

15 March 2023

Committee	Audit and Governance Committee
Date	Thursday, 23 March 2023
Time of Meeting	2:00 pm
Venue	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 24 January 2023 of the Tewkesbury Borough Council Code of Conduct, effective from 1 February 2023, as set out in Minute No. CL.72, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.



	Item	Page(s)
4.	MINUTES To approve the Minutes of the meeting held on 23 November 2022 and the Special meeting held on 12 December 2022.	1 - 16
5.	AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME To consider the Audit and Governance Committee Work Programme.	17 - 23
6.	EXTERNAL AUDITOR'S PROGRESS REPORT To consider the external auditor's report on progress against planned outputs.	24 - 35
7.	EXTERNAL AUDIT UPDATE To consider the audit fee scale for 2022/23 and the appointment of external auditors from 2023/24.	36 - 39
8.	CORPORATE RISK REGISTER To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	40 - 60
9.	STATEMENT OF ACCOUNTING POLICIES To approve the accounting policies to be used during the preparation of the 2022/23 financial statements.	61 - 78
10.	CIPFA FINANCIAL MANAGEMENT CODE To consider progress made against the CIPFA Financial Management Code action plan.	79 - 83
11.	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.	84 - 103
12.	INTERNAL AUDIT SIX MONTH PLAN 2023/24 To approve the Internal Audit Six Month Plan 2023/24 (Apr-Sept).	104 - 110
13.	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.	111 - 117
14.	DATA PROTECTION POLICY REVIEW To recommend to the Executive Committee that the revised Data Protection Policy be approved.	118 - 132

DATE OF NEXT MEETING
WEDNESDAY, 19 JULY 2023

COUNCILLORS CONSTITUTING COMMITTEE

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

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 at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 23 November 2022 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 and H S Munro

A&G.18 ANNOUNCEMENTS

18.1 The evacuation procedure, as noted on the Agenda, was taken an read.

A&G.19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

19.1 Apologies for absence were received from Councillors J P Mills and P E Smith. There were no substitutes for the meeting.

A&G.20 DECLARATIONS OF INTEREST

20.1 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.

20.2 There were no declarations made on this occasion.

A&G.21 MINUTES

21.1 The Minutes of the meeting held on 20 July 2022, copies of which had been circulated, were approved as a correct record and signed by the Chair.

A&G.22 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

22.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 13-20, which Members were asked to consider.

22.2 The Head of Corporate Services advised that a Special meeting of the Committee had been arranged for 12 December in order to approve the Statement of Accounts 2021/22 and Members were asked to attend a training session in relation to that later this week. It was noted that the external auditor's annual report had been moved to the meeting on 22 March 2023 due to resource issues within Grant Thornton and the annual report on the Council's arrangements for General Data Protection Regulation (GDPR) had also been moved to a future meeting. A Member asked whether the Council would be reimbursed by Grant Thornton for the delays which had been experienced and the Head of Finance and Asset Management advised that no money would be paid back - there were savings in the

fee but there were also additional costs for extra time and work incurred in delivering the audit so there may be a small increase overall.

22.3 It was

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

A&G.23 COUNTER FRAUD AND ENFORCEMENT UNIT UPDATE

23.1 The report of the Counter Fraud and Enforcement Unit Head of Service, circulated at Pages No. 21-26, provided an update on the work of the Counter Fraud and Enforcement Unit. Members were asked to consider the report.

23.2 The Counter Fraud and Enforcement Unit Head of Service drew attention to Pages No. 23, Paragraph 2.2 of the report, in relation to the Cabinet Office's National Fraud Initiative which was a data matching exercise to help prevent and detect fraud nationwide. She was pleased to advise that, since the publication of the Committee report, revenue from referring accounts to the Revenues department had increased to £85,747 and an additional housing application had been removed from the list bringing the total to 12. Paragraphs 2.5 and 2.6 of the report demonstrated that the enforcement arm of the Unit had assisted Planning and Housing with successful prosecutions. Training would shortly be taking place for Enforcement Officers on Regulation of Investigatory Powers Act 2000 (RIPA) and the update to the RIPA Surveillance and Covert Human Intelligence Source Policy, which the Committee had been made aware of earlier in the year, with two sessions planned at the end of November and start of December. The Counter Fraud and Enforcement Unit Head of Service advised that, following the work on COVID grants, counter fraud work was becoming an area of interest for central government. A strategic group had been set up locally with Trading Standards and the Police looking at victim support and how to raise awareness to disrupt and tackle scams to prevent people falling victim.

23.3 A Member drew attention to Paragraph 2.1 of the report and noted that almost £300,000 remained outstanding in relation to Business Grant Schemes which she felt was quite a lot of money. In response, the Counter Fraud and Enforcement Unit Head of Service advised that many businesses were suffering after the pandemic and as a result of the current cost of living crisis so Officers were mindful that money could not all be repaid in one go. The Head of Finance and Asset Management advised that, whilst £300,000 looked a lot on its own, it was only 1% of the £30m which had been paid out and this position was much better than a number of other authorities. The work the team had done to put controls in place early in the process, when under extreme pressure to pay out as quickly as possible, had been essential in securing value for money and limiting fraud within the grants. The Member accepted the point but raised concern that payments had been made to businesses that were not trading or were empty. In response, the Counter Fraud and Enforcement Unit Head of Service advised that these were examples of the fraud people had been committing but it would not necessarily have been known that these were fraudulent claims at the time of the application. Officers were doing their best to recover the outstanding monies but being mindful that businesses were struggling to stay afloat.

23.4 Another Member asked what lessons had been learnt as, whilst she accepted what had been said by Officers, it was still a lot of money. The Counter Fraud and Enforcement Unit Head of Service advised that, in her experience of the Councils she worked for, they had done a tremendously good job when compared to the amount of fraud and error in the furlough scheme, or other schemes administered outside of local government which used local knowledge to ensure that payments were made correctly. The main lesson learnt was the benefit of enlisting the

Internal Audit, Counter Fraud and Finance teams from the outset, prior to paying any money. There had been immense pressure to pay grants quickly and multiple schemes to understand so she hoped it was a one-off situation which would not be repeated. The Head of Finance and Asset Management felt that the biggest lessons learnt were for central government in terms of how to roll out schemes and the benefit of talking to local government to ensure the schemes were well designed and to deal with any obvious problems. The Member recognised a lot of excellent work was going on and she asked if the Counter Fraud and Enforcement Unit made any profit. In response, the Counter Fraud and Enforcement Unit Head of Service advised that Tewkesbury Borough Council was one of five partner bodies within the Unit - any 'profit' was taken off the overall cost of the Unit to keep partnership costs to a minimum. A report was provided around loss avoidance, recovered monies etc. to demonstrate that the Unit was value for money. A Member asked if it was possible to have a statement showing how much the Unit cost Tewkesbury Borough Council and how much money was saved and the Counter Fraud and Enforcement Unit Head of Service undertook to provide this. The Head of Finance and Asset Management indicated that Paragraph 2.2. of the report gave figures on increased revenue and loss avoidance and, to put this into perspective, the service cost the Council £60,000 per year which he considered to be excellent value for money in terms of the proactive work, and the strategy and policy work, which was done by the Unit to support the authority. In terms of the business support schemes, a Member expressed the view that speed had been so important as, if the schemes had not rolled out quickly, many businesses within the local economy would no longer exist. He felt that without a deterrent there would be far more attempts at fraudulent claims across a range of services. There was a small minority of people within every community that would look to abuse the system wherever possible and without structures such as the Unit in place, that would undoubtedly increase.

23.5 It was

RESOLVED That the Counter Fraud and Enforcement Unit update be
NOTED.

A&G.24 CORPORATE RISK REGISTER

24.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 27-51, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.

24.2 The Head of Corporate Services advised that the corporate risk register was a strategic document which was brought to each Audit and Governance Committee. The key updates since the last meeting were set out in the table at Page No. 29 of the report. It was noted that a lot of work had been done around Ref. 3 Cyber Security, which remained the biggest risk to the Council, and a review of individual service plans had commenced in relation to Ref. 5 Business Continuity. It was proposed to remove Ref. 6 Safeguarding as the arrangements were well managed with the annual report due for consideration later on today's Agenda. It was also proposed to remove Ref. 12 COVID-19 Recovery as the outstanding actions in the COVID-19 Recovery Plan had transitioned back to the Council Plan and the majority of services had returned to 'business as usual'. A considerable amount of work was underway in relation to Ref. 13 Climate Change including options for the replacement of the vehicle fleet from 2024. It was noted that three new risks had been added to the register – Ref. 16 Cost of Living Support which related to demand on services, Ref. 17 Migration which was around how the Council was supporting Ukrainian refugees and Ref. 18 Joint Strategic Plan.

- 24.3 A Member asked whether Ref. 13 Climate Change took into account savings and investments as, although there would be an associated cost, that would be even greater going forward if action was not taken now. With regard to Page No. 40, Ref. 9 Growth Hub, she asked whether the UK Shared Prosperity Fund (UKSPF) replaced the European funding which the Council had previously received and what the likelihood would be of the Growth Hub failing to deliver the necessary outputs and the capital grant having to be repaid. In response, the Head of Finance and Asset Management confirmed that the UKSPF replaced the European funding and he advised that the Growth Hub was exceeding requirements so, as far as he was aware, there was no danger of having to return any money. He explained that the Growth Hub Navigator post had been in place for six years and was in the base budget for three. He was aware of the grant condition and the threat that posed so wanted to make sure the agreement was being delivered in line with that clause and he was satisfied with regard to that. The Head of Corporate Services recommended that the risk be removed as it was within the 'green' risk score. The Overview and Scrutiny Committee had previously received an annual report on the Growth Hub but Members felt that was unnecessary given that they were happy with how it was operating.
- 24.4 A Member drew attention to Page No. 41, Ref. 10 Garden Town and indicated that she understood the costs in relation to the J9/A46 project had increased from £8m to £14m and the consultation had been delayed. The Committee had been due to receive an update on the consultation at its meeting in September but that had been cancelled so she asked for an indication of what risks were associated with this project. The Tewkesbury Garden Town Programme Manager shared these concerns but advised that the initiative was being led by the County Council so it was necessary to work within its processes and systems and the requirements of National Highways and the Department for Transport etc. She understood that things had gone back to the drawing board which was why the consultation had been pushed back by six to eight months. The Member asked for a view on what would be the best for Tewkesbury and the Tewkesbury Garden Town Programme Manager indicated that, when the transport modelling was undertaken, it would be important to be clear what the Garden Town and Tewkesbury Borough Council would like to see delivered through that in order to be able to inform the process rather than react to it – this would also form part of the evidence base for the Joint Strategic Plan. The Head of Development Services explained that, without any upgrade or changes to the J9/A46, there was an issue with capacity to accommodate growth in that location – whilst the quantum of development could go forward without the highways infrastructure in place, it would be necessary to work with colleagues to understand the timescale for J9 coming forward otherwise the ability to deliver growth in the borough would be seriously curtailed. In terms of the Joint Strategic Plan, it was necessary to demonstrate that sites could come forward and Officers were working with Gloucestershire County Council to understand the thinking of the outline business case and development consent order for the particular project as well as looking at alternative options, although she did not know what those would be. The County Council was looking to consult sometime next year but the timeline had not been confirmed. There was a big risk to the Garden Town going forward without that certainty. The Chair indicated that he understood the consultation had been delayed to allow more detailed work on various route options.
- 24.5 In response to a query regarding Page No. 47, Ref. 15 Waste Transfer Station at Wingmoor Farm, and whether there was any indication as to when the second planning application would be determined by the County Council, the Head of Corporate Services undertook to find out and advise Members following the meeting. A Member indicated that, in terms of corporate risk, there seemed to be a problem with the planning function in relation to the capacity of the department and the ability to attract a sufficient number of suitably qualified staff so he was surprised

this was not referenced within the corporate risk register and asked if there would be a business impact on the authority if it failed to deliver a reasonable service. The Head of Development Services indicated that recruitment and retention was an issue for a number of sectors within the Council; in terms of Planning, it was being managed within the organisation and contractors were appointed to support the department. The Member explained that his concern was the level of interaction between the Planning department and the public – whilst the public would not necessarily feel the impact of a lack of staff in an internal facing service such as IT, Planning was front and centre in terms of outward facing services. The Head of Development Services undertook to discuss with Management Team whether there was a need to include this as a corporate risk. Another Member expressed the view that staff shortages was a topic that most businesses would consider to be a significant risk. She felt that lack of qualified staff put a major strain on the Council's ability to perform. The Head of Corporate Services agreed this needed to be discussed by Management Team to establish whether there was merit in including it as a corporate risk based on the profile of the Planning service and to give the Committee assurance the Development Management Review was effective at managing the risk.

24.6 With regard to Page No. 42, Ref. 11 Non-delivery of Ashchurch Bridge project, a Member asked if there was a date for the appeal and noted that the original budget was approximately £8m but asked how much it was now and whether the government would pay. The Corporate Director advised that the appeal would be on either 13 or 14 December but the precise date would not be confirmed until a day or two before. In terms of the cost of the project, a recent report to the Executive Committee had suggested it would be in the region of £12m. The Tewkesbury Garden Town Programme Manager advised that it was hoped the project would come in at around £10m but it was hard to be precise until the market was tested. She confirmed that Officers were in conversation with Homes England regarding the additional cost but conversations were also taking place with regard to other potential sources of funding. In response to a query as to what happened if the Parish Council won the appeal, the Corporate Director advised that the planning permission would be quashed on the basis of a technical reason and the application would need to be reconsidered by the Planning Committee resulting in a delay of several months. The Member raised concern that there would be a limit to any extension Homes England might give in terms of funding and the Tewkesbury Garden Town Programme Manager advised that the national programme deadline was March 2024 so Treasury approval would be needed to work past that deadline – there were other schemes in the programme with that approval but there would need to be a significant reason and there were no guarantees.

24.7 A Member drew attention to Page No. 48, Ref. 16 Cost of Living, and asked if the government funded the difference to cover the cost of the increase in people applying for benefits, for example, if 100 people normally paid Council Tax but 60 of those were suddenly eligible for benefits so the Council's revenue was reduced as a result. The Head of Finance and Asset Management advised that the direct increase in benefit payments was generally covered by growth in Council Tax income. The Member noted there had been mention of a working group in relation to this risk and she asked if that would include Councillors. The Head of Corporate Services advised that a report had been taken to Executive Committee setting out the Council's response and a cross-service Officer group had been established and would meet monthly; to his knowledge a Member group had not been recommended.

24.8 Having considered the information provided it was

RESOLVED

1. That the risks and mitigating controls within the corporate risk register be **NOTED**.
2. That it be **AGREED** that the following risks be removed from the corporate risk register:
 - Ref. 6 – Safeguarding
 - Ref. 9 – Growth Hub
 - Ref. 12 – COVID-19 Recovery

A&G.25 MANAGEMENT ASSURANCE STATEMENTS 2021/22

25.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 52-85, which provided management assurance statements for each service area. Members were asked to consider the statements and the conclusion that, overall, for 2021/22, the management of the Council's internal control environment was satisfactory.

25.2 The Head of Corporate Services explained that, as was the case last year due to the lack of internal audit activity, management assurance statements had been provided by each Head of Service to give assurance to Members and the external auditors, when issuing their value for money opinion, that the internal control environment was still being managed despite recovering from the pandemic. There were some questions with a partial response but it would be unrealistic to expect that all of the Council's services operated 100% effectively all of the time. The assurance statements would be passed to Grant Thornton to inform the external audit opinion which would be presented to the Committee in March 2023.

25.3 With regard to the assurance statement from the Head of Development Services, a Member drew attention to Page No. 72, No. 7 which stated that the Interim Development Manager had advised that the Council had been issuing planning consents for five years but the legislation governed that it should be for three years - unless there was a specific reason for a longer period - and she asked what the impact of this was, how many applications this applied to and whether people had been notified. In response, the Head of Development Services advised that this could not be reversed once planning permission had been granted and it would require a significant amount of Officer resource to look into the number of applications this applied to; however, she confirmed that the issue had now been corrected and planning permissions were generally being issued for the standard three years. In relation to No. 6 which dealt with partnerships, a Member expressed the view that an effective governance structure was vital and it was concerning if there was no agreed governance arrangement in place in relation to Community Infrastructure Levy (CIL). The Head of Development Services advised that there was governance in place but this was not a formalised, joint arrangement with Cheltenham Borough and Gloucester City Councils; however, all of the items in the Infrastructure Funding Statement were transport-related projects so any bids which came in had to go to the County Council. Notwithstanding this, more money was coming into the CIL pot so it recognised that it was necessary to formalise the arrangement and work was ongoing with One Legal in relation to this. The Head of Corporate Services advised that this had been identified as a Significant Governance Issue within the Annual Governance Statement which would be considered under the next Agenda Item.

25.4 It was

RESOLVED That the management assurance statements provided by each service area and the conclusion that, overall, for 2021/22, the management of the Council's internal control environment was satisfactory be **NOTED**.

A&G.26 ANNUAL GOVERNANCE STATEMENT 2021/22

26.1 The report of the Head of Corporate Services, circulated at Pages No. 149-166, attached, at Appendix 1, the Council's Annual Governance Statement 2021/22 which Members were asked to approve.

26.2 The Head of Corporate Services explained that the Accounts and Audit Regulations 2015 - now amended by the Accounts and Audit (Coronavirus) (amendment) Regulations 2020 - required local authorities to conduct a review, at least once a year, of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. The Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts. The review was undertaken by the Corporate Governance Group. The draft Annual Governance Statement for 2021/22 was attached at Appendix 1 to the report and identified eight Significant Governance Issues that required improvement, set out in the table at Pages No. 101-102, and it was noted that the first three items had been brought forward from the previous Annual Governance Statement. The Annual Government Statement had been considered by the external auditors to give assurance that it was a fair reflection of the Council's governance arrangements.

26.3 A Member drew attention to Page No. 92 of the report and the reference to the Welcome Back Fund which she felt had been a waste in terms of how the money had been spent. She understood that external companies had to set out what they wanted to do with the money but it would have been useful if they could have spoken to local Ward Members beforehand.

26.4 It was

RESOLVED That the Annual Governance Statement 2021/22 be **APPROVED**.

A&G.27 ANNUAL SAFEGUARDING UPDATE

27.1 Attention was drawn to the report of the Head of Community Services, circulated at Pages No. 105-127, which provided the annual report to give assurance that Tewkesbury Borough Council was fulfilling its safeguarding duties. Members were asked to consider the report and the Section 11 assurance submission attached at Appendix 1 to the report.

27.2 The HR and OD Manager indicated that she was presenting the report in her capacity as the Deputy Safeguarding Officer and explained that, along with the report was the annual assessment which was submitted to the Assurance Panel at Gloucestershire County Council. She advised there was an error at Page No. 111 of the submission in the response to standard 1 question 3 as the Whistleblowing Policy had been agreed by the Executive Committee on 5 February 2020 not 12 October 2016 as stated. It was noted that Members had previously asked for an indication of the type of safeguarding issues that were raised and a sample of redacted cases had been attached at Appendix 2 to the report. The report indicated that a new element of safeguarding had arisen for the Council this year in relation to migrants and asylum seekers and the Homes for Ukraine scheme had been a particular consideration for the authority.

- 27.3 Paragraph 1.6 of the report stated that the Head of Community Services would attend the Assurance Panel in November 2022 to undergo further scrutiny of the Section 11 Statement and the HR and OD Manager advised that she had attended the Panel a couple of weeks ago. It was always difficult for the Panel to understand the content of the statement in relation to a district council, particularly in terms of contact with children, but the meeting had generally gone well and Officers were always open to suggestions for improvements so she would be interested to receive the Panel's feedback.
- 27.4 A Member drew attention to Page No. 123 of the report, and the organisation's response to standard 3 question 5, which stated that the countywide Whistleblowing Policy needed to be reviewed and she asked when this would be carried out. The HR and OD Manager advised that the policy would be due for review in February 2023. Another Member asked if this was overdue and was informed this was in line with normal procedure to review policies every three years unless there was legislative or regulatory change which meant that it needed to be done sooner. The Member noted from Page No. 113 of the report that safeguarding refresher training needed to be carried out across the organisation and she asked when that would take place. The HR and OD Manager advised that the Council used modules provided by Gloucestershire County Council and she would be looking at a plan to roll out the training.
- 27.5 A Member pointed out that a lot of acronyms were used in Appendix 2 so it would have been helpful for these to be written in full or for a glossary to be included. She was grateful for the examples and indicated that it would be nice to have an update on the cases at some point. In terms of the case study at Appendix 3 to the report, the Member congratulated Officers on the outcomes and asked for clarification on the Guinness Partnership. The HR and OD Manager advised that it was a housing partnership and, in terms of the examples in Appendix 2, the outcomes would be around passing on information or working with someone so Officers would not necessarily be aware of the end result.
- 27.6 It was
RESOLVED That the annual safeguarding update and the Section 11 assurance submission, attached at Appendix 1 to the report, be **NOTED**.

A&G.28 INTERNAL AUDIT PLAN MONITORING REPORT

- 28.1 The report of the Chief Audit Executive (Head of Corporate Services) provided an overview of the internal audit work completed during the period. Members were asked to consider the work undertaken and the assurance given on the adequacy of the internal controls operating in the systems audited.
- 28.2 The Head of Corporate Services confirmed that internal audit was now operational and audits in relation to cemeteries, car parks and the arrangements for managing the GDPR risk were well underway with a view to bringing those opinions to the meeting in December. In terms of the audit opinions before Members today, it was noted that the transformation of the bulky waste service had been extremely successful - the service had gone from being in deficit to generating a surplus with waiting times reduced from 6/7 weeks to one week and the introduction of an online booking system. Whilst there had been found to be a reasonable level of control, the first recommendation was around changing the parameters within the online system that had been built within Liberty Create to ensure that personal data was only being held for an appropriate amount of time and a deadline of January 2023 had been set in relation to that. The second recommendation was in relation to monthly meetings with the Council's contractor to reflect good practice and ensure there was an audit trail for decisions as well as picking up on things recommended

in the audit, for example, the current contract only contained one Key Performance Indicator (KPI) around recycling so consideration should be given to introducing others, for instance, customer wait times. The audit had found that bulky waste charges were all being approved in accordance with Council policy. In terms of fees, there had been a glitch whereby a small number of customers were charged less for the service than they should have been and a fix was identified to resolve the issue before Christmas. It was noted that customers in receipt of benefits were entitled to a 50% reduction in charge but the audit had identified a couple of occasions where the claim number did not relate to the current claim at the time of booking, therefore, it had been recommended that Customer Services check the benefit system to ensure the customer was receiving benefits at the time of booking. It had also been recommended that sample checks of refunds be undertaken by the Customer Services Team Leader and that more information be placed on the Council's website so customers were aware that refunds would only be given up to 48 hours prior to their scheduled collection. A limited opinion had been issued in relation to invoices not being reflective of the services delivered as a review of invoices had highlighted an increase in charges from February 2022; it was recommended that these should be formalised by agreeing a variation to the contract. Furthermore, this had highlighted that invoices submitted to the Council were not really checked by the team for accuracy so it was also recommended that all bulky waste invoices be verified prior to payment.

- 28.3 A Member indicated that the new service had been running for 18 months so there was bound to be some learning from it and he congratulated the teams involved on providing a better quality of service to residents. Another Member echoed those sentiments but raised concern that the KPI was for 'percentage of items recycled: up to 70%' which she found very woolly as this could mean only 1% were actually being recycled. In terms of the recommendation at Page No. 135 in relation to information being added to the webpage by December 2023, she asked why this would take so long. In response, the Principal Trade Waste Officer advised that a meeting was arranged with the Business Transformation and Customer Services Teams for tomorrow and she was confident that there was nothing in the recommendations which could not be implemented quickly.
- 28.4 With regard to the audit of the E-Ploy system, the Head of Corporate Services advised that recruitment had previously been a paper-based process but applicants could now be tracked on a dashboard and the HR Team did not have to print off application forms etc. This had been a fundamental change in the way the organisation was able to recruit. The audit had found the majority of processes to be sound and there was a clear audit trail for each stage of the process. One recommendation had been made around the retention of HR files. The HR and OD Manager indicated that it was good to have a positive audit result and one of the things that had been looked for when procuring the system was the ability to have checks and balances in place so she was happy to see that working. The third audit was around treasury management and it was noted that, as at 31 August 2022, the Council had £33.8m of investments and £30.8m of borrowing. The Treasury Management Strategy had been found to be appropriate for the investment and borrowing activities and was reviewed on a regular basis; the investment ledger and general ledger were reconciled on a monthly basis; and investments had been placed with justification, supported with appropriate documentation and only made with approved investment counterparties within time and financial sector limits. Two recommendations had been made around treasury management records and version control on documents to ensure that the Treasury Management Policy was reviewed on an annual basis.

28.5 It was

RESOLVED That the internal audit monitoring report be **NOTED**.

A&G.29 INTERNAL AUDIT SIX MONTH PLAN 2022/23

- 29.1 The report of the Head of Corporate Services, circulated at Pages No. 146-153, set out the proposed Internal Audit Plan for October 2022 to March 2023. Members were asked to approve the six month plan as set out at Appendix 1 to the report.
- 29.2 The Head of Corporate Services indicated this was a six month plan covering the period October 2022 to March 2023 and he explained that, when the next internal audit plan was presented to the Audit and Governance Committee in March 2023, it was intended that would be a truly risk-based plan as a number of things had changed since the pandemic. This would involve working though all of the Council's activities and identifying auditable areas. In the interim, the six month plan had been discussed with Heads of Service and the items identified all had a risk impact. The plan included: the risk register, to ensure all actions were properly managed; complaints, following a request from the Overview and Scrutiny Committee to ensure that lessons learnt were being implemented; payroll, given the amount of transactions over the last 12-24 months and the general turnover of staff as well as the pay award etc; and grants, to ensure there was a proper spending plan in place. In addition, there were a number of service-related audits within HR relating to the new absence management process which would be in place by the end of December and the modernisation of the service in terms of timesheet recording and administration of annual leave etc. There would also be audits around Council Tax discounts and exemptions and recovery as well as the Community Infrastructure Levy (CIL) and ICT.
- 29.3 A Member was pleased to see that a number of days had been requested for an internal audit to review the grant schemes as there had been so many new schemes in recent years and another Member welcomed the CIL audit as it was important for communities that this was working correctly moving forward. It was

RESOLVED That the Internal Audit Six Month Plan 2022/23 be **NOTED**.

A&G.30 INTERNAL AUDIT CHARTER

- 30.1 Attention was drawn to the report of the Chief Audit Executive (Head of Corporate Services), circulated at Pages No. 154-167 which attached, at Appendix 1, the revised Internal Audit Charter. Members were asked to approve the Internal Audit Charter.
- 30.2 Members were advised that it was a requirement of the Public Sector Internal Audit Standards (PSIAS) that internal audit activity must be formally defined in an Internal Audit Charter. A number of minor amendments were proposed as set out at Page No. 155, Paragraph 3.1 of the report, and were largely textual changes.
- 30.3 A Member asked what the substance of the change was in relation to the relationship with external audit and was informed that two paragraphs had been removed from Page No. 165 and replaced with the paragraph at the top of Page No. 166. The Head of Corporate Services explained that there had previously been a joint working agreement in place with the Audit Commission; however, Grant Thornton was more independent from internal audit so the charter had been updated to reflect that.
- 30.4 It was

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

TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Audit and Governance Committee (Special) held at the Council Offices, Gloucester Road, Tewkesbury on Monday, 12 December 2022 commencing at 2:00 pm

Present:

Chair	Councillor V D Smith
Vice Chair	Councillor H C McLain

and Councillors:

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

A&G.31 ANNOUNCEMENTS

- 31.1 The evacuation procedure, as noted on the Agenda, was taken as read.
- 31.2 The Chair advised that the next meeting of the Committee, due to take place on Wednesday 22 March 2023, had now been moved to Thursday 23 March 2023 at 2pm.

A&G.32 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 32.1 Apologies for absence were received from Councillor J P Mills. There were no substitutes for the meeting.

A&G.33 DECLARATIONS OF INTEREST

- 33.1 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.
- 33.2 There were no declarations made on this occasion.

A&G.34 EXTERNAL AUDITOR'S AUDIT FINDINGS

- 34.1 Attention was drawn to the external auditor's audit findings for 2021/22, attached at Pages No. 1-39. Members were asked to consider the report.
- 34.2 The Engagement Lead from Grant Thornton advised that the report summarised the findings from the audit of the Council's financial statements and highlighted its responsibility under the International Standard on Auditing (UK) 260 to present the observations arising from the audit to those charged with governance to oversee the financial reporting process. At the time the report was issued, there were a small number of items outstanding which were listed in the bullet points at Page No. 3 of the report and she confirmed that all but one in relation to the housing benefits income had been resolved; it was not anticipated this would cause any problems in terms of the accounts and it was expected that the audit opinion would be unmodified with no qualifications - this was a good, clean opinion. Page No. 4 of the report set out Grant Thornton's statutory responsibilities and, with regard to the value for money work, in line with previous years, the National Audit Office had given some

flexibility in order to prioritise work on the Statement of Accounts. It was expected to bring the report around the value for money work to the next meeting of the Committee. The draft audit opinion was included at Appendix E to the report and she wished to highlight that, given that the value for money work was ongoing, work had yet to be completed in relation to the significant weakness identified in last year's audit. As such, it was necessary to tweak the wording to recognise the fact that the value for money work was ongoing so it could not be confirmed if that issue had been resolved but she stressed there would be no formal statement as to whether it remained a weakness or not. In terms of the details of the report, Page No. 6 set out the materiality levels for the financial statements and these remained the same as when they were reported in the Audit Plan in July. Page No. 7 onwards highlighted things in relation to all significant risk areas and particular attention was drawn to Page No. 8 and the work which had been done in relation to property, plant and equipment where one small adjustment of £602,000 had been identified in relation to the input of revaluations made in year. Page No. 9 related to the valuation of the pension fund net liability and Members were advised that, at the time the report was issued, Grant Thornton was awaiting its assurance letter from the Gloucestershire Pension Fund auditor – this had now been received and there were no exceptions to highlight. In terms of new issues and risks, as set out at Page No. 10 of the report, there was a small issue in relation to the cut off timing for how grants were recorded in the financial statements as one item related to the 2022/23 financial year but had been recognised in the current year. Further testing in relation to the recognition of grants had been undertaken to ensure this was an isolated incident and no further issues had been identified. It was noted there had been some issues with the working papers this year, in particular, the papers supporting note 8 to the account included several errors, which significantly overstated the balance in the note due to double counting of transactions, and evidence provided for testing of year-end payment made and received was initially insufficient and required re-working by Finance Officers resulting in additional audit time.

- 34.3 It was noted that Grant Thornton was required to confirm its independence, as set out at Page No. 22 of the report. This was the sixth year of Grant Thornton's appointment to work with the authority and the ethical standards allowed an engagement partner to operate for up to seven years. The Public Sector Audit Appointments (PSAA)'s policy was that the term of appointment should be for an initial period of five years and formal approval was needed to extend this to six or seven years. Whilst this was not an ethical threat, given the level of familiarity with the authority, an additional assessment had been undertaken to review the work of the Engagement Lead before issuing the final opinion. Confirmation was provided that Grant Thornton did comply with the requirements of the ethical standards. In terms of the appendices to the report, Appendix A set out the action plan and Appendix B provided an update on the follow-up of prior year recommendations. Appendix C set out all non-trivial misstatements and there was nothing of particular concern to bring to Members' attention in terms of adjustments. Appendix D set out the final fees for the work undertaken which varied from the proposed fee in the Audit Plan as, at that point, it had included an additional £5,000 in relation to carrying out the audit remotely; however, as it had been possible to work on-site, this had been refunded. Notwithstanding this, a lot of additional audit testing had been required in relation to the working papers which had required extra audit resource and had resulted in an additional fee of £6,500. Overall, the fee had risen by £1,500 from that proposed at the planning stage. Appendix E provided the draft audit opinion, subject to the areas which had been highlighted earlier.
- 34.4 A Member drew attention to Page No. 10 of the report which stated that the provision of high quality working papers had not been achieved in some areas and she asked why that was the case. In response, the Audit Manager from Grant Thornton stressed this was a minority of the papers presented with the majority

continuing to be of good quality. The general experience, as in previous years, was that staff were very helpful and willing to assist. In terms of the issues with the papers, as highlighted, there had been some errors in relation to Note 8 in the accounts which related to expenditure and income analysed by nature; however, this had not impacted the Council's actual financial position. Notwithstanding this, it had resulted in Grant Thornton spending additional time understanding and testing. There had been a similar issue with Note 32 of the accounts in relation to grants income where it was complicated for the auditors to understand in terms of where balances were meant to be so it had been necessary to go back to Officers to seek clarification. There were also some more minor instances in terms of leases, financial instruments and investment and borrowing but these had been more easily resolved. The year end payments made and received had taken a while to resolve as this had been carried out by a more junior member of staff within Grant Thornton who had not understood the task and had to go back to the Accountancy Officer. The Member expressed the view that an additional fee of £6,500 seemed a lot of money for a small amount of extra work and she sought assurance that Officers had learnt from their mistakes and were now doing the right thing. In response, the Head of Finance and Asset Management indicated that it was not surprising there had been some issues arising with the working papers given the speed the accounts had been produced and their complexity. In terms of Note 8, the intention had been to make this better and more efficient to produce; however, there had been issues with the criteria to improve the note and he provided assurance that lessons had been learnt from adjusting the note. In terms of the additional fee, he believed that to be reasonable and he was pleased the accounts had been completed in good time; only 12% of local government accounts had been completed by the deadline of the end of November so it was a credit to both teams that the accounts had been produced for approval only two weeks late. A Member raised concern that the opening statement, set out at Page No. 3 of the report, included a list of items which were not yet completed including testing of Community Infrastructure Levy (CIL) balances. The Engagement Lead from Grant Thornton advised that, at the time of issuing the paper that was the position; however, the only item now outstanding was the completion of the testing of housing benefits income – that work had been done but was now subject to review.

- 34.5 A Member drew attention to Pages No. 21 and 32 of the report and indicated that the risks of significant weakness identified were fairly serious. This seemed unfair given that a lot related to money from central government and Tewkesbury Borough Council was in a more reasonable position than a lot of other authorities. She asked if Members should be worried and whether central government was aware that local authorities were "in crisis". The Head of Finance and Asset Management hoped the government was aware of the financial pressures within local government; whilst Tewkesbury Borough Council had its own pressures, other authorities were under even more, particularly upper tier authorities. The Council now had its settlement up to 2024/25 and was eagerly waiting to find out the detail, and the settlement beyond that. Although it was a concern, there was some light at the end of the tunnel.
- 34.6 In respect of the balance sheet, a Member noted there was a lot of 'grossing up' and he asked if Officers were happy that made sense and why liabilities were not being settled. In response, the Finance Manager advised that Page No. 98 of the papers which related to the Agenda Item 4 - Statement of Accounts 2021/22, showed the split of short term creditors and included £6m in relation to local tax collection. It was not that they could not be settled but rather that it took a long time to do so. Business rates were very volatile and the Council owed more this year than it had done before but this was due to the complexity of the scheme. The Member noted that short term provision, set out at Note 22.1, showed a big jump in the additional provisions made with a balance of £3.7m and he asked why that was so significant. The Finance Manager advised that it was all related to business rates and linked to

Note 22.2. Officers had taken advice and it had been suggested all business rates appeal provision should be short term. This would come out of long term planning in year provision. In response to a query regarding the unused amounts reserved, the Finance Manager confirmed this was in relation to Virgin Media.

34.7 A Member drew attention to Page No. 8 of the report regarding valuations of land, buildings and investment property which set out that management had engaged the services of a valuer to estimate the current value as at 31 March 2022 and he asked if valuations were estimated, or if it was a formal validation, and whether valuations were carried out on a rotational basis. In response, the Finance Manager advised that everything was valued once a year and, whilst it was a formal valuation, it was an estimated figure.

34.8 Another Member asked for an explanation of the work Grant Thornton undertook regarding pensions given that pension liability had the biggest movement on the balance sheet. The Engagement Lead from Grant Thornton advised that it was required to confirm the position as at the end of March 2022 with regard to all treasury balances. It was noted that local authorities often borrowed from and invested with each other and, whilst that could be a risk, most government bodies were fairly safe compared to commercial organisations. Pensions were considered from all angles including the inputs and process of preparing the valuation as well as the outputs. Inputs had been considered from two points of view as Grant Thornton checked the local authority data submitted to Gloucestershire Pension Fund and the pension fund auditor gave an assurance letter to confirm that all data received accurately tied up with their information. There were two aspects in relation to the valuation process, firstly, the methodology to conduct and perform the valuation and it was noted that all audit firms consulted an actuary to do this on their behalf, in this case PwC. The methods applied in the calculation of the estimates were routine and commonly applied by all actuarial firms in line with the requirements set out in the code of practice for local government accounting to ensure this was materially sound. Each individual authority may have its own assumptions and Page No. 13 of the report set out the main assumptions used by Tewkesbury Borough Council's actuary. The table at Page No. 13 showed the actuary value and the PwC range which was the range the assumptions would be expected to be in – if anything fell outside of that, Grant Thornton would be asking additional questions of the government actuary. Once the final actuary report was received, Grant Thornton checked this was comparable with the detail included in the accounts.

34.9 In response to a query regarding Note 24.7, the Finance Manager confirmed this was in relation to annual leave. A Member questioned whether staff were not taking annual leave and was advised that a lot of people had not taken flexi leave due to the pandemic so the ability to carry forward three days had been extended. The Member raised concern that this could mean there were periods when a number of staff were absent at the same time and the Finance Manager explained that all employees had been required to complete a questionnaire about their annual and flexi leave in order to understand the situation and it was hoped this would reduce by the end of the year.

34.10 It was

RESOLVED That the external auditor's audit findings be **NOTED**.

A&G.35 LETTER OF REPRESENTATION

- 35.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 40-45 which attached, at Appendix A, the Letter of Representation 2021/22 which Members were asked to approve.
- 35.2 The Head of Finance and Asset Management advised that, each year, on completion of the audit of the Council's financial statements, the Chief Finance Officer was required to submit a Letter of Representation to the Council's external auditor. The letter formally confirmed the accuracy and completeness of the accounts and set out assurances to Grant Thornton regarding those accounts. The draft Letter of Representation for 2021/22 was attached at Appendix A to the report and the Committee was asked to consider and approve the letter for signature by the Chief Finance Officer on behalf of the Council.
- 35.3 Accordingly, it was

RESOLVED That the Letter of Representation 2021/22 be **APPROVED**.

A&G.36 STATEMENT OF ACCOUNTS 2021/22

- 36.1 The report of the Finance Manager, circulated at Pages No. 46-140, provided the Statement of Accounts for 2021/22 which showed the financial position of the Council as at 31 March 2022. Members were asked to approve the Statement of Accounts and to delegate authority to the Head of Finance and Asset Management, in consultation with the Chair of the Audit and Governance Committee, to amend the approved Statement of Accounts 2021/22 upon receipt of advice from the external auditor regarding any outstanding issues.
- 36.2 The Finance Manager indicated that a training session on the Statement of Accounts had taken place the previous week which had been attended by Members of the Committee. She explained it had been a difficult year as a key member of staff had been on maternity leave so it had been necessary to train up new members of the team and there had been a number of competing priorities; nevertheless, the team had presented the draft accounts to Grant Thornton at the start of July. Although there had been some elements of remote working, Grant Thornton had been able to be on site at the Council Offices for a lot of the time which had made the process easier compared to the last few years. She drew attention to Page No. 85 of the report where a hierarchy of reserves had been included in response to a query which had been raised last year. A Member thanked the Finance Manager for this but felt it would be useful to have comparisons. In response, the Finance Manager advised that she would be happy to provide a comparison of the last three years following the meeting. The Member expressed the view that it would be interesting to see the movement and whether uncommitted reserves had reduced etc. The Head of Finance and Asset Management indicated that the uncommitted balance was the best position he could ever remember which gave assurance there was at least some money available to meet the forthcoming financial challenges.
- 36.3 In response to a query regarding Officer remuneration, as set out at Pages No. 106-107 of the report, the Head of Finance and Asset Manager confirmed that phase 3 of the pay and grading structure review had been carried out earlier in the year and phase 2, focusing on the lower end of the pay scale, had just commenced so a report on that would be taken to Council in the New Year with a review of more the more senior officers following in due course.

36.4 It was

RESOLVED

1. That the Statement of Accounts 2021/22 be **APPROVED**.
2. That authority be delegated to the Head of Finance and Asset Management, in consultation with the Chair of the Audit and Governance Committee, to amend the approved Statement of Accounts 2021/22 upon receipt of advice from the external auditor regarding any outstanding issues.

A&G.37 INTERNAL AUDIT PLAN MONITORING REPORT

37.1 The report of the Chief Audit Executive (Head of Corporate Services) provided an overview of the internal audit work completed during the period. Members were asked to consider the work undertaken and the assurance given on the adequacy of the internal controls operating in the systems audited.

37.2 The Head of Finance and Asset Management advised that the Head of Corporate Services was not in attendance at today's meeting but had been keen to submit an internal audit plan monitoring report to Members for consideration. The report was positive in terms of the work that had been completed around the General Data Protection Regulation (GDPR) and any specific questions could be answered outside of the meeting.

37.3 It was

RESOLVED

That the internal audit plan monitoring report be **NOTED**.

The meeting closed at 2:42 pm

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Additions to 23 March 2023

- Data Protection Policy

Deletions from 23 March 2023

- Annual Report on the Council's Arrangements for General Data Protection Regulation (GDPR) – Moved to 19 July 2023
- Internal Audit Quality Assurance and Improvement Programme – Moved to 19 July 2023
- External Auditor's Annual Report – Moved to 19 July 2023

Committee Date: 19 July 2023

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Audit Plan 2022/23	To consider the external auditor's Audit Plan 2022/23.	External Auditors.	No.
External Auditor's Annual Report	To consider the external auditor's annual report.	External Auditors	Yes – moved from 23 November and 23 March due to External Auditor resource issues.
External Auditors – Informing the Risk Assessment	To consider.	External Auditors.	No.
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	No.
Counter Fraud and Enforcement Unit Report	To consider the annual update on the work of the Counter Fraud and Enforcement Unit team.	Head of Finance and Asset Management / Counter Fraud and Enforcement Unit 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.

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date: 19 July 2023			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Annual Report 2022/23	To consider the Internal Audit Annual Report 2022/23 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 2022/23	To approve the Audit and Governance Committee Annual Report 2022/23.	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.	Corporate Director	No.
Internal Audit Quality Assurance and Improvement Programme	To consider the outcome of the external assessment and the recommendations arising and to approve the agreed action plan for delivery of those recommendations.	Head of Corporate Services	Yes – Moved from 23 March 2023.
Annual Report on the Council's Arrangements for General Data Protection Regulation (GDPR)	To receive the annual report on the adequacy of the Council's GDPR arrangements.	Corporate Director	Yes – Moved from 23 November 2022 and 23 March 2023.

Committee Date: 27 September 2023

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Findings	To consider the external auditor's findings 2022/23.	External Auditors.	No.
Internal Audit Six Month Plan 2023/24	To approve the Internal Audit Six Month Plan 2024/24 (Oct-Mar).	Head of Corporate Services.	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.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2022.	Head of Finance and Asset Management.	No.
Statement of Accounts 2022/23	To approve the Statement of Accounts 2022/23.	Head of Finance and Asset Management.	No.
Annual Governance Statement 2022/23	To approve the Annual Governance Statement 2022/23.	Corporate Director	No.

Committee Date: 22 November 2023

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Annual Report	To consider the external auditor's annual report.	External Auditors	No.
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.	Corporate Director	No.
Counter Fraud and Enforcement Unit Update	To consider the six monthly update from the Counter Fraud and Enforcement Unit.	Head of Finance and Asset Management / Counter Fraud and Enforcement Unit 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.

Committee Date: 22 November 2023			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Annual Update on Council's Safeguarding Arrangements	To consider the 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.
Annual Report on the Council's Arrangements for General Data Protection Regulation (GDPR)	To receive the annual report on the adequacy of the Council's GDPR arrangements.	Corporate Director	No.

Committee Date: 27 March 2024			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
Audit Fee 2023/24	To consider the audit scale fee for 2022/23.	Head of Finance and Asset Management.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the preparation of the 2023/24 financial statements.	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 2023/24	To approve the Internal Audit Six Month Plan 2023/24 (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.	Corporate Director	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: 27 March 2024			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
CIPFA Financial Management Code – Assessment of Compliance	To consider progress made against the actions within the Assessment of Compliance (annual report).	Head of Finance and Asset Management	No.

OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments
Internal Audit Charter	To approve the Internal Audit Charter.	Head of Corporate Services	To be presented to the Committee at least every three years – last taken on 23 November 2022.

Tewkesbury Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2023

10 March 2023

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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 planning 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 the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

Progress at March 2023

Financial Statements Audit

We undertook our initial planning and interim work for the 2022/23 audit in February and March 2023. We will begin our work on your draft financial statements in July. We will issue a detailed audit plan, to be presented to the next Audit and Governance Committee, setting out our proposed approach to the audit of the Authority's 2022/23 financial statements.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 was extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28, which will apply for 2022/23.

Accounting for infrastructure

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 required infrastructure to be reported in the Balance Sheet at historic cost less accumulated depreciation and impairment and that where there is 'enhancement' to the assets, that the replaced components are derecognised. Where authorities are not fully compliant with these requirements, there may be a risk of material misstatement.

Many authorities did not possess the records to be able to fully comply with the requirements. Following extensive consultation and discussions with interested parties DLUHC laid before Parliament a Statutory Instrument approved on 25 December 2022 which simplified accounting for infrastructure assets until the 2024/25 financial year. The Authority's 2021/22 accounts were not impacted by this change due to the immateriality of its infrastructure assets.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. We issued such a letter to the Audit and Governance Committee on 12 December 2022 in respect of the 2021/22 Auditor's Annual Report.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We have not yet issued our Auditor's Annual Report for 2021/22. The audit opinion on the financial statements was issued on 21 February 2023. We anticipate completion of the Auditor's Annual Report including discussing its findings with management by the end of April 2023, with presentation to members to follow at either full Council or the Audit and Governance Committee dependent on timing.

Progress at March 2023 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2021/22 claim began in October. DWP extended the deadline for reporting the findings of this work to 31 January 2023. No extensions have been granted for those claims not completed by 31 January 2023, but DWP also does not intend to withhold subsidy. The work on the Authority's claim is ongoing, and is planned to be completed by 30 April 2023.

Meetings

We met with Finance Officers in March as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. Additional meetings with the Finance Officers and other key officers including the Chief Executive will take place to support the production of the Auditor's Annual Report for 2021/22.

In addition, we provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2023, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2022/23 is the fifth and final year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (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.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed the final fees for the 2021/22 financial year with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit and Governance Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. In 2022/23, there have been further revisions to auditing standards ISA 315 and ISA 240 requiring further work, particularly in respect of ISA 315 where we will need to undertake an increased level of detailed work around IT systems and general controls. The full scope of this will be detailed in our Audit Plan to be presented to the next meeting. Any change in audit fee as a consequence of this will also be detailed in the Plan.

Audit Deliverables

2022/23 Deliverables	Planned Date	Status
<p>Audit Plan and Interim Audit Findings</p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2022/23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report</p>	July 2023	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the September Audit and Governance Committee.</p>	September 2023	Not yet due
<p>Auditor's Report</p> <p>This includes the opinion on your financial statements.</p>	September 2023	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	December 2023	Not yet due

2022/23 Audit-related Deliverables	Planned Date	Status
<p>Housing Benefit Subsidy – certification</p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	TBC	Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Governance Committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

Audit Market Developments

Financial Reporting Council Report On The Quality Of Local Audit

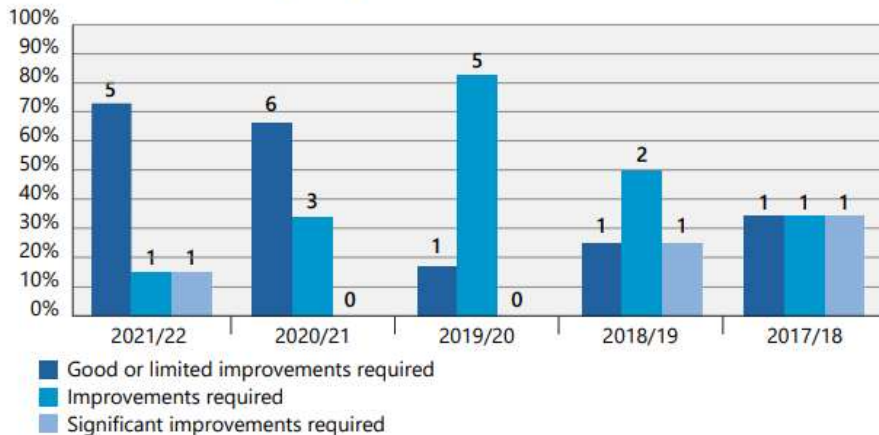
In late October 2022 the Financial Reporting Council (FRC) published its inspection findings into the quality of major local body audits in England, which includes large health and local government bodies.

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of local audits that do not meet the definition of a 'major' local audit and the FRC's report also includes a summary of their findings.

The FRC reported that 71% of Grant Thornton audits inspected (7 in total) were assessed as either good or limited improvements required.

This is a pleasing result and reflects on our significant investment in audit quality over recent years. The positive direction of travel over the past five years is illustrated below:

Our assessment of the quality of financial statement audits reviewed



The FRC also inspected our work on VfM arrangements at four bodies.

It is pleasing to note that all of these inspections were assessed as requiring no more than limited improvements (which is the same as the previous year).

As far as the ICAEW are concerned, overall, the audit work reviewed was found to be of a good standard.

Seven of the eight files reviewed (88%) were either 'good' or 'generally acceptable', but one file 'required improvement'.

The ICAEW identified one of our files as requiring 'Improvement' – but it should be noted that this was a 2019-20 file and therefore the learnings from prior years' review could not have been taken into account, an issue recognised by the ICAEW in their report to us.

The ICAEW found that our VfM work was good on each of the files reviewed, and they did not identify any issues with this aspect of the audit teams' work.

Whilst are pleased with our continuing improvement journey, we continue to invest in audit quality to ensure that the required standards are met.

The full report can be found [here](#).



Financial Reporting Council



Audit Market Developments (continued)

Local Government External Audit Procurement

Public Sector Audit Appointments Ltd (PSAA) has recently announced the outcome of its national procurement of audit services across the Local Government sector.

This exercise covers the audits from 2023/24 to 2027/28 and covers the 470 local government, police and fire bodies (99% of eligible local bodies) that opted into the national scheme.

We are delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector.

Our UK Public Sector Assurance (PSA) team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and value for money.

The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

Mark Stocks, lead Partner for PSA at Grant Thornton, said 'This is a very welcome outcome and reflects our previous delivery as well as our ongoing commitment to invest in the public sector.'

Further information can be found [here](#)



Grant Thornton – Nearly 60 councils at risk of ‘running out of money’ next year

Grant Thornton has warned that the soaring cost of living combined with a decade of austerity could see up to a sixth of English councils fully deplete their reserves in 2023-24 without substantial spending cuts.

Research found that, as a result of higher inflation, councils are expected to have a cumulative budget deficit of £7.3bn by 2025-26 – an increase of £4.6bn since forecasts made at the beginning of this year.

Grant Thornton said that although reserves were bolstered by more than £5bn in 2020-21 due to higher government funding, these balances will “continue to unwind through the long tail of Covid-19” with close to 60 councils forecast to use all earmarked and unallocated reserves next year.

Without additional income, authorities would need to make savings of over £125 per person by 2025-26, equal to the average yearly spend on homelessness, sports and leisure, parks and open spaces, libraries and waste services.

Phillip Woolley, Head of Public Services Consulting at Grant Thornton, said: “Local government has faced unprecedented demands and pressures over the last decade and without action from both central government and councils, in the face of these inflationary pressures, the list of authorities in need of exceptional support looks set to grow quickly.

“Our research shows the additional Covid-19 funding, while critical to support immediate challenges, has not addressed underlying systemic issues or the precariousness of councils’ financial sustainability in the face of economic instability.

“Local authorities are also now facing the risk of interest rate rises, increasing debt financing costs and the real risk of reduced funding from central government, in response to the current economic turmoil facing the country. Without committed intervention from all sides, there is a risk that the sector levels down instead of up.”

Grant Thornton estimated unitary authorities would have the largest budget gap (£1.8bn) by 2025-26, but district councils would have the largest gap compared to net spending at 10.2%.

The firm added that austerity and changing policy demands have left councils struggling to innovate in their services and prevented investment in finance and procurement, diminishing the sector’s ability to tackle medium-term challenges.

Grant Thornton said additional government funding alone will not lead to improvements, and that councils should focus on improving governance and developing financial stability plans.

Joanne Pitt, local government policy manager at CIPFA, said: “With no spending review and no fair funding review, CIPFA shares Grant Thornton’s concerns about the financial sustainability of some in the sector.

“While there are actions local authorities can take to strengthen their own financial resilience, they are facing significant inflationary pressures and rising demand which makes this hugely challenging for the sector.”



Audit and Governance Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support Audit and Governance Committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit and Governance Committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on Audit and Governance Committees.

The suite of publications has separate guidance resources for Audit and Governance Committee members in authorities, members of police Audit and Governance Committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit and Governance Committees, including:

- Purpose
- Core functions:
 - Governance, Risk and Control
 - Accountability and Public Reporting
 - Assurance and Audit arrangements
 - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit and Governance Committee Guidance: 2022 update | CIPFA](#)



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TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	External Audit Update
Report of:	Head of Finance and Asset Management
Head of Service/Director:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

As an 'opted-in body' the fee scale for the 2022/23 audit of accounts for Tewkesbury Borough Council is set by Public Sector Audit Appointments (PSAA). The fee level has been increased by £3,876 to reflect the additional work required by auditors. This report updates the Audit and Governance Committee on the agreed fee and details the outcome of the procurement of audit contracts in 2022 and the appointment of Bishop Fleming as our auditor.

Recommendation:

To CONSIDER:

1. The fee scale of £41,465 for the 2022/23 audit; and
2. The appointment of Bishop Fleming as the auditor of Tewkesbury Borough Council for five years from 2023/24.

Financial Implications:

The scale fee for 2022/23 is £41,465 and has been included within the authority's base budget. Scale fees are likely to increase substantially in future years.

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.

Environmental and Sustainability Implications:

None

Resource Implications (including impact on equalities):

None

Safeguarding Implications:

None

Impact on the Customer:

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 has agreed with the audit firms to inform individual organisations of its forthcoming audit fee, rather than requiring the audit firms to separately communicate this. This report effectively replaces the communication previously received from Grant Thornton.
- 1.3** In January 2022, the Council accepted the PSAA invitation to 'opt-in' to the sector-led national scheme for the appointment of external auditors for the five financial years commencing 1 April 2023.

2.0 FEE SCALE FOR THE AUDIT 2022/23

- 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. After a delay, consultation with Councils was undertaken in August 2022 with the confirmed fees being published on the PSAA website at the end of November 2022.
- 2.2** The fee scale set for 2022/23 is an increase of £3,876 against the fee set for 2021/22 and reflects the additional work now required to validate valuations in two areas and the increasing requirements of the Financial Reporting Council. The increased fee is shown in the table below.

Scale fee 2021/22	£37,589
Accounts Group	£0
Accounts Pension valuation	£688
Accounts Public Interest Entity	£0
Accounts Property Plant Equipment valuation	£688
Increased FRC challenge	£2,500
Total recurring element	<u>£3,876</u>
Scale fee 2022/23	£41,465

- 2.3** In addition to the fee variations now included within the scale fee, the fee is increased by a 5.2% inflationary increase required under PSAA's current audit contracts, although this will be funded from the PSAA surplus which would otherwise be distributed to opted-in bodies. There is, therefore, no additional cost payable by the Borough Council for this element.
- 2.4** 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.
- 2.5** The 2022/23 fee scale is the last in the current appointing period which is under the 2017 audit contracts. New contracts will apply from the 2023/24 audit following a procurement during 2022, which was very challenging due to the current complexities and fragility of the local audit market. In announcing the procurement outcome, PSAA advised of the likelihood of a major re-set of total fees for 2023/24, involving an increase of the order of 150% on the total fees for 2022/23. The actual total fees will depend on the amount of work required, which is still to be established. PSAA will consult on the fee scale for the 2023/24 audit in early autumn 2023.

3.0 APPOINTMENT OF AUDITOR

- 3.1** Following consideration by the Audit and Governance Committee, the Council accepted the invitation to opt-in to the national procurement of audit contracts led by PSAA as did 470 other eligible bodies. The Council's position was communicated to PSAA and the procurement ran through the summer of 2022. Confirmation of the outcome of the procurement was received in December 2022.
- 3.2** The procurement of audit contracts for 2023/24 – 2027/28 has resulted in a change of external auditor for Tewkesbury Borough Council. Bishop Fleming was successful in winning a small lot of the contracts on offer and has been appointed as our auditor for the period. It has also been appointed to the other districts in Gloucestershire and many of the public sector organisations in the South West.
- 3.3** Bishop Fleming is a top 30 UK accountancy firm providing audit, accountancy, tax and business consultancy services to both the public and private sectors. Bishop Fleming has extensive experience working with public sector organisations in the housing, education, charity and healthcare sectors along with a number of local authority subsidiaries. Its public sector audit team is led by two ICAEW registered key audit partners, both having previous experience of providing external audit services to local authorities. Bishop Fleming has 37 partners and around 500 staff working from seven offices across the South West and West Midlands, who are committed to delivering the very best client experience.

4.0 CONSULTATION

- 4.1** None.

5.0 ASSOCIATED RISKS

- 5.1** None

6.0 MONITORING

- 6.1** None

7.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

7.1 None

Background Papers: Appointment of External Auditor - Council 25th January 2022

Contact Officer: Head of Finance and Asset Management
01684 272005 simon.dix@teWKesbury.gov.uk

Appendices: None

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Corporate Risk Register
Report of:	Head of Corporate Services
Head of Service/Director:	Head of Corporate Services
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	One

Executive Summary:

The Council has a risk management framework and this is set out in the Council's 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.

Financial Implications:

None arising directly from this report.

Legal Implications:

None arising directly from this report.

Environmental and Sustainability Implications:

None arising directly from this report.

Resource Implications (including impact on equalities):

None arising directly from this report.

Safeguarding Implications:

None arising directly from this report.

Impact on the Customer:

None arising directly from this report other than to give assurance to stakeholders that risks are being effectively managed.

1.0 INTRODUCTION

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 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.

3.0 KEY UPDATES ON THE REGISTER

3.1 Summarised below are key updates arising since the register was last presented at Committee on 23 November 2022:

Risk identified	Key update
Ref 9. – Ashchurch Bridge project	The judgement recently received has quashed the planning consent secured for the scheme and the team is now considering next steps, in discussion with Homes England. The uncertainty around the project has therefore increased the risk score.
Ref 10. – Carbon neutrality	The commentary acknowledges the investment required to meet the ambitions of being carbon neutral and the cost versus benefit. Also, to note formal notification on the success of the bid for funding towards a replacement heat system is awaited.
Ref 11. – National driver shortage	An internal audit review of how this risk is being managed has been undertaken with a positive conclusion. Whilst the commentary does state the risk will be kept under review there is merit in doing so outside the reporting within the register i.e.. remove from the register.
Ref 12. – Wingmoor Farm	This risk can now be removed as Gloucestershire County Council has granted planning permission until December 2027.
Ref 16. – Development Management improvement programme	Following discussion at the last Audit and Governance Committee it was agreed to add this as a new risk. This was on the basis the work is a key priority for the Council, a significant amount of resource has been invested into the project and the profile of the service with stakeholders.

4.0 ASSOCIATED RISKS

4.1 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.

5.0 MONITORING

5.1 The risk register is presented at Corporate Management Team on a regular basis and further reviewed by the Corporate Governance Group.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

- 6.1** A number of the risks relate directly to priorities within the council plan and others, such as governance related risks underly the delivery of those priorities.

Background Papers: Previous update presented at Audit and Governance Committee on 23 November 2022.

Contact Officer: Head of Corporate Services
01684 272002 graeme.simpson@tewkesbury.gov.uk

Appendices: Appendix 1 – Corporate Risk Register

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated February 2023)

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

44

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 score	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>Withdrawal of New Homes Bonus that may or may not be replaced by an alternative scheme leading to potential funding gap.</p> <p>Uncertainty around business rates retention due to planned reset of the system being delayed – does not support sustainable financial planning.</p> <p>Although the Spending Review 2021 set the financial envelope for a three-year period, settlements continue to be on a one-year basis. As with business rates, the fair Funding Review has been delayed until at least 2025/26 leaving councils uncertain as to how funding will be distributed to individual authorities over the medium term.</p>	5	5	25	<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> <p>Significant MTFS reserve.</p>	Head of Finance & Asset Management	25	<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"> • Spending Review. • Fair Funding Review. • 75% business rates retention. • Future of NHB and whether an alternative scheme will be brought forward. 	9

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated February 2023)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
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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 score	Identified risk mgt action points	Target risk score
<p>Comments: The 2023/24 Local Government Settlement was again delivered as a one-year settlement with the 24/25 Settlement also likely to be on this basis given that it is the final year of the Spending Review and an impending general election. Whilst it has been confirmed that both Funding Reform and the Business Rates reset have been pushed back until 2025/26 at the earliest, they remain as a distinct possibility within the medium term. There is still no clarity on the future of New Homes Bonus although the government has promised to engage with the sector in 2023. Therefore, there remains considerable uncertainty with local government funding.</p>										
45 2	Failure to see the delivery of residential and business growth within the Borough will have a significant impact within 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>Approved Borough Plan</p> <p>Programmes for the delivery of significant infrastructure.</p> <p>Strong relationships with key agencies such as Homes England and GFirst LEP.</p> <p>Economic Development Strategy.</p> <p>Establishment of Growth Hub.</p> <p>Government business rate reliefs</p>	Corporate Management Team	15	<p>Review of the Joint Strategic Plan (JSP)</p> <p>Implementation of DM improvement action plan</p> <p>Business case developments for J10.</p> <p>Delivery of the Ashchurch Bridge project and associated link road.</p> <p>Development and delivery of Gloucestershire rail strategy.</p>	10

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated February 2023)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
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46

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 score	Identified risk mgt action points	Target risk score
									A46 realignment business case development.	
Comments: The strategic allocations are beginning to deliver reserved matters applications, which will see growth in the borough. The Local Plan was adopted at Council on 8 June 2022. The JSP timetable is currently under review. The benefit of this will be undermined by the withdrawal of NHB and the lack of clarity around its replacement. The future of business rates retention also remains unknown.										
3	If the ICT network is not adequately protected then there is a risk it is susceptible 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 it has 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. Cyber specific post created within ICT Team.	Head of Corporate Services	12	Finalise and test cyber response plan Network segmentation Cyber essentials accreditation	9

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated February 2023)

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

47

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 score	Identified risk mgt action points	Target risk score
		<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: Loss of reputation and trust, financial loss – disruption to service delivery, cost of restoring systems, Legal implications – personal data breach could lead to a significant fine</p>								
<p>Comments: Public sector network (PSN) compliance has recently been achieved. Penetration testing was also positive with the testers unable to exploit full network administration. A mandatory network change of password for all staff as instructed by management team is now complete. The network and security infrastructure role (with cyber responsibility) has now been in place for a number of months and leading on various projects, in particular network segmentation. Disaster recovery testing is scheduled for April. The team successfully delivered the council's new remote working solution to migrate from the Ivanti Pulse solution to Fortinet.</p>										

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated February 2023)

Code	Risk score	Risk Management view
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48

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 score	Identified risk mgt action points	Target risk score
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>A BC incident could be any of the following;</p> <ul style="list-style-type: none"> • ICT downtime • Major staff absence • Property access • Supply chain failure <p>Leading to reputational damage, financial loss, impact on service delivery etc.</p>	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>Review of individual service plans.</p>	9
<p>Comments: A review of individual service plans has commenced and is supported by the Civil Protection Team. The corporate business continuity plan review can then be finalised and testing undertaken. At the end of March there is a national exercise being held - 'Mighty Oak' on responding to a National Power Outage. Any lessons learnt will inform the council's business continuity and emergency planning arrangements.</p>										
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>	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>	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

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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 score	Identified risk mgt action points	Target risk score
		Resource – time consuming to report, investigate and mitigate data breaches Staff morale – in case of data breaches, potential disciplinary action				Staff awareness training. GDPR action plan.			Review of data protection policy	
49	<p>Comments: A new Information Governance Officer role has recently been appointed to. The new management structure also brings together an Audit and Governance team which will provide additional resilience to the management of governance issues, such as GDPR. The e-learning training comprising both GDPR and cyber security modules has been rolled out to virtually all staff. This will also form part of the new Member induction. The Data Protection Policy has also been reviewed and updated for approval by Audit and Governance Committee. A new Data Request system (similar to FOIs and complaints) has recently been implemented to effectively manage the increasing case numbers.</p>									
6	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	Elements of the lease arrangement of the depot have been reviewed and changes made to formalise the arrangements with Cheltenham BC. Consider where a temporary depot could operate from in an emergency.	5

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<p>Comments: A new lease fee for the depot has been agreed. Cheltenham Borough Council are in the process of developing a maintenance plan for the depot which will be agreed ahead of the next round of budget setting. This will ensure that the depot remains fit for purpose wherever possible. No further change to this risk since the last risk register update in November 2022.</p>										
7	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 operational and investment assets. For example, the total commercial portfolio is £60m producing an annual gross income of £3.7m.	5	4	20	<p>Recent refurbishment of service-related property.</p> <p>Commercial investment reserve including annual contribution.</p> <p>Trained and experienced staff.</p> <p>Appointment of external investment support.</p> <p>Recruitment of additional Property Officer.</p>	Head of Finance and Asset Management	10	<p>Establishment of long-term asset maintenance programme, including allocation of required funding.</p> <p>Establishment of annual contribution to Asset Maintenance Programme.</p>	5
<p>Comments: The current service and commercial portfolio are in a good state of repair with minor works ongoing. It is hoped to secure external funding to support the replacement of the heat system at the Council Offices in the near future but this will need to be matched by significant Council funding. Whilst an annual contribution to support the commercial portfolio is made from base budget, it is currently unaffordable to do so for the service portfolio given current funding constraints and cost pressures on the budget as a whole. The asset management reserve will need to rely on year end surpluses and one-off allocations to support the needs. The commercial property portfolio is now fully let.</p>										
8	Garden town status	Failure to deliver Garden Town project will have an impact on the Council in	5	5	25	Regular meetings with the Project Assurance Group which	Garden Town Programme	12	Capacity funding award from Government this	9

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		<ul style="list-style-type: none"> Reputation - Confidence from Government of TBC ability to deliver programme (<i>planning stages</i>). Financial (loss of NHB from assumed delivery of homes). Non Delivery of homes and jobs required for community (<i>delivery stages</i>). 				<p>is attended by a Homes England (HE) representative.</p> <p>The project is being managed through the standard HE Project Delivery Plan (PDP).</p> <p>Completed update of the evolution of the masterplan to inform the JSP Review.</p> <p>Extra funding received from MHCLG now DLUHC and Homes England (HE).</p> <p>Regular review meetings with representatives from HE and DLUHC.</p> <p>Dedicated communication's support.</p>	Director/ Head of Development Services		<p>year also included £1.5m towards the County run J9/A46 project to assist with the ongoing business case development, plus £500k for assessment of options for establishing a delivery vehicle which is underway with consultancy ARUP.</p> <p>Work continues on this commission with a tight timeline requiring the submission of a business case back to Government by Autumn 2022. March 2023.</p> <p>Work continues and the team will apply for funding when the</p>	

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									next capacity funding round is announced.	
<p>Comments: 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 JSP 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. A revised timetable for the review of the JSP has now been discussed with Members. Meanwhile, the team have been working on taking the concept masterplan forward through a Strategic Framework Plan (SFP), the assembly of land and the delivery of enabling basic infrastructure. The Programme continues to be regularly reviewed by Government and remains well regarded, with further capacity funding requests being considered.</p>										
9	Non-delivery of the Ashchurch bridge project.	The project has a time limit of March 2022 for funding draw-down. <i>(Note: this is currently amended to September 2023 however discussions continue with Homes England to further amend to March 2024)</i>	5	3	15	Grant funding agreement with Homes England (2019) Planning permission granted 16 March 2021.	Programme Director	25	A Judicial Review submitted by a group of local parishes was heard at the high court in November. In January 2022, the Judicial Review ruled robustly in the Council's favour and all challenges were dismissed. However, the parishes lodged a further appeal and this was heard by the Court of Appeal in December 2022.	8

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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 score	Identified risk mgt action points	Target risk score
						<p>Agree licence/access with landowners</p> <p>Network Rail is an active part of the project board.</p>			<p>The judgement just received has now quashed the planning consent secured for the scheme and the team is now considering next steps, in discussion with Homes England.</p> <p>The project was about to go to into procurement for a construction contractor, with land acquisition and access rights in the process of being finalised along with the consents and clearances work with NWR.</p>	

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<p>Comments: Judgement now received, and the planning consent has been quashed. Alternative delivery options under consideration, this includes on-going discussions with technical advisors as to what is necessary to re-submit the application with the additional information as highlighted in the judgement – i.e. environmental impact assessment. Work continues with Homes England whether the HIF fund can be extended (beyond March 2024) or whether there are other funds which could be applied for. Due to the uncertainty around the build, it is prudent to increase the risk score from 15 to 25.</p>										
54 10	The climate change motion approved by Council included a commitment to achieve countywide carbon neutrality aims as well as carbon neutrality for the Council's own services.	<ul style="list-style-type: none"> - Significant change to service delivery. - Ability to influence wider community. - Significant financial input 	4	5	20	Appointment of countywide coordinator. Approval of action plan for Council carbon neutrality. Delivery of a new solar car parking canopy. Appointment of dedicated Carbon Reduction Officer. Allocation of £100,000 reserve to support small scale activities. Rollout of carbon literacy training.	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 Source external grant funding opportunities Collaborative working with partners to maximise	4

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									efficiency and reduce cost Assessment and delivery of capacity and resource necessary to meet the Council's motion.	
<p>Comments: The scale of the investment required to meet internal climate change ambitions is substantial and although there are likely to be some direct financial benefit to the council this is likely to be outweighed by the cost. In addition to this, thinking wider than just the council will again add significant cost to the council. This funding pressure comes at a time when budgets remain under constant pressure and the availability of external funding is limited with significant competition. It will therefore require significant commitment from the Council and the identification of funding opportunities within existing budgets in order to take this ambition forward. Formal notification on the success of the bid for funding towards a replacement heat system is awaited.</p>										
11	National driver shortage	There is a national shortage of HGV drivers. The impact is that across the Ubico contracts they are struggling to recruit and retain RCV drivers. The supply of agency drivers is a concern. The overall impact of this is that contract costs may increase	4	4	16	Increase the market supplement for drivers and train more loaders to become drivers.	Head of Community Services	16	Apply the business continuity plan if services are suspended. Continue dialogue with Ubico and suggest ideas to improve e.g. offering a golden hand shake	8

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		and waste rounds may suffer from shortages resulting in service suspensions.							/ incentive for referrals of drivers from staff etc. It appears that the recruitment difficulties that Ubico were suffering have eased slightly. We need to keep this risk under review.	
Comments: It appears that the recruitment difficulties that Ubico were suffering have eased slightly. We need to keep this risk under review.										
12	Waste transfer station at Wingmoor Farm subject to a variation of their planning.	The waste transfer at Wingmoor Farm is the subject of a planning variation to enable them to continue operating as our waste transfer station for our residual waste. There is no viable alternative within a sensible geographic area and the only alternative would be to direct deliver	4	4	16	Seek to influence Gloucestershire County Council (GCC) planning committee decision.	Head of Community Services	16	Make representation to GCC planning committee and also to TBC planning committee setting out the implications for the council.	16

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		our waste to Javelin Park, this could result in the council needing to put new rounds on and purchase new vehicles and employ more staff. This will have significant financial implications for the council.								
Comments: Gloucestershire County Council have granted planning permission until December 2027. It is proposed to remove this risk and review the situation in 2026.										
13	Additional demand placed upon the council through cost of living support.	<ul style="list-style-type: none"> • Potential increase in homelessness cases • Increase in benefit related cases eg council tax reduction applications/DHP etc • Reduced council tax and business rate collection rates • Increased business enquiries to growth hub 	4	5	20	<ul style="list-style-type: none"> • Re-institute the Financial Inclusion Partnership • Dedicated Discretionary Housing Payments Officer • Use of £100k TBC business grant scheme to support small business • Re-target balance of £98k council tax hardship grant • additional external funding eg £55k to support warm places 	Head of Community Services / Corporate Management Team	20	Monitor the impact and consider what further actions can be taken working closely with other partners.	10

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		<ul style="list-style-type: none"> Inflationary increases on council supplies and services additional resource to deliver govt schemes eg energy rebate/food vouchers/warm places 				Introduction of multi service cell to harness a cohesive response				
58	<p>Comment: The cost of living crisis caused by rising rates of inflation, National Insurance, and fuel/energy costs, may cause more families and households to fall into poverty and unemployment, which may lead to increased level of service demand on the Council and place additional pressure on front-line services. Work continues both internally and with external partners to ensure that we are alerted of any significant problems at an early stage. Currently the voluntary sector is experiencing high demand for services. This risk will continue to be under review.</p>									
14	A sustained increase in migration and movement of people could place increased demand on services	<ul style="list-style-type: none"> service deterioration Increased demand in the Voluntary and Community Sector Negative impact on the wider cohesion of the community. <p>Increased financial pressure on budgets</p>	4	4	16	<ul style="list-style-type: none"> member of the countywide strategic migration partnership Lobby MPs / Government to increase funding and support for all migration schemes. 	Head of Community Services / Corporate Management Team	16	Monitor the impact and consider what further actions can be taken working closely with other partners	10
<p>Comments: There is a possibility that there will be a sustained increase in migration and movement of people. This could result in increased demand on the Council's critical front-line services which may result in service deterioration, financial pressures. Working with partners and the community will help to reduce this</p>										

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risk. Partners have established the Gloucestershire Strategic Migration Partnership Group and they will be monitoring the overall risk within the county. This risk will continue to be under review.										
15	Delays in progressing the Joint Strategic Plan (JSP)	<ul style="list-style-type: none"> lack of up to date strategic policies - potentially lead to inappropriate development Reputational damage. Requirement for additional resources. Insufficient strategic site allocations to deliver housing and land for employment. Impact on securing external funding for key infrastructural projects 	5	3	15	<ul style="list-style-type: none"> Appointed a new Senior Responsible Owner (SRO). Evidence base tracker was created in July 2022. Budget has been identified for the staff resources and technical work required. Detailed risk register has been created. Detailed work programme has been developed. 	Head of Development Services	12	<p>A review of the budget and staff resources to deliver the JSP has been undertaken.</p> <p>JSP timetable to be constantly under review.</p> <p>Steering Group continue to meet on a weekly basis.</p> <p>Joint Advisory Group meeting on a monthly basis.</p>	10
Comments: In December 2022, the government issued a consultation on proposed reforms to the planning system, which included proposed changes to Local Plan preparation. As a result of this and resource issues the timetable for the JSP is being reviewed.										

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16	Non-delivery of the Development Management review.	<ul style="list-style-type: none"> Reputational damage. Failure to meet the national thresholds for 'major' and 'non-major' planning applications. Significant resource invested in the project. Staff morale. 	4	2	8	<ul style="list-style-type: none"> Approved project plan with dedicated workstreams incl recruitment & retention Internal programme board chaired by Chief Executive. £150k funding secured through the DLUHC pathfinder projects scheme. In February 2023, further £300k awarded from the DLUHC-Planning Software Improvement Fund to help improve customer experience for planning service users. Interim operational manager is in place. 	Head of Development Services	4	<ul style="list-style-type: none"> Delivery of project action plan. Support service review. Deliver new ways of working through Business Transformation, including expenditure of the DLUHC funding. 	4

Comments: This is a NEW risk added to the register.

The development management review is a corporate priority, the Business Transformation Team are allocating a considerable amount of their time in working with colleagues in the DM service, to identify and implement service improvements. This is a good example of collaborative working.

The successful bids from DLUHC, will assist the council in implementing service improvements e.g. Planning application tracker. A key work stream that is progressing is the review of the DM Support Service.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Statement of Accounting Policies
Report of:	Financial Services Manager
Head of Service/Director:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	1

Executive Summary:

This report sets out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements. At the time of writing this report the deadline for completion of the draft accounts is 31 May 2023 and approval of the final audited accounts by 30 September 2023.

Recommendation:

The Committee is asked to APPROVE the accounting policies to be used during in the preparation of the 2022/23 financial statements.

Financial Implications:

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

Legal Implications:

There are no direct legal implications arising from the approval of accounting policies and critical judgements; however, Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations requiring accounting practices including the Statement of Accounts to be undertaken in accordance with proper accounting practices (i.e. the current Code of Practice).

Environmental and Sustainability Implications:

None.

Resource Implications (including impact on equalities):

None

Safeguarding Implications:

None as a result of this report.

Impact on the Customer:

None as a result of this report.

1.0 INTRODUCTION

1.1 The Council is required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

1.2 As part of this statement, we must disclose the accounting policies applied to material transactions and balances (materiality is provisionally set at £800k). There is little discretion to the Council as the proper accounting practices, that all local authorities follow, are set down in the Code.

2.0 REVIEW OF THE 2022/23 ACCOUNTING POLICIES

2.1 The full list of accounting policies can be found at Appendix A. There have been no substantial changes to the 2022/23 CIPFA Code of Practice on Local Authority Accounting which came into effect for financial year beginning 1 April 2022. The new standard (IFRS16), which is a major change in the way leases are treated, was due to be adopted for the 2022/23 year; however, due to the delays and resource issues in local audit functions, CIPFA has delayed mandatory adoption of the standard until 1 April 2024.

2.2 The accounting policies have been reviewed against the IFRS standards and the 2022/23 Code to ensure consistency with standard practice. Whilst there have been no major changes in accounting policies, Officers have reviewed whether all the policies in the note are still required.

2.3 Accounting policies need only be applied where the effect on a transaction is material (qualitatively or quantitatively). 1.9 - Interests in Companies and Other Entities and 1.21 Heritage Assets from last year's accounts have been deleted due to the immaterial impact these have on the transactions. These have been left in the Appendix and highlighted orange for reference.

2.4 A change in the useful economic life of vehicles, plant, furniture and equipment has been made. Previously five to seven years was stated; however, after reviewing the life of IT equipment and bins, this has been revised to three to 10 years. As this is a change in accounting estimate and not the actual policy there is no requirement to restate previous years' accounts. This has been highlighted yellow in the Appendix.

3.0 CONSULTATION

3.1 None

4.0 ASSOCIATED RISKS

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

5.0 MONITORING

5.1 The accounting policies and their suitability will be reviewed by Grant Thornton as part of the audit process. Any issues found during the audit will be communicated to the Audit and Governance Committee in its Audit Findings Report.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 None.

Background Papers: None

Contact Officer: Finance Manager
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Appendices: Appendix A – Statement of Accounting Policies

Note 1 - Accounting Policies

1.1 General Principles

The financial statements summarises the council's transactions for the 2022/2023 financial year and its position at the year-end of 31 March 2023. The council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The council prepares its financial statements on the basis that it remains a going concern; that assumes that the functions of the council will continue in operational existence.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that can be 'called' within 30 days or less, and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year (where material). The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the council are members of the Local Government Pensions Scheme administered by Gloucestershire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, (see relevant note for further details)
- The assets of the Gloucestershire County Council pension fund attributable to the council are included in the Balance Sheet at their bid value as required by IAS 19.

The change in the net pensions liability is analysed into several components:

- Service cost comprising

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- net interest on the net defined benefit liability, i.e. net interest expense for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Gloucestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. However, the council has a policy not to allow this.

1.5 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

1.6 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on the business model for holding them and the characteristics of their cashflows. The three main classes of financial assets are measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The business model of the authority is to hold investments to collect contractual cash flows for treasury management purposes only. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of interest and principal and interest (i.e. where it isn't a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value.

They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets which are in pooled funds which we can instruct to sell shares at any time are recognised on the balance sheet based on the authorities intention to hold the asset. Where the authority intends to hold the asset for several years then it will be classified as a long term asset

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The authority applies the statutory override available on these fair value gains and losses to move them from the CIES to reserves via the Movement in Reserves Statement. The gains and losses are therefore not recognised as a cost to taxpayers, until the financial asset is derecognised

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the council can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council has made an irrevocable election to designate our equity investments to fair value through other comprehensive income (Note 18) because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Any gains or losses are taken to the Financial Instruments Revaluation Reserve and changes in fair value are posted to Other Comprehensive Income and Expenditure.

1.7 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

- the council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

The policy of this council is to recognise all grants straight away in the Comprehensive Income and Expenditure Account unless there are conditions attached to the grant that require repayment and the Council believes this is more than likely to occur based on previous experience.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, 5% of these charges may be used to fund revenue administrative costs of CIL.

1.8 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.9 Interests in Companies and Other Entities

The council does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and would require it to prepare group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.10 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure Account and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.11 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The council as Lessor

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease or a rent free period). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.12 Non-Current Assets Held for Sale and Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classed as 'held for sale' the following criteria must be met:

- The asset is available for immediate sale in the present condition subject to terms that are usual and customary for such assets;

- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.13 Overheads and Support Services

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year.

1.14 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. If the current year amount is material (even if the comparator is not) then a prior period adjustment will be carried out if it aids understanding for the reader.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides are for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition at its current location for its intended use, including the purchase price and any dismantling and removal costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Assets are then carried in the Balance Sheet using the following measurement bases:

Current Value (Existing Use)	<ul style="list-style-type: none">• Where there is no market-based evidence of fair value because of the specialist nature of an asset, it is an estimate of the amount that would be paid for the asset in its existing use;• Includes assets held such as car parks, properties and offices.
Depreciated Replacement Cost	<ul style="list-style-type: none">• Represents the current cost of replacing an asset with its modern equivalent less deductions for physical deterioration and all relevant forms of obsolescence• Includes assets held such as cemetery and theatre.
Market Value	<ul style="list-style-type: none">• Items which are not held primarily for delivery of council services and which are valued at the price that would be received to sell an asset in on the open market;• No assets valued as MV in PPE, it is used for our investment properties.
Depreciated historic cost	<ul style="list-style-type: none">• Represents the cost of bringing the asset into operational use less an adjustment for depreciation. Used where a reliable estimate of its current fair value can not be made;• Infrastructure, community assets and assets under construction.

Where the council recognises non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The council has a policy to revalue all its assets at year end to ensure their current value is reflected in the financial statements. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The council operates a de minimis for capital purposes of £10,000 (including groups of assets) except where a specific government grant has been received or it is an enhancement of an existing asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line basis over the following time periods:

- Dwellings and other buildings - the useful economic life (UEL) of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment - 3 to 10 years, which is deemed an reasonable estimation of the UEL of these types of assets;
- Infrastructure - over the UEL of the individual assets as estimated by the valuer or Project Officer.
- These assets have an estimated UEL of between 30 - 60 years
- Specialist equipment - depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person.
- solar panels are being depreciated over 25 years

Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The council has taken the view that 'significant' means:

- The cost of the component is more than 25% of the cost of the asset as a whole; and
- The cost of the component is more than £500,000.

However, if depreciating the single asset as opposed to the separate components will not result in a material misstatement of either depreciation charges or the carrying amount of the asset then componentisation will not be required.

1.16 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

Contingent Assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the financial statements where it is probable that there will be an inflow of economic benefits or service potential.

1.18 Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets such as, financial instruments, retirement and employee benefits and do not represent usable resources for the council.

1.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.21 Heritage Assets

Heritage assets are held by the council for the objective of contributing to knowledge and culture. The museum exhibits and historical sites are to provide historical understanding and appreciation of the local area and the civic regalia is held for historical and cultural appreciation of the Borough.

Where Heritage Assets have been recognised in the Balance Sheet, the measurement basis (including the treatment of revaluation gains and losses) is in accordance with the council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, and are accounted for as follows.

The council does not, normally, purchase heritage assets.

Where heritage assets have been donated they are initially carried at cost. Where there is not readily identifiable evidence of cost, the council will ask an expert (in that field) to provide an estimate of the value of those assets. Where a reliable estimate of value cannot be made (due to unique nature of heritage assets) the council's policy is to not to disclose a value in the Balance Sheet but to disclose a note in the financial statements to explain the assets held.

Subsequently to initial disclosure, the council uses insurance valuations of the assets as an estimation of the carrying value of these assets. Our Insurance schedule is updated annually and the officer responsible for the assets held assesses whether this valuation is adequate.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment.

The council does not, normally, dispose of heritage assets but if the event occurred the proceeds would be accounted for in line with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

1.22 Council tax and Non-Domestic rates (NDR)

Billing authorities like Tewkesbury Borough council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

The balance sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	CIPFA Financial Management Code
Report of:	Financial Services Manager
Head of Service/Director:	Head of Finance and Asset Management
Lead Member:	Finance and Asset Management
Number of Appendices:	1

Executive Summary:

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code October 2019. The Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It sets out the standards of financial management for local authorities. At the Audit and Governance Committee meeting on 24 March 2022, Members approved the Assessment of Compliance with the Financial Management Code and agreed to receive an annual monitoring report of progress against the action plan.

Recommendation:

To CONSIDER the annual monitoring report of progress against the CIPFA Financial Management Code action plan.

Financial Implications:

This report relates to financial governance and should have no direct financial impact.

Legal Implications:

There are no direct legal implications arising from the recommendation of this report. Whilst there is no statutory requirement to follow the Code published by CIPFA, compliance with the Code is deemed good practice.

Environmental and Sustainability Implications:

None.

Resource Implications (including impact on equalities):

Any development requirements will be identified and appropriate training needs identified and provided to individuals.

Safeguarding Implications:

None as a result of this report.

Impact on the Customer:

None as a direct result of this report.

1.0 INTRODUCTION

- 1.1** The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code in October 2019. The Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It sets out the standards of financial management for local authorities.
- 1.2** Each local authority must demonstrate that the requirements of the code are being satisfied. Compliance with the Financial Management Code is a collective responsibility of elected Members, the Chief Finance Officer and their professional colleagues in the leadership team. It is for all of the senior management team to work with Members in ensuring that the principles of the Financial Management Code are being met and so demonstrate the standard of financial management to be expected of a local authority.
- 1.3** The CIPFA Financial Management Code sets the standards of financial management for local authorities. The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:
- Financially manage the short, medium and long-term finances of a local authority.
 - Manage financial resilience to meet foreseen demands on services.
 - Financially manage unexpected shocks in their financial circumstances.

2.0 CIPFA FINANCIAL MANAGEMENT CODE

- 2.1** The Financial Management Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances.
- 2.2** The Financial Management Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

The six principles of good financial management are:

- **Organisational Leadership** - Demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** - Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.

- **Transparency** - At the core of financial management, using consistent, meaningful, and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.
- **Professional Standards** - Promoted by the leadership team, with adherence evidenced.
- **Assurance** - Recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit, and inspection.
- **Long-Term Sustainability** - At the heart of all local services' financial management processes, evidenced by the prudent use of public resources.

2.3 The Financial Management Code focuses on value for money, governance and financial management styles, financial resilience, and financial sustainability. The Code identifies the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice. The Code is structured around 7 areas of focus:

- The Responsibilities of the Chief Finance Officer and Leadership Team
- Governance and Financial Management Style
- Long to Medium Term Financial Management
- Annual Budget
- Stakeholder Engagement and Business Plans
- Monitoring Financial Performance
- External Financial Reporting

2.4 In March 2022, an assessment against the Financial Management Code was brought to the Audit and Governance Committee for approval and Appendix A attaches the first annual monitoring report against the actions identified.

2.5 The action plan in the Appendix shows the progress made against each of the agreed actions along with indicative timescales. Some of the actions require more certainty from central government on the level of funding for local government which means that action cannot be fully completed until the government provide a longer term funding proposition.

3.0 CONSULTATION

3.1 None

4.0 ASSOCIATED RISKS

4.1 There are inherent risks regarding non-compliance with the Financial Management Code which include risks to financial sustainability, financial resilience, financial planning and delivery as well as to the Council's reputation.

5.0 MONITORING

5.1 Annual monitoring reports will be brought to Audit and Governance Committee.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 None directly but the Financial Management Code underpins the Council priority to ensure the authority remains financially secure in the long term.

Background Papers: Audit and Governance Committee Report March 2022

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Appendices: Appendix A – Financial Management Code Action Plan

FM Code Action Plan

Code Ref	FM Standard	Action identified	Plan	Target Date	Result	Date completed
1A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	Identify and use appropriate statistics and benchmarks for comparative analysis at a service level	Look at CIPFA Stats and other benchmarking to see whether it offers meaningful insight into VFM. Take to Transform.	Sep-23	CIPFA Stats has been of limited use. We have now subscribed to a new benchmarking facility through LG Futures from April 2023.	
1B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government (2016)</i>	Continue to support and encourage professional development within the finance team.	Ensure team regularly complete CPD and attend relevant training courses	Ongoing	All finance team members keep up to date with training needs	Ongoing
2C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	Offer additional training for officers on the FPRs and CPRs.	FPR due to be updated in April (may take to July Council) so training will follow this. Procurement training due next year.	Sep-23	Financial Procedure Rules will be updated in 2023 when the new Council is in place following local elections.	
2E	The financial management style of the authority supports financial sustainability	Officers to review options for integrated financial and performance reports at a service level.	Qtr 3 report to Executive to include o/s debts, Treasury indicators and FTE vacancies	Mar-23	Quarter 3 financial update taken to Executive Committee on 1 March 2023 included these additional factors	01/03/2023
3F	The authority has carried out a credible and transparent financial resilience assessment	The CIPFA Financial Resilience index should be reported to members	The annual budget report includes this index however the data was incomplete on the CIPFA website for 2021-22.	Ongoing	Included within annual budget report	Ongoing
3F	The authority has carried out a credible and transparent financial resilience assessment	The medium-term Financial Strategy to be enhanced by direct reference to the resilience index, more detail around different financial scenarios and the inclusion of a sensitivity analysis	The current MTFS includes scenario planning and a sensitivity analysis on the deficit reduction plan to ensure savings are realistic	Jan-23	MTFS approved by full Council on 24 January 2023	24/01/2023
3G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	A more robust understanding of long-term financial sustainability will only come when the current uncertainties and risks are reduced as part of the medium-term financial planning process. Longer term financial settlements and clarity over funding reform will enable the Council to prepare more meaningful longer-term plans.	The government still has not clarified local government funding over the longer term which is imperative for a robust longer term financial plan.	Unknown	Government policy still uncertain with no long term quantum of funding proposed.	
3I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council's Asset Management Plan requires refreshing to support the MTFS of the Council	Due to be refreshed next year	Mar-24	Asset Management plan is due next year.	
83 4K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	Annual report to Executive Committee to approve the reserves should also contain commentary on the adequacy of reserves to meet any unexpected budget gaps.	Hierarchy of reserves now added to statement of accounts but will be incorporated into approval of reserves by Executive Committee in July 2023	Jul-23	The statement of accounts for 2021-22 included a hierarchy of reserves which outlined those which could be used or re-purposed for unexpected demands.	
5L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan, and annual budget	Consider use of the Citizen Panel for specific financial engagement. When the Government are able to provide more financial certainty, the Council will consider earlier engagement of the public in budget consultations.	Nothing to consult on as one year rollover and late settlement announcement. Will do more once we can consult properly.	Unknown	Annual budget consultation was published on website for 2023-24 budget. Long term consultation will take place once government provide more certainty over the longer term.	
5M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	Consideration should be given to compiling a standard set of option appraisal templates that comply with the guidance set out in the IFAC/PAIB publication <i>Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal</i> (2013).	This is currently being worked on but we do adhere to the guidance set out in the IFAC/PAIB publication. Options appraisals are evaluated in detail which mirrors the complexity of the decision.	Mar-24	Work is currently ongoing to design a fit for purpose options appraisal form.	
6O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Officers are currently reviewing if other major balance sheet items can be made more visible in financial reporting. An annual report on the commercial property portfolio should be prepared and presented to the Commercial Investment Board.	Debts are starting to be monitored and will be part of a scheme to feed back to Management Team. The terms of reference for the Commercial Investment Board is being reviewed with an aim to produce 6 monthly reports to the board.	Mar-24	Formal debt monitoring now takes place with service managers and the level of old debt is reported as part of the quarterly financial monitoring report taken to Executive Committee. Regular reporting to the Commercial Investment Board should be in place by next year.	

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Internal Audit Plan Monitoring Report
Report of:	Chief Audit Executive (Head of Corporate Services)
Head of Service/Director:	Chief Executive
Lead Member:	Lead Member Corporate Governance
Number of Appendices:	One

Executive Summary:

The monitoring report provides the Audit and Governance Committee with an overview of the internal work completed in the period. This includes a level of assurance as to how well the internal control environment is managed for each audit assignment undertaken.

Recommendation:

To consider the audit work completed and the assurance given on the adequacy of internal controls operating in the systems audited.

Financial Implications:

None arising directly from this report.

Legal Implications:

By monitoring the implementation of its recommendations, Internal Audit assists the Council to minimise risk areas and thereby reduce the prospects of legal challenge.

Environmental and Sustainability Implications:

None arising directly from this report.

Resource Implications (including impact on equalities):

None arising directly from this report.

Safeguarding Implications:

None arising directly from this report.

Impact on the Customer:

None arising directly from this report other than providing interested residents with assurance as to the adequacy of the Council's internal control, risk and governance environment.

1.0 INTRODUCTION

1.1 It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of Corporate Services) reports formally to the 'board' (Audit and Governance Committee) on the work of internal audit. The monitoring report provides the Audit and Governance Committee with an overview of the work completed by internal audit. This includes a level of assurance as to how well the internal control environment is managed for each audit assignment undertaken. Attached at Appendix 1 is the work completed in the period.

2.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD

2.1 When reporting, a 'split' opinion is given. This means an individual opinion is given for each risk category identified. This approach enables internal audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'substantial, reasonable, limited, no assurance'. The audit opinions can be found in Appendix One.

2.2 Overall, from the individual opinions given, the conclusion is very positive. The majority of opinions given conclude at least a reasonable level of control with very few 'high' recommendations made. The audits conclude that for the most part, there are no significant areas of concern apart from one 'limited' opinion in relation to the recording of annual leave. This is currently being responded to by management to address the findings made.

2.3 With regards to work in progress, audits in relation to car parks, payroll, Community Infrastructure Levy (CIL) and grant certifications are underway. It is anticipated that the conclusion of this work will be presented to the Committee in July 2023.

3.0 CONSULTATION

3.1 All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to comment on the draft report and complete a client survey at the end of the audit. The status of audit recommendations is reported on a regular basis to Corporate Management Team.

4.0 ASSOCIATED RISKS

4.1 If the Chief Audit Executive does not report functionally to the board this does not comply with PSIAS. If there are delays in response to the acceptance or implementation of internal audit recommendations, this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance within the systems audited.

5.0 MONITORING

5.1 An internal audit monitoring report of work undertaken is presented at each Audit and Governance Committee.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 The work of internal audit supports the internal control, risk mitigation and governance of council plan priorities.

Background Papers: Internal Audit Six Monthly Plan (April-September 2022) – approved by Audit and Governance Committee on 24 March 2022

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Appendices: Appendix 1 – Internal Audit Opinions

Appendix 1 – Audit Opinions

Audits			
Audit: Complaints Follow-Up Audit 2022/2023			
<p>Introduction: The council has a Complaints policy, where there is a requirement for data in relation to Complaints to be collated and reported, including the capturing of any lessons learnt. Where relevant, the Council will acknowledge faults, explain what went wrong, what will be done to prevent it happening again and if appropriate will provide a remedy in the form of a specific action. All lessons learnt should be considered and implemented by the appropriate service area.</p> <p>As previously reported to the Audit and Governance Committee, and also to the Overview and Scrutiny Committee, the role of Internal Audit is to provide independent assurance that lessons learnt from individual complaints had actually been implemented. A small sample of complaints was therefore reviewed and followed up with individual service areas. From 1 April 2022 to 21 November 2022, there have been a total of 63 formal complaints received, of which 22 were justified and 14 partially justified.</p>			
Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational</p> <p>O1: If lessons learnt have not been implemented this contributes to the failure of customer related improvements and customer expectations and fails to potentially mitigate the receipt of future complaints.</p>	Reasonable	<p>We selected a sample of five complaints that had been upheld from the period 1 July 2022 – 23 November 2022 and sought to confirm that lessons learnt had been implemented.</p> <p>In three out of five cases the action was complete, and the lesson learnt implemented. In one case, the action was still outstanding but is partially complete as the arrangements to implement the lesson were postponed due to key staff absence and is rescheduled for January 2023. In one case, there is no evidence to support that the lesson has been learnt or is complete. The responsible officer, who was not in post at the time of the complaint, advised that they were unable to confirm that the complaint had been discussed with their team. Action has since been taken to improve the process for handling complaints.</p> <p>Testing was also undertaken to confirm that complaints had been dealt with in accordance with the council’s Complaints Policy, which requires responses to:</p> <ul style="list-style-type: none"> • Acknowledge the fault. • Provide an apology. • Explain what went wrong. • Advise customer of action taken to prevent it happening again. • Explain how lessons learnt have been implemented. 	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> Consideration could be given to amending the Complaints system to:</p> <ul style="list-style-type: none"> • Prompt staff to meet all five criteria required by the Complaints Policy. • Allow multiple selections to be made in the ‘remedy’ drop down menu. <p>And be supported with refresher training for staff who are responsible for responding to complaints.</p> <p><u>Responsible Officer:</u> Corporate Services Officer</p>

		<p>It was found that in all cases the fault had been acknowledged and an apology given.</p> <p>However, none of the responses provided to customers contained all elements required by the Complaints Policy, as above.</p> <p>We found that only one response adequately addressed 'what went wrong' and just two of the five complaints examined provided an explanation of what action had been taken to prevent the issue happening again.</p> <p>It was also noted that the 'remedy' on the Complaints system gives several options as follows with the ability to select only one:</p> <ul style="list-style-type: none"> • Apology. • Explanation Provided. • Financial Compensation. • Agreed solution with customer. • Review of practice. • Other. <p>This may give the impression that only one should be applied, when in fact an apology and an explanation should be provided.</p> <p>We also consider that there is ambiguity in relation to 'what went wrong'. In one of our samples, the explanation given was that a significant workload in the team led to a response not being provided in a timely manner. This adequately describes what went wrong that led to the delay in providing a timely response.</p> <p>In another sample, the explanation of what went wrong reiterated what happened, i.e., that the customer's address was linked to another Council Tax payer, resulting in the complainant receiving letters addressed to someone who did not live at their address. This does not explain what went wrong to cause this.</p>	<p><u>Implementation Date:</u> August 2023</p>
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Audit: Cemeteries 2022/23

Introduction: The council is responsible for two cemeteries - Tewkesbury Cemetery and Bishops Cleeve Cemetery. The council's website provides details of services and charges and forms to be completed when requesting a service, along with where the forms should be sent. Applications for grave internments or the internment of cremated remains are submitted by Funeral Directors.

Members of the public are permitted to apply to erect or reserve the erection of bronze memorial plaques, granite plaques, benches and bench plaques and memorials.

The Council does not provide a cremation service.

Budgeted income for the cemeteries for the year 1 April 2022 – 31 March 2023 is £64,800 for Tewkesbury with seven burials and 16 internments of ashes carried out or paid for to date, and £52,500 for Bishops Cleeve with 11 burials and 10 internments of ashes carried out or paid for to date. Budgeted expenditure for Tewkesbury cemetery is £13,500 and for Bishops Cleeve £15,500 for the current financial year. This covers grave digging and other works, such as fixing plaques, putting in concrete bases for benches and emptying the septic tank.

Currently, all documentation and maps are paper based although it is noted that the Council Plan 2020-2024 confirms that the Council is seeking to explore the opportunity for an online offering for the cemeteries function.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative and Compliance</p> <p>LP1.1 Retention of data does not adhere to the council's Corporate Retention Schedule and therefore the service is in breach of GDPR regulations, leading to the possibility of prosecution/fine.</p> <p>LP2.1 Fees and charges are not reviewed on a regular basis and not approved in line with Council policies.</p>	<p>Reasonable</p>	<p>The Data Retention Schedule prescribes the length of time that records for the cemeteries are to be held, from three years for memorial forms to permanently for the burial register. A recent review by Cemetery staff of record retention and disposal identified difficulty verifying historic applications. This has led to a piece of work being undertaken to review the retention and disposal of records, to be concluded by December 2022.</p> <p>In addition to this, there is a large, corporate piece of work in relation to consider more widely the retention and disposal of records across the Council. This project has visibility via the Information Board, and the Information Governance Officer, who will be involved in this project, will report back regularly to this Board on an agreed action plan.</p> <p>In accordance with the Council's Financial Procedure Rules, proposals for an annual increase in Burial Fees and Other Charges are sent to the S151 Officer (Head of Finance and Assets) who considers and approves this uplift. We have confirmed for the last three years that an increase has been applied.</p>	<p>None required.</p>

<p>LP3.1 Public Health Funerals are being undertaken for people who are deceased when there are next of kin who may be willing to make the arrangements and pay for a funeral.</p>		<p>Where no suitable funeral arrangements have been made, or are being made, for a deceased person who has died in the Borough, the Council has a duty to make necessary arrangements. The Council is entitled to collect any and all sums of money due to or belonging to the deceased and to sell any belongings in order to help offset the cost of the funeral and expenses.</p> <p>The Council's Environmental Health Team is responsible for making arrangements for public health / welfare funerals and in the period 1st October 2021 – 30th September 2022, one such funeral has been undertaken. In that case, the Council is able to recoup costs from Gloucestershire County Council, who are managing the affairs of the deceased spouse</p>	
<p>Operational</p> <p>OP1.1. Income in respect of services is not reconciled to the general ledger on a regular basis leading to errors or omissions not being discovered in a timely manner.</p> <p>OP2.1 Maps held at the cemetery may be out of date, leading to duplication in the allocation of plots and difficulty for the public in locating graves.</p>	<p>Reasonable</p>	<p>All cemetery income is invoiced via the Sundry Debtors system, which interfaces with the general ledger and for which a reconciliation is undertaken regularly. Therefore, it is considered that there is no requirement for a separate reconciliation to be undertaken between cemetery records and the general ledger.</p> <p>We confirmed that there is currently no independent check to confirm that the maps accurately reflect the plots for burials and ashes, memorials, and benches. To provide some assurance that services provided were accurately reflected on the cemetery maps, we obtained scanned copies of the maps for both cemeteries and confirmed that the five most recent transactions were accurately recorded. We were advised that the proposed digitalisation of cemetery maps and other records has been postponed, with a new start date not yet set. This project will provide an opportunity to confirm the accuracy of the maps.</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> Digitalisation of cemetery records should seek to confirm that the records are accurate and complete. This would negate the requirement for paper-based records to be held.</p> <p>To ensure the work is completed promptly, and to assist with the digitalisation project, it is recommended that preparatory work including the review of current records is undertaken in the interim. This might include confirmation that the paper maps accurately reflect the plots and memorials in the cemeteries.</p> <p><u>Response from Client:</u> The Asset Management team are keen to progress digital options within the cemetery service and look forward to being a higher</p>

			<p>priority in 2024 for the Transformation Team. All necessary preparations will be made during 2023 to enable a smooth project deployment in 2024.</p> <p><u>Implementation date:</u> 31 December 2023</p> <p><u>Responsible Officer:</u> Cemetery and Asset Management Support Officer</p>
<p>Economic and Financial</p> <p>EF1.1 Income is not received for all services provided, in a timely manner.</p> <p>EF2.1 Expenditure is incurred without proper authorisation or is not appropriate for the service.</p>	<p>Reasonable</p>	<p>During this audit, we confirmed that for all services provided, a Sundry Debtor invoice was raised. Where possible, fees are taken in advance of the service being provided but there are occasions when funeral directors pay the Council for more than one service in one go, meaning that for some, the burial has already taken place. We selected a sample of 60 transactions from source documents that were initiated in the Cemetery and Asset Management section, 30 from each cemetery and confirmed that income for the services provided was in the correct amount and paid in a timely manner.</p> <p>We also selected a smaller sample of burials and interment of ashes from the cemetery maps and confirmed that the records matched those held by the Cemetery and Asset Management section and that payment had been received for the service provided.</p> <p>Cemetery expenditure is split into two codes:</p> <p>3020 – Materials and Provisions - memorials 4100 – Agency Contracted Services – predominantly grave digging We selected a sample of 20 invoices, 10 from each cemetery and confirmed that in all cases, expenditure was correctly coded.</p> <p>From our review of 20 invoices, we have confirmed that the expenditure was of a type that is associated with a cemetery, mainly grave digging, and memorials, and additionally at Tewkesbury, emptying of septic tank.</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> Consideration should be given to introducing a second officer into the process, for example to undertake the goods receipting process, so that segregation of duties in the ordering and authorisation of purchases is maintained.</p> <p><u>Response from Client:</u> The size, structure and individual roles within the Asset Team do not currently support specific segregation of duties for ordering and paying for goods within the cemeteries service. This is, however, a recognised risk and will be resolved at the earliest opportunity with either additional resources or a re-design of roles.</p> <p><u>Implementation date:</u></p>

<p>EF2.2 Expenditure is incurred without proper authorisation or is not appropriate for the service.</p>		<p>During our testing, we also sought to confirm that expenditure was properly authorised and that there was adequate segregation of duties in operation. Segregation of duties is a key control that mitigates the risk of fraud or error by the involvement of more than one officer in a process, the importance of which is embodied in the Council's Financial Procedure Rules, which states under Financial Governance as follows:</p> <p>Heads of Service should ensure that staff have received appropriate training in relation to these rules and procedures (e.g., understand how to process purchase orders, goods receipts and having segregation of duties where possible).</p> <p>The outcome of our testing confirmed that in 14/20 cases, the same officer who ordered the goods or services was also the officer who authorised the purchase for payment. This does not represent adequate segregation of duties. We are aware that compensating controls in place, such as a spend limit of £2,000 set for the Cemetery and Asset Management Support Officer, that they can only process orders with current suppliers on the system and the Asset Manager is required to authorise any orders on a budget overspend. The Finance team also monitors income and expenditure on a quarterly basis with the Finance team. Whilst these controls may detect an error or anomaly after they have occurred, a stronger control is a preventive control, designed to prevent errors or fraud before they occur, such as appropriate segregation of duties.</p>	<p>Not applicable.</p> <p><u>Responsible Officer:</u> Not applicable.</p>
<p>Technology</p> <p>TE1.1 Paper based records are not held in duplicate and are not held securely to prevent loss due to fire, flood, theft etc</p>	<p>Reasonable</p>	<p>During this audit, we confirmed by review that some records are held in duplicate, for example invoice record books but that others, such as cemetery maps are not. They have, however, been scanned in full as part of this audit.</p> <p>Records are held securely to prevent loss, damage or theft at the Council offices and cemeteries.</p> <p>We noted that the Council Plan 2020 – 2024 refers to exploring the opportunity for an online offering for the cemeteries function, and it was confirmed with the Lead Digital Officer that there are several areas that could potentially be digitalised:</p> <ul style="list-style-type: none"> • Forms that funeral directors complete • Forms that the public complete • Plots to show where a deceased person is buried <p>This would negate the need for paper-based records and ensure that all records were preserved and accessible.</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> See OP2.1.</p>

Audit: Corporate Risk Register 2022/23- National Driver Shortage

Introduction: The Council maintains a corporate risk register that is reviewed regularly by corporate management team and presented to Audit and Governance Committee. In September 2021, a new risk was reported in relation to the national shortage of HGV drivers. This has the potential to impact upon the Council’s Waste and Recycling Services, operated by Ubico. In essence the risk was flagged as the supply of agency drivers is a concern as the overall impact of this is that contract costs may increase, and waste rounds may suffer from shortages resulting in service suspensions. The audit will look to gain assurance that the risk is fairly stated within the register, the high-level controls reported are in place and further actions to reduce the risk are progressing.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational</p> <p>O1: Key controls stated in the corporate risk register in respect of emergency planning are not in place and/ or working effectively.</p>	<p>Reasonable</p>	<p>The Corporate Risk Register states that the risk in relation to National Driver Shortage is twofold:</p> <ul style="list-style-type: none"> • There is a national shortage of HGV drivers. The impact is that across the Ubico contracts they are struggling to recruit and retain RCV drivers. • The supply of agency drivers is a concern. <p>The overall impact of this is that contract costs may increase, and waste rounds may suffer from shortages resulting in service suspensions.</p> <p>During the course of this review, we were advised by the Waste Manager that ‘driver shortage’ was perhaps the wrong term used in categorising this risk. The issue was that Ubico would book the required number of staff from an agency and would be let down on the day.</p> <p>There are two mitigating controls on the Risk Register:</p> <ul style="list-style-type: none"> • Increase the market supplement for drivers. • Train more loaders to become drivers. <p>We have confirmed that the market supplement for all drivers – approximately 25 - has been increased. Drivers also received a pay award of £1,925, in line with the national position. The supplement was last reviewed when the pay award was being finalised, and ahead of budget setting it was considered still to be required to support the service’s retention and recruitment. This will be kept under review by Ubico and the Council. The cost has been included in the 2023/2024 budget.</p> <p>New drivers were not recruited from loaders as a direct result of the supplement, but it helped to make Ubico more attractive as a prospect combined with other factors</p>	<p>None required.</p> <p>The Head of Corporate Services presented the updated Corporate Risk Register to the Management Team in advance of the Audit & Governance meeting of 23rd March 2023 and reported that due to due to the mitigating controls, the risk has reduced and no longer represents a Corporate Risk.</p>

such as the work being in the day and local, resulting in the retention of drivers. Ubico now consider this a low risk because they are finding it easier to book agency drivers and are being let down a lot less. As a result, due to the success of retaining drivers, it has not been necessary to train loaders.

During discussion it was confirmed at the time of this report, there are 2 driver vacancies, whereas before the market supplement there was an average of between 5-7 vacancies.

One of the impacts identified as a potential outcome of a driver shortage was that costs could increase. We have confirmed that costs have increased and have been budgeted for by the Council for the forthcoming financial year.

We also identified a comment on the Corporate Risk Register, attributed to Ubico that there is no likelihood of strike action across the Ubico partnership. It is considered that strike action is not part of this risk, i.e., driver shortage as at the time that shortages were identified, they were due to the level of pay which failed to attract workers, both permanent and agency. A threat of strike action might be considered as a separate risk and is not within the scope of this review.

We also considered the two management action points identified on the register:

- Apply the business continuity plan if services are suspended.
- Continue dialogue with Ubico and suggest ideas to improve e.g. offering a golden hand shake / incentive for referrals of drivers from staff etc.

Ubico's Business Continuity Plan dated 5 March 2021 was due to be reviewed on 5 March 2022. This was not done, and we are advised that it is currently being updated.

We have reviewed this document and are satisfied that it covers the areas that would be expected in such a plan, including the aim of the plan, its objectives and emergency response checklist. It also confirms the proposed arrangements in the event that there is a serious reduction in staff numbers.

The Waste Manager confirmed that it has not been necessary for contingency arrangements to have been invoked due to driver shortage. Garden waste collection was suspended in December 2022 in order to catch back up with the other services after the snow and ice, but this was weather related and not due to driver shortage.

With regards to continuing dialogue with Ubico, the Waste Manager considers that

		<p>this has not been necessary as there was an intention to wait and see how successful the market supplement was, which has led to pressures easing, and the discussion of other options not required or undertaken.</p> <p>There is regular and appropriate oversight of the Council's Corporate Risk Register, at management and corporate level and by Members of the Audit and Governance Committee.</p>	
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Audit: Laptops 2022/23

Introduction: In March 2020, approximately 200 laptops were purchased to enable members of staff to work remotely during the COVID-19 pandemic. The scope of this audit included confirmation that all laptops are recorded by IT, their whereabouts are known, and they were purchased in line with the council's Contract Rules.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational:</p> <p>O1: Laptops are not adequately recorded or monitored by the IT function leading to potential fraud and loss of assets.</p>	Reasonable	<p>We were able to identify laptops purchased and can provide assurance that these are accurately and fully recorded on the IT Asset List, held by the ICT section.</p> <p>We are satisfied that laptops are tagged by IT upon receipt and are recorded on the IT database, which shows who laptops have been allocated to.</p> <p>By comparing the list of leavers provided by HR and the equivalent list provided by IT we identified that there were some differences. The most significant issue is that managers are not notifying HR that a member of staff is leaving and therefore HR are not able to inform IT. We were advised by IT that they only become aware that a member of staff is leaving when they return the equipment.</p> <p>We have confirmed that this issue relates to contract staff, and not staff employed by the Council. We found that contractors may leave before their contracted end-date and HR are not informed of this by managers.</p> <p>We can provide assurance that all laptops, apart from one which is due to be returned in March, have been returned by staff who have left the Council.</p>	<p><u>Recommendation priority:</u> Low</p> <p><u>Recommendation Details:</u> Management should inform HR when a member of staff are due to leave so that IT can also be notified.</p> <p><u>Response from Client:</u> Agreed. Contract end dates for contractors and agency staff are held in the systems already but this finding relates particularly to when contractors leave before the end of their agreed term. HR and IT are reliant on managers informing them that this is the case. This is a responsibility of all managers. A reminder of this responsibility will be emailed to all</p>

			<p>managers by HR.</p> <p><u>Implementation date:</u> Email reminder by 17 March 2023</p> <p><u>Responsible Officer:</u> HR & OD Manager</p>
<p>Economic and Financial:</p> <p>E1: Controls in relation to purchasing and the disposal of laptops are inadequate leading to a potential risk of fraud and value for money not being achieved.</p>	Reasonable	<p>We have confirmed that due to the need to purchase laptops quickly, to enable employees to work from home during the Covid-19 pandemic, the requirements of the Contract Rules were not followed. This is appropriate under the circumstances and in accordance with the Contract Rules.</p> <p>However, when the Contract Rules are not followed, it is a requirement that a Waiver of the rules should be sought. Under these circumstances, this is permissible because the purchases were urgent.</p> <p>In the case of contracts exceeding £100,000 the waiver should have been agreed by the Executive Committee. We have confirmed that a waiver had not been sought and for the purpose of maintaining transparency, a finding has been raised that the Contract Rules are followed in respect of permitting a waiver of these Rules.</p> <p>We confirmed that the Head of Finance and Asset Management approved the donation of a small number of old or broken laptops to an educational charity, with oversight from the Head of Corporate Services. This is in accordance with the Council's Financial Procedure Rules. The laptops had little or no monetary value and were no longer required by the Council. We were able to identify the model and unique IT Asset list serial number and have confirmed they do not appear on the current list of laptops held.</p> <p>We are satisfied that value for money was considered during the purchase of the laptops. The purchases were made during the early part of the pandemic, when there were shortages of laptops due to the requirement for them globally.</p> <p>Where possible, laptops were purchased using the Crown Commercial Purchasing platform, being a pre-tendered portal in which the Council can 'call off' purchase. This represented an approach that would aim where possible to achieve economy in purchasing, given their purchasing power. It is clear that there were issues with supply, with many organisations, not just local authorities, seeking the same equipment in the same timescales. The laptops that were purchased in 2020 are still</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> In line with Section 6 of the Council's Contract Rules, waiver of these rules should be sought to promote and maintain transparency.</p> <p><u>Response from Client:</u> Agreed.</p> <p><u>Implementation date:</u> 30 April 2023</p> <p><u>Responsible Officer:</u> ICT Manager</p>

		being used three years later with no apparent issues of functionality or performance. The close involvement of the Head of Finance and Asset Management and Head of Corporate Services supports the consideration of value for money.	
<p>Audit: Timesheet Recording and Administration of Annual Leave 2022/23</p> <p>Introduction: A new HR self-service system, My HR, was launched on 3 October 2022. My HR currently allows staff and line managers to request and approve annual leave as well as record time management and flexi time. In the future, it will be possible to manage a wider range of tasks through the My HR system including sickness management, self-service changes to employee records, mileage, and expense claims and payslip/P60 issue. My HR is also accessible via mobile devices, allowing more flexibility. My HR provides more accurate and up to date information and gives managers a clearer overview of their teams. It also allows them to approve leave, review flexi time and later, undertake an even wider array of tasks through the system with greater visibility via management dashboards.</p>			
Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Legislative:</p> <p>LP1: Retention of data does not adhere to the council's Corporate Retention Schedule and therefore the service is in breach of GDPR regulations, leading to the possibility of prosecution/fine.</p>	Reasonable	<p>We identified that paper-based HR records, created prior to the introduction of Eploy, have not been identified and marked for disposal organisationally. A recommendation was made in the Recruitment (Eploy) Audit 2022/2023 that will address this, with a target date of 31 March 2023. This will include paper based annual leave and flexi leave records.</p> <p>The new My HR system is set up so that when a user is deleted from the system it will trigger the relative annual leave and flexi records to also be deleted. However, electronic flexi and annual leave records, for example Excel spreadsheets, that were created prior to the implementation of My HR are held at departmental level and have not formally been identified for disposal, in line with the Retention Schedule.</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> Managers should be asked to delete any leave / flexi records held electronically or in paper format for leavers as the retention schedule requires that records should be kept for the duration of employment.</p> <p><u>Response from Client:</u> This is a recommendation which requires 2 actions:</p> <p>Action 1: Request managers to delete any locally held leave / flexi records held electronically or in paper format for leavers. HR will make this request. Disposal is the responsibility of managers</p>

			<p>across the council.</p> <p>Action 2: Dispose of paper records held in historic paper file held by HR on site as part of the review and digitisation of employee files. This is a significant task which will be managed by HR.</p> <p><u>Implementation date:</u> Action 1: Email reminder by 17 March 2023 for completion by end of March 2023</p> <p>Action 2: By the end October 2023</p> <p><u>Responsible Officer:</u> HR & OD Manager</p>
<p>LP2: Policies and procedures may not be comprehensive, reviewed regularly and available to all relevant staff, leading to incorrect procedures being followed.</p>	Substantial	<p>Written, documented policies and procedures are not specifically in place for using My HR for recording annual and flexi leave but there are comprehensive training videos available to all users of My HR and training was provided by HR prior to the introduction of My HR. This provided adequate and clear guidance on how to use the new system.</p> <p>Policies to outline and support the operation of annual and flex leave are in place, current and comprehensive.</p>	None required.
<p>Operational:</p> <p>OP1: Staff may not have received adequate training in the use of My</p>	Substantial	<p>All staff who are registered on My HR have access to training videos, which, as confirmed at LP2.1, provide comprehensive and easy to follow guidance.</p> <p>Additionally, drop-in sessions were provided by HR and Business Transformation teams and additional assistance is available when needed.</p>	None required.

HR leading to errors and difficulty in using the system.			
OP2: Access levels may not be appropriate, leading to actions being taken which are outside of an officer's role and responsibilities.	Substantial	We reviewed the access levels for all staff registered on My HR and can confirm that that there are 212 staff who have access to input their flexi and annual leave and within this number, 52 who are also have the ability to authorise their staff leave. The levels set are appropriate.	None required.
OP3: Regular reports are not produced to allow annual leave and flexi time to be monitored to confirm they are operated in line with the Council's policies.	Reasonable	<p>My HR is in its infancy, being functional from 3 October 2022. There are currently a number of reports that can be run on an ad hoc basis, when they are needed by HR.</p> <p>There is scope for further reports to be established once the business transformation team priorities allow for the development of the management and HR dashboards intended for the system.</p> <p>We also confirmed that there is management information available on My HR, which is in the form of a notification rather than a report, for example:</p> <ul style="list-style-type: none"> • To staff to inform them of their annual leave outstanding as their leave year is approaching and at the end of each flexi period. • Where flexi time is in debit by more than the permitted amount. • An email notification to Managers at the end of each period to advise them that their member of staff has accrued more than the policy and the system requires them to speak to the member of staff about how they are going to deal with it. They can then edit down to the agreed amount along with a comment. • Where staff are not taking annual leave. This can be viewed at any time. • Details of staff registered on My HR. • Details of staff who are registered on My HR but who have not input their annual and flexi leave. <p>We are satisfied that there is already information available to managers and staff, both via reports and notifications and that there is scope for further development of reports, once the system has been used for an appropriate time and time is allowed to complete the My HR programme of work.</p>	None required.

<p>Economic and Financial:</p> <p>EF1: There is inadequate separation of duties in the use of My HR to prevent the possibility of fraudulent activity, for example annual leave and flexi time being brought forward from previous system(s) incorrectly or the approval of annual leave or flexi time without management oversight.</p>	<p>Limited</p>	<p>We can provide assurance that the My HR system maintains adequate separation of duties between the requesting of leave by an employee and its authorisation by their manager. We have confirmed at OP2 that access levels are appropriate.</p> <p>To confirm that annual leave and flexi time balances were correctly transferred from manual or electronic records to My HR, we selected the largest annual leave and flexi balances carried over to My HR and checked these back to employee records.</p> <p>Flexi Leave We obtained a sample of 17 employee flexi leave cards and confirmed that in 14 out of the 17 cases, the flexi time on the leave card agreed to the report of flexi carried over on 3 October 2022.</p> <p>In one case, the employee carried over a smaller value than they had accrued as they would be unable to take the large number of hours they had accrued.</p> <p>In two cases the amounts shown on the report differed slightly from the flexi records. We have passed this to the HR and OD Manager for their review but are not concerned as the values were insignificant.</p> <p>Annual Leave We obtained a sample of 16 employee annual leave records to confirm that the value of annual leave carried over to My HR were accurate. The calculation to be used is as follows:</p> <p>(Hours carrying from previous leave year + base entitlement) – (Hours remaining as of 3 October + Days booked on system at time of export)</p> <p>We applied this in all 16 cases but were unable to arrive at the figure carried forward to My HR by the employee and sought assistance from the Digital Developer, by providing annual leave records for five employees and asking if they were able to reconcile these to the values on My HR.</p> <p>The outcome was that in two cases it was necessary for the Digital Developer to amend the records on My HR to reflect the correct figure as the employees' timesheet had been set up incorrectly. It was confirmed that the annual leave carried over was correct once this had been done.</p> <p>It was also confirmed that in one case, annual leave was incorrect, showing a total of</p>	<p><u>Recommendation priority:</u> High</p> <p><u>Recommendation Details:</u> HR should lead in facilitating a full reconciliation between employee annual leave records and the amounts carried over to My HR. This should include a review to ensure that timesheets have been configured correctly in terms of contracted hours.</p> <p><u>Response from Client:</u> This is a recommendation which requires 2 actions:</p> <p>Action 1: Initially we will review the 16 annual leave records obtained by the Auditor and reconcile the balance carried forward to My HR.</p> <p>Action 2: The HR & OD team have also requested records for all staff in order to carry out a reconciliation exercise.</p> <p><u>Implementation date:</u> Action1: 1 March 2023 Action 2: 30 April 2023</p>
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		<p>41 days carried over on the leave record but entered as 48 days on My HR.</p> <p>In relation to the two other cases, both were correct. One was a timing difference, where the leave year had rolled over and the report showing annual leave was run. The fifth example was correct.</p> <p>A control introduced to identify errors in carrying annual and flexi leave to My HR was for managers to check the inputted flex / annual leave against existing records as a one-off exercise. This request was made by HR on 10 October 2022.</p> <p>We sought to confirm that this exercise had been undertaken by all managers, but we were advised that a report is not available to confirm this.</p> <p>The concern that we are raising is whether managers would be able to confirm that annual leave has been correctly carried over to My HR, given the difficulties that we encountered and the assistance we were required to seek from the Digital Developer.</p>	
<p>Technical:</p> <p>TE1: Staff may not be using the My HR system leading to a lack of management oversight and inefficient working practices.</p>	Reasonable	<p>All staff were required to register on My HR and use this system to record their annual and flex leave, from 3 October 2023.</p> <p>We obtained a list of all staff and confirmed that 21 had not registered on My HR. This was discussed with the HR and OD Manager, who confirmed that out of this number, a majority were either on maternity or sick leave and were not yet able to register, did not have access to a computer – for example cleaning or tourist information staff – and only seven were required to register. Feedback on My HR from users is actively sought, with a feedback facility accessible to all users of My HR.</p> <p>In addition, feedback has been provided to the Digital Developer and HR and issues with functionality or other queries addressed.</p> <p>We reviewed the operation of My HR and there are still some issues that are to be expected so relatively shortly after the system has been introduced. One area where there are issues is in relation to the accuracy of information originally set up on My HR in terms of employee contracted hours. We identified a recent example in December 2022 where an employee discovered their contracted hours had been incorrectly set up as working five days per fortnight rather than five days per week. This resulted in the annual leave deduction being reduced by half on their My HR record, giving them an additional three days leave.</p>	<p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u> HR should remind staff of the requirement to register on My HR.</p> <p><u>Response from Client:</u> Agreed.</p> <p><u>Implementation date:</u> 10 February 2023</p>

		<p>This also contributed to the difficulties encountered by us in confirming that annual leave has been correctly carried over to My HR. We have raised a finding at TE1 above.</p> <p>My HR has been configured to reflect the annual and flexi-leave policies, and to take into account the temporary policy – Annual leave and flex in Covid 19, which was introduced to confirm the council’s approach to leave which had accrued in excess of the normal policies due to the demands on resources during the pandemic.</p> <p>As part of managerial monitoring of this policy, it was a requirement for managers to confirm that staff had carried over accrued flexi and annual leave correctly, in accordance with balances on their leave records to My HR and in line with current policies and procedures. This has been covered in detail at EF1.2.</p>	
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Recommendations Rating

Priority:		Definition:
1	High	A fundamental weakness in the system that puts the Authority at risk. This might include non-compliance with legislation or council policy, or may result in major risk of loss or damage to council assets, information or reputation. Requires action as a matter of urgency; to be addressed within a 3-6 month timeframe wherever possible or within an extended time frame as agreed with Internal Audit if the recommendation requires extensive resources or time.
2	Medium	Observations refer mainly to issues that have an important effect on the system of internal control but do not require immediate action. Legislation or policy are unlikely to be breached as a consequence of these issues, although could cause limited loss of assets, information or adverse publicity or embarrassment. Internal audit suggest improvement to system design to minimise risk and/or improve efficiency of service. To be resolved within a 6-9 month timescale.
3	Low	Observations refer to issues that would if corrected, improve internal control in general and ensure good practice, but are not vital to the overall system of internal control. A desirable improvement to the system, to be introduced within a 9-12 month period.

Level of control

Level of control:	Definition:	Guidance:
Substantial	Substantial assurance- A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	No audit recommendations or no more than 3 low priority (3) recommendations.
Reasonable	Reasonable assurance- There is generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	No more than 2 medium priority (2) recommendations, possibly with some low (3) recommendations.
Limited	Limited assurance- Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Between 1 and 3 high priority (1) and possibly several other priority recommendations OR 3 or more medium (2) recommendations.
No Assurance	No Assurance- Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	4 or more Priority 1s OR 6 or more medium priority (2) recommendations.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Internal Audit Six Month Plan 2023-24 (April-September 2023)
Report of:	Head of Corporate Services (Chief Audit Executive)
Head of Service/Director:	Head of Corporate Services (Chief Audit Executive)
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	One

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) REF 2010 (Planning) requires that the Chief Audit Executive (CAE) is responsible for developing a risk based plan. Ref 2030 (Resource Management) requires that the CAE must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the plan.

Recommendation:

To APPROVE the Internal Audit Six Month Plan 2022/23 (April-September 2023) as detailed in Appendix 1.

Financial Implications:

None directly arising from this report.

Legal Implications:

None directly arising from this report.

Environmental and Sustainability Implications:

None directly arising from this report.

Resource Implications (including impact on equalities):

The undertaking of an audit will require the support and engagement of individual services.

Safeguarding Implications:

None directly arising from this report.

Impact on the Customer:

To give assurance to external stakeholders (including customers) as to how well the council's internal control environment is managed.

1.0 INTRODUCTION

- 1.1** Internal Audit sits within Corporate Services and has direct reporting to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Head of Corporate Services (delegated as CAE within the Internal Audit Charter) to report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. Safeguards have been put in place to protect the independence of the CAE, given the operational responsibilities of the role.
- 1.2** PSIAS ref 2010 – planning, requires that the CAE is responsible for developing a risk based plan to take into account the requirement to produce an annual internal audit opinion. The input of senior management and the Board (Audit and Governance Committee) must be considered in the process. The plan has been endorsed by Corporate Management Team.
- 1.3** The setting of a six month plan enables a flexible approach to be taken to audit planning. Rather than setting a rigid annual plan, this approach recognises the changing environment the Council operates in particularly around its transformation agenda. It allows audit planning to better track and respond to the audit of developing risk areas. In terms of auditing the strategic risks facing the Council, the Corporate Risk Register helps inform the work of Internal Audit.

2.0 PUTTING TOGETHER THE PLAN

- 2.1** The plan (see Appendix 1) takes into account key areas as follows:

Corporate Risk Register

- 2.2** It is important the Committee gains assurance that risks reported within the register are being managed. Internal Audit will, on a rolling basis, review individual risks and ascertain that mitigating controls are actually in place, working effectively and there is progress in implementing actions to mitigate the risk further.

Governance-related

- 2.3** These are typically audits which are not a recognised service area but are frameworks or systems which underly the Council's overall governance framework.

Corporate Improvement

- 2.4** This is an allocation of days, specifically requested by Corporate Management Team (CMT). This is ad hoc work and can either be of a consultancy or assurance type nature. Using the independence of Internal Audit can help inform CMT of specific issues when a need arises or utilise internal audit to undertake a piece of work where there may not be available resource.

Financial Systems

- 2.5** This is the audit review of the key financial systems which inform the year end Statement of Accounts. Although Internal Audit sits within the Chief Executive's Unit, it still recognises its responsibility to support the Head of Finance and Asset Management to discharge his duties as the Council's Section 151 Officer, one of which is to maintain sound financial control. It has previously been reported to Audit and Governance Committee both by internal and external audit, the Council has good financial control. On this basis, the individual financial systems can be audited on a rolling basis.

Service area related activity

- 2.6** These are service-related activities that have been risk assessed based upon factors such as size of budget, inherent risk, previous audit history and the period since last audit. Very often, this does not require any sophistication to the assessment as fundamental changes to service-related activity tend to be the main identifier or the time since the last audit. There is also a reserve set aside specific for ICT audit related work.

Other areas

- 2.7** There is an allocation of days under 'consultancy and advice'. This covers representation at corporate groups such as the Keep Safe, Stay Healthy Group, Programme Board and individual project groups. The days also cover general advice given on an ad hoc basis such as advice on procurement, financial procedure rules, data retention etc.
- 2.8** An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented.

3.0 CONSULTATION

- 3.1** Corporate Management Team

4.0 ASSOCIATED RISKS

- 4.1** If an Internal Audit Plan is not developed and approved then there will be no steer as to where audit resources should be deployed.

If the plan does not give adequate coverage of the internal control environment then resources will not be deployed effectively to the higher risk areas.

5.0 MONITORING

- 5.1** The Audit and Governance Committee receive at each meeting, a monitoring report on achievement against the plan, and an audit opinion for each individual audit. Any audit within the plan where recommendations have been made to improve control are subject to a follow up audit. Progress in implementing internal audit recommendations are reported to each Audit and Governance Committee.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

- 6.1** The work of internal audit underpins the delivery of actions within the council plan.

Background Papers: None

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Appendices: Appendix 1 – Internal Audit Six Month Plan 2023/24 (Apr-Sept 2023)

Tewkesbury Borough Council

Internal Audit Plan 2023/24

(April 2023-September 2023)



Internal Audit Plan 2023/24

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver for the period April 2023 - September 2023.

Introduction and objective of the Audit Plan

Internal audit provides an independent and objective opinion on the authority's risk management, governance, and control environment by evaluating its effectiveness.

Each year the Chief Audit Executive, in conjunction with Senior Management, sets out proposed audit plans for April to September, and then October to the following March. Each six-monthly plan is presented to the Audit and Governance Committee for approval.

The objective of this planning process is to provide an annual audit opinion, based on sufficient and appropriate coverage of key business objectives and associated risks.

The outcome of each audit assignment should provide senior management and members with assurance that the areas audited and associated risk is effectively managed. Where improvements are required then this will be supported with appropriate recommendations.

When undertaking individual audit engagements an opinion is given for each element of the system being audited. The definitions used are standard definitions as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and accord with the definition of internal audit as prescribed within the Public Sector Internal Audit Standards (PSIAS). The four definitions used are as follows:

- **Substantial Assurance** – “A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”
- **Reasonable Assurance** – “There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”
- **Limited Assurance** – “Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”
- **No Assurance** – “Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”

In applying the most appropriate level of opinion internal auditors will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation. The opinion concluded is informed by the number of recommendations made and the category of those recommendations. There are three categories: high, medium and low.

The internal audit planning process recognises the difficulty in predicting longer term planning. Having a flexible approach and an audit programme set at six monthly intervals, allows internal audit to adjust the audit programme in line with changes made to the council's risk register, operations, and systems. It must be recognised that the council has an extensive and complex array of systems, processes and frameworks which overall informs the council's internal control environment. Therefore, internal audit coverage can never be absolute and is limited to the area being audited at that point in time. Responsibility for risk management, governance and internal control arrangements remains fully with management. Internal audit is an arm of effective management.

To give adequate coverage of the council's risk, governance and internal control environment the plan is broken down across those sub-headings. In addition, days are allocated to do follow up work i.e. confirm the implementation (or not) of previous internal audit recommendations, also for corporate improvement work – this is where internal audit can lead or deliver on specific projects or policies. The plan is based on 'net' productive days after taking account of days allocated for any annual leave, an allowance for sickness absence, training days etc.

Proposed Internal Audit Plan 2023/24 (April 2023 - September 2023)

Areas of coverage and brief scope	Responsible officer
Corporate risk register	
<p>The risk register is a high-level corporate document presented at each Audit and Governance Committee meeting. The document captures the details of the risk, its impact upon the council, the controls in place to mitigate the risk and any further mitigating action points. The risks are audited on a rolling basis to give management and member's assurance that controls in place are effective and action points are being progressed.</p>	<p>Heads of Service</p>
Governance related	
<p>Gifts and hospitality – to review the declaration, approval and reporting process and there is general staff awareness on the subject.</p>	<p>Head of Corporate Services</p>
Financial	
<p>Budgetary Control – for 2023/24, Council recently approved a net budget of £11,300,548. The audit will review the budgetary control framework to give assurance the framework is effective. This will include the budget is accurately recorded within the main financial system, there is a scheme of budget delegation, the production of regular budget reporting and dialogue with budget holders, variance investigation and approval of virements.</p>	<p>Finance Manager</p>
<p>Grant certification – there is an increasing number of external grants, for example, homelessness prevention grant, bio-diversity net gain, business transformation related, UKSPF, decarbonisation etc that require sign off by a senior officer to give assurance grant conditions have been complied with. Internal audit can give independent assurance.</p>	<p>Heads of Service</p>
Service related	
<p>Disabled Facility Grants (DFG) - a DFG is a grant that can help towards the cost of essential adaptations for residents to live independently. They are subject to a financial means test with a maximum grant of £30k and are assessed in consultation with the Gloucestershire County Council (Occupational Health). The audit will review the process to gain assurance that grants are authorised, comply with policy, where appropriate are means tested, works are adequately monitored and expenditure approved. The annual DFG budget is £800k.</p>	<p>Environmental Health Manager</p>

Proposed Internal Audit Plan 2023/24 (April 2023 - September 2023)

Areas of coverage and brief scope	Responsible officer
<p>Commercial Property Portfolio – the portfolio consists of nine properties, with the value of the portfolio totalling £59.5m and generating a return of £3.4m (5.7%) to support the council’s base budget. The creation of the portfolio was well governed with Member engagement and approval. The audit scope will include the management of the properties by the Asset Management team, ensuring the correct lease charges have been raised and key terms and conditions of lease arrangements are adhered to.</p>	<p>Head of Finance and Asset Management</p>
<p>High Street Heritage Action Zone (HASZ) – the HASZ scheme is a joint initiative with English Heritage. The total value of the scheme is just over £2m. The overall project is broken down across various work streams including: shop front/facades, residential use of upper floors, public realm, traditional skills. The audit will review the project management and governance arrangements of the scheme plus the delivery of the individual work streams and that overall grant conditions are adhered to.</p>	<p>Head of Development Services</p>
<p>Garden Waste – income totals in excess of £1.1m with around 20,000 residents subscribing to the service. The main objective will be to review the income collection process and database management.</p>	<p>Head of Community Services</p>
<p>ICT – a reserve has been set aside for the commissioning of specialist ICT audit work.</p>	<p>ICT Manager</p>
<p>Corporate improvement</p>	
<p>This is ad hoc work and can either be of a consultancy or assurance type nature. Using the independence of internal audit can help inform CMT of specific issues when a need arises or utilise internal audit to undertake a piece of work where there may not be available resource.</p>	<p>Corporate Management Team (CMT)</p>
<p>Consultancy & Advice (including representation of Corporate Group)</p>	
<p>As part of the role of internal audit it is inevitable the team will be approached from time to time to provide ad-hoc advice. The team welcomes such approaches and these are often around contract procedure rules, financial procedure rules, proposed system changes etc</p>	<p>Chief Audit Executive</p>
<p>Follow up reviews</p>	
<p>A key part of the work of internal audit is to follow up previous recommendations with relevant services to gain assurance they have been implemented. The date of follow up is driven by the agreed implementation date. The outcome of this work is reported at each Audit and Governance Committee meeting via the internal audit monitoring report.</p>	<p>Heads of Service and Operational Managers</p>

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Monitoring of Significant Governance Issues
Report of:	Corporate Director
Head of Service/Director:	Corporate Director
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

The report attaches, at Appendix 1, a table incorporating the Significant Governance Issues which were identified in the Council's Annual Governance Statement, approved by the Audit and Governance Committee on 23 November 2022, and the action to be taken to address them. The table indicates the progress on those specified actions as at 28 February 2023 to enable the Audit and Governance Committee to monitor progress as required by the Annual Governance Statement.

Recommendation:

To CONSIDER the information set out in Appendix 1 and to review progress against the actions.

Financial Implications:

None arising from this report.

Legal Implications:

None arising from this report.

Environmental and Sustainability Implications:

None arising from this report.

Resource Implications (including impact on equalities):

None arising from this report.

Safeguarding Implications:

None arising from this report.

Impact on the Customer:

In relation to the following items on Appendix 1 customers should expect the following:

- Community Infrastructure Levy (CIL) – governance arrangements
 - The formalisation of arrangements between partners should lead to better negotiation of CIL priorities/delivery for communities.
- Licensing Service Review
 - Improved service.
- UK Shared Prosperity Fund
 - The fund aims to target funding to build pride in place, support high quality skills training, support pay, employment and productivity growth and increase life chances.
- Equality and Diversity
 - Removing the barriers that prevent people from fully participating in public life and realising their full potential.

1.0 INTRODUCTION

1.1 On 23 November 2022, the Audit and Governance Committee approved the Council's Annual Governance Statement for 2021/22 which forms part of the annual Statement of Accounts. The purpose of the Statement is to provide assurance that the Council's Governance Framework is adequate and effective.

1.2 As part of the Annual Governance Statement, the Council is required to identify the Significant Governance Issues faced by the Council and to set out the proposed actions to be taken to address those issues and the timescale within which the actions will be taken. The role of the Audit and Governance Committee is to monitor progress on actions arising from the Significant Governance Issues identified in the statement.

2.0 SIGNIFICANT GOVERNANCE ISSUES

2.1 The table set out at Appendix 1 comprises the Significant Governance Issues identified and the proposed action and timescale, with the addition of a further column which indicates the progress as at 28 February 2023.

3.0 CONSULTATION

3.1 The Corporate Governance Group has been consulted on progress on the proposed actions.

4.0 ASSOCIATED RISKS

4.1 None arising from this report.

5.0 MONITORING

5.1 Through regular six-monthly reports to the Audit and Governance Committee.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

- 6.1** Audit and Governance Committee 23 November 2022 – Approval of Annual Governance Statement 2021/2022
- Council 24 June 2008 – Approval of Code of Corporate Governance
- Council Plan – Customer First

Background Papers:	Audit and Governance Committee 23 November 2022 – Approval of Annual Governance Statement 2021/2022
	Council 24 June 2008 – Approval of Code of Corporate Governance
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Appendices:	Appendix 1 - Significant Governance Issues

SIGNIFICANT GOVERNANCE ISSUES 2021/2022

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 28 February 2023
1.	Community Infrastructure Levy (CIL) – governance arrangements	Overall governance arrangements to be formalised between partners.	March 2023	Head of Development Services	The three JCS Local Authorities are in the process of reviewing and considering formal arrangements.
2.	Local Code of Corporate Governance	Development and approve a new code of governance.	March 2023	Head of Corporate Services	Work has yet to commence due to other priorities. Will be taken forward within the new Audit and Governance service.
3.	Effective recovery of the internal audit function	Deliver the team's recovery actions including: <ul style="list-style-type: none"> • Completion of audit assignments. • Delivery of Quality Assurance and Improvement Programme (QAIP). • Ensure the team remains adequately resourced. 	June 2023	Head of Corporate Services (Chief Audit Executive)/ Head of Finance and Asset Management	The Internal Audit team has been operational for 2022/23. The work undertaken will enable an opinion to be made on the Council's internal control environment within the CAE annual report. The creation of an Audit and Governance service provides additional resilience. The QAIP will be reported to Committee in July.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 28 February 2023
4.	Compliance with the CIPFA Financial Code	Deliver outstanding actions identified within the self-assessment.	March 2023	Head of Finance and Asset Management	The annual report to Audit & Governance Committee on the FM code will be presented in March and will confirm good progress in delivering identified actions. Further actions are being identified to drive continuous improvement and this will effectively be business as usual going forward with annual updates to committee.
5.	Licensing service review	Deliver the work streams identified within the service review project plan.	June 2023	Head of Community Services	Much progress has been made in the Licensing Service review including getting much needed processes in place, updating and agreeing the Licencing, Gambling and Private Hire and Hackney Carriage policies. A draft service structure has been agreed and the budget for this structure signed off by Council. Implementation of the new structure is now underway.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 28 February 2023
6.	UK Shared Prosperity Fund	Ensure there are sound governance arrangements in place to oversee and support delivery of the investment plan.	December 2022	Head of Finance and Asset Management Head of Development Services	At Executive 16 November 2022 it was resolved: That authority be delegated to the Head of Development Services, in consultation with the Head of Finance and Asset Management, the Lead Member for Economic Development/Promotion and the Lead Member for Community, for the decisions needed to develop and implement the action plan arising from the UK Shared Prosperity Fund and Rural Prosperity Fund, or subsequent funds, or vary it in response to circumstances which may arise as a consequence of the need, including authority to enter into agreements, notices and other legal documents as necessary.

No.	Governance issue	Proposed Action	Timescale	Responsible Officer/Group	Current Position as at 28 February 2023
7.	Equality and diversity	Review and update the current policy and produce a supporting action plan.	December 2022	Head of Corporate Services	A draft policy has been written. In terms of an action plan, the Local Government Association has produced an Equality Framework for Local Government (EFLG). Covering four modules, it has three levels of achievement, the first level being 'developing'. Delivery of the action plan will be considered by the new management team prior to formal approval of the policy.
8.	Fraud risk registers	Produce service specific registers for high-risk areas.	March 2023	Head of Counter Fraud and Enforcement Unit	Checklists drafted – to be issued to Corporate Governance Group with recommendations regarding areas of weakness for inclusion on the CFEU work plan. Suggested timetable relating to service area risk register delivery be presented to Corporate Governance Group for work to commence in Q1 2023/24.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 March 2023
Subject:	Data Protection Policy Review
Report of:	Head of Corporate Services
Head of Service/Director:	Corporate Director
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

The Council is committed to compliance with the requirements of the Data Protection Act 2018 and the UK General Data Protection Regulation (UK GDPR).

The Council's Data Protection Policy sets out the legislative framework and principles that all Council staff and Members must follow when handling and processing personal data. The policy also outlines the roles, responsibilities, and governance arrangements in place to ensure the council continues to fulfil its obligations.

A review of the current policy has been carried out to incorporate changes to the UK data protection law, ensure it remains in line with legal requirements and reflects best practice.

Recommendation:

To recommend to the Executive Committee that the revised Data Protection Policy be APPROVED

Financial Implications:

None arising directly from this report.

Legal Implications:

The Council is legally required to comply with the Data Protection Act 2018 and the UK GDPR. Any non-compliance therefore gives rise to a number of risks. The proposed policy ensures that appropriate safeguards and arrangements are in place to mitigate these risks as far as reasonably practical. The Data Protection and Digital Information Bill 2022/23 is due to receive Royal Assent in due course (possibly in the summer of 2023) and this policy will require further review and possible amendment at that stage.

Environmental and Sustainability Implications:

None arising directly from this report.

Resource Implications (including impact on equalities):

None arising directly from this report.

Safeguarding Implications:

None arising directly from this report.

Impact on the Customer:

Having an up-to-date Data Protection Policy helps demonstrate to customers, as well as employees, suppliers and other third parties, that they can have trust in engaging with the Council and feel confident that their personal data will be safe. It also ensures that the duty to inform customers of their rights under data protection legislation is met.

1.0 INTRODUCTION

- 1.1** The Council's current Data Protection Policy was adopted in 2018. A regular review of the policy is necessary to ensure that it remains consistent with legal requirements, reflects best practice and continues to be fit for purpose.
- 1.2** Since the adoption of the current policy, there have been changes to the UK data protection law following the UK's withdrawal from the European Union. The provisions of the EU GDPR have been incorporated directly into UK law, now known as the UK GDPR. In practice, this has meant little change, the core data protection principles, rights and obligations have remained the same. However, it is prudent to ensure that this change is reflected in the policy.

2.0 DATA PROTECTION REQUIREMENTS

- 2.1** In delivering services, the Council collects, stores and processes personal data about its customers, service users, employees, suppliers and other third parties. The Council must therefore comply with all relevant legislation and maintain good practices in order to protect the personal data held.
- 2.2** There are seven key principles which lie at the heart of data protection legislation. Compliance with these principles is fundamental to good data protection practice and the basis for our approach to processing personal data. These are:
- lawfulness, fairness and transparency
 - purpose limitation
 - data minimisation
 - accuracy
 - storage limitation
 - integrity and confidentiality (security)
 - accountability
- 2.3** There are a number of key risks to the Council if it fails to meet these requirements. An accidental or deliberate breach of data protection could lead to sanctions being imposed by the Information Commissioners Office (ICO), including substantial fines. There is also a risk of reputational damage as a direct result of any non-compliance.
- 2.4** The Data Protection Policy therefore helps to mitigate these risks by clearly setting out the Council's approach and acting as a point of reference for all staff and Members. It is the duty of all staff and Members to ensure that personal data held by the Council is handled in accordance with the policy.

3.0 MAIN UPDATES TO THE POLICY

3.1 It is important to carry out a regular review of the Council's data protection approach to ensure it is meeting legal requirements and reflecting best practice. The current policy is, subject to the following amendments, considered to be relevant and up-to-date:

- the inclusion of an introduction/ policy statement, setting out the Council's commitment to safeguarding personal data
- updating legislation referred to in the policy i.e. UK GDPR
- the inclusion of a definition of personal data
- reference to the data protection governance arrangements in place
- inclusion of the Council's new data request system.

4.0 CONSULTATION

4.1 None

5.0 ASSOCIATED RISKS

5.1 There are inherent risks associated with not having an up-to-date Data Protection Policy and any non-compliance with data protection legislation. These include both financial and reputational risks to the Council.

6.0 MONITORING

6.1 The Data Protection Officer will monitor this policy on an annual basis. Compliance with the policy will also be monitored by the Council's Information Governance and Security Board.

7.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

7.1 None directly but the policy underpins the Council's values.

Background Papers: Data Protection Policy 2018 (Audit Committee 18.07.18, Executive Committee 29.08.18)

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Appendices: Appendix 1 – Data Protection Policy 2023

Data protection policy



March 2023



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Section one: Introduction

Tewkesbury Borough Council (the council) is committed to safeguarding the personal data that it collects and processes, and to ensuring that it is used only in ways that people would reasonably expect.

In delivering our services, we collect, store and process personal data about our citizens, service users, employees, suppliers and other third parties. In most cases, this information is held digitally, but also includes information that we hold physically on paper.

We recognise that the correct and lawful treatment of this data maintains trust and confidence in the organisation and provides for successful service delivery.

This policy therefore sets out how the council will fulfil its duties regarding the protection of personal data.



Section two - Policy objectives

2.1 Policy objectives

- To comply with all relevant legislation and good practice in order to protect the personal data held by the council.
- To monitor, demonstrate and review compliance with legislation and introduce changes where necessary.
- To ensure that personal data is processed fairly and lawfully.
- To respect the confidentiality of all personal data.
- To ensure that staff are able to recognise personal data.
- To provide staff with appropriate procedures and training to handle and process personal data.
- To assist members of the public in exercising their rights over their personal data held by the council
- To co-operate with the Information Commissioner and the external auditor as required.

2.2 Staff and Member responsibility

It is the duty of individual staff and Members to ensure that personal data held by the council is handled and processed in accordance with current data protection legislation and this policy. Action may be taken against any employee or Member who fails to comply or commits any breach of the data protection legislation and/or this policy.

Section three - Data protection legislation

What is personal data

The UK General Data Protection Regulation (GDPR) defines personal data as any information relating to an identified or identifiable natural person (data subject) who can be identified, directly or indirectly, in particular by reference to an identifier such as:

- A name.
- An identification number.
- Location/ address data.
- Online identifier.
- Health information.
- Income.
- Cultural profile.

Special category data (sensitive personal data)

Special category data is personal data that needs more protection because of its sensitive nature. The processing of this data creates more significant risks to a person's fundamental rights and freedoms and as such it is subject to a stricter set of conditions. This includes information such as:

- Racial or ethnic origin.
- Political opinions.
- Religious beliefs.
- Trade Union membership.
- Physical or mental health.
- Sexual orientation or sex life.
- Criminal proceeding or convictions.
- Genetic data.
- Biometric data.

3.1 Data protection legislation was introduced to balance the rights of individuals, to protect their personal data and an organisation's right to use their personal data. Data protection legislation covers both electronic information and manual files the council holds.

3.2 This policy is applicable to all data protection legislation relating to the use of personal data. This includes, but is not limited to:

- Data Protection Act 2018.
- UK General Data Protection Regulation (GDPR).
- Freedom of Information Act 2000.
- Environmental Information Regulations 2004.

3.3 The council processes and keeps personal data about data subjects to enable it to conduct council business, provide services and to employ staff.

3.4 The data protection principles

The council will:

- Process personal data lawfully, fairly and transparently (the first data protection principle).
- Only obtain personal data for specified, explicit and legitimate purposes (the second data protection principle).
- Only collect personal data that is adequate, relevant and not excessive (the third data protection principle).
- Ensure that personal data is accurate and kept up to date (the fourth data protection principle).
- Ensure that personal data is not being kept for longer than is necessary (the fifth data protection principle).
- Ensure that personal data is processed in a secure manner (the sixth data protection principle).

Section four – Accountability and demonstrating compliance

Training and awareness

Regular data protection training is mandatory for all council staff and Members. The training provided is aimed to ensure that all individuals understand their responsibilities for managing data in line with legislation.

4.1 The council is accountable for and must be able to demonstrate compliance with the data protection legislation.

Roles and responsibilities

4.2 The council allocates the following roles and responsibilities:

SENIOR INFORMATION RISK OWNER (SIRO) – to ensure information assets and risks within the council are managed as a business, actively work with the Data Protection Officer and other experts within or outside the council to determine the most effective and proportionate information control measure. The SIRO is responsible for building an informed culture within the council to promote the best practice for the use and protection of Information assets. The SIRO is responsible for implementing current data protection legislation on behalf of the council (the Data Controller).

SINGLE POINT OF CONTACT FOR CONTROLLER (SPoC) – to act as single point of contact for customers, staff and the Data Protection Officer in relation to personal data. Support the SIRO in ensuring the council can demonstrate compliance with current data protection legislation.

DATA PROTECTION OFFICER (DPO) – to undertake the statutory role by monitoring compliance and by providing training, advice and assistance to the SIRO.

INFORMATION ASSET OWNERS – service managers have been nominated as Information Asset Owners for the information held within their service areas and are responsible for ensuring that their services area can demonstrate compliance with current data protection legislation.

STAFF – all staff are responsible for ensuring that the personal data they handle is processed in accordance with this policy and current data protection legislation.

MEMBERS - all members are responsible for ensuring that the personal data they handle when acting as a member of the council is processed in accordance with this policy and current data protection legislation.

Governance

4.3 Compliance with this policy and the related legislation is monitored by the council's Information Governance and Security Board. The board also ensures that information and security risks are properly assessed and mitigated and that data protection procedures are applied consistently across the authority.

4.4 Examples of how the council will do this:

- Holding a list of processing and keeping it up to date (kept by the SIRO).
- Minimising the personal data collected (Information Asset Owners).
- Having and complying with its retention schedules (Information Asset Owners).
- Being open and transparent and telling people what we are doing with their data (SIRO).
- Checking that any processors are data protection legislation compliant and have written processing agreements and written data sharing agreements in place (Information Asset Owners).
- Carrying out privacy by design and privacy impact assessments where necessary (Information Asset Owners).
- Ensuring that it has appropriate technical and organisational security (SIRO).
- Regularly review and update its policies and procedures (SIRO).

4.5 The council will pay the fee due to the Information Commissioner on an annual basis (SIRO).

Section five - Organisational security

Security

5.1 The council will implement appropriate technical and organisational measures to ensure a level of security appropriate to the risks arising from the processing of personal data.

5.2 Security shall be applied to all stages of processing to prevent unauthorised access, disclosure (internal or external), loss, damage (accidental or deliberate), or unauthorised alteration.

5.3 Examples of security measures are:

- Personal data must not be left on display or unsecured when unattended.
- System entry passwords shall be kept secure and be changed regularly and not shared.
- Authorised users will only have access to personal data where access is essential to their duties.

- The secure disposal of paper and electronic data.
- Internal procedures must be followed in relation to the disclosure of any personal data.

5.4 The SIRO will undertake a regular review of security measures and an audit shall be made of the way personal data is managed. This will include an assessment of the methods of handling personal data and processing carried out by a third party on behalf of the council or jointly with other local authorities shall be subject to a written contract, which stipulates compliance with the data protection principles.

Privacy by design

5.5 Privacy by design means that privacy and data protection is a key consideration in the early stages of any project and throughout its lifecycle.

5.6 Where the council changes the way it processes personal data or purchases a new or upgrades an IT system that processes large amounts of personal data, the council will carry out a privacy impact assessment in accordance with the current data protection legislation and Information Commissioner guidance and ensure that privacy by design is built in the processing.

5.7 Examples of when privacy by design should be considered:

- Building, developing or purchasing new IT systems for storing or accessing personal data.
- Developing policy, procedures or strategies that have privacy implications.
- Embarking on a data sharing initiative.
- Using personal data for new purposes.

5.8 Copies of the privacy impact assessments carried out will be held by the SIRO and available for inspection by the Data Protection Officer.

Storing personal data

5.9 The fifth data protection principle requires that personal data should not be kept longer than

necessary for the purpose for which it is processed. It is the responsibility of the Information Asset Owner to ensure that personal data is used and stored properly to prevent any unauthorised access and ensure that a retention schedule is in place for the personal data used within their service area and ensure staff comply with that retention schedule.

5.10 Personal data should:

- Be stored in locked desks or filing cabinets.
- Be securely protected on computers using industry standards authentication methodologies and limited access.
- Not be visible on screens by unauthorised persons (including other members of staff).
- Not be taken out of the council offices or stored externally unless such use or storage is necessary and authorised by a line manager or Information Asset Owner.
- Only be kept for as long as is necessary and disposed of securely when it is no longer needed. It should be reviewed regularly and deleted promptly when no longer needed.

5.11 Special categories of data should be kept secure and subject to very limited access.

5.12 Duplicate records should be kept to a minimum to reduce the risk of unauthorised access or loss and to avoid anomalies in personal data being kept longer than is necessary.

5.13 Portable storage devices such as handheld devices, mobile phones and laptops must be encrypted; they should not be left unattended and should be locked away when not in use.

Protective marking

5.14 The protective marking scheme supplied by the Government Protective Marking Scheme (GPMS) provides a framework for users to share and protect information.

Section six - Handling personal data

Collecting personal data/information

- 6.1 The council will only collect personal data that is necessary to carry out the purpose for which it was collected. Staff will not collect personal data on the grounds that it might come in useful. Extra care will be taken when collecting or using special categories of data and will only be collected where absolutely necessary.
- 6.2 When collecting personal data the Information Asset Owner will ensure that the person is told what will be done with their personal data at the time it is collected. This must be conveyed in a concise, transparent, intelligible, easily accessible way, and use clear and plain language.
- 6.3 The council will provide individuals with all the following privacy information:
- The contact details of the council.
 - The contact details of the council's SpoC.
 - The contact details of the council's Data Protection Officer.
 - The purposes of the processing.
 - The lawful basis for the processing.
 - The legitimate interests for the processing (if applicable).
 - The categories of data subjects and personal data obtained.
 - The recipients or categories of recipients of the personal data.
 - Details of the use of profiling.
 - The categories of transfers of the personal data to any third world countries or international organisations (if applicable).
 - Where possible, a general description of the council's technical and organisational security measures.
 - The retention periods for the personal data.
 - The rights available to individuals in respect of the processing.
 - The right to withdraw consent (if applicable).
 - The right to lodge a complaint with the ICO.
 - The source of the personal data (if the personal data is not obtained from the individual it relates to).
 - The details of whether individuals are under a statutory or contractual obligation to provide the

personal data (if applicable, and if the personal data is collected from the individual it relates to).

- The details of the existence of automated decision-making, including profiling (if applicable).
- 6.4 All staff will inform their line manager or Information Asset Owner if personal data is collected or used in a new or different way so that this can be added to the list of processing held by the SIRO.

Using personal data

- 6.5 When processing personal data, the first data protection principle requires that it must be done lawfully and in a fair and transparent manner. Personal data is considered to be lawfully processed if one of the following conditions apply:
- The data subject has given their consent to the processing.
 - The processing is necessary for:
 - The performance of a contract to which the data subject is a party.
 - The compliance with any legal obligation of the council as a Data Controller.
 - The protection the vital interests of the data subject. This means a life or death situation.
 - The exercise of a function conferred on the council by law.
 - For the exercise of any other function of a public nature exercised in the public interest by the council.
 - For the purposes of legitimate interests of the council subject to the legitimate rights and freedoms of the data subject.
- 6.6 When processing Special Categories of Data a further processing condition set out in the data protection legislation is required. (See section three of this policy).
- 6.7 The second data protection principle requires that personal data should only be used for the purpose(s) for which it is collected and not for any incompatible purpose. If it is to be used for any other purpose then the individual concerned must be informed and there must be a legal basis for processing the personal data for the other purpose.

Disclosing personal data

- 6.8 The disclosure of personal data must be processed through the council's data request procedure. This ensures that appropriate verification checks are carried out and we can be satisfied that the information is being disclosed to the correct person, or where it is being disclosed to a third party, that they have the authority to receive the information.
- 6.9 In some cases staff may be asked to provide information by law. It is the responsibility of staff to ensure that any requests for personal data are directed through the council's data request procedure. The data protection legislation may give the person the right to ask for the information but we may not be under a legal obligation to release that information. Personal data must not be disclosed outside of the data request procedure unless a specific data sharing agreement is in place.
- 6.10 Disclosure may be necessary to protect the vital interests of the data subject for example to prevent serious harm, or in a life or death situation. Do not disclose any personal data until satisfied it is lawful to do so.
- 6.11 Obtain legal advice if you are unsure.

Disclosing personal data to Members

- 6.12 Before releasing information to elected Members, staff need to ascertain for what purpose the Member is requesting the information. Elected Members have up to three roles:
1. **Acting as a Member**
Members have the same rights of access to personal data as staff when acting in this role. Staff should ensure that Members need the personal data to carry out their official duties and when releasing the information should specify the purpose(s) for which the personal data may be used or disclosed.
 2. **Acting on behalf of local residents**
Staff do not, generally, need to obtain the individuals consent to disclose their personal data to a Member if:

- The Member represents the ward in which the individual lives; and
- The Member makes it clear that they are representing the individual when requesting the personal data; and
- The information is necessary to respond to the individual's complaint or requests.

Otherwise, Members must obtain consent from the data subject before any personal data is released.

3. Acting for political purposes

Personal data should not be released for political purposes without the individual's consent. Exceptions to this:

Personal data which the council is required by law to make public for that purpose.

Personal data presented in a form which does not identify any living individuals, for example statistical information or council tax band information and any other information that cannot be linked to the individual concerned, for example by comparing data to the electoral register.

Disposal of personal data

- 6.13 Personal data must be disposed of securely.
- 6.14 **Paper records** must be shredded. If an outside company is used they must be data protection compliant and a certificate of shredding must be obtained when the information is shredded.
- 6.15 **Electronic records** must be removed permanently. Just because it is not visible on the screen does not mean it is not still recoverable.
- 6.16 Information Asset Owners are responsible for ensuring that staff follow their retention schedule when disposing of personal data.

Dealing with data subject requests

- 6.17 Individuals (data subjects) have rights over their personal data held by the council on computer and paper records.

6.18 Data subjects are entitled to:

- Know what information is being processed and why.
- Have information about them erased (be forgotten).
- Object to direct marketing and automated decisions.
- Be told about automated profiling.
- Obtain information about decision making.
- Data portability – consent or contract.
- Have information about them rectified – if inaccurate.
- The right to restrict or object to processing – inaccurate/unlawful.
- The right to withdraw consent.

The council will respond to a data subject request without undue delay and at the latest within one calendar month of receipt. Where we require proof of the data subject's identity, the timescale for responding will not begin until the requested information has been received. In certain circumstances where requests are complex, it may be possible to extend the time to respond by a further two months.

6.19 In certain circumstance the council may charge a reasonable fee or refuse a data subject request where it is manifestly unfounded, excessive or repetitive.

6.20 Data subject requests should be logged via the self service portal on the council website or made in writing and posted to the council offices.

Data protection breaches

6.21 Any **breach of security** leading to or which is likely to lead to accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed must be reported to your line manager or the Information Asset Owner immediately and the process for breach reporting in the Information Security Policy followed.

6.22 In all cases a data breach incident form will be completed by the Information Asset Owner and sent to the SPoC. Where these are assessed as low risk they will be reported internally to the Information Governance and Security Board. Where they are

reported as high risk, the SIRO in consultation with the Data Protection Officer shall report breaches to the Information Commissioner within 72 hours in accordance with current Data Protection Legislation and any guidance issued by the Information Commissioner.

Section seven - Sharing persona data and processing of personal data by third parties

Data transfers

The council will only transfer any personal data we hold to a third party outside the UK, if the country to which the personal data is transferred ensures an adequate level of protection for the data subjects' rights and freedoms, or if an appropriate safeguard is in place between the council and the third party.

7.1 To share personal data and/or special categories of data for another purpose it must be done lawfully.

Internal one off requests for personal data

7.2 Staff requesting personal data must do so in writing and demonstrate that the personal data is necessary and that the sharing is lawful. Staff receiving requests must be satisfied that the sharing is lawful before any personal data can be released. A record of the personal data released, together with the legal basis for sharing, shall be kept by the Information Asset Owner to demonstrate compliance with the data protection legislation.

Regular or bulk transfers of personal data and special categories of data

7.3 In many instances the council shares data with other internal departments and external organisations on a regular basis. For instance, the council's shares personal data with third party services providers, the police or other councils as part of a joint initiative such as domestic violence and homelessness.

7.4 Although there may be a statutory requirement placed on the council to transfer data, the council is the controller and is responsible for demonstrating

compliance with data protection legislation. It is the responsibility of the Information asset owners to ensure that appropriate data processing and/or sharing agreements are in place.

7.5 The council recommends that all staff read the Information Commissioners Office advice and guidance to ensure that they comply with legislation.

If you require assistance please contact One Legal email: legalservices@tewkesbury.gov.uk

7.6 Information Asset Owners will be responsible for ensuring that copies of the data sharing/processing agreement are sent to the SIRO and are regularly reviewed and kept up to date.

Copies of data sharing and processing agreements will be held by the SIRO.

Section eight - Specific uses

Processing of criminal convictions

8.1 Under data protection legislation there are specific rules regarding the processing of personal data relating to criminal convictions and offences. This includes:

- Criminal activity.
- Allegations.
- Investigations.
- Proceedings.

Such data will only be processed by the council where we have official authority i.e we have a public sector task laid down by law, or where the processing is authorised by law. This means that we must meet one of the conditions set out in Schedule 1 of the Data Protection Act 2018. Advice should be sought from One Legal to determine if these conditions are met

Law enforcement processing

CCTV systems and data

8.2 The council CCTV policy states that any system operator (Service Manager) who has the responsibility

for a CCTV scheme must have a scheme specific code of practice in place before it becomes operational or within six months of the approval of this policy.

8.3 This code of practice will provide the guidance for complying with the requirements of the data protection legislation in respect of the use and operation of these systems.

8.4 The current CCTV codes of practice are available on the council's website.

Direct marketing

8.5 Direct marketing means the communication (by whatever means) of any advertising or marketing material which is directed to particular individuals.

Genuine market research does not count as direct marketing. However, if a survey includes any promotional material or collects details to use in future marketing campaigns, the survey is for direct marketing purposes and the rules apply.

The council will not participate in direct marketing practices without:

- Explicit consent from the data subject, or
- A legitimate interest reason

All individuals must be given the opportunity to opt-in to receive material at the point of data collection.

Even where legitimate interests or explicit consent has been established, all correspondence must include opt-out options.

Data sharing for public service delivery, debt recovery and fraud investigations

8.6 Information Asset Owners will be responsible for ensuring that copies of the data sharing/processing agreement are sent to the SIRO and are regularly reviewed and kept up to date.

Copies of data sharing and processing agreements will be held by the SIRO.

Section nine - Complaints about data protection matter

Where a complaint is made alleging that the council has not complied with the statutory rights of a data subject, an investigation or review will be carried out by the SPoC, in conjunction with the Data Protection Officer.

Any complainant who is dissatisfied with the outcome or the manner in which their complaint was handled, may make a complaint under the council's formal complaints policy.

Complainants will also be made aware of their right to complain to the Information Commissioners Office (ICO).

Section ten - Monitoring and review

10.1 The Data Protection Officer will monitor this policy on an annual basis.

10.2 The SIRO will review this policy on a regular basis taking into account the advice of the Data Protection Officer.

Definitions

Controller	The person who determines the manner in which personal data is held and processed by the council.
Processor	The person who processes the data on behalf of the data controller.
Data subject	The person/ individual to whom the data relates.
Personal data	Any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.
Special categories of data	Information relating to the racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation.
Processing data	Includes collecting, recording, use, organising, structuring, storing, adaptation or alteration, retrieval, consultation, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction.
Data protection legislation	(i) The UK General Data Protection Regulation (Regulation EU 016/679), the Law Enforcement Directive (Directive EU 2016/680) The Privacy and Electronic Communications (EC Directive) regulations 2003, Digital Economy Act 2017 and any applicable national implementing Laws as amended from time to time, (ii) The Data Protection Act 2018 subject to Royal Assent to the extent that it relates to Processing of personal data and privacy, (iii) all applicable laws relating to personal data and privacy.
Identifiers	Information that can distinguish an individual from other individuals, such as a name, identification number, location data or online identifier e.g. IP address.

