was undertaken for 2016/17. In addition, current financial data being provided from UBICO is of a very high level nature and anticipated expenditure currently exceeds expected income for both 2015/16 and 2016/17. Further detailed financial information expressed as expenditure type is required to provide a greater understanding on where expenditure is being incurred and assist the budget monitoring process. It is acknowledged that, as part of the council plan 2016/20 priorities, this waste service is to be reviewed to ensure it is operating on a viable commercial level. The audit also noted that commercial waste services would currently have difficulty in providing evidence to the environmental regulator on demonstrating the reasons for continuing to not offer a recycled trade waste separate collection service in respect of paper, plastic, metal and glass and as a result there is the potential to be non-compliant to legislation changes which came into force from 1 January 2015. This issue is due to be considered as part of the planned service review.</p>							

	2	Limited	<p>There is a satisfactory level of assurance that commercial waste accounts are being appropriately managed in respect of the retention of account information such as contracts, risk assessments; and that customers are being invoiced promptly and for the correct amount. Payments being received are also allocated correctly to the general ledger. Recovery action is currently limited and there is the potential for customers with unpaid accounts to still be receiving a service. In February 2016, the amount of debt raised was £198K, of which £75K was outstanding. Further recovery action by Environment and Housing (EH) needs to be undertaken in respect the debt identified within the monthly outstanding debt reports. In particular, unpaid invoices greater than 90 days old and debt relating to lapsed instalment arrangements. A responsible officer from EH should be assigned with responsibility to review this debt on a regular basis and also to undertake appropriate recovery procedures including prompt instructions being given to UBICO to cease collections and recover bins. There is a current awareness that stock management systems are limited and an action plan is being established by UBICO to address stock issues. The Council will need to have access to their bin stock records at all times in order to ensure that stock is being maintained at an appropriate level for service delivery and to allow procurement activities to be undertaken in a timely manner.</p>
	3	Unsatisfactory	<p>The performance of the service is not currently being measured using the contractual key performance indicators of which there are two concerning the % number of collections completed on schedule and % number of service complaints received against weekly collection.</p>

The level of internal control operating within systems will be classified in accordance with the following definitions:-

LEVEL OF CONTROL	DEFINITION
Good	Robust framework of controls – provides substantial assurance.
Satisfactory	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two 'Necessary' (Rank 2) recommendations.
Limited	Some lapses in framework of controls – provides limited assurance. A number of areas identified for improvement. A number of 'Necessary' (Rank 2) recommendations, and one or two 'Essential' (Rank 1) recommendations.
Unsatisfactory	Significant breakdown in framework of controls – provides unsatisfactory assurance. Unacceptable risks identified – fundamental changes required. A number of 'Essential' (Rank 1) recommendations.

Recommendations/Assurance Statement

CATEGORY		DEFINITION
1	Essential	Essential due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation. Where possible it should be addressed as a matter of urgency.
2	Necessary	Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist and should be pursued in the short term, ideally within 6 months.

Progress of Audit Plan

Audit	Status
Local Government Transparency Code	Final – report to Audit Committee September 2015.
Complaints framework	Final – report to Audit Committee September 2015.
Repair & Renewal Grants	Final – report to Audit Committee September 2015.
Disabled Facility Grants	Final – report to Audit Committee September 2015.
Business Rates	Final – report to Audit Committee September 2015.
Car parks	Final – report to Audit Committee September 2015.
Tree inspections	Final – report to Audit Committee September 2015.
Property Services - new leisure centre	Final – report to Audit Committee December 2015.
Debtors	Final – report to Audit Committee December 2015.
Treasury Management	Final – report to Audit Committee December 2015.
Budgetary Control	Final – report to Audit Committee December 2015.
Creditors	Final – report to Audit Committee December 2015.
Main Accounting System	Final – report to Audit Committee March 2016.
Payroll	Final – report to Audit Committee March 2016
National Fraud Initiative	Final – report to Audit Committee March 2016.

Audit	Status
Cash & Bank	Final – report to Audit Committee March 2016.
Garden Waste	Final – report to Audit Committee March 2016.
Cascades	Final – report to Audit Committee March 2016.
ICT	Final – report to Audit Committee June 2016
Trade Waste	Final – report to Audit Committee June 2016
Economic Development – grants	
Housing Benefits	

Outstanding Audit Recommendations

	Recommendation reviewed and found not implemented
	Recommendation reviewed and found to be partially implemented
	Recommendation reviewed and found to be implemented

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Audit	Recommendation Details	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Benefits Audit 2014-15	The checking of benefit claims should give consideration to the following:- The checks undertaken by the Benefits Team Leader should be dated. The checking regime will be documented Consideration should be given to staff resilience to ensure that checking is undertaken on a consistent basis	Mar-16	Pre-Apr-16		Partially implemented- new implementation date agreed at Dec '15 follow-up	16-17 q2
Budgetary Control (15/16)	The budget scheme of delegation should be updated on an annual basis.	Apr-16				16-17 q4
Budgetary Control (15/16)	The council's Financial Procedure Rules should be updated.	Jun-16	pre Apr-16		New implementation date agreed at May '15 follow-up. Financial procedure rules have been updated but need to be approved by council, this will be done as part of the amendments to the constitution.	16-17 q4
Car Parks 2015-16	A reconciliation between the payments recorded on the 'chipside' and also 'Bristow and Sutor' databases against the general ledger should be undertaken on a regular basis.	Dec-15	Apr-16	Follow up Undertaken - implemented		16-17 q1
Car Parks 2015-16	All variable charges within the APCOA contract need to be verified prior to payment and the invoice calculations checked	Dec-15	Apr-16	Follow up Undertaken - implemented		16-17 q1
Car Parks 2015-16	Recovery processes need to be established which provide assurance that prompt action is taken where direct debit payments relating to parking permits have failed	Mar-16	Apr-16	Follow up Undertaken - implemented		16-17 q1
Complaints 2015-16	A review of the complaints process should be undertaken with consideration being given to logging, handling, reporting and learning in respect of both formal complaints and online complaints	Mar-16	Apr-16	Follow up Undertaken - implemented	New complaints policy approved at Exec Committee 06/04/2016	16-17 q1
Corporate improvement-fighting fraud checklist for governance 2015-16	Ensure all staff, members and agency workers are aware of the risks of fraud and how it can be reported.	Oct-16				16-17 q4
Council Tax 2014-15	Inspection process needs to be enhanced to ensure that council tax is raised at the earliest opportunity	Feb-16				16-17 q3
Creditors	Undertake a periodic stocktake of cheques	Mar-16				16-17 q3
Creditors	Pre-signed cheques should be stored in a strong room or safe with appropriate access controls	Mar-17				16-17 q3

Audit	Recommendation Details	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Disabled Facility Grant Return 2014-15	Consideration should be given to curtailing the recording of grant details from payment request forms on a spreadsheet as this information can be obtained from new financials	Dec-15	Apr-16	Follow up Undertaken - implemented		16-17 q1
Disabled Facility Grant Return 2014-15	Part 3 of the Application Form needs to be amended to take into account changes in legislation such as abolition of council tax benefit	Dec-15	Apr-16	Follow up Undertaken - implemented		16-17 q1
Disabled Facility Grant Return 2014-15	The process of grant approvals and payments should be reviewed in order to ensure applications are processed promptly.	Dec-15	Apr-16	Follow up Undertaken - implemented		16-17 q1
Food control	Enhancements should be made to the food business registration process. In this connection, confirmation should be obtained from One Legal as to the necessity for the addition of an applicant declaration to the online registration form.	Mar-16	Sep-15		New implementation date agreed at Sept '15 follow-up.	16-17 q1
Food control	The risk evaluation programme should be subject to a periodic management review undertaken by management of the work carried out by inspecting officers. Furthermore, as required by the Food Law Code of Practice, the procedure for the authorisation of officers should be documented	Mar-16	Sep-15		New implementation date agreed at Sept '15 follow-up.	16-17 q1
Garden Waste 2015-16	The retention and cleansing of garden waste data should be reviewed for data protection and service delivery purposes and include data checks and cleansing together with a reconciliation between TBC and UBICO data.	Dec-16				17-18 q1
Garden Waste 2015-16	A review of the garden waste subscriptions processes should be undertaken in respect of non-renewal accounts, demonstrating customer agreement to the council's terms of reference, establishing a stock management system and authorising renewal extensions	Dec-16				17-18 q1
Garden Waste 2014-15	In order to identify efficiencies, the following should be undertaken: 1. The necessity for the current number of renewal stages should be re-assessed with a view to streamlining the renewals process and reducing the number of letters sent to customers. 2. The Garden Waste Service Handbook should be updated to reflect the new garden waste system and any amendments to the stages within the recovery procedure	Dec-16	pre Apr-16	Mitigated by other processes	Reviewed as part of the 15/16 audit and aspects of these recommendations are now included within the recommendations concerning a review of garden waste subscriptions	n/a
Homeless 2014-15	To demonstrate best value a procurement exercise in relation to storage should be undertaken	Apr-16				16-17 q1
Homeless 2014-15	Call off contracts for B&B properties should be established and assurance of the continuing suitability of the accommodation being provided should be obtained	Jun-16	Apr-16		New implementation date agreed March 2016- verbal update	16-17 q1

Audit	Recommendation Details	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
Housing Benefits - Debtors	The Revenues and Benefits Write Off Policy should be amended to reflect changes in the organisational structure and the authorisation limits as set out in the Financial Procedure Rules.	Mar-16	Apr-16	Follow up Undertaken - implemented	New policy approved and implemented with amended authorisation and limits for Write Offs	16-17 q1
ICT Asset Inventory Follow-Up 2015-16	Enhancements should be made to the draft ICT Asset Management Procedure. In this connection, the procedure should document the responsibility for reviewing the asset register, the frequency at which this should be carried out and the escalation process for any exceptions identified.	Mar-16				16-17 q3
ICT Asset Inventory Follow-Up 2015-16	Managers should be made aware of their responsibility in respect of portable items. In this connection, the procedures for tracking equipment between ICT and individual services, departments should be made aware of their responsibility to track the whereabouts of the portable items within their teams	Mar-16				16-17 q3
ICT helpdesk 2015-16	Supporting procedures should be documented for the helpdesk.	Aug-16				16-17 q3
ICT helpdesk 2015-16	A periodic check of open tickets should be carried out to ensure they are being closed off promptly.	Aug-16				16-17 q3
ICT helpdesk 2015-16	Further promotion of the self-service portal should be carried out.	Aug-16				16-17 q3
ICT helpdesk 2015-16	Feedback on the new system should be sought from users.	Aug-16				16-17 q3
Local Transparency Agenda Follow-Up 2015/16	The following action should be undertaken in order to comply with the publication requirements of the Local Transparency Code 2015. 1. A review of the data published in respect of local authority land should be carried out to ensure the information is clear and compliant to the code	Mar-16				16-17 q2
Local Transparency Agenda Follow-Up 2015/16	Overall responsibility for the council's contract register should be defined.	Mar-16				16-17 q2
NNDR	The Council's discretionary policy should give consideration to the changes introduced by the Localism Act 2011 in which discretionary relief can be given to any ratepayer.	Mar-16				16-17 q2
Payroll 2015-16	To review the processes in relation to employee rights to holiday leave/pay particularly in light of recent employment tribunal case law	Dec-16				17-18 q1
PPD 2015-16	The PPD process should be enhanced to ensure that PPD's are updated on a regular basis and that staff involved in the PPD process are appropriately trained.	Sep-15				16-17 q3
Property Audit – TBC building tenant leases 2014-15	The disposal of commercial waste by TBC on behalf of tenants should be incorporated within the lease and the appropriate debt raised against the tenants	Dec-15				16-17 q2
Property Audit – TBC building tenant leases 2014-15	Property inspections should be carried out when a lease is initiated and then at least on an annual basis	Mar-16				16-17 q2
Risk Management 2015-16	Refresher training should be provided for staff and members who have an involvement with the risk management framework.	Sep-16				16-17 q3

Audit	Recommendation Details	Expected implementation date for recommendation	Date Audit Followed Up	Current Recommendation Status	Further Audit Comments	Target Follow Up Date
S106	The monitoring process should give consideration to actively identifying completion of properties with the S106 module	Dec-15				16-17 q3
Treasury Management 2015-16	Where a need to borrow has been identified. Supporting documentation should be retained for approval purposes that identify the various options considered and support the decision made.	Mar-17				16-17 q4
Tree Inspections 15-16	A database of tree inspections should be established and maintained - The investigations in respect of the 31 non risk assessed land areas needs to be completed and the trees inspected	Mar-16	May-16	Follow Up Undertaken - not implemented	Revised date for implementation to be agreed as part of finalisation of 16/17 audit.	16-17 q1
Tree Inspections 15-16	A check to be carried out from the High and Medium Land risk areas to the inspection records/maps and also Uniform to ensure that all tree tag references for high and medium risk Tewkesbury owned land areas have been plotted and that next inspection dates are recorded.	Mar-16	May-16	Mitigated by other processes	New land area maps generated for ground maintenance and these will be used to inspect trees on TBC land. Future inspection to be based on risk zones and amendments to Tree Safety Policy are required as a result.	16-17 q1
Tree Inspections 15-16	Trees with defects should be maintained in accordance with the Tree Safety Management Policy.	Mar-17	May-16	Follow up Undertaken - implemented		16-17 q1

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22 June 2016
Subject:	Internal Audit Annual Report 2015/16
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines
Number of Appendices:	None

<p>Executive Summary:</p> <p>To provide Members with a summary of Internal Audit work undertaken during 2015/16 and to provide an opinion on the effectiveness of the Council's framework of governance, risk management and control.</p>
<p>Recommendation:</p> <p>To CONSIDER the Internal Audit Annual Report 2015/16 and the assurance from the work undertaken during the year that generally overall there is a satisfactory level of assurance in relation to the effectiveness of the council's framework of governance, risk management and control.</p>
<p>Reasons for Recommendation:</p> <p>The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) i.e. Corporate Services Group Manager must report functionally to the board i.e. Audit Committee.</p> <p>One example of functional reporting is the Internal Audit annual report. PSIAS also requires that the CAE delivers an annual audit opinion and report that can be used by the organisation to inform its annual governance statement.</p>

<p>Resource Implications:</p> <p>None.</p>
<p>Legal Implications:</p> <p>None.</p>
<p>Risk Management Implications:</p> <p>If the CAE does not report functionally to the board then this does not comply with PSIAS.</p> <p>If the Council does not have in place a framework of sound governance, risk management and control then there is a risk it will not achieve its objectives.</p>

Performance Management Follow-up:

All recommendations made from individual audits are followed up during the year to ascertain if they have been implemented or not. Any audit where a limited or unsatisfactory opinion has been concluded requires the relevant manager to report back to the committee to give assurance that issues identified have been resolved.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Audit Executive (CAE) delivers an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. For Tewkesbury Borough Council, the CAE is defined as the Group Manager – Corporate Services.
- 1.2** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s 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.
- 1.3** To direct and effectively deploy the audit resource, a risk based annual audit plan is produced and this plan is approved by Audit Committee. The 2015/16 plan was approved by Audit Committee on 18 March 2015. It should be noted that Internal Audit is only part of the Council’s assurance framework and therefore the annual audit opinion is only reflective and restricted to the systems audited during the year.
- 1.4** Part 2 – Internal Control (para3) of the Accounts and Audit Regulations 2015 requires that: -
- “a relevant authority must ensure that it has a sound system of internal control which –
- (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) Ensures that the financial and operational management of the authority is effective; and
 - (c) Includes effective arrangements for the management of risk
- Part 2 –Internal Control (para 5 (1)) requires that: -
- “a relevant authority must 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”
- Part 2 – Internal Control (para 6 (1)) requires that: -
- “ a relevant authority must, each financial year -
- (a) Conduct a review of the effectiveness of the system of internal control
 - (b) Prepare an annual governance statement
- Internal Audit, along with other assurance processes of the Council, has a responsibility to provide assurance from the work it undertakes during the year in respect of the control environment operating within the Council to feed into this review. The annual audit opinion therefore needs to be included within the Annual Governance Statement.

2.0 SUMMARY OF 2015/16 AUDIT WORK

2.1 The annual audit plan is pulled together using a risk based approach and was informed by the following activities:

- Governance issues and work relevant to the production of the annual governance statement
- Work on fundamental financial systems
- Work of a service based nature
- Corporate improvement work
- Follow up work
- Consultancy and advice

This approach results in a comprehensive range of audits that are undertaken during the course of the year to support the overall opinion on the control environment.

2.2 In compliance with PSIAS, regular monitoring reports of Internal Audit activity are presented at Audit Committee. These are presented on a quarterly basis. Audit work undertaken in the year on governance, key financial systems and service related audits consisted of the following:

<ul style="list-style-type: none"> • Local Government Transparency Code • Complaints framework • Repair & Renewal grants • Disabled Facility grants • Business Rates • Car Parks • Tree Inspections • National Fraud Initiative • Property Services – new leisure centre • Main accounting system 	<ul style="list-style-type: none"> • Payroll • Treasury Management • Budgetary Control • Creditors • Cash & Bank • ICT Helpdesk • Garden Waste • Trade Waste • Cascades • Debtors
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There are two outstanding audits from the 2015/16 audit plan. These relate to Housing Benefits and Economic Development – Grants. Days have been allocated within the 2016/17 audit plan to undertake this work. In addition to internal work, the team also provide the Internal Audit service to Tewkesbury Town Council. This arrangement commenced part way through 2014/15. Days have been formally allocated within the 2016/17 audit plan to accommodate this work on an ongoing basis.

2.3 In addition to the above, the Internal Audit team also undertook a variety of corporate improvement work initiatives. The audit plan has an allocation of days for this type of work. The senior management team is aware of this allocation and can request Internal Audit to help assist areas of work that need to be moved forward. The following was undertaken during 2015/16:

- ICT asset inventory
- Corporate fraud arrangements
- Environment Health and Development service review
- Cost of Uniform system

2.4 The team is also represented on key corporate groups such as the Corporate Governance Group, 'Keep Healthy, Stay Safe' Group, Procurement Group and Project Programme Board and therefore has the remit to provide advice on key governance frameworks and keep abreast of emerging issues. The team is also contacted on a regular basis to provide ad hoc advice on a range of activities, for example, compliance with the Council's contract procedure and financial procedure rules, general policy issues and proposed changes to systems and processes.

3.0 OPINION ON THE OVERALL ADEQUACY OF THE CONTROL ENVIRONMENT

3.1 The opinion is based upon and limited to the activities audited during the year. The opinion does not imply that Internal Audit has reviewed the whole control environment of the Council during the year. As well as the Internal Audit opinion, the Council relies upon other aspects of its assurance framework to help inform the completeness of the Annual Governance Statement. For example, the performance management framework, risk management framework, standards and codes of conduct and external audit reports help inform the adequacy of the Council's overall governance arrangements.

3.2 When reporting, Internal Audit can provide a 'split' opinion. This means individual opinions can be given for different parts of a system being audited. This approach enables Internal Audit to identify to management, specific areas of control that are operating/not operating as intended. A summary of the number of opinions given during the year can be found in the table below:

Opinion	Number
Good	27
Satisfactory	13
Limited	4
Unsatisfactory	2
Total	46

3.3 With regards to the limited opinions, these relate to the corporate complaints framework, Cascades stock control and aspects of the trade waste service. In terms of the unsatisfactory audit opinions, these were in relation to tree inspections and trade waste (performance monitoring). Recommendations have been made and agreed with the appropriate managers to improve control. Where a limited or unsatisfactory opinion has been given the relevant manager has attended to take questions and provide a progress report to a future meeting.

3.4 It is not unexpected on occasions to conclude a limited or unsatisfactory level of control given the variety and complexity of systems, procedures and services provided by the Council. What is important is that improvements to internal control are accepted and acted upon by management. In relation to the adverse audit opinions given during the year there is adequate assurance that these have been or are being acted upon. For example, a new complaints framework has been introduced, for tree inspections a new inspection regime supported with mobile device technology has been implemented and in relation to stock control at Cascades this has been mitigated by the opening of the new leisure centre. Regarding the issues identified with trade waste, a review of the service, in particular to develop its commercial approach is an action within the new council plan. It is positive to report that all financial systems are well controlled which stands the council in good stead for the year end external audit of its financial accounts

3.5 All audit recommendations and their statuses are reported at each Audit Committee.

4.0 TEAM STRUCTURE AND INDEPENDENCE

4.1 Management of Internal Audit is overseen by the Corporate Services Group Manager. Delivery of the annual audit plan is carried out by two full time employees. During the course of the year, one employee was on maternity leave and this position was covered through a combination of an internal audit contractor and a short term secondment from another service area. A small restructure of the team has recently taken place but is still based on two full time employees. The team now comprises two part time employees (2 x 18.5 hrs) and one full time employee. One employee now undertakes a Senior Auditor role.

4.2 As defined in the Internal Audit Charter, the Internal Audit team has remained organisationally independent during 2015/16. Internal Audit sits within the Policy and Communications Team which is part of the Corporate Services unit. The Group Manager, Corporate Services reports direct to Chief Executive's Unit so has free and unfettered access. If the need was to arise, it is also stipulated within the Internal Audit charter that the Group Manager will also have access to the Chair of the Audit Committee. To build a more formal relationship, quarterly briefings with the chair and vice chair on Internal Audit activity have taken place during 2015/16.

4.3 With regards to the independence of the CAE i.e. Group Manager, Corporate Services it is not uncommon within a small District Council for the CAE to also have operational responsibility for service areas. Moving forward into 2016/17 the team is working towards demonstrating compliance with PSIAS in preparation for the external peer review of the Internal Audit team. The independence of the CAE has the potential to be flagged within this review due to his operational responsibilities.

5.0 FRAUD/THEFT/CORRUPTION/WHISTLEBLOWING

5.1 There were no reported incidents during the financial year. Moving forward into 2016/17, policies relating to anti-fraud and corruption and whistleblowing are programmed for review and will be presented at Audit Committee.

6.0 SUMMARY OF AUDIT PERFORMANCE

6.1 The performance monitoring information for achievement against the plan, is based on the number of completed audits vs the number of planned audits. The outturn for the twelve month period was 91%. This is above the 'industry' benchmark of 90%. In addition to this, Internal Audit has received a 'good' level of client satisfaction, a client survey is sent at the end of each audit.

7.0 MOVING FORWARD TO 2016/17

7.1 The team has now started work on the 2016/17 audit plan and are making good headway. The plan was approved at Audit Committee on 23 March 2016. This will include work around areas such as:

- Tree inspections
- Key finance systems
- Leisure centre – client monitoring
- Ubico – client monitoring
- ICT
- Health & Safety (including lone working)
- Safeguarding
- Community grants
- Recycling

7.2 In terms of corporate improvement work, potential activities identified include: format of the Ubico monitoring report; leisure centre client monitoring arrangements; support to the review of the effectiveness of the audit committee; and review of the Council's mobile phone contract.

7.3 As discussed at the previous Audit Committee, it is a requirement of PSIAS that every five years the Internal Audit function is subject to an independent review. During the course of 2016/17 the team will be working towards broad compliance of PSIAS in readiness for the review. It is anticipated the review will be programmed in for the first quarter of 2017/18. A report will be brought to Audit Committee to approve the format of the review.

8.0 CONCLUSION

8.1 Based upon the work undertaken by Internal Audit during the year, Internal Audit can provide reasonable assurance that, overall, there is generally a satisfactory level of control in relation to the effectiveness of the Council's governance, risk management and control environment. This Internal Audit opinion is one of the sources of assurance that is used to support the Council's Annual Governance Statement.

9.0 OTHER OPTIONS CONSIDERED

9.1 None.

10.0 CONSULTATION

10.1 One of the key performance indicators relates to the use of client survey.

11.0 RELEVANT COUNCIL POLICIES/STRATEGIES

11.1 Internal Audit Charter and Internal Audit Annual Plan.

12.0 RELEVANT GOVERNMENT POLICIES

12.1 None.

13.0 RESOURCE IMPLICATIONS (Human/Property)

13.1 None.

14.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

14.1 None.

15.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

15.1 None

16.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

16.1 None.

Background Papers: None

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Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22nd June 2016
Subject:	Critical Judgements And Assumptions Made During The Preparation Of The Statement Of Accounts
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters, Lead Member for Finance and Asset Management
Number of Appendices:	Two

Executive Summary:

The purpose of this report is to explain to the Audit Committee the critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2015/16 accounts.

Recommendation:

To APPROVE the critical accounting judgements that will be used in completing the 2015/16 annual accounts and to note the key sources of estimation uncertainty.

Reasons for Recommendation:

The Code of Practice on Local Authority Accounting in the United Kingdom requires disclosure of the judgements that management have made in the process of applying the authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements. Also it requires disclosure about major sources of estimation uncertainty at the end of the reporting period.

Resource Implications:

There are no direct financial implications arising from the approval of the critical judgements although should Members not approve them it may impact on the final outturn.

Legal Implications:

There are no direct legal implications arising from the approval of the critical judgements. However Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations concerning the accounting practices to be followed by local authorities. The relevant regulations in this case are the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 which provides that the accounting practices contained in the Code of Practice of Local Authority Accounting in the United Kingdom are proper practices. Any requirements of the Code should therefore be followed.

Risk Management Implications:

There is a risk of the accounts being qualified if the proper accounting practices are not followed or if they deviate substantially from the Code of Practice on Local Authority Accounting.

Performance Management Follow-up:

Grant Thornton will audit this as part of the year end audit and will issue an opinion in September 2016.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council is required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. In order to do this the Council has to apply its accounting policies (which Audit Committee approved in March 2016) to produce them.

2.0 CRITICAL ACCOUNTING JUDGEMENTS

2.1 In applying the authority's accounting policies the Council has to make certain judgements about complex transaction or those involving uncertainty about future events. The relevant judgements are those that have the most significant effect on amounts recognised in the financial statements. Judgements made in arriving at estimates are excluded.

2.2 The disclosure of critical judgements should enable users of the financial statements to better understand how the accounting policies are applied and to use these in making comparisons between authorities regarding the basis on which management make these judgements.

2.3 A new judgement included this year is with regards to our shareholding in Ubico Ltd. We have concluded that we do not have control, joint control or any significant influence over the running of the company, for accounting purposes, and so have treated it as an investment in our accounts.

3.0 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

3.1 In preparing the annual accounts there are areas where estimates are made. These include useful lives and valuations of properties which are estimated by qualified valuers, the amount of arrears that will not be collected (which is estimated based on past experience of collection of different types of debt) and the liability for future pension payments, which is estimated by qualified actuaries. Details of these are shown in Appendix B.

3.2 This assumption is to do with the provision for business rates and how we have calculated the figure by using historical data on success rates and outcomes (more information can be found in the Appendix).

- 4.0 OTHER OPTIONS CONSIDERED**
- 4.1 None.
- 5.0 CONSULTATION**
- 5.1 None.
- 6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 6.1 None.
- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1 Local Government Act 2003 and Accounts and Audit Regulations 2011.
- 8.0 RESOURCE IMPLICATIONS (Human/Property)**
- 8.1 None.
- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1 None.
- 10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 10.1 None.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 Approval of the Statement of Accounting Policies – Audit Committee on 18th March 2015.

Background Papers: Statement of Accounting Policies – 2015/16 – Audit Committee 23 March 2016.

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Appendices: Appendix A – Critical Judgements in Applying Accounting Policy
Appendix B – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Appendix A

3. Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision and we believe we will remain a going concern into the future.
- The Council has the right to appoint the majority of delegates on the board of the Swimming Bath Trust and as management agents has control over the financial and operating policies of the pool. Also, the Council deficit funds the operations of the pool. It has been determined that the Council has control of the Trust and should be treated as a subsidiary. However, due to the value of the leisure centre being revalued to nil in 2014/15 the Council have decided not to prepare group accounts on the basis of immateriality.
- The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the Council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £159,699. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this (£23,954) was paid over in January 2014. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.
- The level of provision for business rate appeals under the business rate retention scheme has been calculated using historic appeals information. Those on the list at 31st March 2016 with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost. The appeals relating to Virgin Media are treated separately as these are unique cases that were heard as part of a special programme. The hearing relating to the 2005 assessment resulted in a reduction in rateable value of 40% and so we have used that basis for establishing a provision for the outstanding 2010 Virgin Media appeals.

- The Council is required to consider whether there are unlogged appeals in respect of Business Rate payments which could have a material impact on the Statement of Accounts. The current scheme, set up in 2013/14, uses a Baseline assessment of expected income from Business Rates. This has been used by DCLG to then set the risk that the council is exposed to from changes in income collected.

This Baseline has been set for 5 years.

Given the impact of the change in the Virgin Media assessment in 2014/15 the income that the Council now receives has fallen against the original Baseline set.

Taking into account the Council's 2016/17 projection of Income, growth, grant funding and the provision for appeals the risk that the Council is exposed to is calculated as £367,681. If the Council was to experience new appeals, if situations such as NHS Trusts being awarded charitable status arise, or that appeals currently provided for are more than expected then the Council would be liable for the first £367,861k of refunds. After which the Council would be in a safety net position and central government would be responsible for covering the cost of any further impact of appeals.

Whilst the Council is predicting limited growth in business rates income and until the Government reset the Baseline funding assessment to take account of recent changes in Rateable values, the Council does not consider itself to have a material liability in respect of unlogged appeals causing changes in Rateable Value.

- IAS 19 disclosures include information on the assets that make up the Local Government Pension Scheme for the Council as required under 6.4.3.42 (8) of the Code of Practice. We have taken the decision to disclose, in summary, the categories that the Pension Fund have invested in. The Council does not directly influence the activities of the Fund and as the fund assets do not impact on the revenue account it is our decision that the disclosure is sufficient in line with section 6.4.3.42 (2) of the Code of Practice. Should further information be required on the categories of pension assets and the decision making on the strategy for investment then we would direct the query to the Pension Fund administrators.

The Council joined a Local Authority owned company, Ubico, on the 01st April 2015. This company provides a range of environmental services for the Council. During the year 2 other Local Authority's joined, which has taken the number of owners up to a total of 6. Each authority has one share interest in Ubico.

We are required to consider whether the Council has an interest in this company and whether the Council should produce Group Accounts.

Our conclusion is that UBICO represents a separate vehicle. However when considering joint arrangements, under IFRS12, our assessment is that on the test of whether there is Joint Control per section 9.1.2.10 of the code, there is no evidence to support this.

We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the code. This is due to their being 6 equal shareholders, which means our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation of n the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the Council has a significant level of control over the strategic direction and operation of Ubico. Therefore Group Accounts do not need to be produced.

The Council has accounted for the cost incurred in operating a service contract with Ubico and also the interest the Council has a Shareholder, however the Councils statements do not reflect any interest in assets and liabilities that we have in the company.

Ubico's Statement of Accounts are available from Companies House,

Appendix B

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates

The items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. With in year depreciation of £307k and depreciation adjustment of £304k (due to in year revaluations) a large change in valuation or useful life could increase or decrease the depreciation charge quite substantially.
Fair Value measurement	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 16 below.</p>	<p>The authority uses Market Rental and Sales Values, along with other inputs to measure the fair value of some of its investment properties</p> <p>The significant unobservable inputs used in the fair value measurement include comparative information based on limited rental evidence based on rental value and yields.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>

Business Rates	<p>Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2015-16 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2016. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2016.</p>	<p>Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2015-16 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2016. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2016.</p>
Income from Garden Waste Payments	<p>The calculation of Receipts in Advance in relation to garden waste is an estimation technique based on information available from the financial ledger showing income received in each period, rather than the renewal date that the payment relates to. The information held in the ledger is not sufficient to identify the renewal date.</p> <p>To fully allocate payments to the renewal date would require a significant investment of resources to investigate approximately 15000 annual payments. This would ensure income is allocated to the correct period, and that at the year end Receipts in Advance calculation to transfer into the next financial year is correct. The result of such an exercise would be move some of receipts in advance by 1 month. However it is our view that as it would impact on all periods and the year-end figure would therefore not be significantly different from the Receipt in Advance figure in the financial statements.</p>	<p>In the 2015/16 financial statements the total income from garden waste was approximately £599k and the receipts in advance identified was £161k. Neither figure is material to the statements.</p> <p>The council is satisfied that the estimation technique used is sufficient to produce materially accurate financial statements, whilst making best use of resources available.</p>

Arrears	At 31st March 2015, the Council had a balance on doubtful debts of £1,226,507 of which £1,190,801 related to a general provision. Housing benefit general provision has increased from 80% due to the level of debts increasing, increased pressure on those on benefits and the future introduction of Universal Credit.	If collection rates deteriorate then our revenue reserves would be impacted but we feel that the increased provision helps mitigate this potential risk.	
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at	The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the	
	Mar 2016	to Employer	amount (£'000)
	0.5% decrease in Real Discount Rate	10%	6,895
	1 year increase in member life expectancy	3%	2,055
	0.5% increase in the Salary Increase Rate	3%	1,895
	0.5% increase in the Pension Increase Rate	7%	4,910

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22 June 2016
Subject:	Annual Governance Statement 2015/16
Report of:	Corporate Governance Group
Corporate Lead:	Sara Freckleton, Borough Solicitor
Lead Member:	Councillor R J E Vines, Leader of the Council
Number of Appendices:	1

Executive Summary:

Every Council must ensure that its business is conducted within the law and proper standards, public money is safeguarded and used economically, efficiently and effectively. Governance of the Council is reviewed regularly by the Corporate Governance Group, and is formally assessed through an Annual Governance Statement by that Group. The Annual Governance Statement (AGS) is produced in accordance with CIPFA/SOLACE guidance.

Recommendation:

To APPROVE the Annual Governance Statement 2015/16.

Reasons for Recommendation:

The Accounts and Audit (England) Regulations 2015, part 2 – Internal Control (para 6 (1)) requires that a relevant authority must, each financial year prepare an Annual Governance Statement.

Resource Implications:

None arising directly from the report.

Legal Implications:

Contained in report.

Risk Management Implications:

If the Council does not produce an Annual Governance Statement then it is not compliant with legislation.

Performance Management Follow-up:

Significant governance issues will be subject to review throughout the year by the Corporate Governance Group and by the Audit Committee.

Implications for Biodiversity:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1** Every Council has to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of The Accounts and Audit (England) Regulations 2015, part 2 – Internal Control (para 6 (1)) requires that a relevant authority must, each financial year prepare an Annual Governance Statement.
- 1.3** As a matter of best practice, the Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts.
- 1.4** To ensure the framework remains fit for purpose, the CIPFA/SOLACE Joint Working Group reviewed the framework and in December 2012 issued an addendum. The supplement to the framework includes an example Governance Statement which has been updated to give an increased emphasis on strategic approach. The Statement should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved. It should be high level, strategic and written in an open and readable style.
- 1.5** The Good Governance Framework is based on six principles of corporate governance which are set out below and which are underpinned by supporting principles and requirements.
- (a) defines and updates a vision for the area;
 - (b) enables Members and Officers to work together to achieve a common purpose;
 - (c) demonstrates good governance by upholding high standards of conduct and behaviour;
 - (d) manages risk and takes informed and transparent decisions, which are subject to effective scrutiny;
 - (e) develops the capacity and capability of members and officers to be effective; and
 - (f) engages with stakeholders to promote public accountability.

1.6 The addendum identifies the key elements of the systems and processes that comprise an authority's governance arrangements and these support the delivery of the six principles above. The Council's 2015/16 Annual Governance Statement has been produced in accordance with the requirements of the addendum.

2.0 REVIEWING THE GOVERNANCE ARRANGEMENTS

2.1 The requirements of the CIPFA/SOLACE Framework have been reviewed by the Corporate Governance Group. Evidence to support the Council's compliance with the Framework has been documented and areas for improvement in processes and procedures have been identified. This has enabled the production of the draft Annual Governance Statement for 2015/16 which is attached at Appendix 1. The significant areas for improvement are reflected in the Annual Governance Statement and the proposed action and timescale for these to be addressed has also been developed.

2.2 The documents, procedures and processes which have informed the Annual Governance Statement are summarised in diagrammatic within the statement itself. The Statement will be subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance.

3.0 TEWKESBURY BOROUGH COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2015/16

3.1 The draft Annual Governance Statement for 2015/16 is attached at Appendix 1 and has been prepared in line with the CIPFA /SOLACE guidance.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 Corporate Governance Group and the Corporate Leadership Team.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Tewkesbury Borough Council's Local Code of Corporate Governance.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None arising directly from this report.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: Delivering Good Governance in Local Government CIPFA / SOLACE
2007

Tewkesbury Borough Council's Local Code of Corporate Governance

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Appendices: Appendix 1 – Draft Annual Governance Statement 2015/16

2015-2016

Annual governance statement



better for customers and better for business

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Scope of responsibility

Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government. This statement explains how the council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (b) which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework

Delivering Good Governance in Local Government identifies six core principles. These are: -

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

These principles are outlined in the council’s Local Code of Corporate Governance. To support the six principles, the Chartered Institute of Public Finance & Accountancy (CIPFA) have identified key elements of the typical systems and processes that comprise an authority’s governance arrangements. These are: -

- identifying and communicating the authority’s vision of its purpose and intended outcomes for citizens and service users
- reviewing the authority’s vision and its implications for the authority’s governance arrangements
- translating the vision into objectives for the authority and its partnerships
- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources and value for money
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing the effectiveness of the authority’s decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- ensuring effective counter-fraud and anti-corruption arrangements are developed and

maintained

- ensuring effective management of change and transformation
- ensuring the authority’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring the authority’s assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring effective arrangements are in place for the discharge of the monitoring officer function and the head of paid service function
- undertaking the core functions of an audit committee, as identified in CIPFA’s Audit Committees: Practical Guidance for Local Authorities
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistleblowing and complaints framework is in place
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- enhancing the accountability for service delivery and effectiveness of other public service providers

- incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the authority’s overall governance arrangements

The council’s governance framework

The governance framework has been in place for the year ended 31 March 2016 and up to the date of approval of the statement of accounts. An overview of the council’s assurance framework is shown in diagram 1. The key elements of the framework which were in place for the period are detailed below: -

Council Plan

The Council Plan (2012-16) was approved on 15 May 2012. The plan is a live document and this is demonstrated through its annual refresh. The Council Plan, Year 4 refresh, was approved on 14 April 2015 and reaffirmed the council’s vision, five priority themes and key objectives.

We are a council that has a vision for the Borough as ‘a place where a good quality of life is open to all’ and also sets out the values which we hold as we work towards the vision. We are a council which puts its customers first, is positive about working with others and one which values its employees. In delivering the vision, the council will:

- Use resources efficiently and effectively
- Promote economic development
- Improve recycling and care for the environment

- Provide customer focussed community support
- Develop housing relevant to local needs

Each priority theme is supported by a number of objectives and key operational actions and delivery of these is monitored through our performance management framework.

The current council plan (2012-2016) expired on 31 March 2016. A new plan (2016-2020) was developed during the year and this culminated in a new set of priorities. These were approved by Council on April 19 2016. They are;

- Finance and resources
- Economic Development
- Housing
- Customer focussed services

Performance Management

Delivery of the council plan is monitored through a performance tracker. Supporting the tracker is a set of key performance indicators (KPI) and key financial monitoring information. The KPI are broadly aligned to our council plan priorities. All performance information is reported on a quarterly basis to the Overview and Scrutiny Committee. By way of further challenge, the committee’s comments and observations are reported to the Executive Committee by the Chair of Overview and Scrutiny Committee and action taken where necessary.

With regards to services, each service group produces an annual service plan. The delivery of service plan actions forms part of normal business through management dialogue, one to one meetings and Lead Member briefings. At an individual level there is the Personal and

Professional Development framework supported with a behaviours framework where individual performance and development can be monitored.

As reported in last year’s AGS, in November 2014 the council was subject to a corporate peer challenge. This was facilitated by the Local Government Association (LGA) and included a review of the council’s governance arrangements, financial sustainability, leadership, capacity and resources and delivery of the council’s transformation programme. The feedback received was extremely positive. To further improve performance, recommendations made were consolidated within an action plan. This was approved by Council on 14 April 2015 and progress in delivering this plan is monitored by Overview and Scrutiny Committee.

Complaints

An audit of the complaints framework was undertaken during the year and concluded that although the number of complaints received are low, improvements to the framework were required. This resulted in a complete overhaul of the framework culminating in a new complaints policy being approved at Executive Committee on 6 April 2016. The policy is supported with a new online reporting and monitoring system which makes it much easier for our customers to contact us and allows us to manage complaints more effectively.

All complaints received, including those received by the Local Government Ombudsman are reported to Overview and Scrutiny Committee on a six monthly basis. Complaints are low in number; only 24 formal complaints were received for the period January to December 2015. With regards to LGO complaints, only 5 complaints were received.

Transformation

The Transform Programme is in its third year and outcomes achieved reflect the different approaches used to reduce costs and increase efficiency and quality of service. A mixed approach has been taken to transform the way services are delivered but at the heart is a commitment that whatever approach we take will be ‘better for customers, better for business’.

In April 2015, the Council joined the local authority owned company, Ubico Ltd to deliver its depot services. This has secured the future of these services, saved significant costs and provided a platform to share resources with others to reduce future financial pressures.

The build of the new leisure centre has been a significant transformational project and opened on 30 May 2016. Run by a management company, Places for People, this will provide an income of £140k per annum. This also eliminates the subsidy of £200k per annum on our current ageing facility, Cascades which has closed and will be demolished.

As a result of Cascades being demolished, this provides the opportunity of an exciting and again significant transformational project around the redevelopment of the town centre Spring Gardens/Oldbury Road sites. This is at an early stage with Council approving on 6 April 2016 the broad redevelopment proposals for the sites.

In terms of service delivery, the service review of the Revenues and Benefits service which was completed in 2014/15 continues to demonstrate ongoing improvement in 2015/16. Processing times for claims are at a record low and performance is top quartile nationally. The project has also freed up capacity to start work, in partnership with our

“During the course of the year, **early work has commenced** on the council’s approach to digitalisation.”

Public Service Centre (PSC) partners on broader financial inclusion work.

We continue to build on the success of the PSC. The co-location has enabled partner agencies to work together to find effective solutions for local residents in a more holistic and joined up manner. The PSC includes front line staff from the following public sector agencies; Children’s and Young People services from Gloucestershire County Council, the integrated health and adult social care functions run by Gloucestershire Care Services, Tewkesbury Borough Police, Department of Work and Pensions’ Job Centre, the community team from the Fire and Rescue Service, the Citizens Advice Bureau and two of our local Registered Housing Providers. By attracting partners into the building, this has also created a new income stream, approximately £166K per annum. We will look to build upon this during 2016/17. Next steps include attracting new partners into the PSC, by letting the second floor. This will generate an additional estimated income of £75k per annum.

The council has demonstrated through the delivery of the Transform Programme, it is open to any ideas which maintain high quality services to our customers but at the same time reduced costs to our tax payers. During the course of the year, early work has commenced on the council’s approach to digitalisation and on its approach to being more commercial. These are actions within the new council plan

Financial framework

The framework encompasses strategic financial planning, budget setting and monitoring supported by robust internal control. Strategic financial

planning results in the approval of a Medium Term Financial Strategy (MTFS). This strategy outlines the factors effecting the council’s financial position, quantifies the level of challenge faced by the council and details the strategies to be followed to meet this challenge. The MTFS is supported by the annual budget report which details the level of budget provision and council tax for the forthcoming year. Both the MTFS and the budget report are aided in their development by the Transform Working Group. This group is made up of 14 cross party members, working in partnership with senior management, who meet throughout the year to support the transformational and financial work of the council.

Following the setting of the budget, council uses a rigorous monitoring and reporting process to ensure the budget is delivered within the parameters set by the MTFS. This includes detailed and tailored monthly monitoring reports to service managers and Corporate Leadership Team and an expanded level of information being reported to both Overview and Scrutiny Committee and Executive Committee on a quarterly basis. A new Financial Outturn report was produced in summer 2015 to finalise the year end position for members before the audited Statement of Accounts is approved at Audit Committee. The monitoring process will be further enhanced in 2016/17 with the introduction of quarterly challenge panels.

The framework also includes a number of other policies and strategies to ensure good financial practice is observed. These include the Financial Procedure Rules, which were refreshed in 2015, and the authorised signatory list, which is updated on an on-going basis.

“We also value our partnership **working with our town and parish councils** and twice yearly host a seminar to discuss topical issues.”

Communications

Communicating effectively is really important to us. To ensure we reach out to as many of our communities and stakeholders as possible, we use a wide range of communication channels. Tewkesbury Borough News is our residents' newspaper, which is delivered to all 37,000 households in the borough.

Other forms of communication include press releases to the media, which are reported online, through print, and on radio and television, as well as responding quickly to the many media enquiries we receive. Alongside these traditional forms of communication, we are also communicating via social media, such as Twitter, Facebook and Instagram, and through e-newsletters.

We produce two main e-newsletters. Parish Matters is our quarterly electronic newsletter, which communicates the latest news to our parish and town councils. Borough in Business is our e-newsletter to businesses, which provides the latest relevant information to our businesses across the borough. We also value our partnership working with our town and parish Councils and twice yearly host a seminar to discuss topical issues.

Through all of our channels of communication, and in line with our Communications Strategy (2015-2017), we are committed to being open, honest and transparent, which ensures accountability. As evidence of communicating transparently, the council is broadly compliant with the Local Government Transparency Code 2014.

Defining function and roles

The Council's constitution provides a clear statement on the roles and responsibilities of members and senior officers. In light of the last organisational review and new management responsibilities, a revised Scheme of Delegation was approved at Council on 30 July 2013 as an interim measure pending a full review of the Scheme which was due to be undertaken during Autumn 2015.

The last full review of the Council's constitution was undertaken at the end of 2007. Since that time, as stated in the above paragraph, it has been updated on a piecemeal basis taking account of changes to the political and management structure of the Council. The comprehensive update of the constitution is an outstanding action from 2015/16 so will be carried forward as a **significant governance issue**.

The Council's political governance has, since May 2009, comprised an Executive Committee with an Overview & Scrutiny Committee and a separate Audit Committee. The Council is responsible for determining the most significant plans, policies and strategies (the Policy Framework). All other matters relating to operational delivery within the budget and policy framework are delegated to the Executive Committee or to officers. The Executive Committee consists of Lead Members who oversee their individual portfolios and as necessary communicate matters of specific interest to the wider Council membership.

The Overview & Scrutiny Committee provides challenge and assists with policy formulation. A review of the effectiveness of this committee was undertaken in 2015/16 to ensure the committee

continues to add value and an action plan approved for further improvements. The Council has two committees which deal with governance, internal control and ethical arrangements (Audit Committee and Standards Committee). Additionally, there are two quasi-judicial committees dealing with licensing and planning.

Risk Management

The Council has a risk management strategy which is programmed for review in 2016/17. It is important the strategy reflects the council's risk appetite given the councils emerging approach to commercialism. A corporate risk register is reported at each Audit Committee and as part of the strategy review, a formal review of the risk register will also be undertaken. **The review of risk management related activity has been identified as a significant governance issue.** Introduced for the first time in a formal environment is the production of an annual Health and Safety overview report. This will be reported to Audit Committee on 22 June 2016 and will give assurance as to the adequacy of the council's Health and Safety arrangements.

Project Management

Aligned to and supporting the risk management framework, is a project management framework. All significant projects are monitored through a corporate project management database, Sharepoint and each project is supported with a risk register. The framework was reviewed during 2015/16 and this led to the re-instigation of the Project Programme Board which provides an environment for project approval, challenge and monitoring.

Business Continuity

Business continuity is a strand of risk management. Work has commenced during 2015/16 to update business continuity plans within individual service areas. This together with scenario testing, which was undertaken in February 2016 has been facilitated by the Civil Protection Team. Service plans will be completed during the course of 2016/17, priority systems identified and a review of the corporate plan undertaken. **These actions will form part of a wider review of the overall business continuity arrangements. This has been identified as a significant governance issue.**

Fraud and Whistle blowing

The council has an anti-fraud, corruption and bribery policy and a separate whistle blowing policy. These are programmed for review during 2016/17. Internal Audit routinely considers the likelihood of fraud occurring within the systems being audited and where appropriate makes recommendations to improve internal control. As confirmed through the internal audit monitoring reports there have been no whistle blowing incidents or corporate related frauds reported during the year.

An exercise was undertaken during the year to assess the council's overall fraud arrangements, using the 'Fighting Fraud' checklist as the basis. The conclusion was there were satisfactory arrangements in place and these are relevant and proportionate for a council our size. The exercise did identify improvement areas and these include fraud awareness training, effective ways of reporting fraud and the verification of agency workers. These will be taken forward by the

“The level of reserves and balances is provided **in line with good practice** guidance.”

Corporate Governance Group and progress reported to the Audit Committee.

Partnership work has commenced during the year between the Revenues and Benefits service and a pilot Gloucestershire Fraud Hub. The intention is to counter fraud through intelligence led prevention, detection and investigation. The pilot is led by Audit Cotswolds who have been successful in obtaining Department for Communities and Local Government grant funding towards initial set-up costs. The bid was supported by all Gloucestershire districts and the County. The aspiration is to create a sustainable hub. To evidence that this aspiration is viable, Audit Cotswolds is undertaking a counter-fraud exercise within each district. This exercise at Tewkesbury has recently commenced and is centred around the housing list (Choice Based Lettings), housing benefits and electoral registration. Outcomes will be reported to the Audit Committee during 2016/17.

Audit Committee

Following elections in 2015, this led to changes to committee membership. The new committee has functioned well and is fulfilling its terms of reference. To ensure the committee remains effective, training will be undertaken in 2016/17 supported with a review of effectiveness. This helps to supplement its terms of reference and undertake the core functions of an audit committee as identified within CIPFA guidance Audit Committees Practical Guidance for Local Authorities. The role of the committee is an important element of the council's governance framework and as such **demonstrating the effectiveness of the committee has been identified as a significant governance issue.**

Role of the Chief Financial Officer

The Council's 2015/16 financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The governance arrangements are an inherent part of the role and responsibilities of the Group Manager (GM) – Finance and Asset Management and are fulfilled in a number of ways, for example:

- The GM is a member of Corporate Management Team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives.
- The establishment of a Medium Term Financial Strategy. This is updated on a rolling basis and is supported by a robust annual budget setting and monitoring process, developed in conjunction with Transform Working Group.
- The level of reserves and balances is provided in line with good practice guidance.
- Compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.
- The provision of clear, well presented, timely, complete and accurate information and reports to budget managers on budgetary and financial performance.
- The continued publication of accurate and timely accounts
- Supported by a finance team with the resources, expertise and systems necessary to perform its role effectively.

Role of the Monitoring Officer

The Borough Solicitor is the appointed Monitoring Officer. The post is shared with Cheltenham

Borough Council. This function is to ensure compliance with established policies, procedures, laws and regulations. The Monitoring Officer must report to the Council, after consulting with the Head of Paid Service (Chief Executive) and Chief Finance Officer, if any proposal, decision or omission would give rise to unlawfulness or maladministration. No cases have been reported during the year by the Monitoring Officer. The roles and responsibilities of the Monitoring Officer are defined within the Council’s constitution.

Member and senior officer development

The Council’s first year of office has seen the delivery of extensive induction training and development. The training was available to all Members and covered:-

- Introduction to the development framework
- Scrutiny
- Planning
- Licensing
- The council’s place programme
- Equalities and diversity training and safeguarding
- The council’s finances
- The role of councillor
- Freedom of information and data protection
- How a council meeting works

Following the induction training, councillors have participated in additional training development as set out below:-

- Essential skills for the 21st century councillor
- Devolution seminar
- Intranet demonstration
- IT session with IT and Member Services

- Planning systems thinking review member briefing
- Media training
- Tidal lagoon briefing
- Achieve system demonstration
- Speed and effective reading session
- The role of elected Members in an emergency seminar
- S106 agreement briefings
- Budget seminar
- Community infrastructure levy seminar
- Council plan workshop
- Boudary review seminar
- Chairing skills training
- Tewkesbury town regeneration seminar

A management development programme to support managers in their roles and develop skills and competencies was completed in 2015/16. This included supported learning sets and coaching circles which can be replicated through the workforce. A centralised training budget is in place which is informed by the Personal, Professional Development appraisal scheme. The Council’s workforce is recognised as its most important asset. Therefore, establishing an effective and cohesive approach to the development of the workforce is essential. The findings of the peer challenge recommended that the Council needed to take a more proactive and planned approach to workforce development. In response a **Workforce Development Strategy** was programmed for implementation during 2015/16. Initial work has commenced on this but needs to be finalised during 2016/17. **This was identified as a significant governance issue last year and as it remains outstanding this will be carried forward to 2016/17.**

“a **satisfactory level of control**
exists in relation to the council’s governance,
risk and systems of internal control.”

Standards Committee

The role of the committee is to promote and ensure high standards of member conduct and behaviour including those in town and parish councils and to assist members and co-opted members to observe the Code of Conduct. The committee has reviewed the member/officer relations protocols which was adopted by the council in April 2016. A refresh of the protocol for councillors and officers involved in the planning process is to take place in 2016/17.

Role of Head of Internal Audit

Internal audit arrangements conform to the governance requirements of the CIPFA document ‘the role of the head of internal in public service organisations Statement on the Role of the Chief Financial Officer in Local Government (2010). The service is also working, where practical to full compliance with Public Sector Internal Audit Standards.

Annually, the Chief Audit Executive (Group Manager – Corporate Services) produces a report summarising the work of Internal Audit. This report provides an overall opinion on the level of control that exists within the systems audited. The 2015/16 annual report, presented at Audit Committee on 22 June 2016, concluded that a satisfactory level of control exists in relation to the council’s governance, risk and systems of internal control.

Head of Paid Service function (Chief Executive)

This post is required by the Local Government and Housing Act 1989 with the function and duties detailed within the Council’s constitution. The Chief Executive heads a Corporate Leadership Team

(CLT) comprising a Deputy Chief Executive and Borough Solicitor. Supporting this team, are 7 Group Managers.

Effective arrangements are in place for the discharge of the Head of Paid Service. For example, the post holder has a 6 monthly appraisal by members, is subject to peer mentoring, regularly meets with Group Leaders to discuss key strategic issues and leads CLT which meets on a weekly basis.

Partnership working

The council recognises that it cannot achieve its priorities without effective partnership working. We are positive about working with others and this is a core value within our council plan. This includes working with communities, the voluntary sector, town and parish councils and neighbourhood groups to achieve common goals.

The council continues to develop partnership working further through its Public Service Centre. Residents can access a range of services under one roof due to the co-location of partner agencies. This has made it easier for partners to link up on a number of issues such as anti-social behaviour, delivery of the Families First Programme, enviro crimes and financial inclusion.

We currently have two shared service arrangements, legal services (One Legal) and building control which are both shared with Cheltenham Borough Council (CBC). CBC is the lead authority for building control and TBC the lead for One Legal which expanded in April 2015 to include Gloucester City Council. Each arrangement is supported with a robust governance structure.

“The review of effectiveness is **informed by the work** of senior management who have responsibility... for the governance environment.”

The Council is part of the Gloucestershire Joint Waste Management Committee. A key benefit is that the Council will have influence over the whole waste management system for Gloucestershire, including future projects for treatment or disposal options and the recycling centres. The Council’s Depot Services function including its waste and recycling services were transferred to the Local Authority Company Ubico in April 2015. Other key services which are managed by an external management company are the new leisure centre, managed by Places for People and off street car parking, managed by APCOA. There is strong governance arrangements in place for all our key partnerships.

Review of effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior management who have responsibility for the development and maintenance of the governance environment, the head of internal audit’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Council’s process for maintaining and reviewing the effectiveness of the governance framework included the following (but is not an exhaustive list):

- Quarterly performance reports presented to Overview & Scrutiny Committee, and the outcome of their review taken to Executive Committee.
- External audit reporting and any issues

identified brought to the attention of the Audit Committee.

- Internal Audit reporting and any issues identified brought to the attention of the Audit Committee.
- Audit Committee monitoring of significant governance issues.
- Monitoring delivery of key corporate projects.
- Regular Corporate Leadership Team meetings and management team meetings
- Strong political structure and good Member/officer relationships to support accountability and transparency
- Regular meetings of the Transform Working Group to help deliver a sustainable budget.
- The work of the Standards Committee in promoting and maintaining high standards of conduct by Councillors.
- Monitoring of key policies such as the Whistleblowing Policy, anti-fraud and corruption policy and complaints framework, including Local Ombudsman reports.
- Assurance from key partnerships.
- Corporate Governance Group which oversees matters relating to the governance of the Council.
- The council’s Health and Safety framework

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group and endorsement by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined on page 15.

Governance issue	Proposed action	Timescale	Responsible officer/group
1 Constitution	<ul style="list-style-type: none"> Review and update the constitution 	December 2016	Group Manager, Democratic Services
2 Risk Management	<ul style="list-style-type: none"> Review of the risk management strategy Workshop on risk appetite Reconsider the main corporate risks and update corporate risk register 	December 2016	Group Manager, Corporate Services
3 Business Continuity	<ul style="list-style-type: none"> All service plans to be updated Review of corporate plan Identify and prioritise key systems 	March 2017	Group Manager, Corporate Services
4 Audit Committee effectiveness	<ul style="list-style-type: none"> Meet the Internal Audit team workshop Audit Committee training Undertake a review of the effectiveness of the committee 	December 2016	Group Manager, Corporate Services
5 Workforce development strategy	<ul style="list-style-type: none"> Develop and approve strategy 	September 2016	Human Resources Advisor

Signed on behalf of Tewkesbury Borough Council

Councillor Robert Vines
Leader of the Council

Date

Mike Dawson
Chief Executive

Date

Mike Dawson
Chief Executive
Tewkesbury Borough Council



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22 June 2016
Subject:	Corporate Risk Register
Report of:	Graeme Simpson, Corporate Services Group Manager
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Councillor R J E Vines
Number of Appendices:	1

Executive Summary:

The corporate risk register was re-introduced in 2014 and was originally reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. The Audit Committee has, within its Terms of Reference, the responsibility to monitor the effective development and operation of risk management, hence why the register is presented to the Audit Committee.

Recommendation:

To CONSIDER the risk register and the risks contained within it.

Reasons for Recommendation:

Risk management is an important part of the Council's assurance framework. The risk register is a mechanism to demonstrate that key corporate risks are recognised and managed. The Audit Committee has within its Terms of Reference the responsibility to monitor the effective development and operation of risk management.

Resource Implications:

None.

Legal Implications:

None.

Risk Management Implications:

If a sound risk management framework is in place then this will help deliver the Council's priorities and key projects.

Performance Management Follow-up:

The register will be a 'live' document and updates will be provided to the Audit Committee at each of their meetings.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The corporate risk register was originally reported through the performance management framework which is reviewed by Overview and Scrutiny Committee. The Audit Committee has, within its Terms of Reference, the responsibility to monitor the effective development and operation of risk management, hence why the register is presented to the Audit Committee.

2.0 CORPORATE RISK REGISTER

2.1 The risk register was re-introduced in 2014 and reported to Overview and Scrutiny Committee on 9 September 2014. The register was first reported to Audit Committee on 10 December 2014. The Corporate Governance Group oversees the Council's overall risk management arrangements. The register is a corporate document and has been endorsed by the Corporate Management Team. The register can be found at Appendix 1.

2.2 The register is a live document and, as such, risk descriptions may change in time, new risks emerge and current risks mitigated. Any changes to the register will be notified to the Audit Committee, a report will be brought to each Committee. Changes to the register since the last update are shown in bold.

2.3 Corporate related risks are formally discussed at monthly management team meetings with operational related risks forming part of normal business dialogue within service areas. The risk register is a high level summary document, risks relating to project type activities such as the Joint Core Strategy and new leisure centre are supported by more detailed project risk registers.

2.4 The risk management framework, including the risk management strategy and risk register, will be formally reviewed during the course of 2016/17. This has been identified within the 2015/16 Annual Governance Statement. This will be supported with training for relevant officers and Members. With regards to reviewing the risk management strategy this was briefly discussed at Transform Working Group (TWG). There are indicators from the TWG of a shift in the risk appetite of the Council, for example through the exploration of commercial opportunities. The new strategy should illicit this. The target date for completion of this work is December 2017.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 None

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Risk Management Strategy

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None unless there are any specific risks identified.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None unless there are any specific risks identified.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 Risk management will help deliver the priorities of the council.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

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Appendices: Appendix 1 – Corporate Risk Register

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

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Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Financial sustainability: If, in light of further cuts in government funding, a shortfall in planned income or significant increases in operating costs then this will impact upon the quality and level of service delivery and the ability to influence and address community issues.</p>	<p>Corporate Leadership Team Group Manager – Finance & Asset Management</p>	<p>MTFS, Savings Programme, Budget Working Group, Business Transformation Strategy. Procurement action plan. Strategic service review programme.</p>	<p>Delivery of savings programme and Transform programme (March 2017) Annual update of MTFS (March 2017) Development of a programme of commercial projects (March 2017)</p>
<p>Business Transformation: If projects within the business transformation programme are not properly scoped then there is the potential the programme will not realise the required financial savings and deliver the necessary transformational outcomes.</p>	<p>Group Manager – Corporate Services</p>	<p>Business Transformation Strategy, Transform Working Group, savings programme, project management framework. Internal Programme Board</p>	
<p>Leadership capability: If Managers and Members do not work together effectively to proactively drive and take decisions that are needed in a difficult environment then it will impact upon building a more resilient Council and balancing a difficult budget.</p>	<p>Chief Executive</p>	<p>Member and Officer Protocol (approved at Council 19 April 2016) Lead and Support Member Briefings. Political structure. Exec/CLT meetings.</p>	

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

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Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Collaboration: If the Council does not effectively collaborate with its strategic partners then this could lead to a reduction in services or failure to address social issues which cannot be addressed in isolation.</p>	<p>Deputy Chief Executive</p>	<p>Leadership Gloucestershire Local Strategic Partnership (Public Service Centre Partners) GCC relationship Town and Parish Council relationship</p>	<p>Programme of financial inclusion Financial Inclusion (March 2017 September 2016)</p>
<p>Economic growth: If there is inadequate engagement with the business community, particularly at a strategic level then the potential to deliver sustainable economic growth for the Borough may not be fulfilled to its maximum potential.</p>	<p>Group Manager – Development</p>	<p>Strategic Economic Plan, partnership working with LEP, Tewkesbury Town Centre Masterplan, Economic Development and Tourism Strategy, new Car Parking Strategy.</p>	<p>Develop new Economic Development and Tourism Strategy (December 2016)</p>
<p>Joint Core Strategy: If the JCS fails at the examination stage then this will result in significant delay to the timetable then resulting in the failure to develop sustainable growth and prevent piecemeal development.</p>	<p>Group Manager – Development</p>	<p>JCS consultation, formal project programme, evidence base.</p>	<p>Additional examination phase (March 2016)-(April 2016)</p>

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Government policy: If there is a shift in government policy then the significance of this change/shift will need to be carefully assessed to determine any financial/legislative/economic/social impact on the Council and its communities.</p>	<p>Corporate Leadership Team Group Manager – Corporate Services</p>	<p>Strategic policy network e.g. LGA, CIPFA, Centre for Public Scrutiny, professional networking.</p>	<p>Ongoing review and monitoring of national landscape (ongoing action)</p>
<p>Asset Management: If assets are not managed to optimum performance then this could adversely affect the Council's finances and there could be missed opportunities to maximise their potential.</p>	<p>Group Manager – Finance & Asset Management</p>	<p>Office refurbishment and rationalisation, annual asset strategy and plan.</p>	<p>Broad regeneration proposals for Spring Gardens and Oldbury Road site approved by council 19 April 2016.</p>
<p>Workforce Planning: If workforce planning is not effective then employees and Members may not have the skills and capacity to fulfil their potential and help deliver the Council's priorities.</p>	<p>Group Manager – Corporate Services Group Manager – Democratic Services</p>	<p>Behaviours framework, corporate training budget, service plans, and 1:1 sessions.</p>	<p>Develop new workforce strategy (December 2015 March 2016 (September 2016)).</p>
<p>Customer expectation: If the Council does not effectively communicate its purpose and priorities to influence customer demand then customer expectation may not realistically reflect the significant financial pressures facing the Council.</p>	<p>Group Manager – Corporate Services</p>	<p>Communications Strategy, complaints framework, customer services review, Customer Care Strategy.</p>	

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
Delivery of Operational Services: If operational services are not effective then this may lead to customer dissatisfaction and represent a reputational risk to the Council.	Deputy Chief Executive Group Manager – Environment & Housing	Governance arrangements in place. Overview and Scrutiny Committee six monthly review.	Review of performance monitoring report template (Sept 2016)
Business Continuity: If robust business continuity arrangements are not in place then in the event of an incident there could be sustained loss of key services.	Group Manager – Corporate Services	Corporate business continuity plan, service business plans, ICT disaster recovery arrangements.	Review of business continuity arrangements (March 2017)
Information Governance: if necessary safeguards for, and appropriate use of, personal information and data are not in place then the Council and individual employees may become individually liable for breaches of legislation.	Deputy Chief Executive Group Manager – Corporate Services	PSN compliant, ICT Policy, Data Protection policy, Fraud and Corruption Policy, nominated Senior Information Risk Owner.	Audit of information governance arrangements (Jan 2017)
Welfare reform: if the impact of welfare reform legislation is not managed then this potentially affects the understanding of the impact and the ability to address the implications on services, the community and partners.	Deputy Chief Executive	Revenues & Benefits Improvement Programme	Work with Severn Vale Housing/CAB/DWP particularly around financial inclusion (March 2016) (March 2017) (September 2016)

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Emergency planning: If the Council fails to respond effectively to an emergency then this will have an adverse impact upon the needs of our communities.</p>	<p>Group Manager – Environment & Housing</p>	<p>Emergency plan and team, Communications Strategy, testing of rest centre arrangements, Flood Risk Management Group.</p>	
<p>New leisure centre: If unforeseen works occur or value engineering assumptions are not deliverable then additional capital investment will be required to complete the centre.</p> <p>If operational services are not effective then this may lead to customer dissatisfaction and represent a reputational risk to the Council.</p>	<p>Group Manager – Finance & Asset Management</p>	<p>Client monitoring framework</p>	
<p>Tewkesbury Borough Plan: If the Tewkesbury Borough Plan (TBP) fails to progress to the pre-submission stage then this will result in the failure to develop sustainable growth and prevent piecemeal development.</p>	<p>Group Manager – Development</p>	<p>Project Management</p>	<p>Following JCS inspectors report, the plan will be progressed.</p>

APPENDIX 1 - CORPORATE RISK REGISTER (JUNE 2016)

Risk description	Responsible Officer (s)	Current controls	Further control action and proposed implementation dates
<p>Business rates: If business rate payers continue to successfully challenge their business rates assessment then the Council is likely to suffer further scheme losses and not benefit from growth in businesses within the Borough.</p>	<p>Group Manager – Revenues & Benefits Group Manager – Finance & Asset Management</p>	<p>Provisions within scheme and reserves set aside. Losses limited to 7.5% by safety net payment. Economic Development strategies to support growth and counter appeal losses.</p>	<p>Government review of national scheme – March 2016. National revaluation of business rates for April 2017.</p>

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	22 June 2016
Subject:	Annual Report on Health and Safety Activities
Report of:	Richard Kirk, Interim Environmental and Housing Services Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor J R Mason, Lead Member for Clean and Green Environment
Number of Appendices:	1

Executive Summary:

The report attaches, at Appendix 1, a summary of the activities carried out to secure health and safety compliance in the financial year 1 April 2015 to 31 March 2016.

Recommendation:

1. To **CONSIDER** the contents of the Annual Report.
2. To **AGREE** that an annual report on health, safety and welfare related matters be presented to the Audit Committee at the meeting following the end of the financial year.

Reasons for Recommendation:

The Health, Safety and Welfare Policy of Tewkesbury Borough Council states that “elected members have a responsibility for ensuring that the chief executive and deputy chief executive are adequately resourced and supported in achieving compliance with the legal requirements of the Health and Safety at Work Act 1974 and regulations made under it”. The attached report has been written to help Members carry out this responsibility.

Resource Implications:

As detailed in the report at Appendix 1

Legal Implications:

Tewkesbury Borough Council is responsible for the health, safety and welfare of its staff and where relevant, members of the public in accordance with the Health and Safety at Work etc Act 1974.

Risk Management Implications:

Risk Management is an integral part of the Health, Safety and Welfare Policy and the workplan detailed at Appendix 1 will help mitigate related business risks.

Performance Management Follow-up:

Audits of the management of health and safety, and lone working safety are scheduled for 2016. Other performance management issues are detailed in the report at Appendix 1.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Tewkesbury Borough Council recognises and accepts its responsibilities to secure the health, safety and welfare of staff and, where relevant, members of the public. It also recognises the importance of good communications in making sure this is effectively carried out.
- 1.2** As part of securing and ensuring compliance with the Health and Safety at Work etc Act 1974, it has been identified that Members, as well as staff and the public, should be well informed about the work carried out to secure compliance as well as the work planned to review arrangements in the future.
- 1.3** The Health and Safety Executive provide excellent guidance in both leading and managing health and safety. The attached report provides a good way to deliver on their recommendation to establish an effective 'downward' communication systems and management structure.

2.0 ANNUAL REPORT

- 2.1** If well received, it is proposed to provide an annual report to the Audit Committee. The report would help support the existing structures for managing health and safety matters which are shown in the report at Appendix 1.
- 2.2** The report aims to provide a review of the previous year's activities in this area of work, as well as to provide a work plan for forthcoming year.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** Previously, Member engagement on health and safety issues was primarily through reports on completed internal audits and engagement with the Council's 'Keep Safe, Stay Healthy' Group. This could continue; however, providing an annual report to the Audit Committee may help to keep Members informed and engaged, and it would also be a way to show the wider community impacted by the activities of the Council about how it takes the subject seriously and approaches it in a proactive manner.

4.0 CONSULTATION

- 4.1** The Corporate Leadership Team and Corporate Governance Group have been consulted on the proposal.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** Health, Safety and Welfare Policy.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Leading Health and Safety at Work (INDG417) and Managing for Health and Safety (HSG65), both published by the Health and Safety Executive provide guidance for employers on discharging their duties under the Health and Safety at Work etc Act 1974.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 As detailed in the report at Appendix 1.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 As detailed in the report at Appendix 1.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

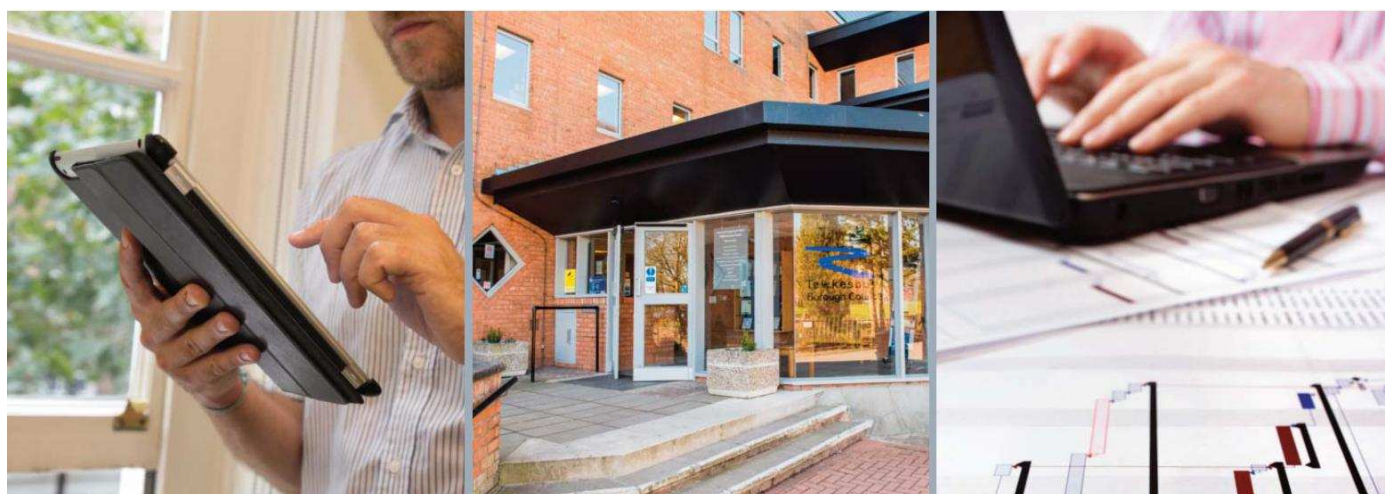
Background Papers: None

Contact Officer: David Steels, Environmental Health Manager
01684 272172 david.steels@teWKesbury.gov.uk

Appendices: Appendix 1 - Annual Report on Health and Safety Activities

Health and Safety annual report

2016



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1 INTRODUCTION

Tewkesbury Borough Council is committed to maintaining a healthy and safe place of work for all its employees, as well as taking all reasonable steps to ensure that the public and the environment (which may be affected by its work) are exposed to the lowest practicable level of risk.

Effective management of health and safety risks helps the council to:

- Maximise the well-being and performance of its employees.
- Stop people getting injured, ill or killed by their work.
- Prevent reputational damage in the eyes of customers, suppliers, other stakeholders and the wider community.
- Encourage better relationships with partnerships and contractors, and ensure that the activities of contractors do not pose a health and safety risk for the council or its employees, visitors or customers.
- Minimise the likelihood of prosecution and consequent penalties.

Best practice recommends that organisations produce and publish an annual health and safety report. As such, this report summarises Tewkesbury Borough Council's health and safety performance during the year 1st April 2015 to 31st March 2016 and looks forward to work proposed in the next year. The aim is to provide relevant information on what the council is doing to protect its employees, volunteers, contractors, service users and members of the public and to show the processes in place to identify a wide range of health and safety risks and to comply with statutory requirements.

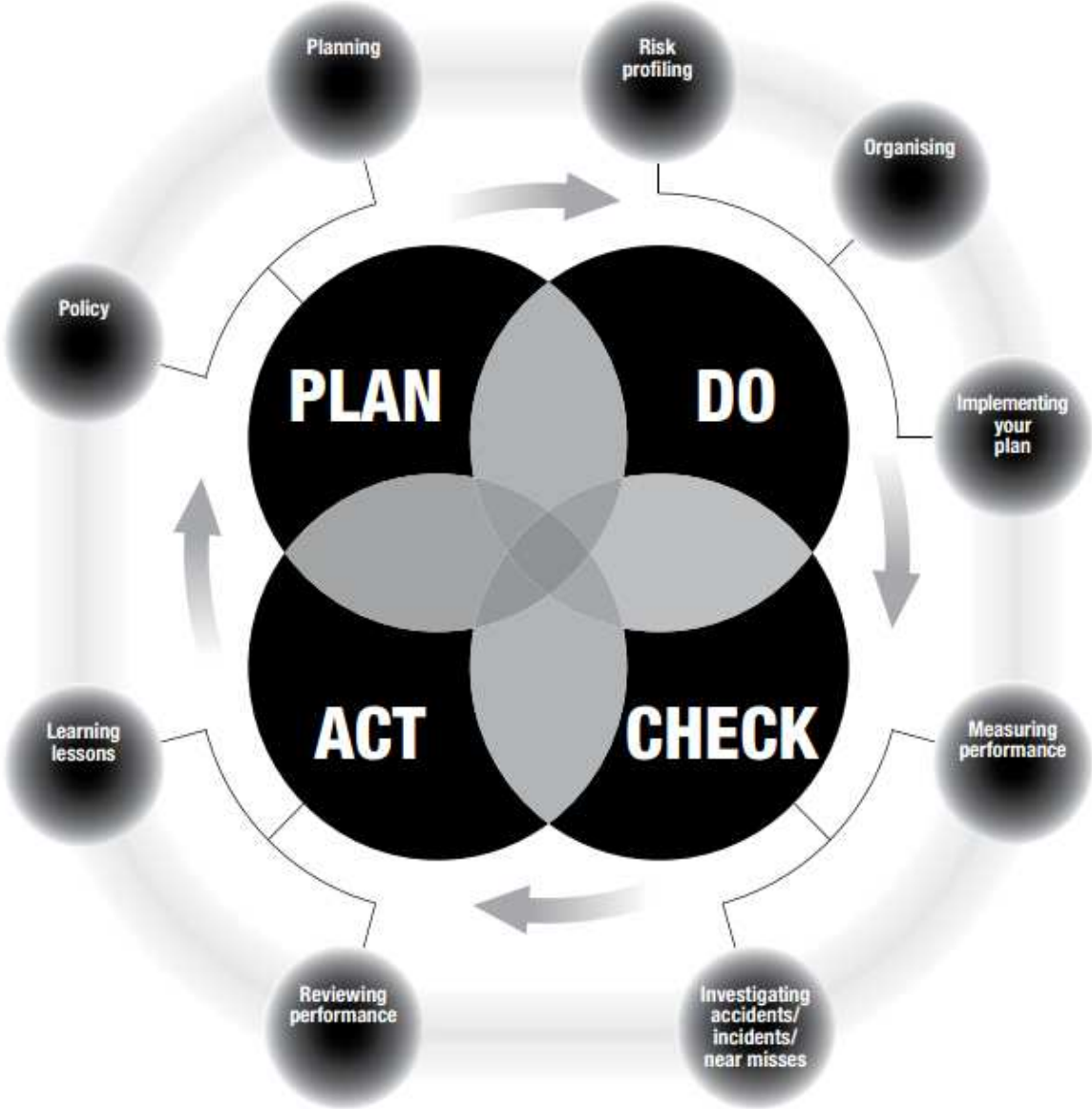
The report provides an overview of key performance statistics along with commentary on key aspects of health and safety.

This is the first health and safety annual report by Tewkesbury Borough Council. We would welcome feedback on whether you found this report useful, what you did and did not like about it, the format and the content. We will then use this information to inform any future reports.

David Steels
Environmental Health Manager

Kay Meddings
Environmental Safety Officer

2 TEWKESBURY BOROUGH COUNCIL’S APPROACH TO MANAGING HEALTH AND SAFETY RISKS



(Extract from “Managing for Health and Safety”, HSE, 2013)

The council’s health and safety management system includes the key elements of the Health and Safety Executive’s (HSE) guidance document HSG65 ‘Managing for Health and Safety’. The document advocates a ‘Plan, Do, Check, Act’ approach to managing health and safety within organisations.

Plan, Do, Check, Act achieves a balance between the systems and behavioural aspects of management. It also treats health and safety management as an integral part of good management generally, rather than as a stand-alone system. The following table gives a summary of the actions involved in delivering the system effectively:

Table 1 The read-across between Plan, Do, Check, Act and other management systems

Plan, Do, Check, Act	Conventional health and safety management	Process safety
Plan	Determine your policy/Plan for implementation	Define and communicate acceptable performance and resources needed
Do	Profile risks/Organise for health and safety/Implement your plan	Identify and assess risks/Identify controls/Record and maintain process safety knowledge
		Implement and manage control measures
Check	Measure performance (monitor before events, investigate after events)	Measure and review performance/Learn from measurements and findings of investigations
Act	Review performance/Act on lessons learned	

Extract from “Managing for Health and Safety” (HSE, 2013)

The format of this report follows the 'Plan, Do, Check, Act' workflow.

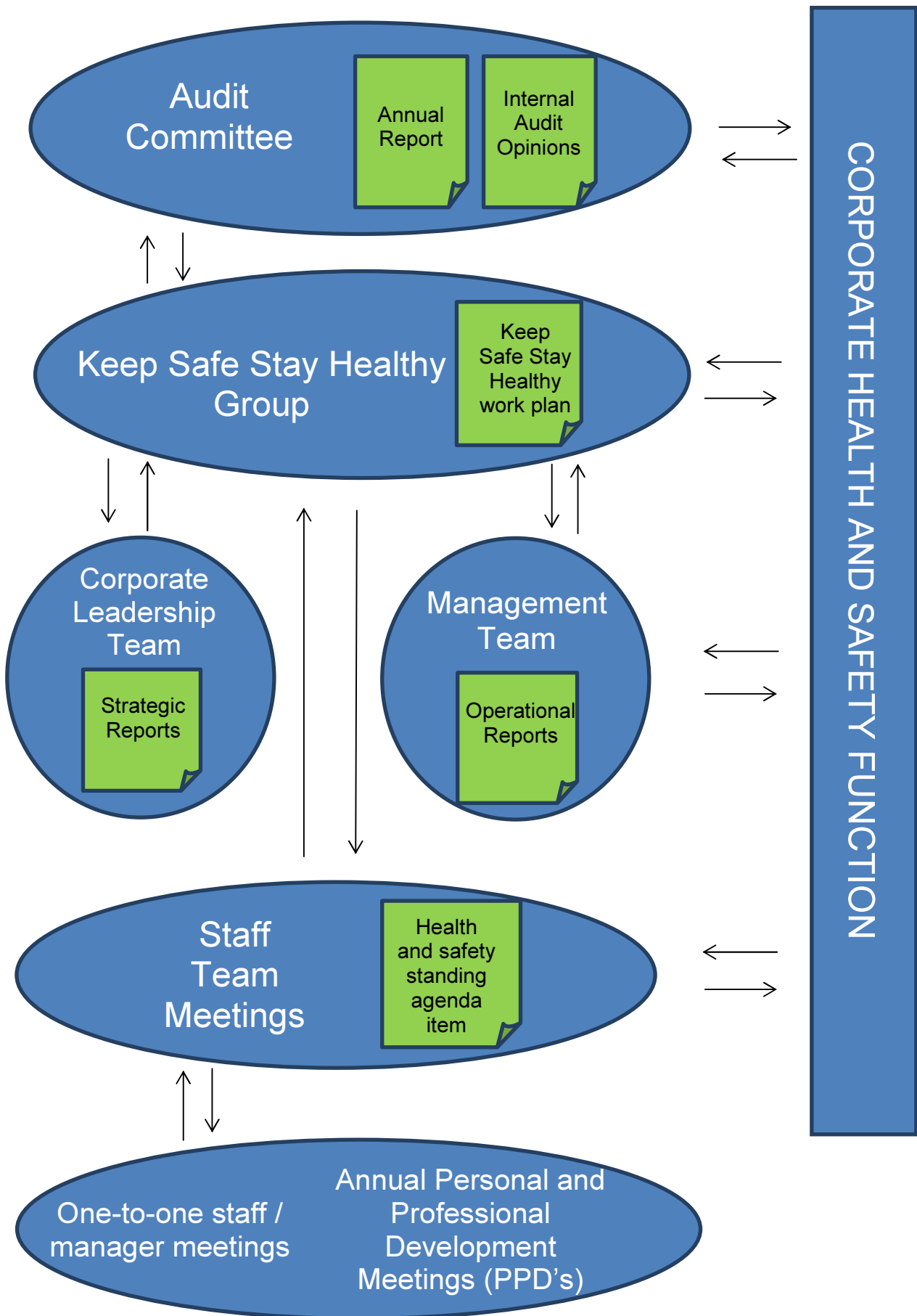
3 PLAN

Policy

Tewkesbury Borough Council has a health, safety and welfare policy which is updated regularly. There are also a number of other guidance, policy and procedure documents that impact on the health, safety and welfare of employees as follows:

- ✓ Accidents and incidents
- ✓ Casual and temporary workers
- ✓ The control of substances hazardous to health
- ✓ Using display screen equipment safely
- ✓ Fire and emergency evacuation
- ✓ Legionella
- ✓ Lone working
- ✓ Management of asbestos
- ✓ Manual handling
- ✓ Noise at work
- ✓ Personal protective equipment
- ✓ Provision and use of work equipment
- ✓ Staff personal safety
- ✓ Young workers

Health and safety management arrangements at Tewkesbury Borough Council



Corporate Leadership Team (CLT)

Ultimate responsibility for the health, safety and welfare of staff and the public who use council services lies with the Corporate Leadership Team (CLT). A health and safety 'health check' has recently been developed in cooperation with the Chief Executive to assess overall compliance with corporate policies and legislation, based on the scoring mechanism outlined in HSG65. This check is reported to CLT quarterly and provides a snapshot of how well the authority is complying and if extra interventions are necessary. This mechanism gives CLT the appropriate high-level strategic overview they need to enable them to take appropriate action.

The Deputy Chief Executive has specific responsibilities for leading on corporate health and safety matters.

Officer Management Team

A regular report is presented to the Management Team meeting on operational issues that may need the attention or action of Group Managers to ensure full compliance.

The Group Manager, Environmental and Housing Services has specific responsibilities for the coordination of health and safety matters.

The Environmental Health Manager has responsibilities for the management of the corporate health and safety function at the council.

Keep Safe Stay Healthy Group

The council's former Health and Safety Working Group was superseded almost two years ago by the Keep Safe Stay Healthy Group. The new group was formed to continue the good work on monitoring progress on the council's Health and Safety Action Plan and accident statistics, but also to introduce a positive attitude to reducing accidents and poor health by encouraging the implementation of healthy workplace initiatives. The group operates under its own Terms of Reference and nominated health and safety representatives from across the council, an Executive Committee Member and trades union representatives meet quarterly.

A summary of the group's successful outcomes from the past year are shown later in the report.

Team and Staff Meetings

Teams across the council are required to include health and safety as a standard item on their agendas every time they meet to encourage open and constructive dialogue. From time to time the Environmental Safety Officer will also attend these meetings to provide guidance on how the health and safety policies should be implemented. In addition, team leaders are asked to cover health and safety matters during individual staff meetings (including the annual Personal and Professional Development performance appraisal meetings).

Health and Safety Advice

The Environmental Safety Officer provides advice to all staff and contractors working for and on behalf of the organisation on all health and safety matters, and plays a leading role in controlling risks, running initiatives, monitoring action plans and overall compliance.

Promotion

Health and safety matters are prominent on the council's intranet; last year the system was improved to make it easier to access policies and risk assessments. Health, safety and wellbeing matters are reported through other internal channels such as the monthly News4U staff newspaper and the health and safety information boards available throughout the council office building. Health and safety matters have also been the subject of discussion at regular council-wide staff briefing sessions.

Risk Assessments

Health and safety risk assessments have been carried out for all departments and current versions can be found posted on the council's intranet. The Environmental Safety Officer has attended team meetings to help with the process of identifying risks and on occasion given advice with regards to the remedial actions required to control the identified risks.

Training

Health and safety training is encouraged and the pooled council training budget helps to overcome any funding challenges faced by the individual council teams.

In the previous year, there have been two training events focussing solely on health and safety matters with invites being sent to all staff:

- ✓ Training on the importance of and how to complete health and safety risk assessments (September 2015)
- ✓ Training on how to work alone safely and how to comply with the council's Lone Working Policy (September 2015)

In addition to the above, staff have participated in routine training sessions, which either wholly or partly incorporate health and safety training or awareness:

- ✓ Induction training
- ✓ Online training to complete display screen equipment assessments
- ✓ Safeguarding children online training

Training initiatives planned for the coming year include:

- ✓ Resilience training (managing personal stress)
- ✓ First aid and defibrillation refresher

- ✓ Managing difficult conversations
- ✓ Personal safety and breakaway skills
- ✓ Assertiveness and dealing with difficult people
- ✓ Managing contractors
- ✓ Leadership training for managers in health and safety
- ✓ Cardinus workstation assessments
- ✓ Staff training to deal with bullying or harassment complaints

Achievements in the previous 12 months

The Keep Safe Stay Healthy group have an annual work plan of priorities for action. In the year from April 2015, the following has been achieved:

- ✓ Reviews of how we manage asbestos, legionella, electrical and fire risks in council owned properties.
- ✓ Completion of risk assessments across all services. (A generic risk assessment has been produced for common hazards, risks and standard controls and actions. This should make it easier for all sections to follow a 'template' for common hazards such as display screen equipment and working alone. This will then help to focus even more on how to mitigate the more unique hazards identified that are specific to a particular service).
- ✓ Lone working arrangements reviewed and recommendations actioned including a staff safety register policy and procedure review.
- ✓ Personal protective equipment arrangements reviewed and recommendations actioned.
- ✓ Display screen equipment arrangements reviewed and recommendations actioned.
- ✓ Staff health and safety advice and information reviewed and relocated to the new intranet.
- ✓ Planning and introduction of a staff wellbeing initiative.
- ✓ Review of health and safety management reporting procedures.
- ✓ Revision of health and safety induction document for new staff.

Wellbeing

As mentioned above, next year the Keep Safe Stay Healthy group will be taking a proactive approach to reducing workplace sickness, ill health and accident reduction by implementing and encouraging healthy workplace initiatives. Officers have put together a staff wellbeing programme based on a British Heart Foundation scheme and using guidance from the

Gloucestershire Workplace Challenge. The Workplace Challenge is a national programme from the County Sports Partnership Network funded by Sport England, which aims to engage workplaces in sport and physical activity. Activities planned for staff for this year are included in the Work Plan shown in Section 6 below.

5 CHECK

Health and Safety Annual Report

In the past, health and safety related policies were reported to the appropriate committees; officers and elected Members considered operational health and safety matters during the quarterly health and safety liaison meetings. The purpose of the annual report is not to replace these existing reporting mechanisms, but to provide a more open and transparent way of reporting the work carried out and progress with all matters relating to health and safety in accordance with good practice from the HSE. The report will also be considered by the Audit Committee. The report is intended to be both a reflection on the performance and activities from the previous year, but also a projection of the planning, organising, checks and actions for the future.

Health and Safety Audit

The Environmental Safety Officer will carry out health and safety audits of policies or activities at the council in accordance with the Keep Safe Stay Healthy Group Action Plan. This will result in actions being recommended by the officer and reported through the channels described above. The Environmental Safety Officer will usually be engaged in helping to deliver these actions, especially if this involves drafting or rewriting policies or procedures and any subsequent awareness raising. Health and safety audits are usually carried out as a response to issues arising from service risk assessments. The audits identified in the Work Plan are as a response to an identified need or a knowledge gap. In the last year, the following health and safety audits have been carried out:

- ✓ Service risk assessments, which led to a review of lone working arrangements.
- ✓ Ubico contract monitoring arrangements.
- ✓ Health and safety management in the Property department.
- ✓ Legionella.
- ✓ Asbestos.
- ✓ Fire safety.
- ✓ Electrical safety.
- ✓ Personal protective equipment.
- ✓ Display screen equipment.

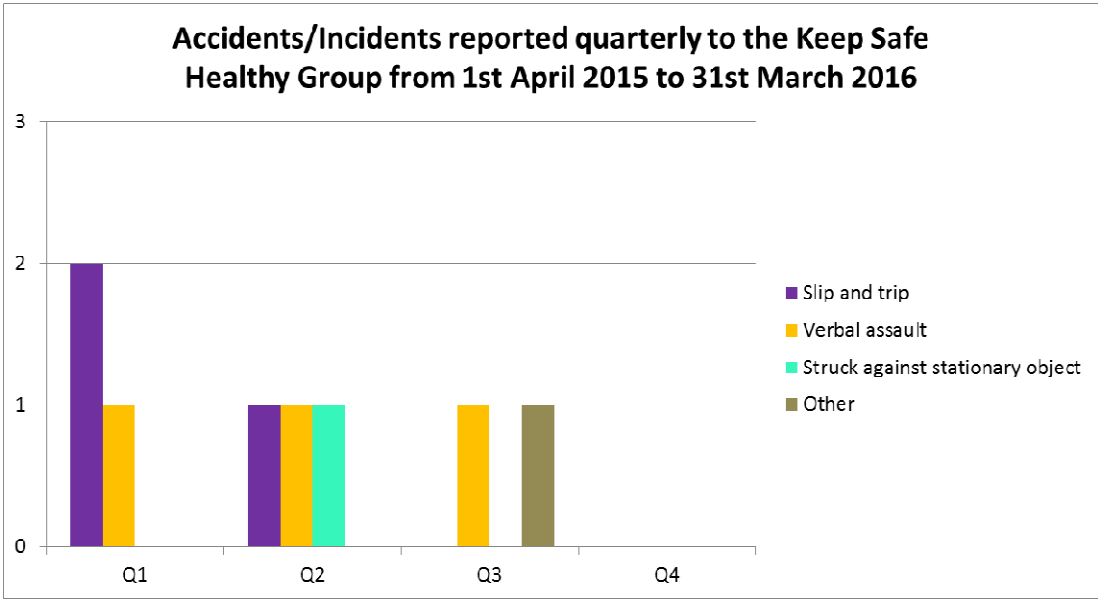
Health and safety audits will continue and the work proposed is shown in the Work Plan, detailed in Section 6 below. Note that further health and safety audits may be carried out if there is an identified need during the year.

The council's internal audit service provides a useful mechanism for undertaking impartial and thorough checks, highlighting any areas of non-conformity and operates independently from the service delivery areas under scrutiny. This year, two audits are proposed to be carried out by the internal audit service, including an audit of the overall management of the health and safety function and a follow up audit on the lone worker policy.

Accident and Incident Reporting

All accidents/incidents and near misses are reported under the council's procedures. This enables appropriate remedial action to be identified and preventative measures to be put in place. The investigating of accidents/incidents and near misses, in the first instance, is the responsibility of the line manager, which enables swift and direct action to be taken. Where necessary, advice and assistance can be sought from the Environmental Safety Officer during this procedure.

The graph below shows the TBC Accidents/Incidents by category each quarter for the period 2015-2016



Q1 – April to June 2015

There were two minor slips and trips involving officers out on site. There was one verbal assault on an officer whilst carrying out enforcement duties.

Q2 – July to September 2015

There was one minor slip and trip involving an officer out on site. There was one verbal assault on an officer whilst carrying out enforcement duties. One officer was struck against a stationery object when retrieving a file in a storeroom.

Q3 – October to December 2015

There was one verbal assault involving an officer when carrying out an interview with a member of the public. There was one incident involving a member of the public suffering chest pains during an interview with an officer.

Q4 – January to March 2016

No accidents/incidents or near misses reported within this period.

Cascades Leisure Centre

At the Cascades Leisure Centre minor slips and trips due to the wet environment were reported to the Keep Safe Stay Healthy Group during the year. Two incidents were reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, which involved injuries resulting in members of the public attending hospital (striking a stationary object when slipping - one occurred in the pool and one in the changing room).

UBICO (Waste, Street Cleansing and Grounds Maintenance Services)

On April 2015, the council formed the local authority owned company Ubico Ltd, which is jointly owned by Tewkesbury Borough Council, Cheltenham Borough and Cotswold District council. Alongside waste and recycling collections, the company also provides street cleansing and grounds maintenance services for the borough. The Environmental Services team transferred to Ubico to deliver the services under contract, enabling the council to retain control over the way these services are delivered. Contract monitoring is being delivered by a mixture of in-house resources (ground maintenance) and a contract with the County Council Joint Waste Team (Waste and Recycling Services).

Staff members involved in waste collection are trained and competent in manual handling and bin lift operation and work in accordance with industry approved risk assessments and safe systems of working. They are also trained to assist with other collections, which allows greater flexibility to accommodate the seasonal peaks and troughs in the volume of waste presented.

Street and grounds maintenance staff are trained and competent in manual handling and work to industry approved risk assessments and safe systems of working. Individuals within the team hold the National Proficiency Test Certification in the use of chemicals and dangerous machinery, such as chainsaws.

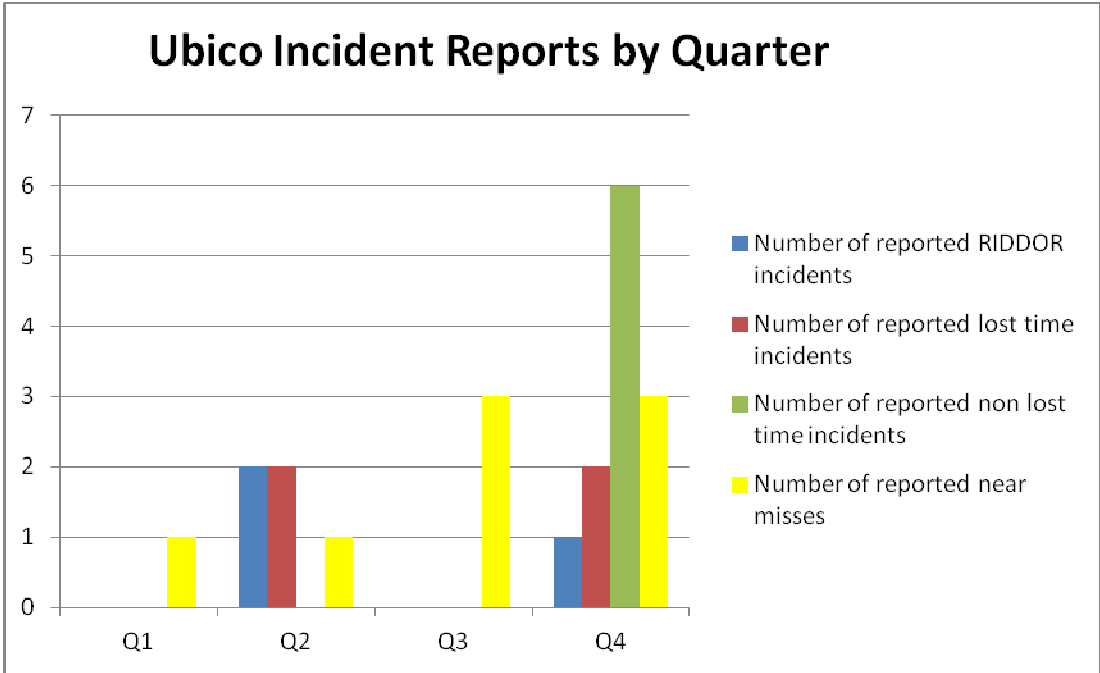
To ensure the safety of employees and members of the public, supervisors carry out regular, un-announced quality checks to ensure that teams are working safely and to a high standard.

Needles and medical sharps have been causing an issue in the recycling bins for approximately 18 months. Sources of the needles include drug use, medical sharps and diabetic blood testing & insulin kits. The recycling facility where the material is sorted is a manual picking line and employees are required to halt the sorting equipment when the needles are found on the conveyor belt. When needles are identified the recyclable material has to be disposed of rather than recycled. The council has carried out numerous awareness raising campaigns using local agencies, pharmacies, doctors' surgeries and drug use centres to reduce the problem. The council has also isolated a small area of properties where the needles have been sourced from and temporarily halted collections from there, disposing of the recycling rather than sending it for sorting. These collections have now recommenced. Despite the council's efforts and good cooperation with the contractor, the council's processing fee has increased significantly due to the needles present.

Tewkesbury Borough Council and its contractor Ubico are represented on the Gloucestershire Waste Safety and Health (GWASH) partnership alongside the other Council's in Gloucestershire and the HSE. In recognition of a countywide problem of cars driving dangerously around collection crews, a press release was issued highlighting the problem. Coverage included social media and Gloucestershire wide press; an article also appeared in Tewkesbury Borough News.

Ubico Health and Safety Performance 2015-16

The graph below shows the Ubico health and safety incident reports by category each quarter for the period 2015-2016.



Accident and Incident Reports

Q1 - April to June 2015

There were no significant health and safety incidents and no reportable incidents during this period.

There was one near miss report relating to a loader having to jump out of the path of a speeding car.

Q2 - July to September 2015

There were a total of two work related incidents during the period. These were lost time incidents, both of which were reportable under RIDDOR for a work related absence greater than seven days. There were 42 days lost through ill health arising from these incidents.

The RIDDOR reportable incidents both related to slips and trips. One member of the Waste and Recycling team tripped on a loose shoe lace whilst walking backwards with a bin and fractured his wrist and another sprained an ankle on an uneven grass verge.

There was one near miss report relating to a loader having to avoid a car, which mounted the pavement.

Q3 – October to December 2015

There were zero work related incidents and no RIDDOR reportable incidents. There were three near miss reports. Two related to third party vehicles in close proximity to a stationary collection vehicle and one was a vehicle stuck on a verge.

Q4 – January to March 2016

There were 8 work related incidents.

There were two lost time incidents one of which was reportable under RIDDOR. These incidents resulted in 33 days lost through ill health arising. The first lost time incident was an employee who twisted their ankle whilst pulling out a large recycling bin. The second, which was a RIDDOR reportable incident, was an employee that slipped on cardboard whilst attempting to move an exempt customer bin and landed on his chest causing fracture to his ribs.

The non-lost time incidents all related to slips and trips.

There were three near miss reports. One related to a raised drain cover in the depot yard and two reports related to third party vehicles in close proximity to a stationary collection vehicle.

Prior to 2015

In November 2014, a member of the public was struck and killed by a council-operated bin lorry, whilst reversing along a country track in Norton. This tragic incident was investigated by the HSE, the Police and also through the council's internal mechanisms. Officers have continued to

work on numerous matters during 2015/16 relating to the health and safety issues of the incident, including the following:

- Continuing the investigation into the circumstances of the accident.
- Assisting the HSE and other investigators with their formal investigations.
- Compliance with recommendations and formal instructions given by the HSE.

At the time of writing this report, the matter is still the subject of investigations and therefore cannot be fully reported.

Future Changes

The newly built Tewkesbury Leisure Centre opened in May 2016 and will be managed and operated by a contractor. There are parallels with the management of the council's waste and grounds maintenance services as the activities can potentially put members of the public at risk and the council must oversee the contracts to ensure that health and safety requirements are met.

Consequently, the role of health and safety management at the council is slowly changing from direct control of direct hazard and risk management, to an increasing degree of contract management for services delivered on the council's behalf. This means that the nature of the Annual Report, Work Plan and performance data is likely to change over time to reflect this new direction in front-line service delivery.

6 ACT

Health & Safety Work Plan 2016-2017

Actions planned to be delivered in the next 12 months are as follows:

Topic	Expected Outcomes	Target completion date	Additional information
Further review of lone working policy monitoring arrangements	To ensure good practice guidance has been acted upon and suitably effective arrangements are in place for all services	July 2016	Training on lone working good practice was carried out in October 2015 and the Environmental Safety Officer (ESO) has attended service team meetings to discuss implementation.
Flexible working arrangements and home working	To ensure the risks that have been identified through the flexible working application process have been addressed and that work stations are being set up correctly.	October 2016	To include display screen equipment arrangements, laptop use and hot-desking arrangements.
Full completion of all risk assessments	To ensure the risk assessments have been fully completed by all services and that mitigating actions are in place for all the risks that have been identified.	August 2016	All services have recently updated their risk assessments and many have provided evidence that they have suitable and effective controls in place. Risk assessment training was delivered in October 2015. The ESO is helping teams to comply by advising at team meetings and risk assessment training provided October 2015.
Control of high risk hazards	To ensure high risk hazards have been identified and suitably effective controls have been implemented To ensure that training and guidance have been effective.	January 2017	To commence when all risk assessments are fully complete. Training and advice has been provided by ESO to enable services to complete this task

Topic	Expected Outcomes	Target completion date	Additional information
Review of the accident and incident reporting arrangements and use of the staff safety register	To ensure compliance with relevant policies and procedures.	February 2017	The review will take place when all team meetings have been attended. A summary of the advice given will also be placed on the intranet at this time.
Review of the health and safety management of contractors	To ensure procedures being implemented are in line with good practice (HSE document reference HSG159).	March 2017	Initial proposal to draft and include in contractors' toolkit a "managing contractors' health and safety" checklist. Staff training is also likely once policy and procedure have been reviewed and implemented.
Health and safety training plan	To deliver health and safety training to staff on the following subjects: <ul style="list-style-type: none"> • Resilience • First aid and defibrillation refresher • Managing difficult conversations • Personal safety and breakaway skills • Assertiveness and dealing with difficult people • Managing contractors • Leadership training for managers in health and safety • Cardinus workstation assessments • First points of contact for dealing with 	March 2017	Training is an excellent way to develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone. To meet the legal duty to protect the health and safety and welfare of employees. Further training will be provided if identified by the Keep Safe Stay Healthy group.

Topic	Expected Outcomes	Target completion date	Additional information
	bullying or harassment complaints		
Health, Safety & Welfare Policy and terms of reference to be updated	Revision to reflect revised reporting mechanisms as contained in the Annual Report.	March 2017	
Draft a Management of Contractors Policy / Procedure	To ensure effective health and safety arrangements for managing contractors	December 2016	Procedure note will follow HSE good practice (HSE document reference HSG159).
Staff wellbeing programmes	It is planned that the programme will include the following activities: <ul style="list-style-type: none"> • Healthy eating club • Workplace challenges • Lunchtime walks • Office themed days • Sports and activities 	Commencement date June 2016	The programme is completely optional but open to all employees and partners in the building. The programme uptake will be monitored and reported to the Keep Safe Stay Healthy Group
Personal protective equipment monitoring	Checks on procurement rules and stock replacement of personal protective equipment. Information to help officers will be placed on the intranet.	January 2017	Policy has been reviewed recently.
Refine health and safety aspects of contract monitoring of Ubico contract and leisure centre	To have similar reporting mechanisms for the waste and grounds maintenance services and leisure centre in line with national good practice.	June 2016	Reports to be submitted to Keep Safe Stay Healthy group on a quarterly basis to include findings and actions from risk assessments for each service, accidents, incidents and near misses and any other

Topic	Expected Outcomes	Target completion date	Additional information
contract (PSP Leisure)	To ensure compliance to Managing Contractors policy		health and safety related issues.
Environmental Safety Officer attending team meetings	Each meeting is attended twice a year to assist and advise on health and safety issues.	Each meeting attended twice a year	Three team meetings attended to date. Supporting information on subjects asked about to be placed on intranet.
Monitoring of the health and safety management system	Carry out a 'health check' checklist assessment every six months to ensure management systems are compliant to the HSE's HSG65 guidance and good practice	Ongoing	<p>The checklist covers the following areas:</p> <ul style="list-style-type: none"> • Policy • Organising control • Organising communication • Organising co-operation • Organising competence • Planning and implementing • Measuring performance • Auditing and reviewing performance