

13 July 2021

<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	Wednesday, 21 July 2021
<b>Time of Meeting</b>	2:00 pm
<b>Venue</b>	Tewkesbury Borough Council Offices, Severn Room

## **ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND**

### **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 (during office hours staff should proceed to their usual assembly point; outside of office hours proceed to the visitors' car park). 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.

#### **3. DECLARATIONS OF INTEREST**

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.



	<b>Item</b>	<b>Page(s)</b>
<b>4.</b>	<b>MINUTES</b>  To approve the Minutes of the meetings held on 24 March and 4 May 2021.	1 - 6
<b>5.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME</b>  To consider the Audit and Governance Committee Work Programme.	7 - 14
<b>6.</b>	<b>INFORMING THE AUDIT RISK ASSESSMENT FOR TEWKESBURY BOROUGH COUNCIL 2020/21</b>  To consider the external auditor's report on informing the audit risk assessment for Tewkesbury Borough Council 2020/21.	15 - 49
<b>7.</b>	<b>EXTERNAL AUDITOR'S AUDIT PLAN 2020/21</b>  To consider the external auditor's Audit Plan 2020/21.	50 - 72
<b>8.</b>	<b>FEE SCALE FOR THE AUDIT 2021/22</b>  To consider the fee scale for the 2021/22 audit.	73 - 75
<b>9.</b>	<b>COUNTER FRAUD UNIT REPORT</b>  To consider the annual update on the work of the Counter Fraud team.	76 - 82
<b>10.</b>	<b>PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY</b>  To consider the Proceeds of Crime and Anti-Money Laundering Policy and recommend to the Executive Committee that it be approved and that authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Unit Manager, One Legal and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.	83 - 93
<b>11.</b>	<b>USE OF THE INTERNET AND SOCIAL MEDIA IN INVESTIGATIONS AND ENFORCEMENT POLICY</b>  To consider the Use of the Internet and Social Media in Investigations and Enforcement Policy and recommend to the Executive Committee that it be approved and that authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.	94 - 101
<b>12.</b>	<b>ANNUAL REPORT ON HEALTH AND SAFETY ACTIVITIES 2019/20-2020/21</b>  To consider the adequacy of the Council's health and safety arrangements.	102 - 118
<b>13.</b>	<b>CORPORATE RISK REGISTER</b>  To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	119 - 140

	<b>Item</b>	<b>Page(s)</b>
<b>14.</b>	<b>INTERNAL AUDIT ANNUAL REPORT 2020/21</b>	141 - 147
	To consider the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21; and to consider the proposed recovery of the internal audit function during 2021/22.	
<b>15.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2021/21</b>	148 - 161
	To approve the Audit and Governance Committee Annual Report 2020/21.	

**DATE OF NEXT MEETING**  
**WEDNESDAY, 15 SEPTEMBER 2021**  
**COUNCILLORS CONSTITUTING COMMITTEE**

Councillors: C M Cody, L A Gerrard, P A Godwin, D W Gray, H C McLain (Vice-Chair), P D McLain, H S Munro, V D Smith (Chair) and P E Smith

### **Substitution Arrangements**

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

### **Recording of Meetings**

In accordance with the Openness of Local Government Bodies Regulations 2014, 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 and Governance Committee held remotely on  
Wednesday, 24 March 2021 commencing at 2:00 pm**

### **Present:**

Chair  
Vice Chair

Councillor V D Smith  
Councillor H C McLain

### **and Councillors:**

C M Cody, P A Godwin, D W Gray, P D McLain, H S Munro and P E Smith

### **A&G.45 ANNOUNCEMENTS**

- 45.1 The Chair advised that the meeting was being held under the emergency provisions of the Coronavirus Act 2020 and, specifically, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. The meeting was being broadcast live via the internet, it was not being recorded by the Council but, under the usual transparency rules, it may be being recorded by others.

### **A&G.46 DECLARATIONS OF INTEREST**

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

### **A&G.47 MINUTES**

- 47.1 The Minutes of the meeting held on 16 December 2020, copies of which had been circulated, were approved as a correct record.

### **A&G.48 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

- 48.1 Attention was drawn to the Audit and Governance Committee's Work Programme, circulated at Pages No. 9-15, which Members were asked to consider.
- 48.2 The Head of Corporate Services advised that the meeting in July had a fairly large Agenda so Officers would need to ensure that was feasible. Given the fact that the Internal Audit Team had not been operating for the last year, the reports in that regard would be fairly short. It was hoped some resource would be back in the team from 1 April but this would be flexible depending on the needs of the COVID-19 business grants cell.
- 48.3 Accordingly, it was

**RESOLVED** That the Audit and Governance Committee Work Programme be **NOTED**.

### **A&G.49 STATEMENT OF ACCOUNTING POLICIES**

- 49.1 The report of the Head of Finance and Asset Management, circulated at Pages No.

16-32, set out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards and statutory guidance issued under Section 12 of the 2003 Act. The policies outlined the specific principles, bases, contentions, rules and practices applied when preparing and presenting the financial statements and Members were asked to approve the accounting policies to be used during the preparation of those statements.

49.2 The Finance Manager confirmed that, since writing the report, the government had indicated that local authorities would have until the end of July to prepare their accounts and the audit deadline for the statement of accounts had been amended to the end of September. In response to a query regarding the accounting policies, the Finance Manager confirmed that the rules were set by the government but within them there was some flexibility so every authority would tend to have some differences in their policies.

49.3 Upon being proposed and seconded, it was

**RESOLVED** That the accounting policies to be used during the preparation of the 2020/21 financial statements be **APPROVED**.

#### **A&G.50 MONITORING OF SIGNIFICANT GOVERNANCE ISSUES**

50.1 The report of the Borough Solicitor, circulated at Pages No. 33-37, attached a table which incorporated the significant governance issues identified in the Council's Annual Governance Statement and the action taken to address them. Members were asked to consider the information in Appendix 1 and review the progress against the actions.

50.2 Members were advised that there had been progress against two of the four actions but the timescale for two of them – local Code of Corporate Governance and lessons learnt from COVID-19 - had been amended to September 2021 as work on them had been hampered by the COVID-19 pandemic response. In addition, there was some work outstanding on the administration of discretionary housing payments as it had not been possible to perform a significant number of verification checks because they needed to be undertaken by either the Revenues and Benefits Manager or internal audit and both had been partly or wholly redeployed to deliver business grants as part of the COVID-19 pandemic.

50.3 Referring to the timescale for the action on administration of discretionary housing payments, a Member questioned whether this should still be December 2020. In response the Borough Solicitor confirmed that the majority of work had been completed within the target but the last part – as mentioned previously – had to be rolled forward to September 2021, this would be made clear in the table. The Head of Corporate Services suggested it would be helpful to bring forward a 'wrap-up' report on the Revenues and Benefits service actions to confirm they had all been implemented and this would be done in due course. In addition, in terms of the COVID-19 lessons learned report, the Head of Corporate Services confirmed that this was an action within the Annual Governance Statement but it would be reported to the Overview and Scrutiny Committee not the Audit and Governance Committee; it was contained within the Work Programme of the Overview and Scrutiny Committee.

50.4 Accordingly, it was

**RESOLVED** That the progress against the actions identified in the Annual Governance Statement were **NOTED**.

#### **A&G.51 CORPORATE RISK REGISTER**

51.1 The report of the Head of Corporate Services, circulated at Pages No. 38-58, set

out the corporate risk register and Members were asked to consider the risks contained therein and the assurance that the risks were being effectively managed.

51.2

Members were advised that the risk register, which was attached to the report at Appendix 1, aimed to be a simple tool used to monitor the key corporate risks and the main updates to the register were highlighted within Paragraph 3.1 of the report. The Head of Corporate Services drew particular attention to the following:

Ref 1 and 2 – financial sustainability.	The current uncertainty of the financial climate meant there were some risks around the budget and those had been drawn to Members' attention; issues such as the withdrawal of New Homes Bonus funding, and the unknown of what would replace it, offered a huge amount of uncertainty.
Ref 7 – Waste service.	As Members would be aware, the Council had recently agreed a five-year extension to the Ubico contract which was helpful in giving the service stability.
Ref 9 – Safeguarding.	The Section 11 assurance statement had been submitted.
Ref 10 – Assets.	The Council had been awarded a grant to replace the gas powered boiler with ground source heat pumps and that would be the subject of a report to the Executive Committee shortly.
Ref 11 – Growth hub.	A presentation was being made to the next Overview and Scrutiny Committee which would detail how the growth hub had supported businesses virtually throughout the COVID-19 pandemic.
Ref 15 – Delivery of priorities (COVID-19).	The government's roadmap out of lockdown had offered some guidance on what would be expected going forward which was certainly helpful. The management team was currently looking at aligning that with the recovery actions.

51.3

The Chair expressed his thanks for the succinct and user friendly risk register which was now produced and he invited questions from the Committee. A Member referred to the recovery from COVID-19 and questioned whether the Council would be submitting a bid to the "welcome back fund" which had recently been announced by the government. In response, the Head of Corporate Services indicated his understanding that this had replaced the high street recovery fund which he knew the Council had received money from but he was unable to confirm if the Council had been able to bid for the new fund; he undertook to speak to the relevant Officer and provide further information following the meeting. Another Member referred to the Tewkesbury Garden Town project and the perceived reputational impact to the

Council if it failed to deliver the project; however, the conversations she had had in the community had led to her feeling that, actually, there could be a real reputational impact on the Council if it did deliver the project.

51.4 Accordingly, it was

**RESOLVED** That the risks contained within the corporate risk register, and the assurance that those risks were being effectively managed, were **NOTED**.

#### **A&G.52 TEWKESBURY GARDEN TOWN - ASHCURCH BRIDGE PROJECT**

52.1 The report of the Tewkesbury Garden Town Programme Manager, circulated at Pages No. 59-65, provided a brief update on the progress of the Ashchurch Bridge Over Rail project, including expenditure incurred to date, the impact of the programme delays caused by the COVID-19 pandemic and a review of the specific risks within the corporate risk register. Members were asked to consider the update and progress against the planned mitigations and actions.

52.2 The Tewkesbury Garden Town Programme Manager explained that she was the operational lead for the project and had been working closely with Gloucestershire County Council and its technical consultants, Atkins, throughout. She indicated that this was an extremely challenging subject for the Borough Council and she was very grateful for the expertise provided by those two organisations. She also advised that she completely understood the Audit and Governance Committee's interest in the project given the scale of external funding involved and the obligations and liabilities that were attached to that.

52.3 In highlighting some aspects of the report to provide reassurance that the team was robustly reviewing and managing risk, she explained that the project was to deliver a new road bridge utilising the Housing Infrastructure Fund grant from Homes England. This had come forward because Homes England and the Ministry for Housing, Communities and Local Government wanted to help unlock some of the development land identified in the Ashchurch masterplan. The grant funding had been in place since December 2019 and in the last eighteen months the project team had made steady progress on the preliminary design through to the submission of the planning application. The Planning Committee had approved the application at its last meeting and the project team was now working on the detailed elements, noting that working in a rail environment added further challenges. In terms of finance, the report noted the Council had expended around £600,000 but, as of the end of March, £679,000 had been spent against the grant of £8.132 million. Currently the Council was carrying that expense as it had been working on the obligation to provide 'clean land title' for Homes England before grant drawdown but, as of yesterday, Homes England had confirmed it would be processing the first claim so the Council would get £600,000 of the HIF grant in this financial year. This was a positive outcome given the amount of hard work it had taken to collate the evidence for Homes England to support the claim; the obligation to provide clean land title had been deferred as it was understood the complexity and sensitivity of the current negotiations with the landowners the Council was working with made it challenging to finalise the land acquisition strategy quickly. The balance of expenditure on the project would be carried forward and, as the Council would be in a more regular cycle of claims with Homes England, it should not need to borrow to the same level again from the Borough Development Reserve. There was commentary against the risks which were fundamentally about delay and the risk of repayment should the project fail or not be delivered. There had been slippage on the project, mainly owing to the COVID-19 pandemic due to not having access to sites and not being able to fully utilise contractors etc. The team had been working through the implications and there was now a plan in place with the project team regrouping and the critical path of the project being reviewed and updated. The

project was carrying a delay of one year to eighteen months and this was understood by Homes England. Formal amendment of the project delivery dates would require a Deed of Variation to the HIF funding contract which would have to go through Committee. The project team was now working through the detailed design stage and liaising with landowners and key stakeholders such as Network Rail for the construction phase planning. There was a lot of work ahead, but now the project had planning consent and the Council's first HIF grant claim had been approved, the project would get back onto an even keel. The Tewkesbury Garden Town Manager undertook to prepare an update report for Executive Committee and advised that she would also be updating the corporate risk register and could review the new risks with the Audit and Governance Committee should Members wish to.

- 52.4 A Member understood the project had been held up due to the COVID-19 pandemic; however, the initial timeframe had, in her view, been relatively tight anyway. She questioned whether, now the bridge had received planning permission, it would be possible to build it in the originally allotted time of 12-months, whether an extension had to be agreed with Homes England, and whether there were cost implications to the Council if it could not agree an extension. In response, the Tewkesbury Garden Town Manager explained that, in some respects, the contract and paperwork was out of date as it still talked about delivery/grant drawdown by March 2022 but the team would have had to be onsite by now if that was to be the case and Homes England accepted that this was now unachievable. As a project team there was confidence the delay would remain at one year to eighteen months but that was dependant on completing the necessary surveys in the next few months and being mobilised on site by this time next year. When the critical path was mapped out the contract milestones would be formally amended, confidence gained in the key delivery dates and the project plan would be reset. There were a large number of agreements and consents required, particularly in working with Network Rail and they would have to be worked through systematically. The Member also queried what the value of the preliminary design work that had been carried out was. In response, the Tewkesbury Garden Town Programme Manager advised that the fact there was a bridge design was deemed to be an asset so, in theory, it had a recognised value which could be recouped if required.
- 52.5 In terms of the clean land title which had been referred to, Members were advised that this was an expectation from Homes England and basically meant the project team had done as much as it could in respect of land registry checks in terms of ownership and understanding anything that would stop the bridge from being built. Homes England had now taken the time to understand the position the Council was in with its wider land acquisition activity and consequently why the clean land title was not easy to achieve at this stage in the project.
- 52.6 The Chair thanked the Officer for her report and advised that he would like to ensure the Committee was kept updated. The project was a large financial output/risk to the Council and the Audit and Governance Committee was keen to ensure it stayed on track and in line with budgets. In response, the Tewkesbury Garden Town Programme Manager advised that the project risks would be reviewed in conjunction with an update report to the Executive Committee.
- 52.7 Accordingly, it was
- RESOLVED** That the project information and progress against the planning mitigations and actions be **NOTED**.

The meeting closed at 2:50 pm

# TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Audit and Governance Committee remotely on  
Tuesday, 4 May 2021 commencing at 6:45 pm**

## **Present:**

Chair	Councillor V D Smith
Vice Chair	Councillor H C McLain

## **and Councillors:**

C M Cody, L A Gerrard, P A Godwin, D W Gray, P D McLain and P E Smith

### **A&G.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 V D Smith be nominated as Chair of the Committee. Upon being put to the vote it was

**RESOLVED** That Councillor V D Smith be elected as Chair of the Audit and Governance Committee for the ensuing Municipal Year.

### **A&G.1 APPOINTMENT OF VICE-CHAIR**

- 2.1 Councillor V D Smith took the chair and invited nominations for Vice-Chair of the Committee.
- 2.2 It was proposed and seconded that Councillor H C McLain be nominated as Vice-Chair of the Committee. Upon being put to the vote it was

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

The meeting closed at 6:50 pm

## AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

### Additions to 21 July 2021

- Informing the Audit Risk Assessment for Tewkesbury Borough Council 2020/21 – Additional item from external auditors.

### Deletions from 21 July 2021

- External Auditor's Housing Benefit Certification Report – no longer a requirement for the external auditors.
- Local Authority Serious and Organised Crime Checklist – already programmed for March 2022
- Internal Audit Plan Monitoring Report
- Internal Audit Quality Assurance and Improvement Programme – moved to December 2021
- Management Assurance Report on Internal Control Environment During COVID-19 – moved to September 2021.

**Committee Date: 15 September 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Auditor's Annual Report (Previously the Annual Audit Letter 2020/21)	To consider the external auditor's Annual Report.	External Auditors.	No.
External Auditor's Progress Report	To consider the external auditor's report on progress against planned outputs.	External Auditors.	No.
Internal Audit Six Month Plan 2021/22	To approve the Internal Audit Six Month Plan 2021/22 (Oct-Mar).	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.

NB – Changes from previous work programme highlighted in bold

Agenda Item 5

**Committee Date: 15 September 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
External Auditor's Findings	To consider the external auditor's findings 2020/21.	External Auditors.	No.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2021.	Head of Finance and Asset Management.	No.
Statement of Accounts 2020/21	To approve the Statement of Accounts 2020/21.	Head of Finance and Asset Management.	No.
Annual Governance Statement 2020/21	To approve the Annual Governance Statement 2020/21.	Borough Solicitor.	No.
<b>Management Assurance Report on Internal Control Environment during COVID-19</b>	<b>To consider the report which supported the Annual Governance Statement.</b>	<b>Head of Corporate Services.</b>	<b>Yes – deferred from 21 July 2021 in order to be presented alongside the Annual Governance Statement.</b>
<b>Benefits Discretionary Housing Payments Follow-Up</b>	<b>To consider the progress made against implementation of the audit recommendations in relation to discretionary housing payments.</b>	<b>Head of Corporate Services</b>	No.

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NB – Changes from previous work programme highlighted in bold

**Committee Date: 15 December 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Counter Fraud Unit Update	To consider the six monthly update from the Counter Fraud Unit.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.
<b>Internal Audit Quality Assurance and Improvement Programme</b>	<b>To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.</b>	<b>Head of Corporate Services</b>	<b>Yes – Deferred from 21 July 2020.</b>

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**NB – Changes from previous work programme highlighted in bold**

**Committee Date: 15 December 2021**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Annual Update on Council's Safeguarding Arrangements	Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty.  (To include Gloucestershire Safeguarding Children Board Section 11 Self-Assessment)	Head of Community Services.	No.

**Committee Date: 23 March 2022**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Local Authority Serious and Organised Crime Checklist	To consider progress made against the action plan.	Head of Finance and Asset Management / Counter Fraud.	No. NB. Was not considered during 2020/21
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditor's Audit Plan 2021/22	To consider the external auditors' Audit Plan 2021/22.	External Auditors.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the 2021/22 closedown.	Finance Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Internal Audit Six Month Plan 2021/22	To approve the Internal Audit Six Month Plan 2021/22 (Apr-Sept).	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.

**Committee Date: 23 March 2022**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	No.

<b>Committee Date: July 2022</b>			
<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
External Auditor's Audit Plan 2021/22	To consider the external auditor's Audit Plan 2020/21.	External Auditors.	No.
Audit Fee 2022/23	To consider the audit scale fee for 2022/23.	Head of Finance and Asset Management.	No.
Counter Fraud Unit Report	To consider the annual update on the work of the Counter Fraud team.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Internal Audit Annual Report 2021/22	To consider the Internal Audit Annual Report 2020/21 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Head of Corporate Services.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Head of Corporate Services.	No.
Audit and Governance Committee Annual Report 2021/22	To approve the Audit and Governance Committee Annual Report 2021/22.	Head of Corporate Services.	No.

**Committee Date: July 2022**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Has agenda item previously been deferred? Details and date of deferment required</b>
Internal Audit Quality Assurance and Improvement Programme	To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.	Head of Corporate Services.	No.

**OTHER ITEMS**

<b>Agenda Item</b>	<b>Overview of Agenda Item</b>	<b>Lead Officer</b>	<b>Comments</b>

# Informing the audit risk assessment for Tewkesbury Borough Council 2020/21

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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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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Council's external auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

## Purpose

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

## General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	COVID-19 and Brexit will have a major impact on the financial statements for 2020/21 affecting asset values, impairment levels and many other areas of the financial statements.
2. Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The accounting policies have been reviewed and are being taken to Audit Committee on 24 March 2021 for approval. We don't feel that any of the accounting policies needed amending and are fit for purpose however we will keep these under review during the year end process.
3. Is there any use of financial instruments, including derivatives?	We have standard investments (principal plus interest), money market funds and other pooled investments.
4. Are you aware of any significant transactions outside the normal course of business?	Material transactions outside the normal course of business: Ashchurch Bridge project- £8.5m COVID-19 Business Grants Purchase of two new Investment Properties (Tipton and Volvo)

## General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	Golf Course – end of current lease at 31/03/21 and negotiating a new lease (not yet signed) Car Parks – income reduced which affects the valuation Offices – lost tenants which may affect valuation
6. Are you aware of any guarantee contracts?	One Legal confirm that we have no guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	None that we are aware of.
8. Other than in house solicitors, can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The main ones we are aware of: Womble Bond Dickenson – purchase of investment properties Pinsent Mason – Garden Towns advice Roythornes Ltd – Ashchurch Bridge project Mischon de Reya – VAT advice
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	Not that we are aware of.

## General Enquiries of Management

Question	Management response
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The main ones we use are:</p> <ul style="list-style-type: none"> <li>Lambert, Smith, Hampton have been used as professional advisers on the purchase of commercial property</li> <li>Colin Molton Consultancy Ltd – Strategic advice on Tewkesbury Garden Town and West Cheltenham</li> <li>Mike Brain – advising on decarbonisation</li> <li>Sable Leigh Consultancy Ltd – Junction 9 project</li> <li>Mace Ltd – Tewkesbury regeneration project</li> <li>Arlingclose – new investment opportunities</li> <li>APSE – commercial waste business case</li> </ul>

# Fraud

## Issue

### Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.

# Fraud risk assessment

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Question	Management response
<p>1. Have the Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The Council has a robust financial control framework, supported by financial regulations, standing orders, scheme of delegation and an independent and objective Internal Audit function and Counter Fraud Unit. Responsibility for ensuring that fraud and corruption risks are addressed sits with the Chief Finance Officer. The Internal Audit plan includes risk based audits of the core financial systems that are used in the compilation of the financial statements. These core systems are audited any risks that are identified that may result in the financial statements being materially mis-stated due to fraud will be reported to the Council's Management Team and the Audit and Governance Committee as part of the quarterly reporting cycle.</p> <p>The finance team comprises skilled, qualified accounting officers responsible for regular monitoring of management accounts to report actual income and expenditure against budgeted and forecast performance. This process includes discussions with service leads and review of variances to identify any instances of fraud and error. The annual budget is risk assessed and reported, and then monitored as part of the revenue and capital budget monitoring process. All reports to Executive Committee include a section on financial implication and risk assessment to ensure that members are aware of the financial risks of making a decision.</p> <p>The Counter Fraud and Anti-Corruption Policy, the Corporate Enforcement Policy, the Whistleblowing Policy, and the Internal Audit Charter are formally agreed by the Council (at a meeting of the appropriate Committee/Executive). These documents set out the role of Internal Audit in the prevention and investigation of fraud.</p> <p>The Audit and Governance Committee also approves the annual audit plan and counter fraud plan which includes allocation of resources to respond to fraud allegations and prepare audits to consider possible areas where fraud may be a risk.</p>

# Fraud risk assessment

Commercial in confidence

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Question	Management response
<p>1. Have the Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p> <p>(Continued)</p>	<p>The work of the Counter Fraud Team is reported to the Audit and Governance Committee on a biannual basis. The overall remit is to prevent, detect and deter the abuse of public funds within the Council by working closely with other public sector organisations. The team can undertake reactive investigation work where a referral is received and where necessary, proactive fraud drives in high risk areas. Internal investigations have taken place by the Counter Fraud Unit and appropriate action has been taken and reported where appropriate. Where an investigation takes place due to the suspicion of fraud, any areas of risk or poor control that are identified will also be reported to the appropriate manager with remedial recommendations. Internal Audit will include a follow up audit in the Audit Plan to ensure the recommendations have been implemented. The Council also employs a number of Enforcement Officers within the various service areas who undertake work to tackle abuse of public funds.</p> <p>The risk registers contain information to identify possible contingent assets/liabilities and/or requirements to include provisions. The data in the register is used to identify cost or resource pressures or income streams. The information can be used to inform the financial planning process.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Revenue – streams such as Council Tax, Business Rates and any rental income</p> <p>Grants / Benefits – Business Grants, Council Tax Reduction Scheme (and Housing Benefit), Track and Trace Support Payments</p> <p>Expenditure – procurement and contract management</p>

## Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Any instances of actual, suspected or alleged fraud, error or other irregularities that are identified are reported to Corporate Management and the Audit and Governance Committee.</p> <p>Benefit fraud is dealt with by the DWP. Abuse of the Council Tax Reduction Scheme is supported by the Revenues and Benefits Team.</p> <p>The Counter Fraud team investigate allegations of wrongdoing. These matters are managed in line with Council's policies, including disciplinary policy, and will be reported to the police where appropriate.</p> <p>In some instances recommendations will be made in respect of control procedures and reports are issued to the appropriate Service Leads and Governance Group.</p> <p>The Audit and Governance Committee approves the Annual Audit Plan which will include financial systems and areas of risk.</p> <p>The Counter Fraud team has a similar annual plan for its work which includes an allocation of resources to investigate any alleged fraud. Performance against the Internal Audit Plan and Counter Fraud Plan and any specific issues identified are reported quarterly/half yearly to the Audit and Governance Committee.</p> <p>The Council's Overview and Scrutiny Committee also receives the Council's performance reports, which includes risk registers and financial performance.</p>

## Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>The main areas of abuse relate to fraud associated with benefits to include the Councils Council Tax Reduction Scheme although reviews and verification processes within the department keep this to a minimum. In addition abuse relating to Council Tax and Business Rates avoidance / evasion affects a main revenue stream and due to the pandemic, abuse of Business Grants is a significant fraud risk area. Some high risk areas are no longer within the domain of the Council - depot services are managed by Ubico, leisure matters are contracted out and the Council does not retain housing stock therefore Tenancy Fraud is not a concern although Housing Application abuse remains an area that requires monitoring. There are low risk internal areas such as mileage expense abuse but this is not significant due to the pandemic. Recruitment and payroll are also areas which are open to abuse. Procurement fraud, specifically within property services departments, remains an area susceptible to abuse because of the significantly high levels of expenditure. Regarding external fraud, both Internal Audit and the Counter Fraud Unit have undertaken work around serious and organised crime and continue to promote awareness and tackle any areas affecting Tewkesbury Borough.</p> <p>Cyber related crime remains a significant risk for the Council and this is managed and reported on by the ICT Team.</p> <p>It cannot be stated that fraud will not occur, but I would not consider one area being significantly at risk. I would add that there is a current increased risk of fraud across the Council due to the pandemic, especially with the payment of NNDR and Community Grant payments.</p>

## Fraud risk assessment

Question	Management response
5. What processes do the Council have in place to identify and respond to risks of fraud?	<p>The existence of the Counter Fraud Unit as a permanent dedicated service significantly mitigates fraud risk generally. The overall remit is to prevent, detect and deter the abuse of public funds within the Council by working closely with other public sector organisations and referring to recommendations by the Home Office and other professional bodies. The team undertakes reactive investigation work where a referral is received and where necessary, proactive fraud drives in high risk areas.</p> <p>The Counter Fraud Unit have promoted and introduced processes for internal and external reporting for both staff and by members of the public. Whistleblowing is becoming more effective as a result.</p> <p>There are many financial controls around the validity and payment of invoices and HR re recruitment controls to ensure all new employees are vetted properly and that staff recognise fraudulent qualifications</p> <p>Work is developing in relation to gifts and hospitality procedures and conflicts / declarations of interest by staff.</p> <p>The CFU assist with NFI data matching and undertake our own data matching exercises where risk has been identified.</p> <p>The Council also employs a number of Enforcement Officers within the various service areas who undertake work to tackle abuse of public funds</p>

## Fraud risk assessment

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Question	Management response
<p>6. How do you assess the overall control environment for the Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The Council's internal audit service provide an audit opinion using findings from review work carried out across the Council services. As part of the audit of systems, appropriate internal controls (or their absence/non-compliance) is considered by internal audit. Appropriate testing by internal audit, enables advice to be produced on the effectiveness of internal controls. The outcome of internal audit reviews are reported to management through audit reports and to the Audit and Governance Committee. There is a good working relationship between the Counter Fraud Unit and Internal Audit, which ensures that internal control weaknesses identified through CFU reviews are followed up, following management action to address the weaknesses by internal audit reviews.</p> <p>Audit and Governance Committee has a monitoring and challenge role to ensure the system of internal control is robust.</p> <p>External Audit also report their findings and recommendations to Audit and Governance Committee, which is subject to the same process of monitoring and challenge. The outcome of internal and external audit work, together with Assurance Statements prepared by senior managers feed into the preparation of the Annual Governance Statement which is considered by Council's Management Team and the Audit and Governance Committee. Internal Audit provides assurance on the robustness of the arrangements for production of the AGS.</p> <p>In summary, internal controls work effectively, including segregation of duties.</p> <p>The Counter Fraud team submits data for the National Fraud Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation. On occasions such issues have been raised by both internal and external audit as part of the audit work. Appropriate recommendations for changes to internal controls are made on these occasions for management to implement.</p>

## Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	The financial reporting process is subject to review and challenge by Finance Leads. There is always the potential but we believe appropriate checks and balances are in place to ensure mis-reporting does not occur.
<p>8. How do the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Council communicates and encourages ethical behaviour and business processes of its staff and contractor through its policies and strategies including the Counter Fraud and Anti-Corruption Policy, Employee Code of Conduct and Whistleblowing policy all of which are available on the intranet site. Updates are communicated through induction and refresher training and other channels or staff training events.</p> <p>The Audit and Committee approves the risk-based annual audit plan. The annual plan includes a review of various policies and strategies such as: the Counter Fraud and Anti-Corruption Policy, Employee Code of Conduct and Whistle-Blowing Strategy. The various strategies will be reviewed for timeliness and completeness as well as how well they are communicated to employees through processes such as induction training, appraisals and refresher training. Any areas of concern are reported to the Audit and Governance Committee through Internal Audit updates.</p> <p>In terms of contractors, significant contracts are let following a robust process which seeks assurance from the potential contractor that the organisation has appropriate policies and processes in place. The Council monitors performance and quality and adherence to standards of service delivery. The Procurement Officers have included statements on all tender / quote documentation detailing the Councils approach to modern slavery, ethical procurement and supporting local businesses</p> <p>The Counter Fraud Team remit includes staff and member awareness sessions and alerts where necessary to encourage reporting which is further complemented by the Whistle-Blowing Policy. Training and briefings are provided by the Counter Fraud Unit to highlight activity and their role. Publicity with regard to identified fraud and error will also be encouraged to act as a deterrent.</p> <p>No significant issues have been reported in 2020/21. Staff are expected to report any concerns they have about fraud or the misuse of public funds. Any allegations received are referred to the Counter Fraud Unit for investigation. These matters are managed in line with the Council policies, including disciplinary policy, and will be reported to the Council's Management Team where appropriate. In some instances, recommendations will be made in respect of control processes.</p>

## Fraud risk assessment

Question	Management response
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Contract procurement posts, high level budget controllers/approvers, ICT staff with high level system access, Marketing Teams. Officers with significant operational financial responsibilities, such as roles in Treasury Management, Chief Finance Officer/Deputy Finance Officer, and roles in Revenues and Benefits are subject to regular security checks, at recruitment and then regularly every three years. Each role in the Council is assessed for the requirement to undertake post holder security checks. Many Local Government staff are susceptible to duress and corruption due to the nature of their duties - housing teams, CTAX officers, Planning staff however there must be a level of trust within the organisation to promote a healthy working environment.</p> <p>Conflict of interest / declaration of interest process development to make it a more risk based one - identifying high risk staff and ensuring the correct controls are in place.</p> <p>Better recruitment checks to vet staff and prevent them entering the workplace - prevention is always the best control.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Organisations such as Ubico give rise to fraud risk which may affect the Council.</p> <p>The risks associated with fraud related to third party relationships and transactions are mitigated through the requirement within the Constitution for members to make declarations of all relevant relationships and transactions and update their declarations on a quarterly basis. They are also required to disclose any relevant interests at Committee meetings and where appropriate withdraw and disclose any gifts and/or hospitality received via the Council register. Officers are also required to declare any related party transactions.</p> <p>Prevention methods for bribery and corruptions are detailed within the Counter Fraud and Anti Corruption Policy.</p> <p>See our year end note for annual declarations made by councilors and senior officers.</p>

## Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Governance Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>On a quarterly basis, the Audit and Governance Committee receives reports from Internal Audit regarding work carried out by team. The report details the work carried out compared to the plan, the level of assurance resulting from the audit, the key issues regarding internal controls or fraud including any breaches. Reporting includes the outcome of internal audit follow-up reviews of the implementation of audit recommendations.</p> <p>In addition, the Counter Fraud Team report biannually to Committee.</p> <p>The Audit and Governance Committee approves the Annual Audit Plan which includes a risk based approach to planning.</p> <p>The Counter Fraud Unit has a similar annual plan for its work which includes an allocation of resources to investigate any alleged fraud. Performance against the Internal Audit Plan and Counter Fraud Plan and any specific issues identified are reported quarterly/half yearly to the Audit and Governance Committee.</p> <p>The Committee is consulted on any proposed changes to relevant Council Policy – e.g. Whistle Blowing Policy, Counter Fraud and Anti-Corruption Policy, Money Laundering Policy, RIPA Policies etc. Changes to the Council's Corporate Risk Register are also reported to the Audit and Governance Committee on a quarterly basis.</p> <p>See reports presented to Audit and Governance / Overview and Scrutiny Committee.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Reports from whistle blowers are investigated by the Counter Fraud Team. Once the investigation is complete, appropriate recommendations are made for action which may include prosecution, civil penalties, improvements to internal controls, and (where an employee is the subject), consideration of disciplinary action.</p> <p>There have been no whistle blowing reports of fraud during the year as confirmed by the HR and OD Manager. Where there are reports, appropriate action would be taken, and if warranted a report would be made to the Audit and Governance Committee and recommendations for improvements to internal controls issued to Management Team to be followed up by internal audit.</p>

## Fraud risk assessment

Question	Management response
13. Have any reports been made under the Bribery Act?	None that we are aware of.

## Law and regulations

### Issue

#### **Matters in relation to laws and regulations**

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

## Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Role of statutory officers to ensure competent staff and all laws complied with.</p> <p>Access to legal service, access to professional advisers etc.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>By exception – would be reported by the statutory officers</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>Not that we are aware of.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>None we are aware of and this has been confirmed by One Legal.</p>

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## Impact of laws and regulations

Question	Management response
5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	<p>Any instances of litigation or claims are brought up at Management Team so the Head of Finance and Assets is aware from the start and reports these to the Finance Manager at weekly meetings. These are then assessed and further information from the relevant department is requested.</p> <p>Insurance – all managers are aware that at any risk of litigation or a claim must be reported to the Insurance Officer as soon as possible.</p>
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None that we are aware of.

# Related Parties

## Issue

### Matters in relation to Related Parties

The Council are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in the Council's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and the Council</li> <li>whether the Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>We have asked all councillors and senior managers to complete a related parties form so please see note when completed.</p>
<p>2. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Annual return at year end for the accounts, members must keep their register of interests up to date with Democratic Services and declare any interests in committee items at the start of any meetings.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members declare declarations of interests and reliant on staff (ask at year end)</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Significant transactions outside the normal course of business requires member approval. Financial sign off limits dependent on level within authority. The Corporate Leadership Team sign off approval for anything that does not require member approval.</p>

# Accounting estimates

## Issue

### Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

## Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The main classes are property, plant and equipment valuation and pension fund net liability valuation.
2. How does the Council's risk management process identify and addresses risks relating to accounting estimates?	These are scrutinized every year by the accountancy team and mitigations for these risks are sought.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>We always use professional valuers and get all our assets valued annually to ensure that they are carried at fair value. We instruct our valuers by ensuring we have all the up to date information on assets passed to them to ensure the data is as accurate as possible.</p> <p>With the pension funds we complete an annual return to the actuary to ensure they have the most up to date information possible to value our element of the pension fund.</p> <p>We review all the asset values to ensure we understand the estimation techniques involved and challenge any we are unsure of. Also we read the accompanying information from both the property valuers and actuary to understand the estimation techniques involved in the valuation to ensure we are comfortable with them.</p>

## Accounting Estimates - General Enquiries of Management

Question	Management response
4. How do management review the outcomes of previous accounting estimates?	When we look at the estimates for the current year we assess those we used the previous years to ensure they were justified and robust.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	None we are currently aware of.
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	We identify the high value and high risk transactions in our accounts and look at our skill sets in house. If we do not have the expertise in house we ensure we use a qualified and competent professional, e.g. RUCS qualified valuers etc.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Controls include clear instructions to experts on scope of work, checking information used in final reports matches what we have given them and thoroughly reviewing reports, issuing challenges where necessary.

## Accounting Estimates - General Enquiries of Management

Question	Management response
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	We document and review any challenge provided or evidence required for our material accounting estimates. For external experts like our actuary and valuers we provide the base data along with any other relevant information they would require then we review the final data and challenge/justify and estimates used to ensure they are robust and verified.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	The nature and extent of the oversight in relation to accounting estimates includes: <ul style="list-style-type: none"> <li>• The agreement of assumptions in advance, including their appropriateness</li> <li>• Verification of the underlying data in advance</li> <li>• The methodology to be used to determine the value of estimates and its appropriateness</li> <li>• Review of the results for reasonableness, including comparative analysis with previous years</li> <li>• Sensitivity of the results to the key assumptions to assess materiality</li> </ul>
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	COVID-19 and Brexit may affect investment and asset values.

## Accounting Estimates - General Enquiries of Management

Question	Management response
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	We believe they are.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Significant accounting estimates and judgements are detailed in a note within the accounts that the committee approve. We also hold a training session prior to the approval of the accounts where issues such as these are discussed and challenges are made by councillors.

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations including Investment Properties	We issue an instruction letter to our valuers with a spreadsheet detailing information such as leases, car park income and any other information needed for the valuers to formally value the asset.	All data submissions received from our expert valuers is reviewed and assessed against data provided to ensure accuracy, completeness and reasonableness. We obtain a valuation certificate and report on their results underlying the basis, assumptions and estimates used in the financial statements upon which we rely.	For PPE we use Wilks, Head and Eve who are RICS qualified valuers.	The valuers issue a formal certificate which includes a summary of any estimation uncertainty.	No

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## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	The methods and model are agreed with the independent valuers and then checked to ensure they comply with the code.	We obtain a valuation certificate and report on the valuers results underlying the basis, assumptions and estimates used in the financial statements upon which we rely. We review and challenge where necessary to ensure their assumptions are reasonable.	We use the remaining economic useful life from Wilks, Head and Eve reports and some are our judgement.	We use the estimated useful economic lives as per the valuer and refer to their report for any levels of estimation or uncertainty.	No

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## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	We commission the Gloucestershire Pension Fund actuary to undertake this work on our behalf, in accordance with the Code and accounting standards	<p>The engagement letter we sign prior to the work being carried out sets out the scope and methodology used. Also, the actuaries are experts in their field however we do get a briefing note on assumptions then we pay for an additional summary paper for our results which we then review.</p> <p>We also review the estimates used when we receive the final report.</p>	Yes – Gloucestershire LGPS instruct Hymans Robertson (actuary)	We rely on the expertise of the actuary who produce a report on Tewkesbury's results which we review for reasonableness and a sensitivity analysis is provided by the actuary as well to assess the likelihood the estimates may be wrong.	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Financial Instruments	All models for valuations for financial instruments are reviewed annually. We use expert advice where needed however we also rely on the in house knowledge of the relevant officers, e.g. Treasury Officer for investments.	We use specialist Treasury Advisers who provide us with the fair value of our investments and borrowings, assessment of credit losses and an analysis of any risks surrounding our financial instruments.	Arlingclose provide all the information for valuing treasury investments.	Sensitivity analysis is undertaken on material valuations where there is some degree of uncertainty.	

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## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions	Finance work with expert officers or advisers to assess whether something is a provision and how to calculate the value	The accountants will review previous estimates to assess how accurate they were and also use experts where necessary to ensure calculations are reasonable.	The accountants will work with specialists in calculating any provisions, e.g. planning solicitors about costs of appeals etc.	We are advised by appropriate qualified and experienced officers as part of the review of material provisions during closedown. This includes the consideration of the sensitivity of the estimate to the methods and assumptions used and whether an estimate is sufficiently material for disclosure in the financial statements	Yes – business rates appeals have been assessed using different data.
Accruals	Various finance staff will ensure that the design, methods and models used in assessing accounting estimates of accruals are sound.	We monitor the operation of control activities by having clear annual review processes in place in respect of assessing accruals as part of the closedown process and ensuring senior finance staff review the basis, method and calculations.	No	Experienced finance staff review the assumptions and methodology used. This includes assessing the estimation uncertainty	No



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# Tewkesbury Borough Council audit plan

**Year ending 31 March 2021**

Tewkesbury Borough Council  
July 2021



# Contents



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# Key matters

## Factors

### Council developments & impact of Covid 19 pandemic

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For the Authority, their estimated budget gap over the period to 2025/26 is £7.4m.

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. The 2019-20 accounts were impacted by covid 19 and the council reported material uncertainties in relation to property assets and pooled property funds held by the Gloucestershire Pension Fund.

The Council set up an internal command and cell structure to deal with the emergency which resulted to the redeployment of staff to priority areas while working remotely. There has been a significant impact on the 2020/21 budget with an estimated additional pressures of £2.5 million as a result of a loss of revenue from the majority of income streams, additional expenditure to support priority services, additional borrowing costs to maintain cashflow. The Council has also been responsible for administering various grant schemes to support local residents during the pandemic.

### New Code of Audit Practice

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which came into effect from audit year 2020-21. The Code introduced a revised approach to the audit of Value for Money (VFM). These changes are explained in more detail on page 13 but the main points are that there are a new set of key criteria, there is more extensive reporting requirements and the replacement of the binary qualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

### Adoption of new auditing standards - Estimates

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As we explain in more detail on page 8, this will require greater disclosure by the Authority as well as additional work by the auditor.

## Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of properties – refer to page 6.
- As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on.
- The revisions to the standard have been incorporated into our audit approach and methodology. We have already identified the material accounting estimates likely to be impacted by the new auditing standard and will work with management to agree the information required and the disclosures required in the financial statements.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Tewkesbury Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA)*, the body responsible for appointing us as auditor of Tewkesbury Borough Council. We draw your attention to both of these documents.

## 53 Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Governance Committee).

We are also responsible for undertaking sufficient work to be able to satisfy ourselves as to whether, in our view, the Council has put arrangements in place that support the achievement of value for money.

The audit of the financial statements does not relieve management or the Audit & Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Valuation of land and buildings
- Valuation of net pension fund liability
- Management override of controls

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £742k (PY £754k) for the Council, which equates to 2% of your gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £37k (PY £37k).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Ensuring financial sustainability for the medium term

## Audit logistics

Our interim work took place in March & April 2021 and our final visit will take place in June and July 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £55,589 (PY: £41,589) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk – the Council’s reported revenue contains fraudulent transactions (rebutted)	Council	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for Tewkesbury Borough Council.</p>
Management over-ride of controls	Council	<p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£23.8m Land and Buildings and £40.8m Investment Property) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2021.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The expenditure cycle includes fraudulent transactions (rebutted)	Council	<p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.</p>	<p>We have rebutted this presumed risk for Tewkesbury Borough Council because:</p> <ul style="list-style-type: none"> <li>expenditure is well controlled and the Council has a strong control environment; and</li> <li>the Council has clear and transparent reporting of its financial plans and financial position to the Council.</li> </ul> <p>We therefore do not consider this to be a significant risk for Tewkesbury Borough Council.</p>
<p>55</p> <p>Valuation of land and buildings and Investment Properties (Annual Revaluation)</p>	Council	<p>The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£23.8m Land and Buildings and £40.8m Investment Property) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2021.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work</li> <li>evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>write to the valuer to confirm the basis on which the valuations were carried out</li> <li>challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding.</li> <li>test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register</li> <li>evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.</li> </ul>

# Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability		<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund is a Local Government Pension Scheme, administered by Gloucestershire County Council and Tewkesbury Borough Council is an admitted body of the fund.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£34.148 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• obtain assurances from the auditor of Gloucestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements <sup>57</sup> respect of the audit risk assessment process for accounting estimates.

We identified one recommendation in our 2019/20 audit in relation to the statistics used by management in the 2010 list National Non-Domestic Rates calculation.

## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit & Governance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings (including surplus assets) and investment properties
- Depreciation
- Year end provisions and accruals, specifically provisions for Non Domestic Rate Appeals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liability
- Fair value estimates

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



### Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- 5 How management understands the degree of estimation uncertainty related to each accounting estimate; and
- 6 • How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

### Planning enquiries

As part of our planning risk assessment procedures we have sent letter of enquiries to management. We have received final responses to these and have taken those into account in completing our initial risk assessment.

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- 09 We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 17).

# Materiality

## The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £742k (PY £745k) for the Council, which equates to 2% of your forecast gross expenditure for the year.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

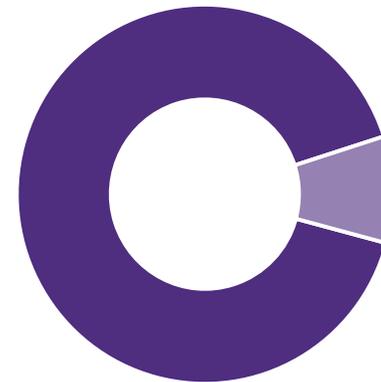
## Matters we will report to the Audit & Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £37k (PY £37k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit & Governance Committee to assist it in fulfilling its governance responsibilities.

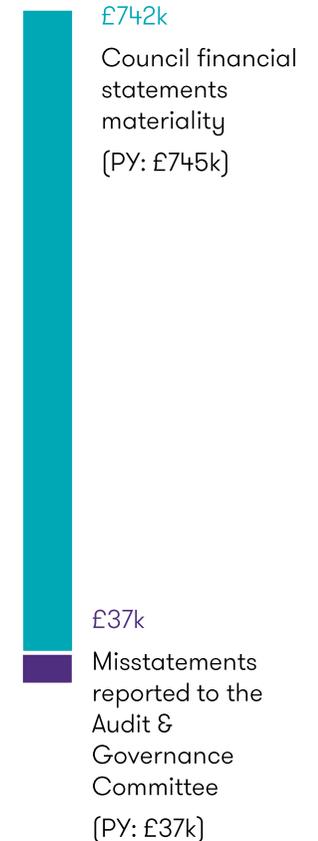
## Prior year gross operating costs

£37.1m Council  
(2018-19: 37.7m)



- Prior year gross operating costs
- Materiality

## Materiality



# Value for Money arrangements

## Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- 62
- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
  - More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
  - The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table overleaf.

## Risks of significant weakness

Those areas requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



### The Council's arrangements for securing financial sustainability into the medium term

The Council set a balanced budget for 2020/21, but the longer term picture looks more challenging with a £7.4m gap identified over the period to 2025/26.

There is a risk that financial plans are not sufficiently developed to close the funding gap, which in turn could impact on the council's ability to deliver services.

Due to the inherent uncertainty we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability. We will review the council's arrangements for identifying and monitoring risks to financial delivery, review the robustness of the council's medium term financial strategy and savings plans.

# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the previous page, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

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### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# Audit logistics and team

Planning and risk assessment

Interim audit  
March 2021

May 2021

Audit Plan

Year end audit  
July – August 2021

Audit committee  
July 2021

Audit Plan  
Presentation

Audit committee  
September 2021

Audit Findings  
Report & Opinion  
/ Auditor's Annual  
Report



## Julie Masci, Key Audit Partner

Julie leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



## Beth Garner, Audit Manager

Beth plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.

## Paige Tan, Audit Incharge

Paige's role is to assist in planning, managing and delivering the audit fieldwork, ensuring the audit is delivered effectively, efficiently and supervises and coordinates the on-site audit team.

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees

In 2017, PSAA awarded a contract of audit for Tewkesbury Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £34,589. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 17, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £9,000 (26%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been discussed with the Director of Finance and is subject to PSAA agreement.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Tewkesbury Borough Council Audit	£39,089	£49,327	£55,589
Total audit fees (excluding VAT)	£39,089	£49,327	£55,589

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

Scale fee published by PSAA	£34,589
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Raising the bar/regulatory factors	£2,000
Enhanced audit procedures for Property, Plant and Equipment	£1,750
Enhanced audit procedures for Pensions	£1,750
<b>Ongoing additional fees for 2020/21</b>	<b>£40,089</b>
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs	£6,500
<i>Proposed increase to agreed 2020/21 fee</i>	<i>£15,500</i>
<b>Total audit fees (excluding VAT)</b>	<b>£55,589</b>

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## Other services

No other services provided by Grant Thornton were identified.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing benefit grant	24,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work, relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.

# Appendix 1: Revised Auditor Standards and application guidance

## FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

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# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	

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## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Fee Scale for the Audit 2021/22
<b>Report of:</b>	Head of Finance and Asset Management
<b>Corporate Lead:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	None

**Executive Summary:**

As an 'opted-in body', the fee scale for the 2021/22 audit of accounts in Tewkesbury is set by Public Sector Audit Appointments (PSAA). The fee level has been increased by £3,000 to reflect the additional work required by auditors. This report updates Members of the Audit and Governance Committee on the agreed fee.

**Recommendation:**

**To CONSIDER the fee scale of £37,589 for the 2021/22 audit**

**Reasons for Recommendation:**

To communicate the fee scale for the 2021/22 audit to Members of the Audit and Governance Committee.

**Resource Implications:**

The scale fee for 2021/22 is £37,589 and has been included within the authority's base budget.

**Legal Implications:**

PSAA commissions auditors to provide audits that are compliant with the National Audit Office's Code of Audit Practice ('the Code'). PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year.

**Risk Management Implications:**

None

**Performance Management Follow-up:**

Any variation to the fee will be agreed between the audit firm and PSAA before being communicated to the s151 officer.

**Environmental Implications:**

None

**1.0 INTRODUCTION/BACKGROUND**

1.1 In January 2017, under the Local Audit and Accountability Act 2014 (the Act), Council decided to opt-in to a Sector Led Body (SLB) appointed by the Secretary of State to lead the appointment of external auditors and manage the audit contracts from 1 April 2019. The SLB appointed was Public Sector Audit Appointments (PSAA).

1.2 As part of its role, PSAA have agreed with the audit firms to inform individual organisations of their forthcoming audit fee, rather than requiring the audit firms to separately communicate this. This report effectively replaces the communication previously received from Grant Thornton.

**2.0 FEE SCALE FOR THE AUDIT 2021/22**

2.1 PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year. Consultation with Councils was undertaken in February with the confirmed fees being published on the PSAA website at the end of March.

2.2 The fee scale set for 2021/22 is an increase of £3,000 against the fee set for 2019/20 and reflects the additional work now required to validate valuations in two areas. The increased fee is shown in the table below:

Scale fee 2020/21	£34,589
Accounts Group	£0
Accounts Pension valuation	£1,500
Accounts Public Interest Entity	£0
Accounts Property Plant Equipment valuation	£1,500
Total recurring element	<u>£3,000</u>
<b>Scale fee 2021/22</b>	<b>£37,589</b>

2.3 It is important to note that, whilst the main scale fee is set, audit firms have the opportunity to agree with PSAA variations to the fee to reflect additional work that may be undertaken as a result of regulatory change or changes in the audit environment.

**3.0 OTHER OPTIONS CONSIDERED**

3.1 None. The fee is set within the parameters of the agreed 5 year contract.

**4.0 CONSULTATION**

4.1 None.

**5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

5.1 None.

**6.0 RELEVANT GOVERNMENT POLICIES**

6.1 None.

**7.0 RESOURCE IMPLICATIONS (Human/Property)**

7.1 None.

**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 None.

**10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

10.1 Appointment of External Auditor - Council 24<sup>th</sup> January 2017

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**Background Papers:** Appointment of External Auditor - Council 24th January 2017

**Contact Officer:** Head of Finance and Asset Management  
01684 272005      [simon.dix@teWKesbury.gov.uk](mailto:simon.dix@teWKesbury.gov.uk)

**Appendices:** None

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Counter Fraud Unit Report
<b>Report of:</b>	Counter Fraud Unit Manager
<b>Corporate Lead:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	1

**Executive Summary:**

To provide the Audit and Governance Committee with assurance over the counter fraud activities of the Council.

Work plans are presented to the Audit and Governance Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

The Counter Fraud Unit will continue to provide Audit and Governance Committee with direct updates biannually, for Tewkesbury Borough Council this will be at the July and December meetings.

The report provides the annual update to Audit and Governance Committee in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing policies and arrangements.

**Recommendation:**

**To CONSIDER the annual update on the work of the Counter Fraud team.**

**Reasons for Recommendation:**

The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

In administering its responsibilities, this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

**Resource Implications:**

The report details financial savings generated by the Counter Fraud Unit.

**Legal Implications:**

In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be authorised by the appropriate Officer and recorded in the Central Register.

**Risk Management Implications:**

The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit provides assurance in this area.

Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the policies and procedures to govern surveillance and the obtaining of personal communications data minimises the risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

**Performance Management Follow-up:**

Regular updates are provided by the Counter Fraud Unit Manager to the Head of Finance and Asset Management and the Head of Corporate Services. Biannual reports in relation to counter fraud work will be made to the Audit and Governance Committee.

Internal Audit and the Counter Fraud Unit have a formalised protocol and meet to review the current work plan and assess any areas of risk.

Policy documentation will be presented when required to the Management Team.

**Environmental Implications:**

Not applicable.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

**1.2** Work plans have been agreed with the Chief Finance Officer and Corporate Management. The Audit and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.

**1.3** Attached at Appendix 1 is the work plan for 2021/2022.

## **2.0 WORK PROGRAMME RESULTS**

- 2.1** The Counter Fraud Unit has been supporting workstreams created as a consequence of the COVID-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to the business grants. The Counter Fraud Unit has received seven referrals and some cases are still under review or have been confirmed as eligible. Two cases of loss prevention, in that grant monies were not paid totalling £2,668, have been referred back to the team and an ineligible claim for £19,550 is being pursued.
- 2.2** All local authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.
- 2.3** Matches have now been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes. This is in addition to the matches relating to Council Tax and the Council Tax Reduction Scheme which the Council receive, and the Counter Fraud Unit review, each year. The team will be reviewing all matches.
- 2.4** A number of cases involving serious offences against animals continues to be submitted from the RSPCA's Inspectorate and this is expected to increase as the financial and psychological consequences of the pandemic continue to impact on people's ability to look after their animals. The Counter Fraud Unit is actively collaborating with the RSPCA proposing better working relationships with the partner councils, to include new data sharing agreements, as the number of referrals increase.
- 2.5** A review of the Housing List has been completed. The team has reviewed applications within Emergency Band (51 applications), Gold Band (77 applications) and Silver Band (580 applications). 282 discrepancies have been referred to the team and, so far, 32 applications have been removed from the Emergency and Gold Lists. Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £3,240 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those families who are correctly banded have a greater chance of being housed and housed more speedily. The loss avoidance figure for this piece of work is £103,680.
- 2.6** In addition to Appendix 1, as a dedicated investigatory support service, the Counter Fraud Unit undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

## 2.7 Summary of work:

- During 2020/2021, the team received 45 referrals from across the Council and closed 42 cases. As at 1 April 2021, there were 27 cases open and the team has received a further nine referrals and closed 13 cases.
- The Counter Fraud Unit has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and is the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations.
- During 2020/21, 22 Civil Penalties and two Criminal Penalties have been applied totalling £2,910 and increased Council Tax revenue of £28,027 has been raised.
- In addition, an individual was successfully prosecuted, following a guilty plea and received a six month Community Order, a seven day Rehabilitation Activity Requirement, was fined £120 and ordered to pay costs of £85. The case related to £1,173 of fraudulently claimed Council Tax Reduction Scheme funds.
- Since 1 April 2021, a further seven Civil Penalties have been applied totalling £410 and increased Council Tax revenue of £2,162 has been raised.

The team continues to process enquiries for the Department for Work and Pensions.

## 3.0 **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) / INVESTIGATORY POWERS ACT 2016 (IPA) UPDATE**

- 3.1 The Council's policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.
- 3.2 The policies were reviewed and presented to Audit and Governance Committee in September 2020; these were adopted by Executive Committee in November 2020.
- 3.3 The Council must have a Senior Responsible Officer and Authorising Officers to approve the application before the Court is approached. The Senior Responsible Officer is the Borough Solicitor and the Authorising Officers are the Head of Finance and Asset Management and the Head of Community Services.
- 3.4 There have been no RIPA applications and no non-RIPA applications made by the Council during 2020/21. There have been no applications for communications data.
- 3.5 All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Counter Fraud Unit Manager and the Deputy Counter Fraud Unit Manager.
- 3.6 The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.
- 3.7 As outlined in the Inspection Report, an updated policy relating to open source intelligence gathering is presented to Audit and Governance Committee.

## 4.0 **OTHER OPTIONS CONSIDERED**

- 4.1 None

## **5.0 CONSULTATION**

5.1 Work plans have been agreed with the Head of Finance and Asset Management and the Head of Corporate Services.

## **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

6.1 Counter Fraud and Anti-Corruption Policy.

Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.  
Corporate Enforcement Policy.

Regulation of Investigatory Powers Act 2000 (Surveillance and CHIS) Policy

Investigatory Powers Act 2016 (Acquisition of Communication Data) Policy

## **7.0 RELEVANT GOVERNMENT POLICIES**

7.1 None

## **8.0 RESOURCE IMPLICATIONS (Human/Property)**

8.1 The promotion of effective counter fraud controls and a zero-tolerance approach to internal misconduct promotes a positive work environment.

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

9.1 This is a positive example of joint working across the County. The existence of counter fraud activity acts as a deterrent to the abuse of public funds which impacts positively on the economy and local demographic.

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

10.1 The service is a shared one across the county, as such, overheads and management costs are also shared equally meaning there is increased value for money.

10.2 The application of the RIPA and IPA policies, to govern surveillance and the obtaining of personal communications data, ensures there is less risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

## **11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

11.1 None

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**Background Papers:** Report to Council -January 2017; Counter Fraud Business Case

**Contact Officer:** Counter Fraud Unit Manager  
01285 623356 emma.cathcart@cotswold.gov.uk

**Appendices:** Appendix 1 – Work Plan 2021/22

Department / Contact	Task
Governance	Delivery of two reports for Audit and Governance Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	Council Tax, Council Tax Reduction Scheme & Housing Benefit Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	Regulation of Investigatory Powers Act 2000 (Surveillance & Covert Human Intelligence Source)
Policy	Investigatory Powers Act 2016 (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest
Bribery and Corruption	Review of the Gifts and Hospitality Policy and Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection Contact
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing
Strategy : Detection	Procurement - Supplier Payment Review

Department / Contact	Task
Strategy : Detection	Charity Shop Exemption Review
Strategy : Detection	Housing Benefit Matching Service Referrals - triage and recommendations
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Prevention	Development / Review of Fraud Response Plan
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Development of Service Specific Fraud Risk Register
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Review of HR Recruitment and Vetting Policy and Procedures
Strategy : Prevention	Fraud Awareness - Procurement Activities

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Proceeds of Crime and Anti-Money Laundering Policy
<b>Report of:</b>	Counter Fraud Unit Manager
<b>Corporate Lead:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	1

**Executive Summary:**

To provide the Audit and Governance Committee with an updated Proceeds of Crime and Anti-Money Laundering Policy.

**Recommendation:**

**To RECOMMEND TO THE EXECUTIVE COMMITTEE that:**

- 1. The Proceeds of Crime and Anti-Money Laundering Policy, as attached at Appendix 1, be APPROVED.**
- 2. That authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Unit Manager, One Legal and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.**

**Reasons for Recommendation:**

To introduce an updated Proceeds of Crime and Anti-Money Laundering Policy to reflect key legislation and Council responsibilities.

**Resource Implications:**

The adoption and approval of this Policy will support the Council's objectives in reducing crime and financial loss.

**Legal Implications:**

The Proceeds of Crime and Money Laundering Policy sets out the statutory requirements that the authority must consider and adhere to when undertaking relevant activities.

**Risk Management Implications:**

The Proceeds of Crime and Money Laundering Policy mitigates the risk that the Council will fail to fulfil its legal obligations.

**Performance Management Follow-up:**

Not applicable.

**Environmental Implications:**

Not applicable.

**1.0 INTRODUCTION/BACKGROUND**

1.1 The Audit and Governance Committee is provided with the Proceeds of Crime and Anti-Money Laundering Policy which has been updated to reflect key legislation and Council responsibilities.

**2.0 PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY**

2.1 The Proceeds of Crime and Anti-Money Laundering Policy defines a best practice approach to dealing with money laundering obligations and suspicious activity reports.

2.2 Proceeds of Crime and Money Laundering legislation govern the responsibilities of individuals and organisations.

2.3 The Policy and the related Officers Procedural Guidance addresses the way in which the Council, its employees and its Members can formally discharge these obligations.

2.4 The nominated Money Laundering Reporting Officer is the Officer appointed under Section 151 of the Local Government Act 1972, in the case of the Council, this is the Head of Finance and Asset Management.

2.5 The Officer's Guidance Notes that derive from this policy is a working document available to members of staff and outlines when and how to report suspicious activity, when to refuse cash payments and outlines the requirements relating to customer due diligence.

2.6 The updated policy is attached at Appendix 1. The Committee is asked to recommend the policy to the Executive Committee for approval.

**3.0 OTHER OPTIONS CONSIDERED**

3.1 None

**4.0 CONSULTATION**

4.1 The Policy was subject to consultation with Operational Managers, the Corporate Governance Group, Management Team and One Legal.

**5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

5.1 None

**6.0 RELEVANT GOVERNMENT POLICIES**

6.1 None

- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1 Council staff with financial responsibilities will be made aware of the Policy and Guidance Notes.
- 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 None
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1 None

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**Background Papers:** None

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**Appendices:** Appendix 1 – Proceeds of Crime and Anti-Money Laundering Policy

## Proceeds of Crime and Anti-Money Laundering Policy

<b>Version Control:</b>	
<b>Document Name:</b>	Proceeds of Crime and Anti-Money Laundering Policy
<b>Version:</b>	1.0
<b>Responsible Officer:</b>	
<b>Approved by:</b>	
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### Revision History

Revision date	Version	Description

### Consultees

Internal	External

### Distribution

Name

# Proceeds of Crime and Anti-Money Laundering Policy

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# Proceeds of Crime and Anti-Money Laundering Policy

## 1. INTRODUCTION

- 1.1 The legislation in respect of Money Laundering is set out in the following:
- Proceeds of Crime Act 2002 as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015;
  - The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and The Money Laundering and Terrorist Financing (Amendment) Regulations 2019;
  - The Terrorism Act 2000 as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007.
- 1.2 The combined legislation is referred to in this Policy as ‘the money laundering legislation’.
- 1.3 There have been significant changes to the money laundering legislation which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations now impact on certain areas of Council business and require Councils to establish internal procedures to prevent the use of their services for money laundering.
- 1.4 Money laundering may be defined as the process whereby the origin of dishonest and or illegally obtained money is concealed so that it appears to come from a legitimate source.

## 2. POLICY STATEMENT

- 2.1 The Council will do all it can to:
- Prevent, wherever possible, the organisation, its employees and Members being exposed to money laundering;
  - Identify the potential areas where money laundering may occur and take appropriate action to minimise the risk; and
  - Comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- 2.2 Every employee (see 3.1 and 3.2 below) and elected Member has a personal responsibility to be vigilant.

## 3. SCOPE OF THE POLICY

- 3.1 This Policy applies to all officers (including external appointments, contractors and seconded staff) and elected Members of the Council. The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.
- 3.2 The Policy specifically covers employees of contractors and other public authorities delivering a service on behalf of the Council, for example Ubico. The term “officer” or “staff” includes employees of the contractor / other authority.

# Proceeds of Crime and Anti-Money Laundering Policy

- 3.3 Failure to comply with the procedures set out in this Policy may lead to disciplinary action being taken in accordance with existing Council policies in addition to any criminal prosecution which may ensue.
- 3.4 This policy should be read in conjunction with the Whistle-Blowing Policy and the Counter Fraud and Anti-Corruption Policy.

## 4. PURPOSE

- 4.1 The Council has a duty to ensure it complies with its obligations under the legislation but it is acknowledged that it is a low risk area. Criminal sanctions may be imposed for breaches of the legislation.
- 4.2 The purpose of this Policy is to make officers and members aware of the money laundering legislation; their responsibilities regarding the legislation; and the consequences of non-compliance with this Policy.
- 4.3 Any officer or Member of the Council could be subject to the provisions of the money laundering legislation if they suspect money laundering and either fail to report their concerns or become involved in any actions to process the suspicious transaction. This Policy sets out how any concerns should be raised.

## 5. WHAT IS MONEY LAUNDERING?

- 5.1 Under the Proceeds of Crime Act 2002 (POCA), money laundering means:
- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of Proceeds of Crime Act [POCA]). This covers hiding an item or its source, removing serial numbers, or changing an item for something else (e.g. unexplained large cash payment claimed to be from death of relative or lottery win, a person using illegally earned money to buy a house or piece of land); or
  - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of POCA). This is actual involvement in helping to cover up an act (e.g. a housing officer becoming suspicious that a tenant on benefits is buying valuable items when they are on limited income and failing to report this); or
  - Acquiring, using or possessing criminal property (section 329 of POCA). Accepting stolen items knowingly or knowingly taking advantage of them or accepting items paid for by the proceeds of crime. This might involve paying significantly less than the value of an item with the suspicion or knowledge that it may be stolen; or
  - Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorism property (section 18 of the Terrorism Act 2000). This is about hiding income or other items which are being used to fund or carry out terrorist activities.

# Proceeds of Crime and Anti-Money Laundering Policy

- 5.2 Criminal property is defined in Section 340 (3) of POCA as “property”<sup>1</sup> that is or represents the person’s benefit from illegal actions in whole or part and the person knows or suspects that it is the proceeds of a criminal act.

## 6. THE COUNCIL’S OBLIGATIONS

- 6.1 Organisations conducting “relevant business” under the legislation must:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- Implement a procedure to enable the reporting of suspicions of money laundering;
- Maintain client identification procedures in certain circumstances; and
- Maintain records.

- 6.2 Some of the Council’s business is “relevant” for the purposes of the legislation, including the accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

## 7. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 7.1 The officer nominated to receive disclosures about money laundering activity is the Officer appointed under section 151 of the Local Government Act 1972.

## 8. DISCLOSURE PROCEDURE

- 8.1 Where it becomes known or is suspected, that money laundering is taking/has taken place or there is concern by an officer that involvement in a matter may amount to a prohibited act under the legislation (see definition in 5 above), it must be disclosed immediately. Disclosure must be within hours of the information becoming known. Failure to disclose may lead to prosecution.

- 8.2 The disclosure should be made to the MLRO initially verbally (in person or by telephone). The report must include as much detail as possible, for example:

- Full details of the people involved (including the officer making the report) e.g. full name, date of birth, address, company names, directorships, phone numbers etc.
- Full details of the nature of their involvement.
- The types of money laundering activity involved. The MLRO can help identify this.

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<sup>1</sup> Defined by Section 340 (9) of POCA – “Property is all property wherever situated and includes:

(a) Money;  
(b) All forms of property, real or personal, heritable or moveable;  
(c) Things in action and other intangible or incorporeal property.”

## Proceeds of Crime and Anti-Money Laundering Policy

- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent.
  - Where the transactions took place.
  - How they were undertaken.
  - The (likely) amount of money/ assets.
- 8.3 If there is concern that involvement in the transaction would amount to a prohibited act under sections 327-329 of POCA (see section 5 above for details), then consent will be needed from the National Crime Agency (NCA), via the MLRO, to take any further part in the transaction. It must therefore be made clear in the report whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- 8.4 The MLRO must be given all available information to help them decide whether there are reasonable grounds for knowledge or suspicion of money laundering, and to enable them to prepare a report to the NCA, if required.
- 8.5 Following the initial contact, the officer reporting the money laundering activity should then promptly complete the "Report to Money Laundering Reporting Officer" (See Guidance Notes) and attach copies of any supporting documentation.
- 8.6 Once reported to the MLRO the officer that made the report must follow any directions given and must not make any enquiries into the reported event. The MLRO will, if appropriate, refer the matter to the NCA who will undertake any necessary investigations. Officers will be required to co-operate fully with those investigating the matter.
- 8.7 It is imperative that nothing is said to the person suspected of money laundering; this would constitute "tipping off" which carries a maximum penalty of 5 years imprisonment and an unlimited fine.
- 8.8 All disclosure reports including those made to the NCA must be kept securely for a minimum of five years.

### **9. CONSIDERATION OF THE DISCLOSURE BY THE MLRO**

- 9.1 On receiving a disclosure report, the MLRO must note the date of receipt on his/her section of the report and acknowledge receipt of it. He/she should also advise the officer, who made the report, of the timescale within which he/she expects to respond.
- 9.2 The MLRO will consider the report and any other available internal information he/she thinks relevant, such as:
- Reviewing other transaction patterns and volumes;
  - The length of any business relationship involved;
  - The number of any one-off transactions and linked one-off transactions;
  - Any identification evidence held.
- 9.3 The MLRO will undertake such other enquiries as they think appropriate to ensure they take all available information into account in deciding whether to report the incident to the NCA. The MLRO may also need to discuss the report with the officer that submitted it.

## Proceeds of Crime and Anti-Money Laundering Policy

- 9.4 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely decision whether:
- There is actual or suspected money laundering taking place; or
  - There are reasonable grounds to know or suspect this; and
  - Whether they need consent from the NCA for a particular transaction to proceed.
- 9.5 Where the MLRO decides to refer a case to the NCA, they should do this promptly and on their standard report form (see Guidance Notes).
- 9.6 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not proceed until the NCA has specifically given consent, or there is deemed consent because the relevant time limit has expired without objection from the NCA.
- 9.7 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then the MLRO must note the report accordingly; consent can then be granted immediately for any ongoing or imminent transactions to proceed.
- 9.8 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 9.9 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering they must mark this on the report accordingly and authorise the transaction to go ahead.
- 9.10 The MLRO is criminally liable if they know or suspect, or have reasonable grounds to do so on the basis of a disclosure made to them, that money laundering is happening and they do not disclose this promptly to the NCA.
- 9.11 All disclosure reports referred to the MLRO and reports made by the MLRO to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

### **10. CLIENT IDENTIFICATION PROCEDURE**

- 10.1 Where the Council is carrying out relevant business (examples of relevant business may be defined for this Council as, legal services, investments, cash handling and accountancy services) and:
- a) Forms an ongoing business relationship with a client; or
  - b) Undertakes a one-off transaction involving payment by or to the client of €10,000 (or equivalent) or more; or
  - c) Undertakes a series of linked one-off transactions involving a total payment by or to the client(s) of €10,000 (or equivalent) or more; or
  - d) It is known or suspected that a one-off transaction or a number of them involves money laundering; then this Client Identification Procedure must be followed before any business is undertaken.

# Proceeds of Crime and Anti-Money Laundering Policy

- 10.2 In the above circumstances staff in the applicable department must obtain satisfactory evidence of the identity of the prospective client as soon as practicable after instructions are received. This applies to existing clients, where such information has not been obtained, as well as new clients (see Customer Due Diligence process outlined in Guidance Notes).
- 10.3 The evidence should be retained for at least five years from the end of the business relationship or one-off transaction.
- 10.4 If satisfactory evidence is not obtained at the outset then the business relationship or one-off transaction cannot proceed. If there is an unjustifiable delay in obtaining evidence of identity or the where the client is deliberately not providing evidence a disclosure will have to be made.

## 11. RECORD KEEPING

- 11.1 Staff within the areas of the Council conducting relevant business must maintain records of:
- Client identification evidence obtained and;
  - Details of all relevant business transactions carried out for clients.
- 11.2 As a minimum the records must provide an audit trail to aid any subsequent investigation, for example, distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.
- 11.3 In all cases evidence should be retained for at least five years from the end of the business relationship or transaction(s). This is so that they may be used as evidence in any subsequent investigation.

## 12. GUIDANCE & TRAINING

- 12.1 In support of this policy the Council will make staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the legislation and give training to those most likely to encounter money laundering.
- 12.2 As a minimum they should be made aware of the relevant legislation and their responsibilities.

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Use of the Internet and Social Media in Investigations and Enforcement Policy
<b>Report of:</b>	Counter Fraud Unit Manager
<b>Corporate Lead:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	1

<p><b>Executive Summary:</b></p> <p>To provide the Audit and Governance Committee with an updated and revised Use of the Internet and Social Media in Investigations and Enforcement Policy.</p>
<p><b>Recommendation:</b></p> <p><b>To RECOMMEND TO THE EXECUTIVE COMMITTEE that:</b></p> <ol style="list-style-type: none"> <li><b>1. The Use of the Internet and Social Media in Investigations and Enforcement Policy, as attached at Appendix 1, be APPROVED.</b></li> <li><b>2. That authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.</b></li> </ol>
<p><b>Reasons for Recommendation:</b></p> <p>To introduce an updated Use of the Internet and Social Media in Investigations and Enforcement Policy to reflect the Investigatory Powers Commissioner's Office (IPCO) guidance and recommendations as outlined within the recent Inspection Report.</p>

<p><b>Resource Implications:</b></p> <p>The adoption and approval of this Policy will support the Council's objectives in reducing crime and financial loss.</p>
<p><b>Legal Implications:</b></p> <p>The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 2000 (RIPA) , the Investigatory Powers Act 2016 (IPO) and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be authorised by the appropriate Officer and recorded in the Central Register.</p>

**Risk Management Implications:**

The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the policies and procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

**Performance Management Follow-up:**

Not applicable

**Environmental Implications:**

Not applicable

**1.0 INTRODUCTION/BACKGROUND**

1.1 The Counter Fraud Unit was tasked with reviewing and developing the Council's policy and procedures on accessing the internet and social media for investigations and enforcement purposes.

**2.0 USE OF THE INTERNET AND SOCIAL MEDIA IN INVESTIGATIONS AND ENFORCEMENT POLICY**

2.1 Whilst there has been a general decline in the use of covert surveillance activity, Councils have come under increased scrutiny in this area by Investigatory Powers Commissioner's Office (IPCO) during inspections and there are a number of recommendations in their annual reports, procedures and guidance.

2.2 IPCO confirms that, where inspections reveal activity - particularly with regard to intelligence gathering through the use of the internet and social media - evidence should demonstrate that consideration has been given to whether the activity could be considered surveillance and the appropriate authorisation sought.

2.3 Existing arrangements have been reviewed and the policy for ensuring compliance has been developed, attached at Appendix 1. The policy is generic and broad to ensure that the integrity of investigations and methods of detection are not revealed.

2.4 The procedure that derives from this policy is a confidential document available to members of staff involved in investigation work only who are authorised to undertake research and investigation using open source internet applications (as investigative tools) or other civil or criminal enforcement and recovery work.

**3.0 OTHER OPTIONS CONSIDERED**

3.1 None

**4.0 CONSULTATION**

4.1 The Policy was subject to consultation with Operational Managers, the Corporate Governance Group, Management Team and One Legal.

- 5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 5.1 Regulation of Investigatory Powers Act 2000 (Surveillance and CHIS) Policy
- 6.0 RELEVANT GOVERNMENT POLICIES**
- 6.1 None
- 7.0 RESOURCE IMPLICATIONS (Human/Property)**
- 7.1 Council staff with enforcement responsibilities will be made aware of the policy.
- 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 The application of the RIPA and IPA Policies, to govern surveillance and the obtaining of personal communications data, ensures that there is less risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.
- 10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1 None

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**Background Papers:** Report to Executive Committee, November 2020

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**Appendices:** Appendix 1 – Use of the Internet and Social Media in Investigations and Enforcement Policy

## Use of the Internet and Social Media for Investigations and Enforcement Policy

<b>Version Control</b>	
<b>Document Name:</b>	Use of the Internet and Social Media for Investigations and Enforcement Policy
<b>Version:</b>	1
<b>Responsible Officer:</b>	Emma Cathcart, Counter Fraud Unit
<b>Approved by:</b>	Cabinet / Executive Committee
<b>Date First Approved:</b>	TBC
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**Consultees**

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Enforcement Lead Officers Governance Group Legal Services Corporate Management Audit / Audit and General Purposes / Audit and Governance / Audit, Compliance and Governance Committee	

**Distribution**

Name	
Enforcement Officers	

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### **1. INTRODUCTION**

- 1.1 Online open source research is widely regarded as the collection, evaluation and analysis of material from online sources available to the public, whether by payment or otherwise, to use as intelligence and evidence.
- 1.2 The use of online open source Internet and Social Media research is a method of obtaining information to assist the Council with its regulatory and enforcement functions. It can also assist with service delivery issues. However, the use of the Internet and Social Media is constantly evolving and with it the risks, particularly regarding breaches of privacy under Article 8 of the Human Rights Act (HRA) 1998 and other operational risks.
- 1.3 The Council is a Public Authority in law under the HRA, and as such, the staff of the Authority must always work within this legislation. This applies to research on the Internet.
- 1.4 Researching, recording, storing, and using open source information regarding a person or group of people must be both necessary and proportionate and take account of the level of intrusion against any person. The activity may also require authorisation and approval by a Magistrate under the Regulation of Investigatory Powers Act (RIPA) 2000. To ensure that any resultant interference with a person's Article 8 Right (respect for private and family life) is lawful, the material must be retained and processed in accordance with the principles of the General Data Protection Regulation (GDPR) 2016 and Data Protection legislation.

### **2. SCOPE OF POLICY**

- 2.1 This Policy and associated Procedure establishes the Council's approach to ensuring that all online research and investigations are conducted lawfully and ethically to reduce risk. It provides guidance to all staff within the Council, about legislative framework and implications associated with online Internet and Social Media research, when engaged in their official capacity. It will also ensure that the activity undertaken, and any evidence obtained, will withstand scrutiny.
- 2.2 This Policy takes account of the HRA, RIPA, Criminal Procedures and Investigations Act (CPIA) 1996, Data Protection legislation and regulations and National Police Chiefs Council (NPCC) Guidance on Open Source Investigation/Research.
- 2.3 This Policy and associated Procedure will be followed at all times and should be read, where required, with the RIPA Codes of Practice and any other legislation and relevant policies mentioned in this document. Should there be any queries advice can be sought from the RIPA Coordinator within the Counter Fraud Unit.
- 2.4 This Policy should not be exempt from disclosure under the Freedom of Information Act 2000.

**3. RISK**

- 3.1 Staff must be aware that any activity carried out using the Internet leaves a trace or footprint which can identify the device used, and, in some circumstances, the individual carrying out the activity. This may pose a legal and reputational risk to the Council if they are challenged by the subject of the research for breaching Article 8.1 of the HRA which states “Everyone has the right to respect for his private and family life, his home and his correspondence”.
- 3.2 Article 8.2 states “There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others”. It is therefore important that the Council can demonstrate that such activity was necessary and proportionate.
- 3.3 Monitoring of an individual’s social media or other open source information on a repeated or continuous basis could constitute surveillance by a Public Authority and fall with the realms of RIPA.
- 3.4 Breach of an individual’s rights under the HRA leaves the Council open to claims for financial compensation and the consequential reputational damage.
- 3.5 Failure to implement and follow a policy could risk compromising the integrity of evidence and any associated investigation.

**4. NECESSITY / JUSTIFICATION**

- 4.1 To justify the intrusion and interference with an individual’s privacy there must be a clear and lawful reason for the activity. Therefore the necessity for the research such as the criminal conduct that it is aimed to prevent or detect must be identified and clearly described. This should be documented with clear objectives. Should the research fall within RIPA activity, the RIPA authorisation will deal with the criteria for it to be lawful intrusion.

**5. PROPORTIONALITY**

- 5.1 Proportionality involves balancing the level of intrusion of the research on the subject and other innocent third parties who might be affected by it (collateral intrusion) against the need for the activity in operational terms.
- 5.2 The Officer must consider and document the benefit to carrying out the activity and how the benefit will outweigh the intrusion.
- 5.3 The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means.
- 5.4 All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair.

**6. PRIVATE INFORMATION**

- 6.1 Private information is defined in the RIPA Codes of Practice and states it “includes any information relating to a person’s private or family life. Private information should be taken generally to include any aspect of a person’s private or personal relationship with others, including family and professional or business relationships.”
- 6.2 Prior to, and during, any research Staff must take into account the privacy issues of any person associated with the research.
- 6.3 There are three broad categories of private information applicable here:
- 6.4 Category 1 - Viewing publically available postings or websites where the person viewing does not have to register a profile, answer a question, or enter any significant correspondence in order to view. For example, a typical trader’s website.
- 6.5 Category 2 - Viewing postings on social networks where the viewer has had to register a profile but otherwise there is no other restriction on access. This would include Facebook where there is no need to be accepted as a “friend” to view. For example a trader has a “shop window” on Facebook advertising a business and products.
- 6.6. Category 3 - Viewing postings on social networks which require a “friend” or similar status to view.

**7. REVIEWING THE ACTIVITY**

- 7.1 During the course of conducting the Internet open source research, the nature of the online activity may evolve. It is important that Staff continually assess and review their activity to ensure it remains lawful and compliant. Where it evolves into RIPA activity, the RIPA procedure should be followed. If in doubt, Staff should seek advice from the RIPA Coordinator within the Counter Fraud Unit.

**8. USE OF MATERIAL**

- 8.1 The material obtained from conducting open source Internet and Social Media research may be used as intelligence or evidence.
- 8.2 Any material gathered from the Internet during the course of a criminal investigation must be retained in compliance with the Criminal Procedure and Investigations Act (CPIA) Codes of Practice and all material stored in line with the General Data Protection Regulations (GDPR) data retention policies.

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Annual Report on Health and Safety Activities 2019/20-2020/21
<b>Report of:</b>	Head of Community Services
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Organisational Development
<b>Number of Appendices:</b>	1

**Executive Summary:**

The report attached at Appendix 1, is a summary of the activities carried out to secure health and safety compliance in the financial years 1 April 2019 to 31 March 2021. The report covers a two year period as COVID-19 impacted on our ability to present this report during 2020.

The COVID-19 pandemic presented significant additional challenges to the health and safety of Members, staff and our responsibility to local business and the public over and above our continuing responsibilities for health and safety, which was not foreseen. Significant work was undertaken to ensure both staff and Members were able to work safely in accordance with the COVID-19 regulations and guidance during 2020/21.

Tewkesbury Borough Council is committed to the health and safety of its employees, service users and contractors and has a system in place to monitor, control and minimise the risks as far as possible. Of course, incidents occur from time to time and these are learned from and measures put in place to ensure that these risks are minimised for the future.

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 years 1 April 2019 to 31 March 2021 and looks forward to work proposed in the next year. The aim is to provide information to demonstrate how the Council fulfils its legal responsibilities 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 the controls in place against the identified risks.

Corporate health and safety is managed via the Keep Safe Stay Healthy Group, chaired by the Head of Community Services and is attended by senior managers, the Trades Union and staff from the organisation together with the Lead Member for Organisational Development. The Group consider health, safety and welfare issues across the organisation and has achieved areas of good practice across all Council services as detailed in the achievement section of the reports.

**Recommendation:**

**To CONSIDER the adequacy of the Council's health and safety arrangements.**

**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 Head of Community Services who need to make this amendment to the Welfare Policy 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 reports have been written to assist Councillors in carrying 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, contractors and, where relevant, members of the public in accordance with the Health and Safety at Work etc. Act 1974. All statutory guidance and other legislative requirements must be followed.

**Risk Management Implications:**

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

**Performance Management Follow-up:**

Performance management issues are detailed within the report and appendix.

**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.
- 1.3** The Health and Safety Executive (HSE) 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 system and management structure.

**1.4** The Council has a pro-active Keep Safe Stay Health group which is well attended by both Officers and the Lead Member. The objective of this Group is to bring together management, staff, Trades Union and Elected Members to consider health, safety and welfare matters. The Group provides a forum for consultation on related policies that the Council may adopt.

**1.5** The COVID-19 pandemic commencing in March 2020 presented significant additional challenges to the health and safety of Members, staff and our responsibility to local business and the public over and above our continuing responsibilities for health and safety, which was not foreseen. These matters and the Council's corporate response to COVID-19 took precedence and was over and above our existing responsibility and extended our responsibility for the safety of private businesses and the general public.

## **2.0 ANNUAL REPORTS 2019/20-2020/21**

**2.1** We have, throughout 2020/21, worked closely with Public Health England and other districts councils with Gloucestershire to maintain and support the COVID-19 response, whilst at the same time seeking to implement our previous year's workplan. Appendix 1 provides a summary of direct actions taken within our organisation.

**2.2** Best practice recommends that organisations produce and publish an annual health and safety report. The ability to produce this report for 2019/20 was directly impacted by the need to respond to the COVID-19 pandemic. As such, this report summarises Tewkesbury Borough Council's health and safety performance during the years 2019/20 and 2020/21 and looks forward to work proposed in the next year.

**2.3** The reports are 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.

## **3.0 PURPOSE OF ANNUAL REPORTING**

**3.1** The Council is committed to the management of health and safety for both Council clients and officers and all contractors engaged by the Council. This report provides the health and safety framework that all parties must follow to ensure health and safety is managed during the course of business.

**3.2** The purpose of the annual reports is to provide an 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.

## **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None

## **5.0 CONSULTATION**

**5.1** Management team have been consulted on the contents of the annual health and safety audit report.

## **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**6.1** Health, Safety and Welfare Policy.

**7.0 RELEVANT GOVERNMENT POLICIES**

7.1 Leading Health and Safety at Work (INDG417) and Managing for Health and Safety (HSG65).

**8.0 RESOURCE IMPLICATIONS (Human/Property)**

8.1 As detailed in the report at Appendix 1

**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

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**Background Papers:** None

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**Appendices:** Appendix 1 - Health and Safety Report 2019/20 – 2020/21

# Corporate Health and Safety Report

## April 2019 – March 2021



## **INTRODUCTION**

The purpose of this report is to provide an open and transparent communication on all matters relating to health and safety in accordance with good practice from the HSE. The report is both a reflection on the performance and activities from the previous years, and for the next financial year.

Tewkesbury Borough Council is committed to maintaining a healthy and safe place of work for all its employees, including contractors and volunteers as well as taking all reasonable steps to ensure that the public and the environment are exposed to the lowest practicable level of risk.

The covid 19 pandemic commencing in March 2020 presented significant additional challenges to the health and safety of Members, staff and our responsibility to local business and the public over and above our continuing responsibilities for health and safety, which was not foreseen. These matters and the council's corporate response to covid 19 took precedence and was over and above our existing responsibility and extended our responsibility for the safety of private businesses and the general public.

We have throughout 2020/21 worked closely with Public Health and other districts with Gloucestershire to maintain and support the covid 19 response whilst at the same time sought to implement our previous years workplan. The workplan attached to the Report provides a summary of direct actions taken within our organisation.

Best practice recommends that organisations produce and publish an annual health and safety report. The ability to produce this report for 2019/20 was directly impacted by the need to respond to the Covid 19 pandemic. As such, this report summarises Tewkesbury Borough Council's health and safety performance during the years 2019- 20 and 2020-21 and looks forward to work proposed in the next year.

### **Corporate Structure for Health and Safety**

#### **The Management Team**

Ultimate responsibility for the health, safety and welfare of staff and the public who use council services lies with the Chief Executive and the Management Team. The

Head of Community Services has specific responsibilities for leading on corporate health and safety matters and chairs the Keep Safe Stay Healthy Group (KSSH)

### **Keep Safe Stay Healthy Group (KSSH)**

The objective of the KSSH group is to bring together Management, Staff, Elected Members and Trade Union representatives to:

- (a) Consider matters relating to the health and safety of all employees;
- (b) Provide a forum on a regular basis for consultation
- (c) Ensure issues are reported to the Management Team.
- (d) Oversee the Health & Safety annual Work Plan.

### **Promotion**

Internal Health and safety and wellbeing matters are reported via the intranet, the monthly News4U staff newspaper and regular council-wide staff briefing sessions

### **Risk Assessments**

A generic health and safety risk assessment is available for use by all services to assist with the annual review of service risk assessments. In 2020/21 all risk assessments were reviewed and updated to include the additional risks presented by the Covid-19 pandemic.

### **Training**

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

### **Achievements in the last 24 months**

Successful management of the impacts of Covid 19 securing safe in office working practices, roll out of IT to support remote working and out of office risk management.

The Keep Safe Stay Healthy group have an annual work plan of priorities for action. In both years from April 2019 to March 2021. These are detailed in appendix 1

The Workplace Wellbeing programme was implemented including the mental health awareness action plan however the weight loss club which continued to be successful in 2019-20 as in previous years has been paused until staff can return to the office due to the covid-19 pandemic.

Of specific note is The Workplace Wellbeing Charter National Award for England - Following re-accreditation in January 2020, Tewkesbury Borough Council were awarded Excellence levels in Leadership; Absence management; Health & Safety; Mental Health and Achievement in Physical activity, Healthy eating and Alcohol and substance misuse.

The Workplace Wellbeing Charter demonstrates the Council's commitment to the health and wellbeing of the workforce, and any organisation attaining at least the commitment standard in all areas is to be commended and be awarded the Workplace Wellbeing Charter, National Award for England

### **Proposed Health and safety Work Plan 2021–2022**

The 2021-22 workplan is attached as Appendix 1.

In line with the Health and Safety Work Plan 2020-2021 we will continue to carry out/action identified rolling health and safety reviews and adopt further tasks in accordance to the outcome of quarterly Keep Safe Stay Healthy meetings:

We will continue to follow the Government 4 stage Road Map towards the safe re-opening of offices and workplaces at stage 4 ensuring through the implementation of covid safe working practices staff and customers feel safe to return.

### **Accident and Incident Reporting**

All accidents/incidents and near misses are reported under the council's procedures. to enable appropriate remedial action to be identified and preventative measures to be put in place.

#### **TBC Accidents/Incidents reported April 2019 to March 2020**

- TBC staff - 5 reported Accidents/Incidents
- Members of the public - 3 reported

#### **TBC Accidents/Incidents reported April 2020 to March 2021**

- TBC Staff - 1 reported Accidents/Incidents

### **RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013)**

- No reportable accidents or incidents were reported in the time period of this report.

**UBICO (Waste, Street Cleansing and Grounds Maintenance Services) contract plus Mixed Recycling Facility (MRF) Contract** As a requirement under these contracts quarterly health and safety reports are provided by the contractors which include accident and incident statistics/data. This information is reported to the Gloucestershire Waste Safety and Health (GWASH) meetings. Every quarter the countywide collections and disposal authorities (TBC plus Stroud District Council and Gloucester City Council) meet with the contractors and the HSE (Health and Safety Executive) to discuss health and safety campaigns plus incidents and accidents statistics and the controls required to reduce the likelihood of recurrence. The waste, street cleansing and ground maintenance quarterly health and safety reports are also taken to the Ubico Board of Directors meetings on a bi-monthly basis. Accident and Incident data analysis/trending is also undertaken by the Environmental Services Team and if a trend is identified it is queried with Ubico.

#### **Tewkesbury Leisure Centre Contract (Contractor: Places for People)**

A quarterly report is provided by the contractor to the Asset manager of Property Services who manages and monitor this contract. The report provided covers the performance, operations and health and safety which includes accident/incident statistics. Accident/Incident trend analysis is undertaken by Places for People which is a contractual requirement. All health and safety matters related to this contract is reported to the Strategic Leisure Partnership Group on a quarterly basis.

#### **Conclusion**

Good progress has been made in both years and secured an improvement to the overall percentage score of the council's health and safety management system. The proposed planned actions contained in the 2018-2019 and 2019-20 annual work plans have also been achieved or were on a rolling programme and included in the proposed Health and safety Work Plan 2020–2021 as detailed in appendix 1.

The Covid-19 pandemic has dictated the health and safety work plan 2020-21 meaning some of the proposed tasks contained within the 2020- 2021 work plan have not yet been actioned. Moving forward the outstanding d tasks have been

incorporated in the work plan for the coming year which will be actioned and reviewed quarterly by the Keep Safe Stay Healthy group.

**References**

Health and Safety Executive's (HSE) guidance document HSG65 'Managing for Health and Safety'.

Corporate Health and Safety Report April 2019 – March 2021

Work Plan 2019/2021

1. Response to Covid 19 Pandemic			
Areas Identified	Status	Progress on 2020/2021 actions	Actions for 2021- 2022
<p>Offices and related business settings</p> <p>IT and digital</p> <p>Out of Office working</p> <p>Staff support</p>		<p>The covid 19 pandemic presented significant additional challenges to the health and safety of Members, staff and our responsibility to local business and the public over and above our continuing responsibilities for health and safety, which was not foreseen.</p> <p>All staff were required to work from home where possible from 23 March 2020. Offices were closed to the general public and all office management systems, including those for partner organisations within council owned buildings were risk assessed in line with government guidance and regulations and changes implemented as guidance changed during the year from full lockdown through the varying stages of re-opening and further periods of lockdown.</p> <p>Safe working systems were put in place for those staff who were required to continue working within the office environment.</p> <p>There was a significant challenge to provide mobile digital and telephonic IT to all staff and was successful. Roll out continued with new starters throughout the year. A small number of staff continued to work from the office due to poor home connectivity.</p> <p>Requirements for our business to continue through digital means was implemented enabling committee and staff meetings to continue remotely.</p>	<p>Continue to deliver and implement changes to office management systems in line with government guidance and regulations.</p> <p>Follow the Governments 4 stage Road Map and implement requirements against guidance for employers to re-open offices to the public at Stage 4 ensuring public and staff feel safe to return.</p> <p>Implement using covid safe measures the holding of committee meetings within the office environment.</p>

		<p>All services prepared and implemented covid 19 risk assessments for their service to be able to access the office and to conduct out of office working where required.</p> <p>The elections in May 2021 presented further challenges and all polling stations were individually risk assessed to ensure the safety of staff and the public.</p> <p>Rest Centres and cemeteries were also risk assessed to ensure the safety of residents during periods of crisis.</p> <p>Significant work was undertaken supporting businesses and the public on our high streets to return safely.</p> <p>We have delivered workshops with an external trainer for individual teams on optimising use of Microsoft Teams, Effective Remote Working and Managing Remote Teams to ensure that staff and managers had the skills and technical knowledge to effectively work remotely.</p> <p>There was cross service representation on 3 day cyber resilience training.</p>	
<b>2. Staff wellbeing</b>			
<b>Areas Identified</b>	<b>Status</b>	<b>Progress on 2020/2021 actions</b>	<b>Actions for 2021- 2022</b>
Workplace wellbeing programme	☹️	In 2020/21 Covid 19 directly impacted on staff wellbeing through isolation, remote working, risk management and the added	Continue and further develop actions from previous years.

<p>Additional Impacts from Covid 19</p> <ul style="list-style-type: none"> <li>• Anxiety and stress</li> <li>• Isolation</li> <li>• Infections</li> </ul>		<p>responsibilities for those with children during lockdowns. Covid 19 infections were limited and effectively managed through self isolation and cleaning practices. Stress and anxiety affected some staff who were supported by managers, human resources and occupational health.</p> <p>2019-2021 in review of previous years</p> <p>The Workplace Wellbeing programme was implemented including:</p> <ul style="list-style-type: none"> <li>• mental health awareness action plan</li> <li>• Free counselling.</li> <li>• Comprehensive Occupational Health.</li> <li>• Mental Health Action Plan –key activities around addressing mental health concerns.</li> <li>• Wellness Action Plans –individualised plan to support an officer in keeping well.</li> <li>• Mental Health First Aiders.</li> <li>• First Aiders.</li> <li>• Annual plan for promotion and information sessions on wellbeing and health issues, making use of national campaigns (Stoptober, Dry January etc.) and the resources available via Healthy Lifestyles Gloucestershire and incorporating issues relevant to physical health and mental health, including issues such as financial management and domestic abuse.</li> <li>• Free flu vaccination programme - for those who are not eligible via the NHS.</li> <li>• Wellbeing Zone – this is a zone on the intranet where all of our information about what is available is held so that it can be easily accessed by any officer.</li> </ul>	<p>Develop/continue covid 19 workplace requirements.</p> <p>Further develop and implement online DSE assessment for homeworking in line with agreed agile working policy.</p> <p>Online Yoga sessions</p>
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		<ul style="list-style-type: none"><li>• Niblet sessions – these are short sessions focusing on topics such as alcohol awareness, dealing with stress/breathing techniques, sleep and mindfulness.</li><li>• community wellbeing service drop in sessions</li><li>• Leisure Centre facility advice including discounted membership for TBC staff.</li><li>• Annual Health MOT checks – offer open to staff via our Occupational Health provider (paused at present for COVID).</li><li>• Eye test vouchers for display screen users.</li><li>• Management toolkit/how to – these are being developed as an easy to use management tool to support wellbeing and manage sickness absence well.</li><li>• Policy development – the absence management policy is being reviewed and a new domestic abuse policy is being developed.</li><li>• Maps provided for 20 min walks suitable for staff to undertake in their lunch breaks</li><li>• Health MOT Sessions/nutritional advice</li><li>• Flu Vaccinations</li><li>• Sign posting on the intranet and notice boards which included Stop Smoking advice, National Walking month – Signpost to local walks for outside of work hours, National Eye Health Week – RNIB information and Diabetes NHS Bus Tour information</li><li>• Financial Planning and Wealth Management</li><li>• Pre-Retirement Planning Sessions</li><li>• Flexible working practices – which has now been broadened and incorporated into our new Agile Working Policy.</li></ul>	
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3. Training and Development			
Areas Identified	Status	Progress on 2020/2021 actions	Actions for 2021- 2022
All areas relating to health and safety at work	☹️	<p>2019/20</p> <ul style="list-style-type: none"> <li>• 9 members of staff - First Aid at Work Requalification</li> <li>• 9 members of staff - AED/Oxygen Therapy (Refresher)</li> <li>• All staff - Mental Health Awareness Workshop</li> <li>• All staff - Mental Health Awareness for Managers</li> <li>• 8 members of staff - Metal Health First Aid</li> <li>• 1 member of staff - Safeguarding Children's Board</li> <li>• 1 member of staff - Dissociation and Trauma</li> <li>• 12 members of staff - Routine and Operational Playground Inspection 2 members of staff - Health &amp; Safety in Waste and Environmental Services</li> </ul> <p>2020/21</p> <ul style="list-style-type: none"> <li>• All staff - 2x Management/2x Remote Working Training - Due to the Covid-19 pandemic most officers have been working from home in the time period of this report.</li> <li>• All staff - Help with Temporary Homeworking - on line training module to assist with workstation arrangements when working from home plus other health and safety related advice.</li> <li>• New starters and mop ups - Mental Health Awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Playground Inspection Training</li> <li>• IOSH (Institution of Occupational Safety &amp; Health) Managing Safely due to be undertaken by Property Services officers.</li> <li>• Mental Health First Aiders Refreshers</li> <li>• First Aiders Refreshers</li> <li>• Mental Health Awareness – TBC (for new starters)</li> <li>• Fire Safety</li> <li>• DSE assessments for remote working</li> </ul>
4. Workplace Wellbeing Charter			
Areas Identified	Status	Progress on 2020/2021 actions	Actions for 2021- 2022

Assessment against criteria across all services	☹️	<p>The workplace wellbeing charter demonstrates the council's commitment to the health and wellbeing of the workforce.</p> <ul style="list-style-type: none"> <li>• Leadership: Excellence</li> <li>• Absence Management: Excellence</li> <li>• Health and Safety: Excellence</li> <li>• Mental Health: Excellence and smoking and</li> <li>• Smoking: Excellence</li> <li>• Physical Activity: Achievement</li> <li>• Healthy Eating: Achievement</li> <li>• Alcohol and Substance Misuse: Achievement</li> </ul>	<p>Maintain excellence standards and improve areas reaching achievement to excellence.</p> <p>Carry out a further Wellbeing charter assessment.</p>
<b>5. Service Reviews Health and Safety</b>			
<b>Areas Identified</b>	<b>Status</b>	<b>Progress on 2020/2021 actions</b>	<b>Actions for 2021- 2022</b>
<p>HSG65 system review</p> <p>Policy reviews</p> <p>Cardinus online workstation DSE assessments</p> <p>RIDDOR and accident reporting</p> <p>Emergency evacuation review</p>	☹️	<ul style="list-style-type: none"> <li>• HSG65 Health &amp; Safety Management System review undertaken with overall score improved from 95% to 95.71%. One of the main reasons for this was due to an increase in attendance and engagement at the Keep Safe Stay Healthy quarterly meetings.</li> <li>• Health, Safety &amp; Welfare overarching policy revised in line with current structure</li> <li>• COSHH (Control of Substances Hazardous to Health policy and risk assessment reviewed and revised.</li> <li>• A review of the online workstation training and risk assessment modules was undertaken which resulted in a new and improved user friendly course being launched.</li> <li>• The Accident and Incident Reporting Policy and Guidance was reviewed and revised.</li> </ul>	<p>In line with the Health and Safety Work Plan 2020-2021 the following will continue to be carried out/actioned plus further tasks will be added to this plan in accordance to the outcome of quarterly Keep Safe Stay Healthy meetings:</p> <ul style="list-style-type: none"> <li>• Continuation of Health &amp; Wellbeing programme.</li> <li>• Review of all council health and safety policies – this is an ongoing process</li> </ul>

		<ul style="list-style-type: none"><li>• Emergency Evacuation procedure – fire and other threats – reviewed and revised.</li><li>• A robust monitoring system implemented to ensure all health and safety requirements are covered at the time of new starter induction</li><li>• Homeworking health and safety checklist reviewed and revised.</li><li>• Smoking shelter relocated to prevent smoke entering office windows</li></ul>	<ul style="list-style-type: none"><li>• Health and safety audits to be undertaken over a 3yr rolling programme</li><li>• Environmental Safety Officer to attend departmental meetings in a H&amp;S advisory capacity on an annual basis</li><li>• Monitoring of the HSG65 H&amp;S Management System</li><li>• Cardinus Workstation online training and risk assessment module adapted to flexible/agile working requirements - Healthy Working DSE (Display Screen Equipment) Hybrid course being considered if required when staff begin to work from home and in the office on a regular basis.</li></ul>
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## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Corporate Risk Register
<b>Report of:</b>	Head of Corporate Services
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	1

**Executive Summary:**

The Council has a risk management framework and this is set out in the Council's approved Risk Management Strategy. Risk management is an intrinsic element of good, effective management and should not be seen as a 'bolt on'. The strategy sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is capturing key corporate risks through a Corporate Risk Register. This register is presented at each Audit and Governance Committee. The latest register can be found at Appendix 1.

**Recommendation:**

**To CONSIDER the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.**

**Reasons for Recommendation:**

Risk management is an integral part of the Council's overall governance framework. It is within the Terms of Reference of the Audit and Governance Committee to gain assurance that key risks are effectively managed.

**Resource Implications:**

None arising directly from this report.

**Legal Implications:**

None arising directly from this report.

**Risk Management Implications:**

If the Council does not have in place a Corporate Risk Register then it cannot demonstrate that corporate risks are formally considered, scored and managed.

**Performance Management Follow-up:**

The Corporate Risk Register is considered at each Audit and Governance Committee and prior to this by Corporate Management Team.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** The Council's Risk Management Strategy formalises the Council's risk management arrangements and sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is the maintenance of a Corporate Risk Register that captures the Council's key corporate risks. The register is a high level document to record in a proportionate manner the key risks facing the Council, their risk score and high level management controls that are in place to manage individual risks. The scoring matrix within the strategy provides guidance on scoring those risks. The latest register can be found at Appendix 1.

**2.0 CORPORATE RISK REGISTER**

**2.1** The register is a useful tool to demonstrate in a concise manner that corporate risks are being considered and managed. The headings within the register and the scoring of risk are all detailed within the risk management strategy. Succinctly, the scoring is based around three stages;

- Gross risk score (the inherent risk without any mitigating controls in place).
- Current risk score (the assessed risk after the application of controls).
- Target risk score (proposed risk score by applying future controls, if the current risk score is deemed to be too high).

It should be noted that the main focus should be on the risk description and the mitigating controls rather than to challenge the risk scores as these are only indicative. It is the assurance on the management of the controls which is important.

**2.2** The format of the register is one which is commonly used throughout local government. There is no statutory requirement to have a register in place but is seen as good practice. It also helps the Audit and Governance Committee fulfil its risk management responsibilities. Internal audit supports the Audit and Governance Committee in gaining assurance that the risks are being effectively managed. Days are allocated within the Internal Audit Work Plan to review the register and give assurance to the Committee around such things as:

- Is the register complete? Are there any risks missing?
- The controls detailed in the register – are they actually in place and working effectively?
- Future actions – is there assurance they will be implemented within appropriate timescales?

- 2.3 As reported to Audit and Governance Committee over the course of the last year, the Internal Audit team has been re-deployed to the Council’s response to COVID-19 and its work plan has been suspended since April 2020. Therefore, at present independent assurance cannot be given on the effectiveness of mitigating controls. On a positive note, one of the Internal Audit team has been deployed back to internal audit with effect from July 2021.
- 2.4 The risk register template includes a ‘comments’ box below each risk. This provides opportunity for each risk owner to provide an update on the status of that risk. For example, if the risk score has been downgraded as a result of effective control action being implemented or, alternatively, if the risk score has increased. An increase could happen through a number of scenarios, for example, if an internal audit concluded that a mitigating control is not effective.
- 2.5 The risk register is presented at Corporate Management Team on a regular basis and further reviewed by the Corporate Governance Group; this group is chaired by the Borough Solicitor.

**3.0 KEY UPDATES ON THE REGISTER**

3.1 Summarised below are key updates arising since the register was last presented at Committee:

Risk identified	Key update arising
Ref 1 & 2 - Financial sustainability	As has been widely reported to Members, the future financial landscape remains challenging and uncertain. Through the Spending Review, the Government has given notice of the withdrawal of the New Homes Bonus which will eventually lead to a loss of £3.7m of funding. We still await clarity on a number of central funding streams including revenue support grant, fair funding review and the future of business rates.
Ref 4. Business Continuity	Later in the calendar year, we will work with the Civil Protection Team to review our corporate business continuity plan and individual service plans.
Ref 5. General Data Protection Regulation	The action plan is progressing well including the recent purchase of new online training, a comprehensive communications plan, redaction training for nearly 45 staff is being set up, draft mailbox usage policy is due for consideration by management team, and any data breaches continue to be investigated promptly. An annual report on the adequacy of the Council’s GDPR arrangements will be presented to Committee in December.
Ref 7. Waste Service	Internal client monitoring arrangements have been bolstered over the last six months with the appointment of two new contract officers. A key role will be to gain assurance and challenge Ubico where appropriate over the effectiveness of service delivery and to support the delivery of key projects.

Ref 11. Growth Hub	For Committee to note, a Growth Hub presentation was given to Overview and Scrutiny Committee in April and very positively received. This covered how the Hub has worked in a virtual environment and supported businesses during the COVID-19 pandemic.
Ref 13. Garden Town	The highest risk in this regard, is further delay to the JCS Review. The review is vital in providing an important policy context for the Garden Town and the means to safeguard the Programme's future and the role it will be able to play in helping to bring forward sustainable and well managed growth in the Borough.
Ref 16. Carbon Neutrality (new risk)	This has been added by the Head of Finance and Asset Management to acknowledge the challenge of achieving the wider countywide ambition. Good progress has been made in the first year regarding actions which fall within the direct control of the Council. An update of the year one action plan and a proposed year two action plan was considered by Executive Committee on 7 July 2021. The report also included a recommendation to include within the Council's base budget a dedicated resource to support delivery of the action plan. This recommendation was supported by Executive Committee and will now go to Council for approval.

- 3.2** In terms of scanning the horizon for potential risks, one that has recently emerged and will be considered for inclusion within the register by Corporate Management Team is the recent Department for Environment Food and Rural Affairs (DEFRA) consultation on the consistency of waste collections. Included within the paper is a proposal to improve the quantity and quality of household recycling. The consultation proposes a "core set" of dry recycling materials that local authorities will be mandated to collect from households. Co-mingled collections, the Council's current collection method are viewed as a 'last resort' within the consultation. This would require changes such as new vehicles, new containers and reconfiguring rounds. Also included within the consultation, is that local authorities should provide a free minimum fortnightly collection of garden waste. Local authorities would be able to charge for more frequent collections and/or additional capacity. DEFRA propose that all local authorities will have to arrange for the free collection of garden waste for recycling in the 2023/24 financial year. DEFRA is also consulting on three alternatives to a having to provide a free service. The financial implications to the Council would be significant and compound the reported risk on financial sustainability.

#### **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None.

#### **5.0 CONSULTATION**

**5.1** None.

#### **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**6.1** Risk Management Strategy.

- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1 None.
- 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 Mitigation of risk will help the Council achieve its objectives.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 None.

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**Background Papers:** None

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**Appendices:** Appendix 1 – Corporate Risk Register (July 2021)

## Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated July 2021)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
Amber	5 – 15	Seek to improve the risk score in the medium term
Green	1-4	Tolerate and monitor

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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk score
1	The uncertainty and volatility of council funding streams, including Business Rates Retention, New Homes Bonus and needs based funding, means that long term business planning is difficult and subject to significant change	<p>The Council received £3.3m from NHB, £0.7m from retained business rates and £1.85m from needs based grant in 2019-20.</p> <p>It has been indicated by central government that NHB will be withdrawn after 20-21 and may or may not be replaced with an alternative scheme for incentivising housing growth.</p> <p>Business rates is a volatile income stream as a result of successful appeals. In addition, a planned move to a 75% retention scheme has been delayed for a year and there is a lack of detail around the new scheme. The General Election also comment being made about the future of business rates as a suitable tax for business.</p> <p>In September 2019, a one year only Spending Review was announced giving no certainty beyond March 21. As with business rates, the Fair Funding Review was also delayed by a</p>	5	5	25 20	<p>Council does not use 100% of NHB to support base budget.</p> <p>Accumulated provisions within existing retained rates scheme</p> <p>Development of other funding streams such as Council Tax and Commercial properties</p> <p>Revised MTFS highlighting size of impact and potential measures to bridge the deficit</p>	Head of Finance & Asset Management	25 20	<p>Further development of alternative income streams to reduce dependence on these funding streams</p> <p>Detailed planning around major cost saving areas identified in the MTFS</p> <p>Government clarification on future of local government finance including:</p> <ul style="list-style-type: none"> <li>• Spending Review</li> <li>• Fair Funding Review</li> <li>• 75% business rates retention</li> <li>• Future of NHB and whether an alternative scheme will be brought forward</li> </ul>	9 6

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Green	1-4	Tolerate and monitor

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		further year leaving councils uncertain as to how funding will be distributed to individual authorities.								
<b>Comments:</b> <b>No further updates on any funding stream have been given by the Government in the last quarter. It is likely that information will not be released until the Spending Review later in the year, although this may, once again, cover only a one year period. No date has been set for the Spending Review announcement.</b>										
2	Failure to see the delivery of residential and business growth within the Borough will have a significant impact within the MTFS planning	<p>Growth within the Borough will attract significant additional funding streams by means of Council Tax, NHB and retained business rates.</p> <p>Given the reductions in core government grant and the increasing cost of delivering services, the income from growth is imperative to ensure a balanced MTFS and the ongoing delivery of services within the Borough</p>	5	4	20	<p>Growth strategy set out in Joint Core Strategy</p> <p>Efficient management of DM process</p> <p>Programmes for the delivery of significant infrastructure</p> <p>Strong relationships with key agencies such as Homes England and GFirst LEP</p>	Corporate Management Team	15	<p>Approval of Borough Plan</p> <p>Development and delivery of rail strategy</p> <p>J9 masterplan</p> <p>Business case developments for J10</p> <p>Airport development strategy</p> <p>Identification of opportunities to use business rate reliefs to support and attract business</p> <p>Implementation of DM improvement action plan</p>	10

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						Economic Development Strategy  Establishment of Growth Hub			Agreement for governance of CIL funding to maximise infrastructure delivery	
<b>Comments:</b> The strategic allocation are beginning to deliver reserved matters applications, which will see growth in the borough. <b>The benefit of this will be undermined by the withdrawal of NHB and the lack of clarity around its replacement. The delivery of retained business rates as a result of growth has been greatly affected by the impact of coronavirus on our business sector despite some business growth in the Borough. The future of business rates retention remains unknown.</b>										
3	If the ICT network is not adequately protected then there is a potential risk that it could be subject to a cyber-security attack leading to loss of systems and significant downtime.	Phishing attacks/Spear phishing – untargeted mass emails sent to many recipients to acquire sensitive information/targeted emails designed to look like its been sent from a trusted person.  Denial of service (DoS) – hacker floods a website with more traffic than it can handle. Legitimate users are denied access to services, downtime of systems. Malware – forms of harmful software executed when it is mistakenly downloaded.	5	5	25	Patch management  Penetration testing  Internal phishing awareness exercises  PSN compliance  Firewall management  Cyber insurance	Head of Corporate Services	12	Review cyber security arrangements based upon Local Government Association best practice survey  Additional £25k approved within 2021/22 budget.	9

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127		<p>Ransomware – denies access to systems until a ransom is paid.</p> <p>Reusing credentials on multiple systems makes it easier for a hacker to move around the network</p> <p>All or combination can lead to;</p> <ul style="list-style-type: none"> <li>• Loss of reputation and trust</li> <li>• Financial loss – disruption to service delivery, cost of restoring systems</li> <li>• Legal implications – personal data breach could lead to a significant fine</li> </ul>								
<p><b>Comments:</b></p> <p>The outcome of the external assessment of the council's cyber security arrangements against the best practice ISO27001 standard are currently being considered. The assessment was measured against a set of 114 key controls. Within the 2021/22 budget, a further £25k has been approved within the ICT base budget for strengthening the council's cyber security arrangements. With regards to cyber resilience, a cyber security incident response plan is currently being developed and will be in place by the end of the year.</p>										

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4	If business continuity planning is not in place then there is a risk the council would struggle to deliver its services in the event of an incident	<p>Does the council understand the major threats and risk to the business operations? Is a business continuity plan in place?</p> <p>Is the plan tested for various scenarios?</p> <p>Have priority systems been identified?</p> <p>A BC incident could be any of the following;</p> <ul style="list-style-type: none"> <li>• ICT downtime</li> <li>• Major staff absence</li> <li>• Property access</li> <li>• Supply chain failure</li> </ul>	4	4	16	<p>Individual service continuity plans</p> <p>Draft corporate plan</p> <p>ICT disaster recovery</p>	Head of Corporate Services	12	<p>Finalise and test draft plan.</p> <p>Alternative premises solution</p> <p><b>Review individual service plans.</b></p>	9
<p>Comments: The corporate Business Continuity Plan was due to be tested in early 2020. This exercise was to be facilitated by the Civil Protection Team but their resource was concentrated upon dealing with Brexit and the potential impact this will have on Gloucestershire. The response to Covid-19 has been the ultimate test to our emergency and business continuity planning – lessons have been learned and teams adapting to challenging issues. Lesson learnt are currently being captured within service areas and will be presented to Overview and Scrutiny Committee in September. <b>A recent discussion with the Civil Protection Officer (Gloucestershire County Council) has taken place and this team will support the council’s services to review our business continuity framework. This will include a review of the corporate plan, a review of service continuity plans incl business impact analysis and testing through desktop scenarios. A specific date has yet to be agreed but anticipated around the last quarter of the financial year.</b></p>										

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5	If the council is not compliant with General Data Protection Requirement then there is a risk of financial penalties and adverse publicity.	<p>Reputational – adverse publicity and internal impact on service and individuals</p> <p>Financial – potential fines from ICO or compensation claim from individuals</p> <p>Resource – time consuming to report, investigate and mitigate data breaches</p> <p>Staff morale – in case of data breaches, potential disciplinary action</p>	4	4	16	<p>Data Protection Policy</p> <p>Governance structure in place eg Information Board, Data Protection Officer appointed, designated Senior Information Risk Owner, SpoC</p> <p>Breach reporting framework</p> <p>Staff awareness training</p>	Head of Corporate Services	12	<p>Rollout of e-learning module</p> <p>Implementation of related audit recommendations</p> <p>Implementation of GDPR action plan</p>	9
<p><b>Comments:</b>                      Since April 2020, a new Single Point of Contact (SPoC) is in place to oversee GDPR – this officer shares that role with internal audit duties. A consolidated action plan has been developed, pulling together previous actions and all internal audit recommendations. <b>The action plan is progressing well including the recent purchase of new online training, a comprehensive communications plan, redaction training for nearly 45 staff is being set up, draft mailbox usage policy is due for consideration by management team, and any data breaches continue to be investigated promptly. An annual report on the adequacy of the council's GDPR arrangements will be presented to committee in December.</b></p>										
6	Ineffective Emergency Planning	<p>Failure to deliver support to the community in the event of an emergency.</p> <p>Public not warned and informed</p>	4	4	16	<p>Trained and willing volunteers / staff.</p> <p>Up to date emergency /</p>	Head of Community Services	8	Develop further capacity within the organisation to assist in the case of an emergency.	4

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		<p>in the event of an emergency</p> <p>Negative perception of the Council by external parties / partners/local businesses</p> <p>Failure to deliver critical services in the event of a declared emergency or event. Could result in significant extra cost over the long term</p>				<p>business continuity plans.</p> <p>Regular reviews of EP RAG Status (quarterly)</p> <p>Partnership working with the LRF and other partners e.g. Severn Trent Water.</p> <p>Sufficient equipment for rest centres</p>			<p>Undertake a lessons learnt exercise of our Covid-19 response.</p> <p>Formal training programme to be developed.</p> <p>Review of sandbag policy.</p> <p>Review of flooding incident which occurred December 2020/January 2021.</p>	
<p><b>Comments:</b>                      Recent incidents i.e. flooding and Covid-19 have thoroughly tested the emergency planning process and things have worked well. Once the Covid-19 pandemic has passed a response review will be undertaken and lessons learned will inform future response to similar incidents. Some short-term learning is already identified, and improvements implemented. <b>There is a review of the LRF Multi-Agency flood plan and the TBC flood plan are underway. Also being reviewed is the Rest Centre Plans List, this will ensure that we have sufficient rest centres should we need to open them. A number of new members of staff have volunteers to be involved in the emergency planning process and a training needs analysis is underway to ensure that we have sufficient trained staff in the event of an emergency.</b></p>										
7	Failure of our waste partner to deliver an effective service.	Failure of contractor or partners to deliver services or meet agreed performance targets leads to additional costs or failed objectives.	5	3	15	Contract / Performance monitoring processes in place and improved.	Head of Community Services	10	Review of contractual arrangements and service specifications.	8

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		Failure of MRF operator to be able to fulfil contract.				<p>Established government arrangements.</p> <p>5 year extension of the Ubico contract has been approved.</p> <p><b>Additional resource now recruited to support the waste service</b></p>			Service review and improvement plan for street cleansing.	
<p>Comments: A 5 year extension to the Ubico contract was agreed earlier in 2021. This contract extension provides Ubico with stability and they will be able to take forward some of the work identified to further build the company. <b>Internally, a new Waste &amp; Recycling Operational Manager has recently been appointed and will join shortly. This role will oversee the two relatively new contract officers (responsible for client monitoring waste, recycling, grounds maintenance and street cleansing) and the new Trade Waste Project Officer.</b></p>										
8	Use of Swindon Road depot.	Our waste services are currently based at the Swindon Road Depot in Cheltenham. The depot is currently leased to Ubico by Cheltenham Borough Council. If CBC were minded to terminate this arrangement then we may need to identify a suitable depot for Ubico to operate of waste services from.	5	2	10	Lease agreement in place.	Head of Community Services	8	<p>Elements of the lease arrangement of the depot have been reviewed and changes made to formalise the arrangements with Cheltenham BC.</p> <p>Consider where a temporary depot could operate from in an emergency.</p>	5

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<b>Comments:</b> Lease arrangements are in place. Working with Cheltenham Borough Council on potential depot plans and locations. A project group involving officers from TBC, CBC and Ubico are exploring alternative options for a strategic depot at a different location to Swindon Road. This project is still in it's very early stages and has been delayed due to Covid-19.										
132 9	Safeguarding arrangements	That the arrangements and implementation of policies and procedures by the Council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm. The damage to the Council would be mainly reputational.	5	2	10	Staff awareness of safeguarding.  <b>Safeguarding policy in place.</b>  Feedback from S.11 annual audit.  Partnership working though the District Safeguarding Network.  Taxi driver DBC checks carried out. Street Trader DBS checks implemented.	Head of Community Services	6	Raising awareness of safeguarding policies and procedures with staff through staff briefings, one to ones, PPDs and training.  Adopt the quality assurance framework for safeguarding.  <b>Discussions are in hand regards to District &amp; Borough Council's submitting a joint S.11 statement.</b>  Where necessary ensure pre-employment checks / DBS checks are carried out.  <b>The council's safeguarding policy and</b>	4

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									<del>procedure has been reviewed and adopted.</del>	
Comments:  Audit & Governance Committee received an update on safeguarding and the new S.11 process at their meeting 16 December 2020. <b>Feedback on the submitted S.11 statement has been received from the assurance panel and officers are working through to consider the feedback and any improvements that need to be made as a result.</b>										
10	Failure to maintain council assets and ensure ongoing tenancies could result in significant cost and lost income	The Council has a significant property portfolio encompassing both operational and investment assets. For example, the total commercial portfolio is £60m producing an annual gross income of £3.4m.	5	4	20	Recent refurbishment of service related property  Establishment of annual contribution to Asset Maintenance Programme  Commercial investment reserve  Trained and experienced staff  Appointment of external investment support	Head of Finance and Asset Management	6	Establishment of long term asset maintenance programme, including allocation of required funding	3

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						Recruitment of additional Property Officer				
<p><b>Comments: A number of new tenancies have been agreed within our commercial property portfolio in recent months. The portfolio has faired very well in tough economic conditions. The Council is currently tendering for the installation of an air-to-air heat system to replace its obsolete gas boilers and provide a green heat system within the Council offices for the next 20 years.</b></p>										
11	If the Growth Hub fails to deliver the outputs as specified within the LEP agreement then there is potential that the capital grant would have to be repaid.	<ul style="list-style-type: none"> <li>Financial risk (£500k)</li> <li>Reputational</li> <li>Wider impact on economic delivery in the borough</li> </ul>	3	3	9	Performance monitoring through CRM system Partnership working and effective governance with LEP  Dedicated staff to manage hub and outputs e.g. manager and navigator  Promotion through business networks	Head of Development	4		4
<p><b>Comments:</b>                      Growth Hub has now been operating for over 2 years. Due to Covid-19 and government guidelines the Growth hub has been closed to the public since the end of March 2020. This has understandably impacted on the attainment of some outputs, such as visitor footfall. Output discussions have been undertaken with the</p>										

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	<p>LEP, who understand the situation as the other Network Hubs in Gloucestershire are also closed to the public. <b>The Growth Hub Manager presented at a recent meeting of the council's Overview and Scrutiny Committee on how the Growth Hub has performed since opening and how it has supported businesses during the pandemic. The presentation was positively received. Since opening, nearly 2,000 visitors have been welcomed to the hub, over 380 business growth plans have been delivered, over 5,000 business support interactions and 193 business events delivered. During Covid, there has been significant support given to the business cell, particularly around business grants, 107 virtual events have been held together with a number of Q&amp;A business forums. Plans, including the appropriate risk assessments, are currently being prepared to re-open the hub when Government Guidance permits. It is likely that the service will provided be on an appointment only basis initially.</b></p>									
12	The uncertainty over Brexit leads to an adverse impact on council services and its communities.	<ul style="list-style-type: none"> <li>Potential fuel shortages</li> <li>Data transfer implications</li> <li>Supply chain delays</li> <li>Economic impact</li> <li>Election – impact on resource</li> </ul>	4	4	16	Business continuity and contingency planning  Intelligence and networking eg Local Resilience Forum, government agencies  Government funding of £52k	Corporate Management Team	16	On-going participation in multi-agency network  Potential support to small businesses through Growth Hub  Glos LRF undertaking an audit of countywide fuel storage capacity  Data storage assessment	12
<p><b>Comments:</b></p> <p><b>A trade deal was reached between the EU and the UK, however what this means locally is still an evolving picture.</b></p>										
13	Garden town status	Failure to deliver Garden Town project will have an impact on the Council in	5	5	25	Tewkesbury Borough Council are holding regular meetings	Head of Development Services/ Garden Town	12	<b>Upcoming Annual Review process with MHCLG/ Homes England</b>	9

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		<ul style="list-style-type: none"> <li>Reputation - Confidence from Government of TBC ability to deliver programme</li> <li>Financial ( loss of NHB from assumed delivery of homes)</li> <li>Non Delivery of homes and jobs required for community</li> </ul>				<p>with the Project Assurance Group which is attended by a Homes England representative.</p> <p>The project is being managed through the standard HE Project Delivery Plan (PDP).</p> <p>Project Team in place.</p> <p><b>The evolution of the masterplan has been completed and will be published later in the year with Reg 18 of the JCS.</b></p>	Programme Director.		<p>representatives will serve as an important health check point. – complete.</p> <p>(An Annual Review was completed with Homes England representatives at the end of April which was an important health check. The session went well, and useful learning points have been noted to support the forward plan) .</p> <p>Review resource of the project team.</p>	

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131						The Council has been successful in receiving extra funding from MHCLG and Homes England.				
<p>Comments: <b>Delivery of the programme will potentially be over a 25-30 year period. During that time, there will be many challenges and risk elements to be mitigated. At this early formation stage, the team are focusing on getting the key foundations in place in terms of clarifying the forward strategy and ensuring the Council has the capacity and capability to start delivery. The highest risk in this regard, is further delay to the JCS Review. The review is vital in providing an important policy context for the Garden Town and the means to safeguard the programme's future. In particular, the role it will be able to play in helping bring forward sustainable and well managed growth. Reputationally and procedurally, the Council is relatively exposed until the JCS Review process gets underway and progresses. Meanwhile, the team works on other key elements such as the Framework Masterplan, assembly of land and the delivery of enabling basic infrastructure. The Programme is currently well regarded by Government and further capacity funding is shortly to be made available. Steady progress will be essential however to maintain this positive working relationship.</b></p>										
14	Non-delivery of the Ashchurch bridge project.	The project has a time limit of March 2022 for funding draw-down.	5	3	15	Initial grant funding agreement with Homes England (2019)	Programme Director	15	Heads of terms for land acquisition and access rights issued to landowners and due to be formalised legally shortly.	5

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						<p>Submit planning application March September 2020  <b>Planning permission granted 16 March 2021.</b></p> <p>Agree licence/access with landowners</p> <p>Network Rail is an active part of the project board.</p>			<p>Supporting transport modelling work to inform wider land assembly strategy completed Spring 2021.</p> <p><b>Detailed design work now underway, post planning, including commencement of the associated link roads workstream.</b></p> <p><b>Detail for BAPA for construction phase in preparation/process of review.</b></p>	
<p><b>Comments: The award of £8,132,465 is under contract. Due to programme slippage caused by Covid, the project completion date of March 2022 is due to be formally amended with the HIF team at Homes England.</b></p> <p><b>The first tranche of HIF grant funding was successfully drawn down in March 2021, following a positive planning determination. The project team are now planning ahead to the construction phase due to commence in Summer 2022.</b></p>										
15	The resource required to respond to and recover from the Covid-19 pandemic is likely to have a significant	<ul style="list-style-type: none"> <li>Non delivery of council plan ambitions</li> <li>Progress stalled in delivery of high profile projects</li> </ul>	5	4	20	<p>'prioritisation of priorities'</p> <p>£500k recovery reserve</p>	Corporate Management Team	16	Utilisation of recovery reserve to support capacity.	15

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	impact upon the council's priorities.	<ul style="list-style-type: none"> <li>Adverse impact on staff health and wellbeing</li> <li>Financial impact upon budget</li> </ul>				HR support and wellbeing policies  Covid-19 recovery plan			Continued monitoring of workloads.  Align progression of relevant recovery actions to the government's roadmap out of lockdown.	
<p><b>Comments:</b> Whilst this is impacting on the council now and technically an 'issue' rather than a risk it would be remiss not to include it within the register given this is not likely to be a short term issue. <b>Quarterly updates continue to be provided to Overview and Scrutiny Committee through the council plan performance tracker and Covid-19 recovery plan. In terms of 'return to work' workstream we continue to align to the government's roadmap which has now been extended to 19 July. There are advanced preparations to support this return. The medium to longer term actions are detailed within the corporate Covid-19 recovery plan. The majority of actions are being progressed and the plan itself is shortly due for review and will be refreshed in the summer.</b></p>										
16	The climate change motion approved by Council included a commitment to work with partners in Gloucestershire to achieve countywide carbon neutrality aims. This target is likely to require	The climate change motion approved by Council in October 2019 contained a number of points including: <ul style="list-style-type: none"> <li>Carbon neutral status for the council offices by 2030</li> <li>working with partners in Gloucestershire to</li> </ul>	4	5	20	Temporary consultancy support  Appointment of countywide coordinator  Approval of action plan for	Head of Finance & Asset Management	16	Identification of specific actions to support wider carbon neutrality of whole council and the Borough.  Allocation of funding to support specific activities, both on an on-going and one-off basis	4

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Amber	5 – 15	Seek to improve the risk score in the medium term
Green	1-4	Tolerate and monitor

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk score
140	significant funding in delivering the aim.	<p>achieve countywide carbon neutrality aims</p> <p>These aims are likely to require significant change in the Council's own service delivery and influencing change in the wider community.</p> <p>Current Council funding in this area of activity is limited to supporting a Countywide role and temporary resources to assist with its own actions. No dedicated operational budget exists and officer capacity is limited.</p>				<p>Council carbon neutrality</p> <p>Grant funding secured to replace heating system within the offices</p>			<p>Source external grant funding opportunities</p> <p>Collaborative working with partners to maximise efficiency and reduce cost</p>	

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Internal Audit Annual Report 2020/21
<b>Report of:</b>	Chief Audit Executive (Head of Corporate Services)
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	None

### **Executive Summary:**

The impact of COVID-19 on all public services has been considerable and for internal auditors it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Chief Audit Executive (CAE) to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the Council relies on for its Annual Governance Statement.

The Chartered Institute of Public Finance and Accountancy (CIPFA) recognise that local government bodies continue to face significant challenges with regards to the response to and the recovery from COVID-19; however, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed.

In this difficult situation, the CAE needs to consider whether it can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the CAE is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the CAE but also for the leadership team and the Audit and Governance Committee which normally rely on that opinion.

With regards to the work of the Council's Internal Audit team during 2020/21, no work on the Internal Audit Plan has been undertaken. With effect from April 2020, the Internal Audit team was deployed to the business cell to support the administration and payment of business grants and staff have remained in that cell for the duration of the financial year. The Internal Audit team has played a crucial role in the payment of grants and the development of payment assurance plans. The team has a detailed and unrivalled knowledge of what is required to deliver the tasks set out by the government and has been working with colleagues in Finance and Revenues to hone the approach. Given the complexity of the grants framework, it was not practical to parachute additional resource into the business cell to enable the Internal Audit team to return to business as usual.

**Recommendation:**

1. To **CONSIDER** the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21.
2. To **CONSIDER** the proposed recovery of the internal audit function during 2021/22.

**Reasons for Recommendation:**

The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) reports functionally to the board. For the purposes of the Council, the CAE is defined as the Head of Corporate Services and the board is the Audit and Governance Committee. These roles are defined in the Internal Audit Charter. The Charter has been approved by Audit Committee. 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 to inform the Annual Governance Statement.

**Resource Implications:**

An additional £10,000 for ICT audit work was approved by Council within the 2021/22 budget setting.

£35,000 of new burdens funding, given to support the delivery of business grants, will be re-directed to support the delivery of the Audit Plan in 2021/22.

**Legal Implications:**

The Committee will need to be satisfied that the proposed steps will be sufficient to address the CAE's limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's framework of governance, risk management and control environment.

**Risk Management Implications:**

If the CAE does not report functionally to the board then this does not comply with PSIAS.

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.

**Performance Management Follow-up:**

In a normal environment i.e. the Internal Audit team not re-deployed, 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** 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.
- 1.2** 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 Annual Governance Statement. For Tewkesbury Borough Council, the CAE is defined as the Head of Corporate Services.
- 1.3** In normal circumstances, internal audit work is informed by a six monthly Internal Audit Plan. Each plan is approved by Audit and Governance Committee. For each individual audit assignment, an opinion is given on various elements of the control environment and these opinions are reported to Committee. From the work undertaken in the year an overall opinion should be concluded on the adequacy and effectiveness of the Council's framework of governance, risk management and control. 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 areas audited during the year.

## **2.0 IMPACT OF COVID-19**

- 2.1** The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Chief Audit Executive (CAE) to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the Council relies on for its Annual Governance Statement.
- 2.2** The Chartered Institute of Public Finance and Accountancy (CIPFA) recognise that local government bodies continue to face significant challenges with regards to the response to and the recovery from COVID-19. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed.
- 2.3** In this difficult situation, the CAE needs to consider whether it can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the CAE is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the CAE but also for the leadership team and the Audit and Governance Committee which normally rely on that opinion.
- 2.4** With regards to the work of the Council's Internal Audit team during 2020/21 no work on the Internal Audit Plan has been undertaken. With effect from April 2020, the Internal Audit team was deployed to the business cell to support the administration and payment of business grants and staff have remained in that cell for the duration of the financial year. This has been the case for the first quarter of 2021/22 and one team member will remain within the business cell probably until the end of the calendar year, heading up the post-grant assurance work.

**2.5** The Internal Audit team has played a crucial role in the payment of grants and the development of payment assurance plans. They have a detailed and unrivalled knowledge of what is required to deliver the tasks set out by the government and have been working with colleagues in Finance and Revenues to hone the approach. Given the complexity of the grants framework it was not practical to parachute additional resource into the business cell to enable the Internal Audit team to return to business as usual.

### **3.0 BUSINESS GRANT ADMINISTRATION**

**3.1** With completion of the current round of Restart Grants, the business cell will have administered 12 different business grant schemes, some with a number of variations, in the last 14 months and will have paid out well over £30m in grants with over 6,000 individual payments being made. As a service being delivered by the Council on behalf of the Government, this activity, in financial terms alone, dwarfs all other activities of the Council (it is 2.5 times bigger than housing benefit payments) and is therefore subject to significant risk. The urgency for deployment of these schemes to support business very much aligned with the skillset of the Internal Audit team. It has also been necessary to redeploy other key members of staff for significant periods of time, including both the Financial Services Manager and the Revenues and Benefits Manager, in order to successfully manage and deliver these schemes.

**3.2** Given the activity undertaken with grants of up to £25,000, there is a significant risk of the schemes being abused and fraudulent claims being made. A robust internal process was required to ensure the public purse is being protected with internal audit best placed to design, deliver and monitor that process. The Government also has its own requirements to provide assurance on the process undertaken by each authority and the validity of every grant that has been paid. Significant skill and resource is required to meet these requirements, with internal audit staff being at the forefront of designing and delivery the checks and reporting required. The Government has been clear that grants paid in error or fraudulently claimed will be the responsibility of the Council and therefore having in place robust system, overseen by the appropriate staff, should reduce the risk of the Council potentially needing to cover significant costs.

**3.3** In addition to this, as part of the wider business cell, Internal Audit team members have been part of the day-to-day administration of the grants. This has included directly speaking with businesses on what they may or may not be entitled to, providing advice and obtaining the necessary evidence to support claims, overseeing any relevant appeals process and dealing with refusals. This has meant dealing with some very challenging conversations but also some very rewarding outcomes.

### **4.0 LIMITATION OF SCOPE**

**4.1** The redeployment of the Internal Audit team to support the Council's response to COVID-19 has been updated to Audit and Governance Committee during the course of 2020/21. As part of this update the CAE informed the Committee that an annual opinion would not be able to be given on the council's internal control environment. Discussions have been held at Corporate Leadership Team (CLT) throughout the year on the status of internal audit and it was felt that this team remaining within the business cell was critical to the ongoing support to the borough's business community. It was therefore determined no remedial action would be taken to avoid a limitation of scope opinion given by the CAE. In the absence of such an opinion, CLT felt it was important to provide a management assurance report to this Committee on how the internal control environment has been managed during the pandemic. This assurance report will be presented alongside the Annual Governance Statement at the Committee's meeting to be held on 15 September 2021.

- 4.2** A limitation of scope arises where the CAE is unable to draw on sufficient assurance to issue a complete annual opinion. This should not be confused with an adverse opinion, which arises when sufficient work has been completed to enable the CAE to conclude that arrangements are not adequate and effective.
- 4.3** The primary consequence of the limitation is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost. While internal audit can only offer reasonable assurance, not a 100% guarantee, the presence of that reasonable assurance is rightly valued.
- 4.4** Other consequences to consider are as follows:
- The Council will need to highlight the limitation in its Annual Governance Statement when referring to the CAE opinion.
  - The internal audit service as a whole for 2020/21 does not conform with PSIAS. The recovery of the internal audit function during 2021/22 will need to be identified as a significant governance issue within the Annual Governance Statement.
  - The Council's external auditor may take the limitation on the audit opinion or non-conformance with PSIAS into account when reviewing overall governance arrangements under the value for money or best value scope of the external audit.
  - Outside bodies or persons who may have looked to the internal audit opinion as evidence for the organisation's sound governance may draw adverse inferences from the reported opinion.
  - The delivery of the management assurance report has created additional work to compensate for the lack of an audit opinion.

## **5.0 INTERNAL AUDIT RECOVERY**

- 5.1** The recovery of the internal audit function is reflected within the Council's Corporate Recovery Plan. This plan was approved in August 2020 and is monitored on a quarterly basis by the Overview and Scrutiny Committee. It was anticipated the function would be operative at some point during 2020/21. In hindsight, a very optimistic first target date was reported through the recovery plan. What was not envisaged was the ongoing grants offered by central government, the complexity of those grants and the post-grant assurance framework.
- 5.2** The recovery actions detailed within the recovery plan relate to:
- The production of a new six monthly audit plan (this was approved by Audit and Governance Committee in September 2020 but as detailed the resource has not been available to deliver it)
  - Review the whole suite of internal audit recommendations to determine if recommendations remain relevant and timescales for implementation remain feasible (this was reviewed in September 2020 with new dates agreed but this will need to be re-reviewed)

- 5.3** An additional action which sits within the Corporate Services service plan for 2021/22 is to review the Internal Audit Quality Assurance and Improvement Programme (QAIP). This is a document which provides an overview of how the team undertakes its work and an associated action plan to deliver identified improvements. Whilst the majority of improvement actions were suspended in 2020/21, it is positive to report that an action on a team member obtaining a professional qualification is progressing well.
- 5.4** It is also positive that, as part of the Council's budget setting for this financial year, an allocation of £10,000 was approved for the undertaking of ICT audit work. CLT has also committed a further £35,000 from new burden's funding to support the teams' recovery. This will enable additional resource to be brought in, particularly as one member of the team remains deployed within the business cell.
- 5.5** The implementation of these recovery actions within 2021/22 will mitigate the potential of another limitation of scope opinion this time next year.

**6.0 OTHER OPTIONS CONSIDERED**

- 6.1** None.

**7. CONSULTATION**

- 7.1** One of the key performance indicators relates to the use of client survey.

**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** The work of internal audit supports value for money.

### **13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**13.1** Audit and Governance Committee 16 December 2020 – Minute No. A&G.38.2 (continued redeployment of the Internal Audit team)

Audit and Governance Committee 4 November 2020 – Minute No. A&G.29.5  
(presentation of 2019/20 annual opinion and horizon statement that it was unlikely a meaningful opinion could be given for 2020/21)

Audit and Governance Committee 23 September 2020 – Minute No. A&G21.1-21.4  
(report on business grants post payment assurance framework)

Audit and Governance Committee 29 July 2020 – Minutes No. A&G.9.2 (confirmed redeployment of the Internal Audit team)

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**Background Papers:** CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope 19 November 2020

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**Appendices:** None

## TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	21 July 2021
<b>Subject:</b>	Audit and Governance Committee - Annual Report 2020/21
<b>Report of:</b>	Chief Audit Executive (Head of Corporate Services)
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	One

**Executive Summary:**

The role of the Audit and Governance Committee is to obtain independent assurance of the adequacy of the Council's risk management, governance and internal control arrangements. Reporting the work of the Committee through an annual report provides an opportunity for both the Council and the public to view the work of the Committee and demonstrate it is delivering its Terms of Reference.

**Recommendation:**

**To APPROVE the Audit and Governance Committee Annual Report 2020/21.**

**Reasons for Recommendation:**

It is within the Terms of Reference of the Committee to produce an annual report. An annual report also helps increase the profile of the Committee. It is important to ensure that the work of the Committee and the assurance it provides as to how well certain aspects of the Council is performing is reported beyond the Committee itself.

**Resource Implications:**

None.

**Legal Implications:**

None.

**Risk Management Implications:**

The production of an annual report helps to demonstrate the effectiveness of the Committee and minimise the risk it is not fulfilling its approved Terms of Reference.

**Performance Management Follow-up:**

Annual review of the work of the Committee provides transparency and accountability and increases the profile of the Committee. The annual report will also be presented at Council by the Chair of the Committee.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

1.1 The Audit and Governance Committee must deliver the work required of it as set out in the Council's Constitution. The Committee undertakes an assurance role to ensure the Council's risk, governance and internal control environment is operating effectively. The Committee has a formal work programme for the year and this programme ensures there is adequate coverage of the Council's activities to fulfil the assurance role.

**2.0 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT**

2.1 The production of an annual report is also good practice and helps demonstrate the broad coverage of activities that the Committee has been informed of, reviewed and challenged during the year. The 2020/21 report includes reference to the COVID-19 pandemic and its impact on the Committee and the services which report into it. Included within the report is reference to:

- The deployment of the Internal Audit team to support the Business Cell.
- Financial reporting, including the presentation and approval of the Council's Statement of Accounts.
- Annual Governance Statement.
- Overview of the work of the Gloucestershire Counter Fraud Unit.
- Overview of the work of Grant Thornton (external auditors).
- Safeguarding arrangements.
- Outcome of a Food Standards Agency audit.
- Serious and Organised Crime framework.

2.2 Following approval of the report it will be presented to Council by the Chair of the Audit and Governance Committee. The 2020/21 annual report can be found at Appendix 1.

**3.0 OTHER OPTIONS CONSIDERED**

3.1 None.

**4.0 CONSULTATION**

4.1 None.

**5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

5.1 None.

**6.0 RELEVANT GOVERNMENT POLICIES**

6.1 None.

**7.0 RESOURCE IMPLICATIONS (Human/Property)**

7.1 None

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

**8.1** 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.

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**Background Papers:** None

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**Appendices:** 1 – Audit and Governance Committee Annual Report 2020/21



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## Message from the Chair of Audit and Governance Committee



*Councillor Vernon Smith*

Welcome to the annual report of the Audit and Governance Committee. Firstly and obviously, it would be remiss of me not to mention the impact of the Covid-19 pandemic on the committee and the services which report into it. Like other council

meetings, the committee has had to meet in a virtual world. I would like to personally thank the Democratic Services Team and ICT team for jointly supporting the meetings and related chair's briefing going as smoothly as possible.

As I have reported previously, I really appreciate the committee's breadth of work. The remit of the committee dispels the myth it is all about financial matters. I would encourage all members to read the reports presented at committee as they provide an excellent overview of the council's internal control, governance and risk environment. For example, the committee has received reports on; the council's arrangements to combat serious and organised crime, business grants post assurance framework, the council's safeguarding arrangements, results of a Food Standards Agency (FSA) audit, corporate risk including a report on managing the risk relating to the Ashchurch Bridge project.

In terms of the services which provide the committee with the necessary assurance that processes and practices are working as they should be, the pandemic has brought significant challenge. The work of the internal audit team is the main

source of assurance that the committee rely upon. Since the outset of the pandemic, the team have been re-deployed to the business cell to support the administration of business grants. Over £30 million has been paid to date, a truly magnificent effort by all services represented within this cell. This is much needed financial support to our business community. With such importance on the internal audit team supporting the committee's effectiveness then the team's recovery during the forthcoming year is critical.

The committee also receive assurance from our external auditors, Grant Thornton. They provide an opinion on the accuracy of the council's statement of accounts and on our general value for money arrangements. Both received positive feedback. This is a glowing reference for the Finance team. This was achieved with the team working virtually, with resources also deployed to the business cell, together with the added complexity of continually monitoring the budget and completing a plethora of government returns as a result of the pandemic. It is worth noting that the Local Government Association (LGA) Peer Challenge Team commented how technically strong this team is.

Looking ahead, it will be refreshing to return to some form of normality. I look forward to seeing fellow Members and officers in face to face meetings, the internal audit team back up and running and building on the previous success of the committee. There is a great opportunity for the committee to support the council through its future challenges as it emerges from the Covid-19 pandemic.

Finally, I thank all of the committee and officers for the support they provided me during the year.

Best wishes,

**Councillor Vernon Smith**

## The role of Audit and Governance Committee

The role of the committee is an important one. The key role is that of assurance. The committee needs to be assured that the council's risk, governance and internal control environment is operating effectively. Given the council's complexity of services, processes, procedures and policies then there will always be occasions where improvements are required. Where these are identified, then the committee seeks assurance the necessary improvements are monitored and implemented. The assurance provided to the committee comes from a number of sources including internal audit, external audit, the finance team and the Counter Fraud Unit.

## Work undertaken by the Audit and Governance Committee

### Annual Governance Statement (AGS)

It is a statutory requirement that the council publishes an AGS. In layman's terms, the document reflects the state of play in relation to the council's overall governance arrangements. A review of these arrangements is undertaken by the internal Corporate Governance Group. The AGS recognises improvements and initiatives made to the governance framework during the year and for 2020/21 these include:

- Using the new digital platform (Liberty Create) improvements have been made to the reporting framework for complaints and Freedom of Information requests.
- Approved a new Regulation of Investigatory Powers policy.
- A management assurance report on how the internal control environment, risk and governance has been managed during the pandemic.
- The successful deployment of virtual committee meetings.
- The development and approval of a Covid-19 Corporate Recovery Plan.
- Approval of an action plan to deliver recommendations made from the LGA Peer Challenge report.
- Review and approval of a new communications strategy and customer care strategy.

The AGS also identifies any significant governance issues arising. The committee then receives progress reports on the resultant action plan. Issues identified in last year's statement include Community Infrastructure Levy governance arrangements, administration of Discretionary Housing Payments, implementation of a new GDPR action plan and undertaking a lessons learnt exercise in relation to the council's response to Covid-19. The 2020/21 AGS is currently being drafted.

## Effectiveness of Audit and Governance Committee

The LGA Corporate Peer Challenge report produced in March 2020, complimented the council on its member induction programme. The induction has provided a solid foundation to help members of the committee to settle in. The current membership has now been established for two years. Moving forward into this financial year and once the internal audit team is up and running then they will re-engage with the Chair and Vice-Chair of the committee and the Lead Member for Corporate Governance to provide an overview of internal audit activity. Further training and development for the committee will be considered where appropriate. Over the last couple of years, initiatives put in place to support the effectiveness of the committee include:

- Introduction of an escalation procedure whereby any concerns raised by the committee can result in the 'call in' of officers. For example, audit recommendations that have not been implemented.
- Development and reporting through the new corporate risk register.
- Updated Terms of Reference and subtle committee name change – to include 'governance'.
- Increased committee membership - 7 to 9 members.
- More detailed training on the Statement of Accounts

## Internal Audit - Public Sector Internal Audit Standards

The work of internal audit is pivotal to the committee receiving independent assurance on how well the council's internal control environment is operating.

All work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS). It is the responsibility of the Chief Audit Executive (the Head of Corporate Services is the council's designated CAE) to ensure compliance with these standards. For 2020/21, the impact of Covid-19 led to factors outside of the control of the CAE to ensure this compliance. The deployment of the internal audit team to the Business Cell meant there was no internal audit work undertaken during the year therefore making the team non-compliant with the standards. This needs to be offset though, with the fantastic support given by the team to ensure the success of the business grants administration.

## Internal Audit team - recovery of service

The recovery of the internal audit function is reflected within the council's corporate recovery plan. This plan was approved in August 2020 and is monitored on a quarterly basis by the Overview and Scrutiny Committee. It was anticipated the function would be operative at some point during 2020/21. In hindsight, a very optimistic first target date was reported through the recovery plan. What was not envisaged was the ongoing grants offered by central government, the complexity of those grants and the post grant assurance framework.

The recovery actions detailed within the recovery plan relate to :

- The production of a new six monthly audit plan (this was approved by Audit and Governance Committee in September 2020 but as detailed the resource has not been available to deliver it)

- Review the whole suite of internal audit recommendations to determine if recommendations remain relevant and timescales for implementation remain feasible (this was reviewed in September 2020 with new dates agreed but this will need to be re-reviewed)

An additional action which sits within the Corporate Services service plan for 2021/22 is to review the internal audit Quality Assurance and Improvement Programme (QAIP). This is a document which provides an overview of how the team undertakes its work and an associated action plan to deliver identified improvements. Whilst the majority of improvement actions were suspended in 2020/21 it is positive to report that an action on a team member obtaining a professional qualification is progressing well.

It is also positive that as part of the council's budget setting for this financial year that an allocation of £10,000 was approved for the undertaking of ICT audit work. Corporate Leadership Team have also committed a further £35,000 from new burden's funding to support the teams' recovery. This will enable additional resource to be brought in, particularly as one member of the team remains deployed within the business cell. It is anticipated that one member of the team will be operational with effect from July 2021.

## Financial reporting

Finance is an integral part of the committee's remit. In relation to financial matters, the committee has received and considered the following reports: -

- At the meeting held on 29 July 2020, the committee considered and approved the accounting policies to be used to prepare the 2019/20 financial statements. The policies used

are in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. This generated questions from the committee around the classification of investments and how their liquidity was recognised within the financial statements.

- On 23 September 2020, a report was presented explaining the requirements of the business grants post payment assurance framework. This explained the arrangements in place to ensure beneficiary and eligibility checks were in place to ensure that payments of grants were made appropriately and accurately. The report detailed the significant amount of resource deployed from various services not just on the assurance framework but on the general administration of grants. To date, over £30 million has been paid to businesses.
- On 4 November 2020, the committee approved the council's statement of accounts. The deadline for the production of accounts had been extended nationally from 31 July to 30 November as a result of the pandemic. An excellent training session was held for committee members prior to the meeting to explain in layman's terms the technical details of the financial information.
- Also on 4 November, the committee approved the 2019/20 letter of representation. The letter formally and publicly confirms the accuracy and completeness of the presented Statement of Accounts. The letter sets out assurance from the Council to Grant Thornton that relevant accounting standards have been complied with. It also gives assurance that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.

## External audit assurance

In addition to the work of internal audit, reliance on how well the council is performing is given by the council's external auditors, Grant Thornton. Management team and members of the committee have an excellent and constructive relationship with the Grant Thornton team. A summary of their findings during the year were as follows;

- The audit findings for year ended 31 March 2020 were presented to Audit and Governance Committee on 16 December 2021. This was a positive report and concluded that in relation to financial statements these give a true and fair view of the financial position of the Council and its income and expenditure for the year. They also provided commentary on the work performed by the Finance Team, particularly in relation to the quality of working papers submitted and responding promptly and efficiently to any queries raised – a fantastic achievement by both parties as the majority of the work was undertaken remotely. They were also satisfied that, in all significant aspects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- Committee also receive progress reports from Grant Thornton on their work programme and this includes sector updates. With regards to the latter, this provides useful research and reading material on such issues as Covid-19 recovery, housing, financial scrutiny, local government audit ('Redmond Review') etc.
- They have also recently signed off the council's Housing Benefit subsidy claim totalling nearly £20 million. Only minor errors were identified – testimony to the good work of the council's housing benefits team.

## Serious crime framework

The committee receives an annual update on a Home Office Serious and Organised Crime checklist. This is used nationally by Local Authorities to assess their serious and organised crime risk. The checklist is intended to be a relatively simple and resource light tool. The checklist is broken down across five themes. Each theme is underpinned by a number of questions. Each question is assessed as either 'good', 'acceptable', or 'needs improvement'. The five themes are:

- Awareness, strategy, guidance and training.
- Risk management.
- Communication and information/intelligence sharing.
- Whistleblowing.
- Assurance.

There was a collective opinion that the Council is low risk in terms of being susceptible to such crime; however, we need to remain vigilant. An action plan has been developed to maintain awareness to any potential threat and good progress has been made. Outstanding actions will be progressed by the Counter Fraud Unit and internal audit when they become fully operational.

## Gloucestershire Counter Fraud Unit update

The committee receives a six month update on the work of the Counter Fraud Unit (CFU). The CFU works directly on behalf of all the Gloucestershire authorities, West Oxfordshire District Council and other public sector bodies such as Cheltenham Borough Homes. The updates include: -

- Development of a new Corporate Enforcement Policy – this was approved by Executive Committee during the year.

- Supporting work streams relating to the COVID-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to business grants.
- Visiting business properties to check the accuracy of the business rate's database.
- Processing and investigation of cases identified through the National Fraud Initiative.
- Development of a new Regulation of Investigatory Power Act (RIPA) policy.
- Commenced a review of the housing list.
- Drafted a new money laundering policy – this will come forward for approval shortly.

## Risk management

At each committee, the corporate risk register is considered. The register is a useful tool to evidence that corporate risks are evaluated and managed. The format of the register is commonly used in local government. There is no statutory requirement to have a register but it is seen as good practice and supports the committee to fulfil its risk management responsibilities. Normally, internal audit would support the committee in gaining assurance that the risks are being effectively managed but as explained the internal audit team remain re-deployed. When reviewing the register, the committee asked for an individual report on the management of risk in relation to the Ashchurch railway bridge project. A report was subsequently presented by a member of the Garden Town team and provided an informative update on the progress of the project, including expenditure incurred to date, the impact of the programme delays caused by COVID and a review of the specific risks featured within the risk register.

## Other governance updates

The updates received from the Head of Community Services on the council's safeguarding arrangements and the Principal Environment Health Officer on the outcome of a Food Standards Agency (FSA) audit further demonstrate the variety of subject areas considered by the committee.

With regards to safeguarding it was explained there had been significant changes to the landscape of children's safeguarding in recent years. The report presented to committee set out the arrangements for the Council and how it fulfilled its duties in terms of both children and adult safeguarding. The committee also welcomed the Business Manager for the Safeguarding Children Executive to the meeting to provide an update and to advise of the developments which were taking place. The representative explained that the legislation for safeguarding children had changed in 2018 when primary responsibility had moved from the County Council to a collective, shared and equal responsibility across all partner agencies. The arrangements had been published in April 2019 in the 'Working Together' document which could be found on the Gloucestershire Safeguarding Children Executive's website. This included the local arrangements intended to achieve collective effectiveness of local child safeguarding; the effective sharing of information to facilitate more accurate and timely decision-making; the statutory duty for child safeguarding practice reviews and child death reviews being met; the setting out and monitoring of multi-agency policies and procedures; schools and agencies being held to account under Section 11 of the Children Act 2004 and Section 175 of the Education Act 2002; and multi-agency learning being promoted and embedded. Members thanked the representative for his thorough presentation and felt there was a lot of cohesive work ongoing which was great news.

With regards to food standards, the committee was advised that the Food Standards Agency (FSA) undertook periodic audits of local authorities to determine performance against the framework agreement and the Food Law Code of Practice. In October 2019, the FSA had undertaken an audit of the Council's performance with respect to approved food establishments. These establishments are those that required specific approval from the Council in order to place their products on the market and display a unique identification mark which was issued by the Council. The Council currently had eight approved premises including a large dairy, a meat products manufacturer and an international shellfish exporter.

The positive observations from the audit included the development of a service plan which followed the guidance in the framework agreement; the development and implementation of an officer competency matrix system; the development and implementation of locally documented procedures for approval of establishments; completion by officers of the required hours of continuous professional development; establishment of file checks that appropriate interventions had been conducted in accordance with relevant guidance; investigation and appropriate follow-up of a complaint against an approved establishment; formal enforcement action being taken against an approved establishment; and food premises file records being accurate, easily retrievable and a representation of good practice.

Areas for improvement were also identified and included a recommendation that the service plan should include a comparison of the resources required to deliver the plan against the resources available and identify any resulting shortfall; the Scheme of Delegation must provide senior officers with the power to sign-off the annual food service plan; officer's authorisations should specify necessary restrictions to reflect officers' training, qualifications and experience; a documented procedure should be developed and

implemented to ensure the food database was accurate, reliable and up to date; the compliance of establishments and their systems should be assessed to the legally prescribed standards and microbiological testing should be carried out in accordance with Regulation (EC) 2073/2005; and the council should update its internal monitoring procedures to consider the full range of food enforcement activities carried out and develop a risk-based internal monitoring approach. The committee noted the action plan to deliver these improvements and progress in implementation would be followed up by internal audit.

### Looking forward

I'm sure I speak for the rest of the committee as well but I am very much looking forward to face to face meetings and return to some sense of normality. It will be reassuring to have the internal audit team back up and running during some point of the year. I would personally like to thank all those officers involved within the administration of business grants as this has been a significant and prolonged piece of work. To pay out over £30 million is a brilliant achievement, hopefully there is light at the end of the tunnel and all officers can return to their normal duties. Finally, moving forward into 2021/22 to obtain assurance that our policies, procedures and systems remain as effective as they were pre-Covid.

## 2020/21 Audit and Governance Committee members



Cllr Cate Cody



Cllr Louise Gerrard



Cllr Pauline Godwin



Cllr David Gray



Cllr Heather McLain  
VICE-CHAIR



Cllr Paul McLain



Cllr Helen Munro



Cllr Paul Smith



Cllr Vernon Smith  
CHAIR



Cllr Mike Sztymiak  
LEAD MEMBER

**Mike Dawson**  
**Chief Executive**  
Tewkesbury Borough Council

