

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Audit Committee

Date: **Thursday, 23rd November, 2023**

Time: **7.00 pm**

Venue: **Committee Room, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

Lynn Cain

lynn.cain@ashfield.gov.uk

01623 457317

(Please be reminded that a Treasury Management training session for Audit Committee Members will be taking place at 6pm for an hour prior to the start of the meeting at 7pm)

If you require an adjustment to enable you to participate or access the meeting, please contact the Democratic Services team at least 48 hours before the meeting.

Audit Committee

Membership

Chairman: Councillor Will Bostock

Councillors:

Ian Briggs
Sarah Lewsey
Nicholas Parvin

Dawn Justice
Sarah Madigan
John Smallridge

FILMING/AUDIO RECORDING NOTICE

This meeting may be subject to filming or audio recording. If you have any queries regarding this, please contact Members' Services on 01623 457317.

SUMMONS

You are hereby requested to attend a meeting of the Audit Committee to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



Theresa Hodgkinson
Chief Executive

AGENDA

Page

1. **To receive apologies for absence, if any.**
2. **Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests.**
3. **To receive and approve as a correct record the minutes of the meeting of the Committee held on 27 July 2023.** 5 - 8
4. **MAZARS: Audit Strategy Memorandum.** 9 - 42
5. **Corporate Risk - Quarter 2 Position 2023/24.** 43 - 62
6. **Treasury Management Mid Year Report 2023/24.** 63 - 80
7. **Financial Management Code Self Assessment Update.** 81 - 100
8. **Audit Progress Report.** 101 - 116
9. **Review of Local Code of Corporate Governance.** 117 - 130
10. **Exclusion of the Press and Public.**

A Member of the Committee is asked to move:-

“That in accordance with the provisions of Section 100A of the Local Government Act 1972, the press and public be now excluded from the meeting during the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act and in respect of which the Proper Officer considers the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”
11. **Investment Property Performance as at 30th September 2023.** 131 - 148

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AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,
on Thursday, 27th July, 2023 at 6.30 pm

Present: Councillor Will Bostock in the Chair;

Councillors Dawn Justice, Sarah Lewsey,
Trevor Locke and John Smallridge.

Officers Present: Lynn Cain, Ruth Dennis and Peter Hudson.

In Attendance: Mandy Marples and Hannah McDonald (CMAP).

AC.1 Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests

No declarations of interest were made.

AC.2 Minutes

RESOLVED

that the minutes of the meeting of the Committee held on 20 March 2023, be received and approved as a correct record.

AC.3 Mazars: Auditor's Annual Report - Year Ending 31 March 2023

The Corporate Resources Director and Section 151 Officer presented the report on behalf of Mazars and advised that no weaknesses had been identified for 2022/23 in respect of the Council's financial sustainability, governance and measures for improving economy, efficiency and effectiveness.

Members were asked to note that due to the facilitation of some additional works during the audit period, there had been a £3,703 increase in fees from the previous year.

RESOLVED

that the Audit Completion report for 2022/23, as presented to Committee, be duly received and noted.

AC.4 Council's Treasury Management and Borrowing Activities 2022/23

The Corporate Resources Director and Section 151 Officer presented the report providing information on the Council's treasury management activities

over the previous year including an explanation as to how the timetable of reporting to Committee was achieved each year.

Members considered performance during 2022/23 against the prudential indicators approved by Council on 3 March 2022, as part of the Treasury Management Strategy.

RESOLVED

that the 2022/23 Treasury Management performance, as set against approved prudential indicators outlined in the report, be received and noted.

AC.5 Internal Audit Annual Report 2022/23

Mandy Marples, CMAP's Audit Manager, presented the Internal Audit Annual Report for 2022/23 and reminded Committee that CMAP had recently undergone a 5-year Quality Assurance and Improvement Programme (QAIP) assessment which on conclusion, had determined that the organisation had generally conformed with each standard and remained fit for purpose.

In respect of the Council's Audit Opinion for 2022-23 based on the work undertaken during the year, an overall conclusion/opinion had been reached that there was currently a Satisfactory System of Governance, Risk and Internal Control at the Council. Findings had indicated that on the whole, arrangements were satisfactory and Members considered and acknowledged the range of audit work/coverage for the year.

RESOLVED

that the Internal Audit Annual Report for 2022/23 including the supporting Internal Audit Opinion, be received and noted.

AC.6 Audit Progress Report

Mandy Marples, CMAP's Audit Manager, presented the report and summarised audit progress as at 10 July 2023. There had been changes made to the Audit Plan following a request from the Executive Director for Governance for two additional reviews to be undertaken in respect of Audit Committee Effectiveness and the Member Code of Conduct and the Officer/Member Protocol.

Eight pieces of work had been finalised during that time and a synopsis of each of the completed reviews were presented regarding the following:

Anti-fraud & Corruption
Biodiversity Net Gain
Leisure Centres 2022-23
Section 106 Agreements 2022-23
Estates 2022-23
Future High Street Fund & Towns Fund
Audit Committee Effectiveness
General Ledger – Data Analytics.

RESOLVED

that audit assignment progress as at 10 July 2023, as presented to Committee, be received and noted.

**AC.7 Section 100A Local Government Act 1972:
Exclusion of the Press and Public**

RESOLVED

that in accordance with the provisions of Section 100A of the Local Government Act 1972, the press and public be now excluded from the meeting during the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and in respect of which the Proper Officer considers the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**AC.8 Investment Property Performance 2022/23
(exempt by virtue of paragraph 3)**

The Corporate Resources Director and Section 151 Officer gave Members an update regarding performance and monitoring of the Council's Commercial and Investment Property Portfolio for 2022/23.

RESOLVED

that performance in relation to the Council's Commercial and Investment Property Portfolio for 2022/23, as presented, be received and noted.

The meeting closed at 7.45 pm

Chairman.

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Audit Strategy Memorandum

Ashfield District Council

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Year ended 31 March 2023



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Appendix A – Key communication points

Appendix B – Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

This document is to be regarded as confidential to Ashfield District Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Ashfield District Council
Council offices
Urban Road
Kirkby in Ashfield
Nottinghamshire
NG17 8DA

19 September 2023

Dear Audit Committee Members

Audit Strategy Memorandum – Year ended 31 March 2023

We are pleased to present our Audit Strategy Memorandum for Ashfield District Council for the year ended 31 March 2023. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Ashfield District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit, and explains the implications of the introduction of the new auditing standard for Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019).

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on mark.surrIDGE@mazars.co.uk.

Yours faithfully

Mark SurrIDGE, Key Audit Partner

Mazars LLP
Mazars LLP – (Two Chamberlain Square Birmingham B3 3AX)
Tel: (0)121 232 9500 – www.mazars.co.uk

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Mazars LLP
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Birmingham
B3 3AX

01

Section 01:

Engagement and responsibilities summary

1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Ashfield District Council (the Council) for the year to 31 March 2023. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

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Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

The Chief Finance Officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



Fraud

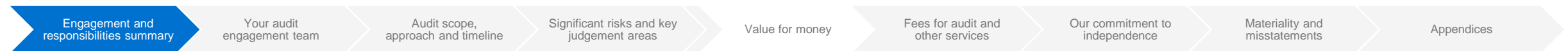
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management Internal audit and other key individuals where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



02

Section 02:

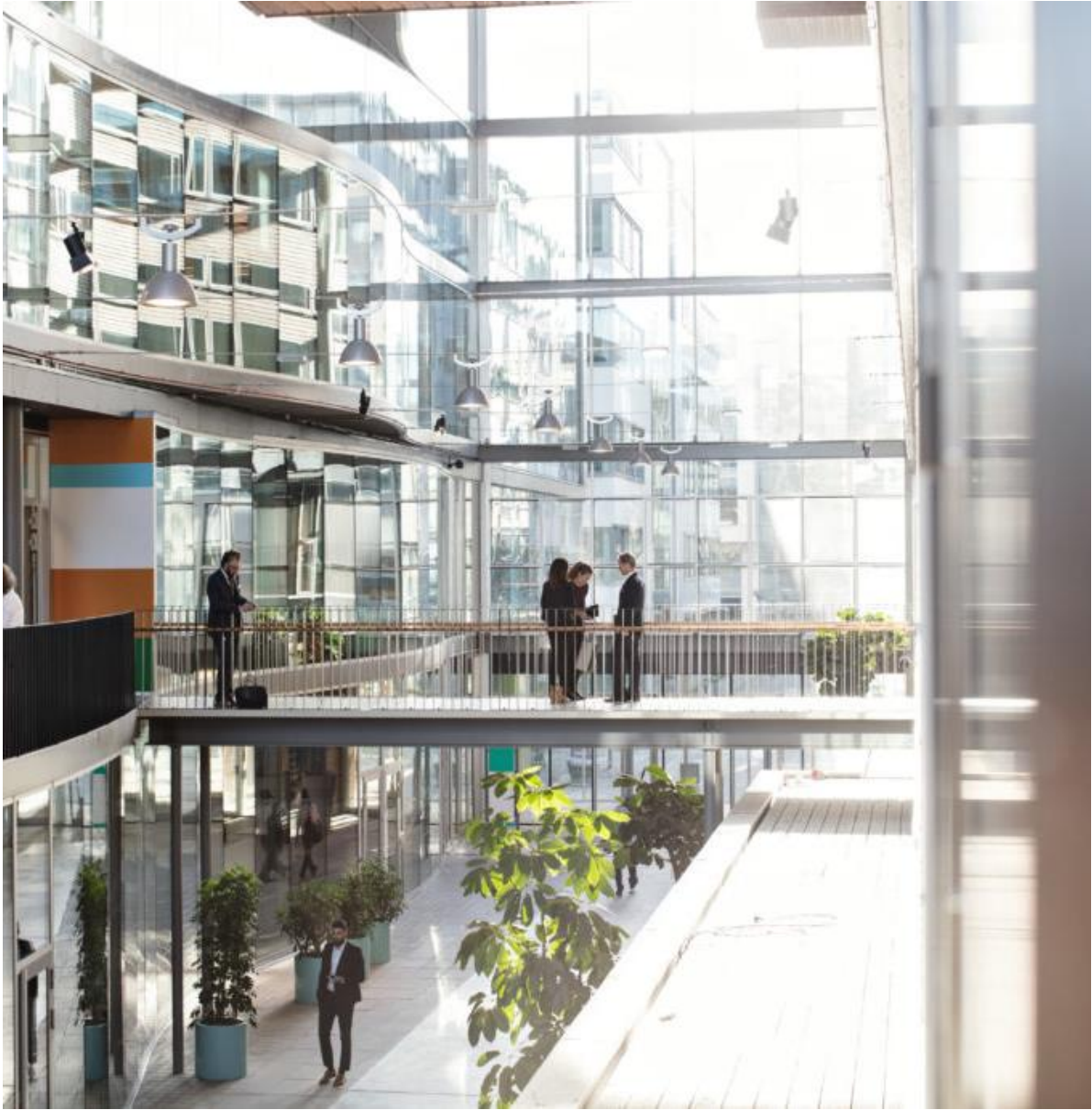
Your audit engagement team

2. Your audit engagement team

Below is your audit engagement team and their contact details.

Who	Role	Email
Mark Surridge Partner	Engagement Lead	Mark.Surridge@mazars.co.uk
Michael Butler Manager	Engagement Manager	Michael.butler@mazars.co.uk
Garima Garg Assistant Manager	Engagement Senior	Garima.Garg@mazars.co.uk

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Engagement and responsibilities summary	Your audit engagement team	Audit scope, approach and timeline	Significant risks and key judgement areas	Value for money	Fees for audit and other services	Our commitment to independence	Materiality and misstatements	Appendices
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03

Section 03:

Audit scope, approach and timeline

3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

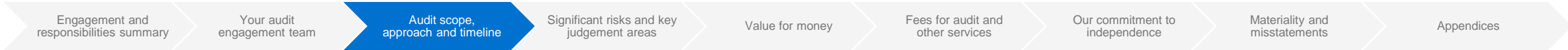
Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to the risks identified.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



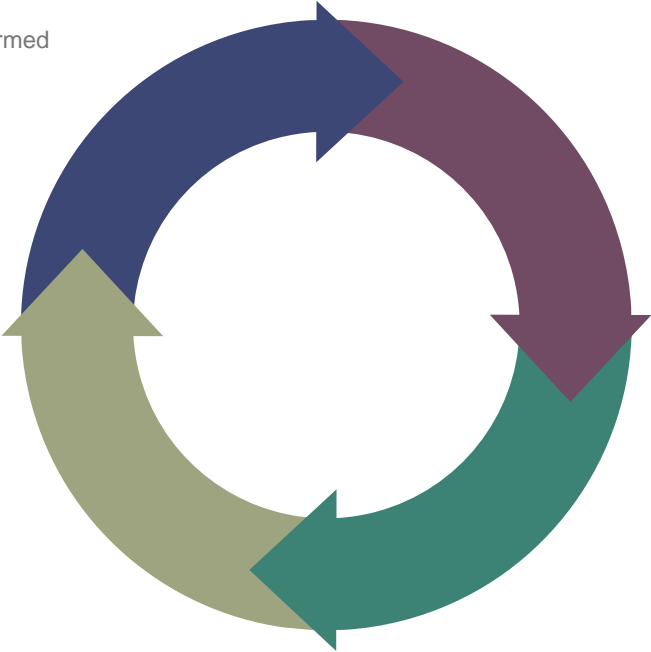
3. Audit scope, approach and timeline

Planning and Risk Assessment (January/February 2023)

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

Interim (March/April 2023)

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary



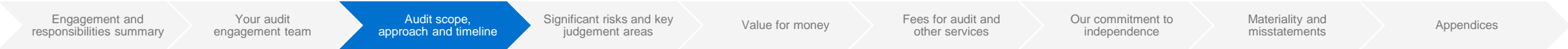
Fieldwork (October - December 2023)

- Receiving and reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high risk areas including detailed testing of transactions, account balances and disclosures
- Communicating progress and issues
- Clearance meeting

Completion (October - December 2023)

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit committee
- Reviewing subsequent events
- Signing the independent auditor's report

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3. Audit scope, approach and timeline

Reliance on internal audit

We will liaise with Internal Audit to discuss the progress and findings of their work and to inform our continual risk assessment.

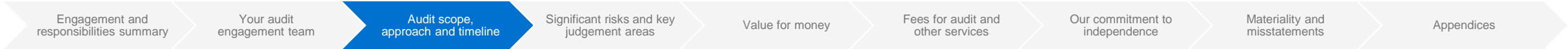
Management’s and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Property, plant and Equipment and Investment property	<p>Internal valuer Mr. M Kirk – Estates Manager</p> <p>External Valuer/s Covers Other PPE and Investment Properties</p>	<p>None – Third party evidence provided by NAO to support our challenge of valuations assumptions.</p> <p>We may seek to engage our Internal Valuer to support our audit testing.</p>
Pensions	Barnett Waddingham Actuary for Nottinghamshire Pension Fund	PWC (Consulting actuary appointed by NAO)
Financial Instruments Disclosures	Link asset Management (LAM) Treasury management advisors	None- We expect to use information supplied by LAM to support our challenge and assumptions to management

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. We have not identified any service organisations for 2022/23.



04

Section 04:

Significant risks and other key judgement areas

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4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

Significant risks are those risks assessed as being close to the upper end of the spectrum of inherent risk, based on the combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. Fraud risks are always assessed as significant risks as required by auditing standards, including management override of controls and revenue recognition.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

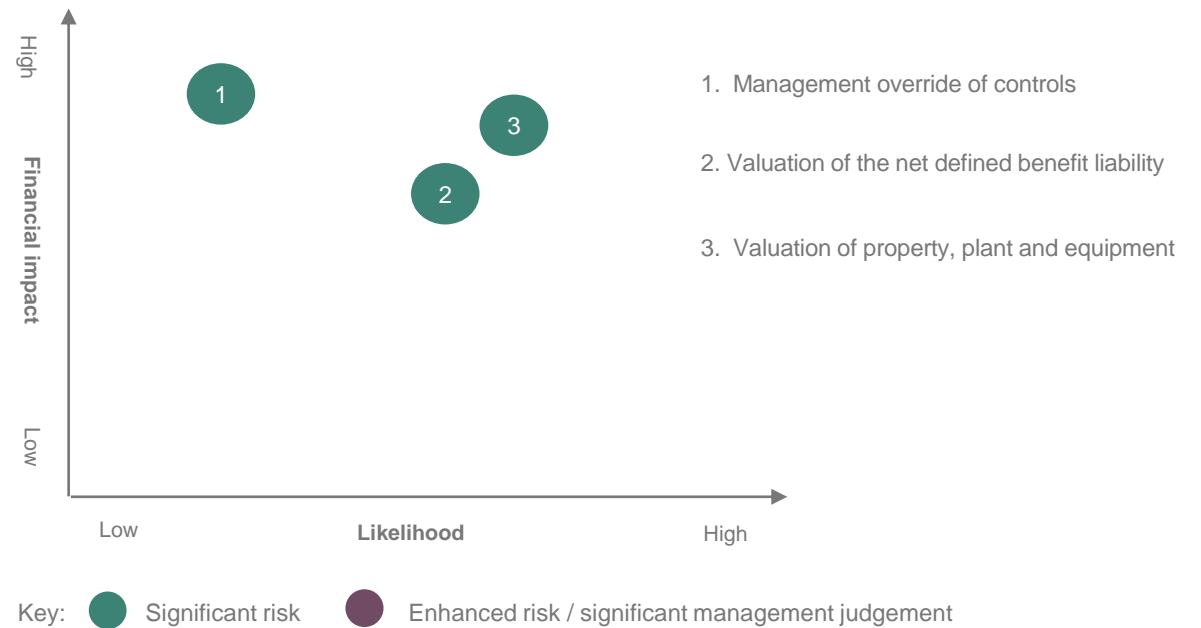
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



4. Significant risks and other key judgement areas

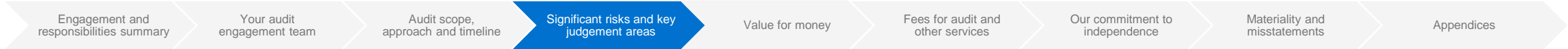
Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

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4. Significant risks and other key judgement areas

Significant risks (continued)

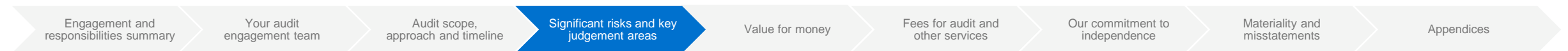
	Description	Fraud	Error	Judgement	Planned response
Page 23	<p>2 Net defined benefit liability valuation £109.7m (2021/22)</p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme.</p> <p>The council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	○	●	●	<p>We plan to address the risk by:</p> <ul style="list-style-type: none"> critically assessing the competency, objectivity and independence of the Actuary engaged by the Nottinghamshire Pension Fund; liaising with the auditors of the Nottinghamshire County Pension Fund to gain assurance over the design and implementation of controls in place at the Nottinghamshire Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the pension Fund Actuary, and the key assumptions included within the valuations. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and agreeing the data in the IAS 19 valuation report provided by the Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. <p>In addition to the above, early sector wide information is that there may be a pension surplus arising in 2022/23, which requires specific consideration under IFRC 14.</p>

4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p>Valuation of council dwellings, property, plant and equipment and investment property</p> <p>Property related assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p> <p>At the planning stage of the audit, this risk covers (figures have been taken from the audited 2021/22 financial statements);</p> <ul style="list-style-type: none"> • HRA Council Dwellings = £247.1m • Property, plant and equipment = £64.9m • Investment properties = £50.6m 	○	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> • critically assessing the Council's valuers' scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies; • assessing whether valuation movements are in line with market expectations by considering valuation trends; • critically assessing the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers; and • testing a sample of valuations, challenging the underlying assumptions, and agreeing key inputs to source data. In doing so, we may engage our own valuation expert to support our work.

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05

Section 05: **Value for money**

5. Value for money

The framework for Value for Money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2022/23 will be the third audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

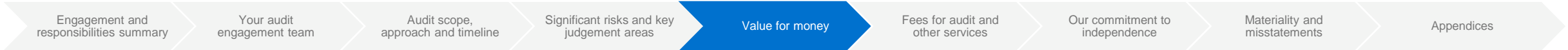
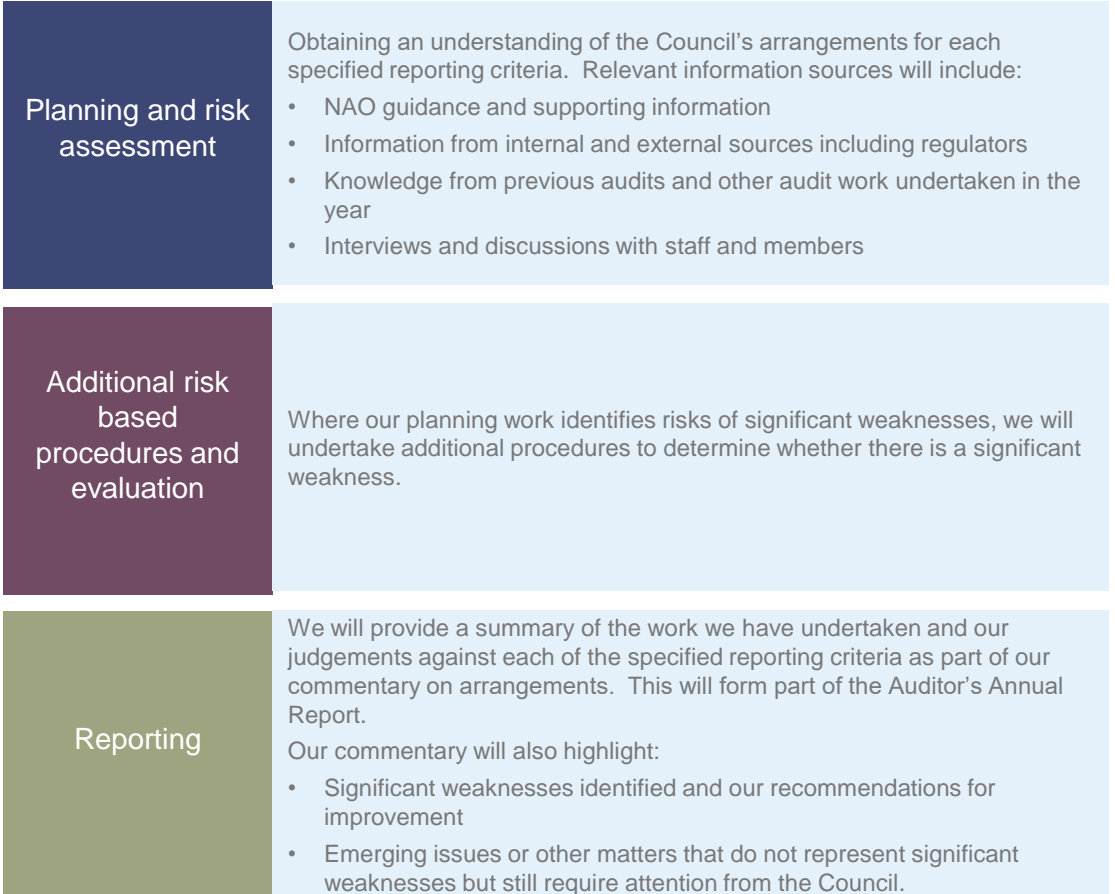
Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.



06

Section 06:

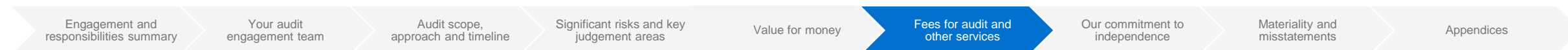
Fees for audit and other services

6. Fees for audit and other services

Fees for work as the Council's appointed auditor

- Details of the 201/22 Actual and indicative 2022/23 Audit fees in line with PSAA and other reporting mechanisms are set out below:

Area of work	2022/23 Proposed Fee	2021/22 Actual Fee
Scale fee in respect of our work under the Code of Audit Practice	55,849	43,148
Additional cost in respect of increased regulatory expectations :		
Additional testing on IAS19 Pension Liabilities	N/a, included in scale fees	3,740
Additional testing on valuation of land, buildings, dwellings, and investment properties	N/a, included in scale fees	6,200
Subtotal	55,849	53,088
Additional work from the introduction of new auditing standards (ISA540 Estimates)	3,590	3,590
Additional work from the introduction of new auditing standards (ISA315 per Appendix B)	TBC	-
Other additional testing - audit adjustments to resolve prior period errors	-	2,205
Other additional testing - implications of pension fund surpluses under IAS19 and IFRIC 14	TBC	-
Subtotal	TBC	5,795
Additional fees in respect of the VFM approach	TBC	6,000
Grand Total	TBC	64,883



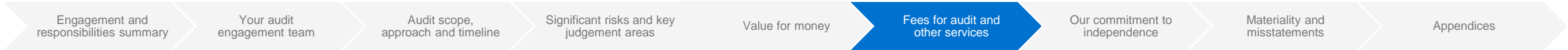
6. Fees for audit and other services

Fees for non-PSAA work

In addition to the fees outlined on the previous page in relation to our appointment by PSAA, we expect to be separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2022/23 Proposed Fee	2021/22 Actual Fee
Assurance Services – Pooling of Housing Capital Receipts	TBC – estimated as £3,750	3,650

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07

Section 07:

Our commitment to independence

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7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

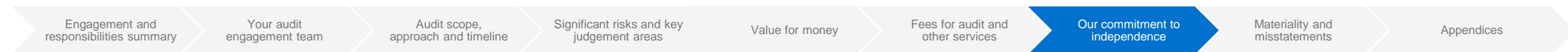
We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP and, when applicable, Mazars' member firms are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Surridge in the first instance.

Prior to the provision of any non-audit services Mark Surridge will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



08

Section 08: **Materiality and misstatements**

8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	1,546
Performance materiality	1,159
Trivial threshold for errors to be reported to the Audit Committee	46
Specific materiality: Senior Officer Remuneration	£10,000

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;

- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

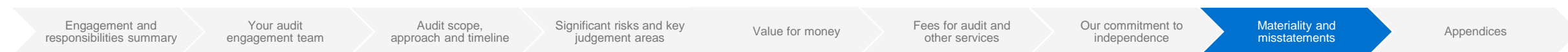
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of 2% of gross revenue expenditure. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We consider that the 2% of gross revenue expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 2% of gross revenue expenditure. Based on the 2021/22 audited financial statements we anticipate the overall materiality for the year ended 31 March 2023 to be in the region of £1.5m (£1.7m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 75% of overall materiality as performance materiality.

Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our

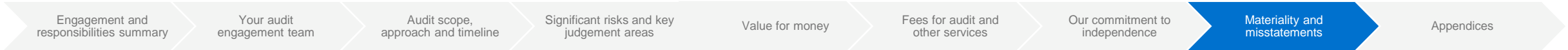
preliminary assessment of overall materiality, our proposed triviality threshold is £0.046m based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Surridge.

Reporting to the Audit Committee

The following three types of audit differences above the trivial threshold will be presented to the Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

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Appendices

A: Key communication points

Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

Page 35

Appendix A: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

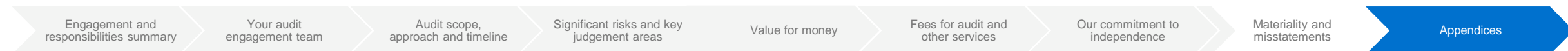
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

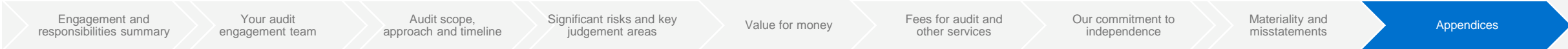
- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



Appendix A: Key communication points

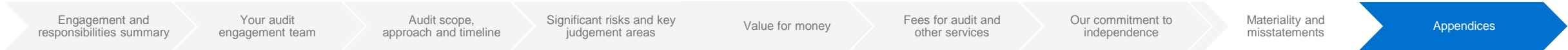
ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> • enquiries of the Audit Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at the Audit Committee, Audit planning and clearance meetings



Appendix A: Key communication points

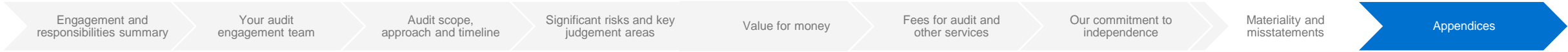
Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <p>our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</p> <p>significant difficulties, if any, encountered during the audit;</p> <p>significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</p> <ul style="list-style-type: none"> • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



Appendix A: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of.	Audit Completion Report and the Audit Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and the adequacy of related disclosures in the financial statements.	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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Appendix B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

Background

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor's risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. The new standard is effective for periods commencing on or after 15 December 2021 and therefore applies in full for the Council's 2022/23 audit.

The most significant changes relevant to the Council's audit are outlined below.

Enhanced risk identification and assessment

The standard has enhanced the requirements for the auditor to understand the audited entity, its environment and the applicable financial reporting framework in order to identify and assess risk based on new inherent risk factors which include:

- Subjectivity
- Complexity
- Uncertainty and change
- Susceptibility to misstatement due to management bias or fraud.

Using these inherent risk factors, we assess inherent risk on a spectrum, at which the higher end of which lies significant risks, to drive an audit that is more focused on identified risks. Auditors are now also required to obtain sufficient, appropriate evidence from these risk identification and assessment procedures which means documentation and evidence requirements are also enhanced.

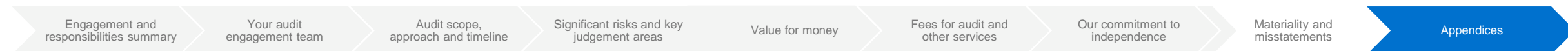
Greater emphasis on understanding IT

In response to constantly evolving business environments, the standard places an increased emphasis on the requirements for the auditor to gain an understanding of the entity's IT environment to better understand the possible

risks within an entity's information systems. As a result, we are required to gain a greater understanding of the IT environment, including IT general controls (ITGCs).

Increased focus on controls

Building on the need for auditors to gain a greater understanding of the IT environment, the standard also widens the scope of controls that are deemed relevant to the audit. We are now required to broaden our understanding of controls implemented by management, including ITGCs, as well as assess the design and implementation of those controls.



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Report To:	AUDIT COMMITTEE
Date:	23RD NOVEMBER 2023
Heading:	CORPORATE RISK – QUARTER 2 POSITION 2023/2024
Executive Lead Member:	LEADER
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

For Audit Committee to review the Corporate Risk Register and the analysis of movement in risk and mitigating actions in respect of those risks.

Recommendation(s)

- **To note the current significant items on the Corporate Risk Register and to consider whether any further immediate actions are necessary to mitigate those risks.**

Reasons for Recommendation(s)

To prioritise and manage the mitigation of Risk in order that the Council can achieve its objectives.

Alternative Options Considered

None. In accordance with the Corporate Risk Strategy, it is the role of Audit Committee to monitor the Council's risk management and internal control arrangements, as part of the established quarterly monitoring and to recommend action where necessary.

Detailed Information

All organisations are required to consider potential risks which may impede the delivery of corporate objectives. Effective risk management processes strengthen the ability of the Council to react to all situations and protect its own interests and those of the District, ensuring essential service delivery,

through actively managing and mitigating risk effectively and innovatively. The management of risk forms an integral part of the Council's business. Effectively managing our risks means that we can maximise opportunities and minimise the costs and disruption to the Council which may possibly be caused by undesired events.

All strategic risk at corporate and service level is incorporated into the Pentana performance system to enable quarterly updates at the same time as updating performance, therefore enhancing the consideration of risk in the delivery of services. All levels of risk are discussed bi-annually in detail with each Assistant Director as a standing agenda item for Performance Boards, led by the Chief Executive and Assistant Director – Policy and Performance.

In summary, overall, the current corporate risk position indicates the positive management of risk to date in 2023/24: -

- A total of seven risks have been removed from the Corporate Risk Register in the last 12 months.
- Most (85%) of remaining corporate risks have been effectively managed without an increase in risk assessment rating in the last 12 months.
- Positively, 54% of corporate risks have been effectively managed and mitigated with a reduction in risk assessment rating in the last 12 months.

Corporate Risk Register

The Corporate Risk Register (position as at end October,2023) is appended to this report.

There is a continued review of our corporate risk in alignment with the Corporate Risk Strategy and Risk Appetite Framework, and as such, the following changes have been made to the Corporate Risk Register in the last 12-month period: -

- Business Rates – this risk has been moved to service level due to being assessed as a low-level risk.
- Introduction of Universal Credit - is now managed as business as usual and has remained a low risk for 12 months. This will therefore be monitored at operational level.
- Kirkby Leisure Centre – ability to complete project on time, within budget and within scope – due to the project phases now being complete, this risk has been removed.
- Discontinuation of the outsourced procurement unit (New 2022/23)– as a new agreement is now in place with Nottinghamshire County Council this has been removed from the corporate risk register.
- Legal Services, lack of staffing resources and disruption caused by exiting shared service – This risk has been removed from the corporate risk register. The structure continues to be kept under close review to particularly keep in mind the level of resources needed to assist with the delivery of the Towns Fund and any other successful grant bids such as Levelling Up and UK prosperity fund. This risk has been transferred to service level for ongoing monitoring.
- HR Shared Service cessation (New 2022/23) -- During 2022/23 the two HR related risks were removed as the decision to maintain the shared service negated the existence of the risks.

Analysis of risks - Risk Rating Summary

	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Qu4	2021/22 Qu4	2022/23 Qu 4	2023/24 Qu2
Significant	9	7	4	12	11	7	7	3
Medium	6	10	10	12	12	7	6	10
Low	2	3	6	4	10	2	0	0
Total	17	20	20	28	33	16	13	13

The total number of Corporate Risks had previously increased significantly throughout the pandemic (2019 – 2021); however, our level of corporate risk has reduced as we have come out of the pandemic.

Four new risks were added to the Corporate Risk Register in 2022/23, two relating to the HR shared service, one in relation to the Elections Act 2022 and one related to the cessation of the procurement service provided by Nottingham City Council. Three of these risks, as above, have now been removed from the Corporate Risk Register, and the risk relating to impact of the Elections Act has been reduced from significant to medium level.

Those risks which remain significant are: -

- Ability to meet statutory obligation process timescales (e.g. gas servicing). There has been no change to the assessment of this risk over the last 3 years since raising to corporate level. Following our servicing partner going into Administration the completion of the PH&SC/S remains challenging and we are currently managing the delivery of this process internally. We are still encountering numerous difficult to access properties who are reluctant to provide access to their home for these essential services to be completed.
- Ability to comply with the regulatory regime set out by the Regulator of Social Housing - assessment of this risk remains significant with increasing assessment of likelihood. The Housing Performance and Insight Officer is now in place. Work continues to be undertaken across the Operations Directorate (Housing) to ensure we meet the requirements of the Regulator of Social Housing and prepare for forthcoming inspections. An action plan is also in place.
- Workforce planning –inability to recruit and/or retain filled position to critical posts. This remains a significant risk due to ongoing challenges with recruitment and retention within an increasingly competitive market, reduced candidate pool, and lifestyle changes. The Council has now engaged LGA support to undertake an assessment of the Councils workforce planning capability against the LGA Workforce Planning Maturity Matrix. This will be conducted through a series of workshops which have now commenced.

Other risks

Project related risks- continued to be managed by both internal and external project managers and where the risk is close to or exceeding the tolerances acceptable then these are referred to the project sponsors for input. A risk register is required for each project and the project management framework is to be used as guidance for the management of all projects.

Fraud Risks – An Anti-Fraud and Corruption Project Group has been set up and is chaired by the Corporate Resources Director (S151 Officer) and has a selection of stakeholders from across the Council including a representative from the Central Midlands Audit Partnership (CMAP). The group has been set up to monitor and report on fraud related risks. The group meets every 3 months.

Programme Risks - The risks related to programmes are managed by each programme board that has been established. A separate Towns Fund risk register has been established and the Programme Risk Register will be reviewed by the Discover Ashfield Board.

Service Level Risks – These are managed by each individual Assistant Director/Service Manager and where there are tolerances expected to be exceeded beyond the levels set out in the Risk

Appetite Framework then these are to be referred for discussion with the relevant Executive Director who will then decide if these need to be included in the Corporate Risk Register. It may be that additional measures can be implemented to manage the risk and reduce the likelihood and impact.

Implications

Corporate Plan:

Effective risk management will enable the delivery of corporate and service level priorities, particularly ensuring our people, structures, systems, processes and practices are ‘fit for purpose’ and remove barriers to improvement and growth.

Legal:

No direct legal implications in respect of the recommendations in the report. Governance risks are outlined in the report and in the Corporate Risk Register. [RLD 10/11/2023]

Finance: [PH 13/11/2023].

Budget Area	Implication
General Fund – Revenue Budget	No direct financial implications arising from this report. There may be resource implications to the improvement or mitigation of risk. Financial risks are incorporated into the Corporate Risk Register.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Lack of an effective risk management framework could result in the organisation having a poor understanding of the major obstacles or blockages that could potentially impact upon its ability to maximise the delivery of its objectives and provision of services to customers.	<ul style="list-style-type: none"> • Make risk management part of normal business and therefore incorporate within all decision-making processes, including key project delivery. • Integrate risk management into the culture of the Council and cascade awareness through all levels of leadership and beyond. • Ensure the organisation has a clear understanding of its risk maturity level and is taking steps towards improving this to a desired level.

Human Resources:

There is a need to ensure that Assistant Directors are clear with regards to the Corporate Risk Strategy and the requirement to follow the consistent processes contained therein. Risk Management training is a priority and online refresher training has been designed and is currently being scheduled for Members and Officers.

Environmental/Sustainability

No direct implications

Equalities:

No direct implications

Other Implications:

Not applicable

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

Detailed Corporate Risk Register – Quarter 2 2023/24

Report Author and Contact Officer

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Sponsoring Director

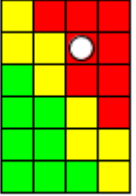
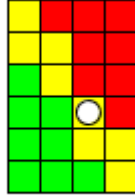

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Trend: Constant 6 Decreasing 7

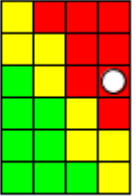
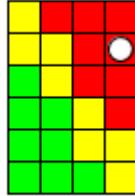
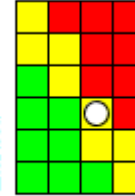
Economic Growth and Place Priority

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Having an adopted LDF / Local Plan	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Reduced from significant to medium	<ul style="list-style-type: none"> • Diminish ability to stimulate economic growth • Increase likelihood of a developer lead approach to devt. • Maximises potential for a significant award of costs against the authority • Local Plan now at preferred approach. Need to publish next stage. Failure to achieve will set back timetable. • If plan requires subsequent revision, will add delays. 	Regular engagement with Members to bring them on board ; Keeping abreast of latest challenges; work with Planning Advisory Service and Planning Inspectorate ; Keeping a clear audit trail of engagements with developers and consultees ; work with Elected Members to address concerns ; Provide professional guidance	Christine Sarris	The Local Plan has progressed to the Regulation 19 stage. Currently awaiting Full Council approval to consult. There are risks associated with the plan moving forward. These have been identified in reports. Members and officers have worked hard together to minimise the risks particularly is association with the housing number and green belt issues. There are still likely to be some challenges but we Govt (Mr Gove) is keen for Council's to progress plans.	07-Nov-2023	01-Apr-2024

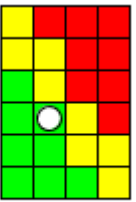
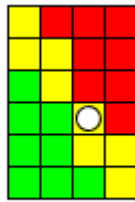

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Planning appeals	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	Reduced from significant to medium			Christine Sarris	Moving into the third quarter we have no outstanding appeals against us and only two majors at appeal. this has decreased the likelihood of going into special measures this year. There are however more major planning applications to be determined over the next two years and we cannot afford for more than four to go against us during this period.	07-Nov-2023	01-Jan-2024
Ability to deliver Regeneration Programmes	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	Constant – remains medium	Opportunity lost to regenerate and re-purpose town centres and local centres Reputational damage	Specialists appointed to support business case development for Towns Fund and Future High Streets Funding projects ; Future High Streets Fund and Towns Fund delivery monitored through Pentana, Regen, Board and Discover Ashfield Board ; Team structure being reviewed to ensure sufficient resource	Sarah Daniel	Some changes to project risks which are being addressed where required. No change to overall programme delivery risk level. New recruitment drive to vacant posts in Investment Team is being implemented through specialist place-making agency which is part-funded by the Department for Levelling Up, Housing and Communities. .	07-Nov-2023	01-Jan-2024

Homes and Housing Priority

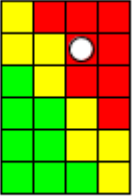
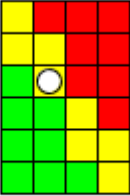
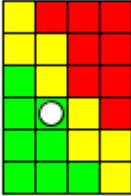
Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Sustainability of HRA business plan and ability to invest in current and new stock	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	Reduced from significant to medium	Inability to provide services and meet regulatory requirements Inability to build new housing stock Inability to cross fund general fund services	Regular review of HRA 30 Year Business Plan White Paper Action Plan	Phil Warrington	No change to impact or likelihood. continue to monitor ongoing new and emerging pressures on HRA funds.	03-Nov-2023	01-Jan-2024
Ability to meet statutory obligation process timescales (eg gas servicing, CO alarm installation)	 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	Constant – remains significant	Loss of life through explosion or carbon monoxide poisoning Reportable breach to Housing Regulator Govt intervention and/or corporate manslaughter	Following current Govt guidelines in terms of evidencing all 'refusals' Tenants provided with safety leaflet relating to CO Weekly report to Housing Regulator	Chris Clipstone; Richard Davis	Following our servicing Partner going into Administration the completion of the PH&SC/S remains challenging and we are currently managing the delivery of this process internally. We are still encountering numerous difficult access properties who are reluctant to provide access to their home for these essential services to be completed	17-Oct-2023	01-Jan-2024

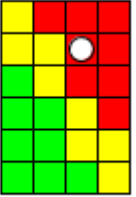
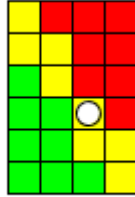

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Ability to comply with the regulatory regime set out by the Regulator of Social Housing	 <p>Liability</p> <p>Impact</p>	 <p>Liability</p> <p>Impact</p>	 <p>Liability</p> <p>Impact</p>	Constant – remains significant	<ul style="list-style-type: none"> • Health and Safety prosecutions. • Appearing on the Regulator of Social housing's 'Watch List'. • Regulator Inspections. • Inspection downgrade following inspections. • Regulatory downgrade from current status. • Unlimited fines. • Removal of the Housing Stock. • Reputational damage to the Council. 	<ul style="list-style-type: none"> . Monthly updates at DMT against the Housing and Asset Corporate Risks to identify early warning indicators and tolerances . Monthly review/updates against Social Housing White Paper Action Plan . Quarterly reports on performance on Complaints . Monthly updates to DMT on determinations from the Housing Ombudsman and failings from the Regulator of Social Housing for the sector . Quarterly updates on our position against Regulatory Consumer Standards . Quarterly key performance indicator report . Quarterly review of Tenant Satisfaction Measures . Quarterly FLEGAL update report 	Nicky Moss	<p>The Housing Performance and Insight Officer is now in place.</p> <p>Work continues to be undertaken across the Operations Directorate (Housing) to ensure we meet the requirements of the Regulator of Social Housing and prepare for forthcoming inspections.</p> <p>An action plan is in place.</p>	21-Oct-2023	01-Jan-2024

Innovate and Improve Priority

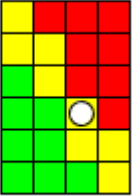
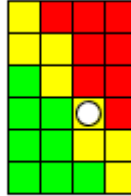

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Ethical Governance – ability to implement changes to the Members' Code of Conduct and recommendations of the Committee on Standards in Public Life (CSPL) and Peer Challenge	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Constant – remains medium	<ul style="list-style-type: none"> •Significant resource to deal with implications of proposed Code of Conduct changes. •Significant resource to deal with implications of implementing the recommendation of the CSPL •Potential for negative perception of the Council which impacts upon the Council's reputation •Potential for adverse impact upon the workings of the Council • Without new legislation does not provide holistic response to the recommendation of the CSPL 	<p>Ongoing work by the Standards and Personnel Appeals Committee in relation to the the Committee on Standards in Public Life – report on Local Government Ethical Standards ; Members received training regarding the Code of Conduct, their behaviours and roles and responsibilities as part of the induction in May 2019. In line with the Corporate Peer Challenge recommendation further training will be organised.</p> <p>; Present Quarterly Complaint Monitoring reports to Standards and Personnel (Appeals) Committee ; Responding to the LGA's consultation on its draft Model Code of Conduct.</p>	Ruth Dennis; Michael Joy	<p>Quarterly Complaint Monitoring reports presented to Standards and Personnel (Appeals) Committee</p> <p>Numerous reports relating to the Committee on Standards in Public Life – report on Local Government Ethical Standards have been presented to Committee over the past 4 years.</p> <p>The Council at its AGM on 20 May 2021 approved the revised Code which incorporates elements of the LGA Model Code.</p> <p>The Standards and Personnel Appeals Committee approves a work plan each municipal year. The 2023/24 work plan was approved at the Committee meeting in June 2023. The work plan for 2023/24 includes a piece of work reviewing the Members' Code of Conduct and related policies and</p>	07-Nov-2023	01-Jan-2024

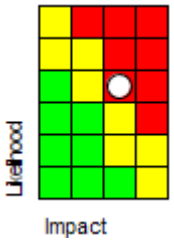
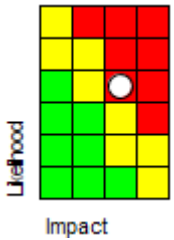
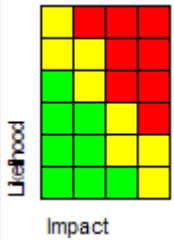
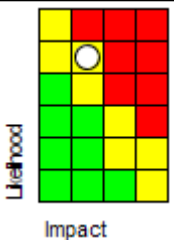
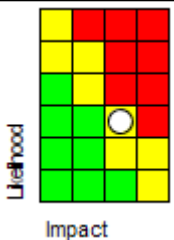
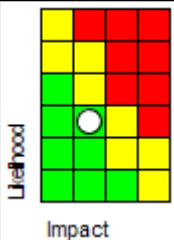
Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
								<p>procedure. An Internal Audit Review is underway to inform this work.</p> <p>The Corporate Peer Challenge team recommended training for Members and Officers in relation to the roles and responsibilities of Members and officers. A revised Members' Development Strategy was approved in December 2021. SOLACE has facilitated training with Cabinet Members regarding their roles and responsibilities.</p> <p>As part of the induction programme for Members after the elections in May 2023 ethical governance training was provided to all Members which included the Code of Conduct and Members' roles and responsibilities; the LGA supported this training.</p>		

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Levels of sickness absence	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Reduced from significant to medium	<ul style="list-style-type: none"> • Productivity • Financial • Employee morale • Service delivery • Remaining staff placed under increased pressure • Reputational damage 	<p>Robust management of sickness absence procedures by managers and robust procedures - Revised Absence Mgt Policy implemented ; Effective monitoring - monthly monitoring reports highlighting service area absence to assist CMG and managers in absence management ; Employee support mechanisms - Employee assistance programme implemented ; Appropriate occupational health support - Occupational Health provision reviewed</p>	Nikki Morris;	<p>YTD absence is currently 3.81FTE which is currently under target. The main cause of absence is long term.</p> <p>A number of interventions have been put in place to support employees. These include:</p> <ol style="list-style-type: none"> 1. Review of Attendance Management Policy to ensure a more streamline, fit for purpose policy is embedded 2. HR are undertaking training for new managers and refresher training current managers to help them apply AMP and manage absence. This is currently on an adhoc basis however there will be a full training program as part of the launch of the revised policy 3. Ongoing robust management of absence cases and HR work closely with 	13-Nov-2023	01-Jan-2024

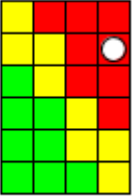
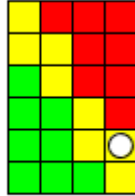

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
								<p>managers accordingly.</p> <p>4. Improved communications in regards to wellbeing support mechanisms in place to facilitate employees back in to the workplace or remain in work.</p> <p>5. Review of wellbeing initiatives and working with Health and Wellbeing to look at targeted interventions to raise awareness and signpost for support</p> <p>6. Continue to provide statistical data and information to CLT for discussion</p> <p>7. Absence data reviewed within HR for targeted actions.</p>		
Ability to identify savings required by MTFS	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Reduced from significant to medium	<ul style="list-style-type: none"> • Council cannot fund full range of services in future • Pressure on General Fund reserves 	CLT and Cabinet work together to identify savings and income generation opportunities and to consider use of reserves in setting the budget for each year	Pete Hudson	The Council will continue with its ongoing Service Review Programme, DST Programme and reviewing opportunities to generate additional or new income streams.	07-Nov-2023	01-Jan-2024

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
								<p>These will continue to deliver efficiencies and savings going forward to help address future financial challenges. The December 2023 Provisional Finance Settlement is expected late December and will aid clarification of the size of the funding gap.</p> <p>The Council has set aside some funding in reserves to help cushion the impact of expected reductions in central government funding but this will be insufficient on its own without some significant cost efficiencies from service reviews, the DST programme efficiencies, procurement savings and additional income generation.</p>		

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Level of central government funding 2022 onwards	 <p data-bbox="271 411 293 491">Likelihood</p> <p data-bbox="309 512 383 528">Impact</p>	 <p data-bbox="456 411 479 491">Likelihood</p> <p data-bbox="488 512 562 528">Impact</p>	 <p data-bbox="640 411 663 491">Likelihood</p> <p data-bbox="667 512 741 528">Impact</p>	Reduced from significant to medium	Negative impact a MTFS ; further savings required	The Council will contribute to any consultation when proposals are announced, emphasising the need for resources to be allocated to deprived areas.	Pete Hudson	The December 2022 Provisional Finance Settlement confirmed that Local Government Finance Reform will not now happen for at least the next two financial years which now provides greater core funding certainty for at least another two years (23/24 and 24/25). However, core funding level certainty beyond 2024/25 remains uncertain. The current and forecast level of inflation in the economy is also placing pressure on Council resources. The Council has healthy reserves which will help to mitigate funding pressures in the short term. The next 2 years will be critical to identify recurrent savings to meet expected financial challenges beyond 2025/26 when core Government funding is expected to significantly reduce.	07-Nov-2023	01-Jan-2024

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
								The December 2023 Provisional Finance Settlement is expected late December and will aid clarification of the size of the funding gap.		
Workforce planning – ability to recruit and/or retain filled position to critical posts				Constant – remains significant	Inability to provide critical service functions including statutory services whilst vacant Negative impact on delivery of critical functions that directly affect Corporate Plan priorities,, productivity, MTFS	Implementation of Workforce Plan ; Identify Critical Posts and implement strategic plan to mitigate against risks of failure to recruit/retain quality staff to these positions	Craig Bonar	The Council has now engaged LGA support to undertake an assessment of the Councils workforce planning capability against the LGA Workforce Planning Maturity Matrix. This will be conducted through a series of workshops which have now commenced.	07-Nov-2023	01-Jan-2024
Loss / delays in receipt of key income sources (Business Rates, Council Tax, Housing and Investment Property Rents)				Constant – remains medium	Loss of income – increased write offs. Delays in receiving income leading to potential cashflow issues. Increased debt management and recovery costs. Potential impact on payment of preceptors and having sufficient income to meet cost obligations	Government deferral of paying Central Business Rates contribution until end of June 2020. ; Reserve to cushion delays in payment of Investment Property income. Arrangements in place with some Investment Property tenants re agreed delays in rent income. (Exceptions basis only).	Pete Hudson	The impact of increasing inflation in the economy is likely to result in some permanent reductions in some income sources and delays in income receipts. This is monitored on an ongoing basis and key impacts reported through to SLT and Cabinet via Financial Monitoring reports. CIWG also receives regular update reports regarding Investment	07-Nov-2023	01-Jan-2024

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
					as they fall due.	Currently expected that all accounts will be up to date by 31/03/21. ; Healthy HRA balances to manage short term cashflow issues from reductions/delays in housing rent ; Option to scale back costs associated with non-critical functions.		and Commercial Property income performance with twice yearly reports to Audit Committee. Due to the impact of the Covid pandemic the Hotel Investment Property will need some financial support in 2023/24 with the expectation that this financial support will be recouped over the remaining term of the lease. The Investment Property at Rotherham is now vacant and a new tenant is currently being sourced. Funding has been set aside in a reserve to help meet the income losses arising from void periods. Should there be any significant permanent loss of income, this will be reflected in updates to the MTFS. Wilkos recently went into administration however a new tenant has been secured and a legal agreement is currently being finalised.		

Title	Original Matrix	Current Risk Matrix	Target Risk Matrix	Trend last 12 months	Consequences	Mitigating Actions	Officer Responsible	Comments	Latest Assessment	Next Assessment Date
Ability to successfully implement the new legal requirements placed up on the Council as a result of the Elections Act 2022	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Reduced from significant to medium	Risk of non-compliance with new legislation due to lack of timely clarity and detailed guidance from Government in relation to new requirements under the Elections Act 2022 and lack of information of new burdens funding in order to plan resourcing accurately.	<p>Service Review to implement new structure in accordance with Council process to ensure the Council has the right resources in place to meet existing and new service demands</p> <ul style="list-style-type: none"> ; Develop and implement project plan for the implementation of the Election Act requirements. ; Develop and keep under review detailed Risk Register as part of Project Plan ; Regular project meetings with key staff across the Council ; Communications / engagement plan as part of the project plan ; Keep abreast of Government and sector guidance and advice. ; Collaborate with peers ; 	Ruth Dennis	A Member Working Group has been established the scope of which includes a review of the ongoing risks (level of risk and ongoing monitoring) associated with the new requirements of the Elections Act 2022 and the impacts of embedding these into the election and electoral registration processes for future elections including funding.	14-Sep-2023	01-Jan-2024

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Report to:	AUDIT COMMITTEE
Date:	23RD NOVEMBER 2023
Heading:	TREASURY MANAGEMENT MID YEAR REPORT 2023/24
Portfolio Holder:	EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS – CLLR RACHEL MADDEN
Ward/s:	ALL
Key decision:	NO
Subject to call-in:	NO

Purpose of Report

This mid-year report has been written to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and covers the following:

- An economic update for the 2023/24 financial year as at 30 September 2023;
- The Council's capital position (including prudential indicators);
- The Council's investment portfolio for 2023/24;
- The Council's borrowing position for 2023/24.

Recommendation(s)

- 1) To agree changes to the 2023/24 Prudential Indicators following in year changes to the 2023/24 Capital Programme,
- 2) Note the counterparty breach referred to at 5.2.2, and,
- 3) To note contents of the report.

Reasons for Recommendation(s)

In accordance with the Council's Financial Regulations Cabinet are responsible for the implementation and regular monitoring of Treasury Management policies and practices and are to receive, as a minimum, each year reports setting out the Annual Treasury Management Strategy and Plan for the coming year; a mid-year review and an annual Treasury Management Performance

Report. Audit Committee has responsibility for ensuring effective scrutiny of the Treasury Management Strategies and Policies so receives this report.

Alternative Options Considered

None – required in accordance with the Council’s Financial Regulations.

Detailed Information

1 Background

- 1.1 The Council aims to operate a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially, before considering optimising investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending commitments. This management of longer-term cash may involve arranging long or short-term loans, or the use of longer-term cash flow surpluses, and on occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 Accordingly, treasury management is defined as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2 Economics and interest rates to date and the outlook for 2023/24

- 2.1 The first half of 2023/24 saw:
 - Interest rates rise by a further one percent, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually exceeded the government target.
 - A 0.5% month on month decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7 group.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3 month year on year growth of average earnings rose to 7.8% in August, excluding bonuses).
- 2.2 The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

- 2.3 The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000 jobs. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- 2.4 CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- 2.5 At the last two monetary policy meetings on 20 September 2023 and 2 November 2023, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes of 20th September 2023 meeting show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

3 The Council's Capital Position (including Prudential Indicators)

Prudential Indicators

3.1 Capital Programme

3.1.1 Table 1 below shows the revised estimates for capital expenditure considering the changes since the Capital Programme was agreed by Council on 25th September 2023.

Table 1 – Capital Programme 2023/24

Capital Expenditure by Service	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
General Fund	6.671	28.266
Area Schemes	0.155	0.713
HRA - Decent Homes	15.589	7.291
HRA – Other	9.196	8.159
Total capital expenditure	31.611	44.429

3.1.2 The main reasons for the increase in the General Fund capital expenditure is due to the addition of slippage of £18.4m carried forward from the 2022/23 Capital Programme and Public Sector Decarbonisation Scheme 3 (PSDS3) part funded schemes at Hucknall Leisure Centre and Urban Road Council Offices £3.3m added to the Capital Programme, the change in the Area Schemes is mainly due to the carry forward of slippage, the HRA Decent Homes Schemes has been reduced as a result of the Council's main contractor going into administration and HRA -Other reducing due to the Northern View housing scheme being delayed until 2024/25.

3.1.3 Table 2 below draws together the main treasury management strategic elements of the capital expenditure plans (above), highlighting the original and the revised estimated financing arrangements of this capital expenditure.

Table 2 – Capital Expenditure Funding

Capital Expenditure	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
Total capital expenditure	31.611	44.429
Financed by:		
Capital receipts	2.113	3.149
Capital grants	6.053	7.684
Capital reserves	21.695	13.675
Total financing	29.861	24.508
Borrowing requirement	1.750	19.921

3.1.4 The borrowing requirement for 2023/24 has increased largely because of the expenditure slippage from 2022/23, which was largely funded by borrowing.

3.2 Capital Financing Requirement, Operational Boundary and Authorised Limit

3.2.1 Any changes to borrowing in the Capital Programme affect the Capital Financing Requirement (CFR). The CFR represents the Council's underlying need to borrow for capital expenditure. The CFR increases by the amount of capital expenditure funded by borrowing and reduces by making revenue charges for the repayment of debt (the Minimum Revenue Provision).

Table 3 – Capital Financing Requirement (CFR)

	2023/24 Original Estimate £m	2023/24 Revised Estimate (Adjusted for Slippage) £m
Prudential Indicator – Capital Financing Requirement		
CFR Non-Housing	104.706	103.770
CFR – Housing	80.061	80.061
Total CFR	184.767	183.831
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	187.000	187.000
Other Long Term Liabilities	0.000	0.000
Total debt 31st March	187.000	187.000
Prudential Indicator – the Authorised Limit for external debt		
Borrowing	215.000	215.000
Other Long Term Liabilities	0.000	0.000
Total debt 31st March	215.000	215.000

3.2.2 There have been numerous small changes to the Financing of the Capital Programme since the Capital Financing Requirement Indicator was set for 2023/24.

3.3 Estimate of ratio of financial cost to net revenue stream for the current year split between the Housing Revenue Account and General Fund

3.3.1 For the HRA this is calculated by dividing the HRA capital financing costs by the total estimated Council Dwelling Income. For the General Fund this is calculated by dividing the General Fund capital financing costs by the estimated Council Tax Receipt plus Central Government Grants.

Table 4 - Estimate of ratio of financial cost to net revenue stream

	Original 2023/24 Estimate %	Revised 2023/24 Estimate %
Housing Revenue Account	10.57	7.34
Non HRA (General Fund)	30.08	22.94

3.3.2 The Housing Revenue Account revised estimate is lower due to interest receivable being higher than originally forecast. The Non HRA (General Fund) has reduced due to slippage on the Capital Programme delaying the Minimum Revenue Provision charge.

3.4 **Estimate of the Incremental impact of capital investment decisions on the Council Tax and Rent Levels**

3.4.1 These indicators have been prepared using the revised Capital Programme, approved by Council on 25th September 2023. For the General Fund this is calculated by dividing the estimated capital financing costs by the estimated Council Tax Band D equivalents. There is no borrowing planned for the Housing Revenue Account (HRA) therefore these ratios are nil. If in future years, there was to be HRA borrowing, the ratio would be calculated by dividing the estimated capital financing costs by the estimated number of council dwellings.

Table 5 - Incremental impact of capital investment decisions on the Council Tax and Rent Levels

	Original 2023-24 Estimate £	Revised 2023-24 Estimate £
General Fund (Band D)	34.79	23.00
HRA (52 Weeks)	0	0

3.4.2 The incremental impact of capital investment on the General Fund is lower due to slippage on the 2022/23 Capital Programme reducing the MRP charge in 2023/24.

4. **Prudential Indicators for Treasury Management**

4.1 **Interest rate exposure**

4.1.1 Local authorities are required to set limits for the upper limits on exposure to the effects of changes in interest rates. The indicators relate to both fixed and variable rate interest and are net of any investments.

4.1.2 Depending on the level of interest rates and their expected movement in the year, the Council may take up all of its new borrowings in the form of either fixed or variable rate debt. The figures in Table 6 compare the Actual level of debt to the operational boundary which is the prudent limit for debt. This is split between exposure to fixed and variable interest rates,

Table 6 - Interest Rate Exposure

Principal Outstanding	2023/2024 Original	2023/2024 30th September 2023 Actual
	£m	£m
Fixed Rates	187.0	72.5
Variable Rates (No more than 40% of the operational boundary).	74.8	17.0

4.2 Maturity Structure of borrowing

4.2.1 The Council is required to set both lower and upper limits for the maturity structure of its borrowing. This indicator relates only to fixed rate debt and is therefore a measure of the longer-term exposure to interest rate risk.

4.2.2 Table 7 shows the proposed lower and upper limits, given the current structure of the Council's debt portfolio:

Table 7 - Maturity Structure of Debt

Maturity Structure of Fixed Rate Borrowing	Actual Position for 30/09/2023	Lower Limit %	Upper Limit %
Under 12 Months	3.60%	0%	5%
Under 24 Months	4.97%	0%	10%
Under 5 years	8.42%	0%	20%
Under 10 Years	21.48%	0%	25%
Under 20 Years	32.65%	0%	40%
Under 30 Years	38.24%	0%	50%
Under 40 Years	75.09%	0%	80%
Under 50 Years	100.00%	0%	100%
50 Years and Above	0.00%	0%	0%

4.2.3 None of the above limits have been exceeded.

4.3 Principal sums invested for more than 364 days

4.3.1 Where a local authority invests or plans to invest for periods of more than 364 days it must set an upper limit for each year for the maturity of such investments. The purpose of setting this limit is to contain any exposure to losses, which might arise in the event of having to seek early repayment of the investment and / or adverse movements in shorter-term interest rates.

4.3.2 The strategy for 2023/24 set a limit of a maximum of £5m in each of the next three years to be placed in longer-term investments. The Authority currently does not have any long-term investments.

5. Investment Portfolio 2023/24

5.1 In accordance with the Code, it is the Council's priority to ensure security of capital, liquidity and to obtain an appropriate level of return, which is consistent with the Council's risk appetite. Table 8 provides a summary of the Council's total investments as at 30th September 2023.

Table 8 – Summary of Investments

Borrower	Balance at 30/09/23 £000
Call Accounts	195
Money Market Funds	16,300
Fixed Term Deposits	33,600
Total	50,095

5.2 Call Accounts

5.2.1 In total, the Council held £0.195m of call account investments (see table 9 below) as of 30 September 2023 (£0.439m on 31 March 2023) and the average investment portfolio yield for all investments in the first six months of the year is 3.68%.

Table 9 – Call Accounts

Borrower	Balance at 30/09/23 £000's
Barclays Bank	93
Handelsbanken	102
Total	195

5.2.2 On 25th September 2023 there was a breach of the £5m counterparty limit with Barclays Bank. On that day the closing balance with Barclays Bank was £5.391m. This breach was due to the late arrival of funds repaid to the Council from another counterparty.

5.3 Notice Accounts

5.3.1 Notice accounts are deposits with financial institutions which are invested for a fixed period of time e.g. 90 days or 180 days. During this time period the Council is not able to withdraw any deposits until the end of the notice period. The Council currently has nil balance in notice accounts.

5.4 Money Market Funds

5.4.1 The Council currently has four Low Volatility Net Asset Value (LVNAV) Money Market Funds. This means that the value of the shares that the Council holds in these funds may go down as well as up. However, it is unlikely that there will be a change in the price of the Money Market Fund shares between the prices paid and monies received when the shares are sold.

Table 10 – Money Market Funds

Borrower	Balance at 30/09/23 £000's
Aberdeen Standard Liquidity	5,000
Insight Investments	1,300
Federated Hermes	5,000
Aviva	5,000
Total	16,300

The average interest rate for Money Market Funds (MMFs) is 4.77% which has generated MMF interest of £360k for the first half of the financial year.

5.5 Fixed Term Deposits

5.5.1 At the end of September 2023, the Council had £33.6m in fixed term deposits with Nationwide Building Society, Clydesdale Bank, Landesbank, Stockport Metropolitan Borough Council, Cheltenham Borough Council, Wakefield Metropolitan Borough Council and UK Government Debt Management Office (DMO). This compares to £20.0m as at the 31st March 2023. There have been multiple term deposits with the DMO, for various periods between 1st April and 30th September 2023, represented by the level of new investments and repayments in the table below.

Table 11 – Fixed Term Deposits

Opening Balance £000's	New Investments £000's	Repayments £000's	Closing Balance £000's
20,000	283,200	269,600	33,600

5.5.2 The comparison below shows the performance of these fixed term deposit investments against the current Sterling Overnight Index Average (SONIA) rate.

Table 12 – Fixed Term Deposits Comparison to Bank of England Base Rate

SONIA Rate as of 30th September	Average SONIA rate 1st April 2023 to 30th September 2023	Council Performance	Investment Interest Earned £000's
5.19%	4.77%	4.76%	£903

5.6 Interest Receivable Budget

5.6.1 The Council's budgeted investment return for 2023/24 is £786k and performance for the half year to 30 September 2023 is £903k, which comprises £535k from term deposits, £360k from Money Market Funds and £8k from call deposits. The estimated full year outturn is expected to be approximately £1,500k. The main reasons for the increase are the budget was estimated for 2023/24 when the Bank of England Base Rate was only 3.5% it has now

increased to 5.25% and investment balances are higher partly due to capital programme slippage and greater working capital.

6 Borrowing

6.1 There have been no borrowing activities undertaken during the year to 30 September 2023 as summarised below:

Table 13 – Council’s borrowing activities to 30th September 2023

Type of Loan	As at 31 March 2023 £'000	Borrowed £'000	Repaid £'000	As at 30 Sept 2023 £'000
Fixed PWLB	57,536	0	0	57,536
Private Placement Loans – LOBO	18,000	0	1,000	17,000
Private Placement Loans – Fixed	15,000	0	0	15,000
Total External Debt	90,536	0	1,000	89,536

7 Investment Properties

7.1 As of the 1st of April 2023 the Council had spent £61.810m on investment properties. These investment properties are expected to generate £4.663m gross rental income per annum which is a gross yield of 7.5%. The CFR and therefore MRP charges have increased as result of activity in investment properties.

Glossary of Terms

bps

Basis points - 1 basis point equals 1/100 of 1% or 0.01%.

Call Accounts

Is a bank account for investment funds it has no fixed deposit period, provides instant access to funds, and allows unlimited withdrawals and deposits.

Consumer Price Index (CPI)

The official measure of inflation of consumer prices of the United Kingdom.

Federal Reserve (Fed)

The central banking system of the United States of America.

Gross Domestic Product (GDP)

This is the monetary value of all the finished goods and services produced by a country within its borders in a specific time period, usually a year.

Gilts

Gilts are UK Government Bonds which offer a very low risk of default and a corresponding low rate of return.

LIBID

The London Interbank Bid Rate, that is, the interest rate at which banks bid to take short-term deposits from other banks.

Monetary Policy Committee (MPC)

This is a committee of the Bank of England which decides the official interest rate in the UK (the Bank of England Base Rate) and also directs other monetary policy such as quantitative easing and forward guidance.

Public Works Loan Board (PWLB)

The PWLB is a statutory body operating within the UK Debt Management Office to lend money from the National Loan Fund to local authorities and to collect the repayments.

q/q

The change from previous the previous quarter.

Quantitative Easing (QE)

An unconventional form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This process aims to directly increase private sector spending in the economy and return inflation to target.

SONIA

SONIA (Sterling Overnight Index Average) is the effective overnight interest rate for unsecured transactions in the British sterling market.

y/y

The change from previous year.

Implications

Corporate Plan:

Effective treasury management and investment in properties is providing an income stream to support delivery of the key services within the Corporate Plan.

Legal:

Requirement to adhere to the CIPFA Prudential Code. Ensures compliance with Financial Regulations. [RLD 10/11/2023]

Finance: None arising from this report. [PH 07/11/2023].

Budget Area	Implication
General Fund – Revenue Budget	No significant implications
General Fund – Capital Programme	No significant implications
Housing Revenue Account – Revenue Budget	No significant implications
Housing Revenue Account – Capital Programme	No significant implications

Risk:

Risk	Mitigation
Risk that the investment properties become void or fall in value	Spread of assets within the portfolio and a reserve to cushion any void periods.

Human Resources:

No implications. [KB 13/11/2023]

Environmental/Sustainability

No implications.

Equalities:

No implications.

Other Implications:

No implications.

Reason(s) for Urgency

Not Applicable

Reason(s) for Exemption

Not Applicable.

Background Papers

Link Asset Services – Treasury Management Strategy Statement and Annual Investment Strategy
Mid-Year Review Report 2023/24

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Economics and interest rates

1.1 Economics update

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due

to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations

have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

2.1 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

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Report To:	AUDIT COMMITTEE
Date:	23RD NOVEMBER 2023
Heading:	FINANCIAL MANAGEMENT CODE SELF ASSESSMENT UPDATE
Executive Lead Member:	CLLR RACHEL MADDEN, EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS
Ward/s:	N/A
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

To advise Audit Committee of the Council's performance against the CIPFA Financial Management Code (the FM Code) Self Assessment and action plan.

Recommendation(s)

For Audit Committee to note the Council's position against the FM Code Self Assessment and the action plan.

Reasons for Recommendation(s)

Demonstrating compliance with the FM code is the collective responsibility of elected Members, the Strategic Leadership Team and Chief Finance Officer.

Alternative Options Considered

None – the report is to meet the requirement of the FM Code, for elected Members to take collective responsibility, along with the Strategic Leadership Team and Chief Finance Officer to comply with the Code.

Detailed Information

At the Audit Committee meetings of 26th July and 18th October 2021 reports were presented introducing the FM Code and a self assessment as a framework to support good practice in financial management and assist in demonstrating financial sustainability.

The FM Code identifies 6 Principles 'CIPFA Statement of Principles of Good Financial Management.' These are:

- **Organisational leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisation;
- **Accountability** – based on medium term financial planning that drives the annual budget process supported by effective risk management, quality supportive data and whole life costs;
- **Transparency** - Financial management is undertaken with transparency at its core using consistent meaningful and understandable data, reported frequently and evidence of periodic and elected Member decision making;
- **Standards** - adherence to professional standards is promoted by the leadership team and is evidenced;
- **Assurance** – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and results of external audit, internal audit and inspection; and
- **Sustainability** - the long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

Specific standards were identified supporting each principle and Local Authorities were required to complete a self assessment of the Council's level of compliance with the FM Code standards. The report of 18th October 2021 contained a table summarising action to be taken at that time. The table is reproduced below for information.

Standard	Action	Lead	Target Date
B	Review the current finance system as the current contract ends, with a view to either increasing the use of system functionality to deliver efficiencies and allow finance team to increase value adding support activities or replace it with one which better meets the needs of the Finance function. This will ensure the Finance function remains fit for purpose to support continued good financial management across the Council.	CFO	April 2023 (when existing system contract ends)
C	To ensure all agreed internal audit recommendations are implemented by the agreed implementation dates.	CLT and Audit Committee	On-going
E	To continue to further embed the Finance Business Partnering approach.	CFO	On-going
F & K	Development of the MTFS 2022-2027 to include scenario planning, sensitivity analysis and specific reference to the financial resilience assessment (February 2022)	CFO	On-going
G	Report the updated MTFS 2022-2027 to CLT, Cabinet and Council	CFO	February/ March 2022

H	To assess the implications and implement the new requirements arising from changes in the Prudential Code (Once the consultation is complete and revised code issued - expected Dec 2021 to be implemented for 2022/23).	CFO	February 2022
L	In conjunction with Cabinet, to consider a budget consultation process - online or through a panel, with a view to improving engagement and encouraging active participation in respect of the whole budget.	Cabinet/ CLT	June 2022 for 2023/24 Budget
M	Ensure compliance with the Option Appraisal Model and deliver targeted training where this may be required.	CLT/CFO	Ongoing

These items have all been addressed and an updated self assessment, with changes highlighted from 2021 is shown at Appendix 1 of this report.

Implications

Corporate Plan:

Compliance with the FM Code contributes to sound decision making, assessing financial resilience and demonstrating financial sustainability, all of which contribute to long term ability to deliver the Corporate Plan.

Legal:

Compliance with the FM Code supports the requirement of Section 151 of 1972 Local Government Act 1972 that requires Local Authorities to make arrangements for the proper administration of their financial affairs. [RLD 13/11/2023]

Finance: No direct financial implications arising from this report. [PH 02/11/2023]

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
If compliance with the CIPFA Financial Management Code is not demonstrated, the Council's financial management, financial resilience and sustainability could be challenged and have a negative impact.	To complete, review and update a self-assessment to demonstrate the Council's compliance with the standards contained in the FM Code. Actions are identified to address any gaps. The initial self-assessment and progress on implementing any actions is reported in this report and future reports to the Audit Committee.

Human Resources:

None. [KB 13/11/2023]

Environmental/Sustainability:

None.

Equalities:

None

Other Implications:

None.

Reason(s) for Urgency

N/A

Reason(s) for Exemption

N/A

Background Papers

CIPFA Financial Management Code 2019

CIPFA Financial Management Code Guidance notes

Report to Audit Committee 26th July 2021; Financial Management Code

Report to Audit Committee 18th October 2021; Financial Management Code Self Assessment

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Responsibilities of the Chief Finance Officer and the Leadership Team			
Code Ref	Financial Management Standard	Suggested Evidence and Requirements	Assessment and Action(s) required to meet minimum standards
Responsibilities of the Chief Finance Officer and the Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<p>The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</p> <p>There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</p> <p>The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.</p>	<p>The Council has a clear commitment to the provision of value for money which is included in the Corporate Plan as a purpose '<i>We will provide good quality, value for money services.</i>' with associated actions under each of the key priorities for the provision of efficient and effective services.</p> <p>Performance management processes for budget monitoring, service planning and the Corporate Plan are in place including regular monitoring being reported to Strategic Leadership Team (SLT) and Cabinet.</p> <p>The Annual Budget and Medium-Term Financial Strategy (MTFS) is underpinned by value for money and sustainability principles. The Council has historically delivered savings and achieved a favourable General Fund position.</p> <p>The Council has Financial Regulations, Contract Procedure Rules, Procurement Policy and Strategy, Capital Gateway Process and Risk Management Strategy.</p> <p>The Council has a schedule for planned service reviews.</p> <p>The Council achieved an unqualified Value For Money conclusion from the external auditors</p>

			<p>(Mazars) in respect of its 2021/22 Accounts demonstrating its arrangements for securing value for money.</p> <p>The Annual Governance Statement focusses on all aspects of governance including reporting on processes around value for money in cost effective and sustainable service provision.</p> <p>No action required.</p>
B	<p>The Authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.</p>	<p>The CIPFA Statement requires that the Chief Financial Officer (CFO):</p> <ul style="list-style-type: none"> • Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. • Must be actively involved in, and able to bring influence to bear on all material business decisions. • Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. • Must lead and direct a finance function that is resourced to be fit for purpose. • Must be professionally qualified and suitably experienced. 	<p>The Corporate Resources Director (CRD) has been formally appointed as Chief Finance Officer (Section 151 Officer) and is also a member of the SLT.</p> <p>The CRD reports to the Executive Director (Transformation). Monthly meetings also take place between the Chief Executive and CRD.</p> <p>The CRD also meets regularly with the Executive Lead Member for Finance, Revenues and Benefits.</p> <p>The authority's governance arrangements allow the CRD to bring influence to bear on all material business decisions and has direct access to all SLT members, the Audit Committee, Internal Audit and External Audit.</p> <p>The Council has a medium-term business and financial planning process to deliver the Council's strategic objectives, including an MTFs, an annual budget process and regular and timely monitoring of budget performance.</p> <p>Professional advice on decisions which have financial implications is provided by the Finance</p>

			<p>Team and is included in every report. In addition, accountants work with budget holders in advance of major decisions to ensure that the financial implications are accurate and well understood.</p> <p>Finance Training had been delivered to all Members and budget holders.</p> <p>The Finance function has the resources, expertise and systems to perform its role effectively. Ensuring the required expertise is in place will require constant review considering the innovative projects which are being explored.</p> <p>There are contracts in place for specialist financial advice (treasury management, financial management & planning and taxation).</p> <p>The CRD is a CIMA qualified accountant (2002) who has previously undertaken the role of Deputy Section 151 Officer at this and another Council. He has wide ranging senior local government finance experience.</p> <p>Actions Required Ensure the replacement finance system is implemented from 1st April 2024 and has system functionality to deliver efficiencies and allow the finance team to increase value adding support activities and meets the needs of the Finance function. This will ensure the Finance function remains fit for purpose to support continued good financial management across the Council.</p>
Governance and Financial Management Style			
C	The Leadership team demonstrates in its actions and behaviours responsibility for	The leadership team espouses the Nolan principles.	The Council has a Constitution and a Local Code of Corporate Governance both embedding the Nolan Principles.

	governance and internal control.	<p>The authority has a clear framework for governance and internal control.</p> <p>The leadership team has established effective arrangements for assurance, internal audit and internal accountability. The leadership team espouses high standards of governance and internal control.</p> <p>The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>The Council's Constitution contains the framework in which the Council works and how decisions are made. The Constitution includes Responsibility for Functions, Terms of Reference, Rules of Procedure (including Financial Regulations and Contract Procedure Rules) Members Code of Conduct, Code of Conduct for Officers. The Constitution is reviewed annually. The last review was May 2023.</p> <p>Internal Audit services are provided by Central Midlands Audit Partnership (CMAP). CMAP, on behalf of the Council, determine an annual programme of audits across the authority to provide assurance about the effectiveness of risk management, control and governance processes. CMAP report on their plan and audit reviews to Audit Committee.</p> <p>CMAP has given an opinion that the Council has a "satisfactory system of internal control" (the highest level of assurance opinion which can be given) for 2022/23.</p> <p>Actions Required To ensure all agreed internal audit recommendations are implemented by the agreed implementation dates.</p>
D	The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	<p>The authority is aware of the provisions of the CIPFA Delivering Good Governance Framework.</p> <p>The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements.</p>	<p>The Council has an approved Local Code of Corporate Governance consistent with the CIPFA Delivering Good Governance Framework. The Local Code is reviewed annually by Audit Committee.</p> <p>The production of the Annual Governance Statement (AGS) as part of the Statement of Accounts also includes a review of compliance with the CIPFA Framework including an update on</p>

		The authority has in place a suitable code of governance.	<p>progress towards the completion of actions previously identified to address control or risk issues along with proposed actions for the following year.</p> <p>No action required</p>
E	The Financial Management Style of the authority supports financial sustainability	<p>Strong financial management is assessed against a hierarchy of:</p> <ol style="list-style-type: none"> 1. delivering accountability. 2. supporting performance. 3. enabling transformation. <p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>The Council has an effective framework of financial accountability through:</p> <ul style="list-style-type: none"> • Member delegations which include financial responsibilities; • Officer delegations which include financial responsibilities; • Financial Regulations which set out financial responsibilities for Council, Cabinet, Portfolio Holders, Chief Officers, Budget Managers and all employees of the Council and all Members. <p>The Council has established a Performance Management Framework: clear performance targets are set for each Service and performance achieved is subject to regular monitoring using objective performance indicators. Employees undergo an annual Personal Development Review linked to a competency framework.</p> <p>The Finance Team has embedded a Finance Business Partnering approach.</p> <p>The finance team are supporting a number of transformational programmes, including the Future High Street Fund, Towns Fund, Leisure Transformation, Affordable Housing New Build.</p> <p>Actions Required</p> <p>To continue to further embed the Finance Business Partnering approach, supporting transformational programmes.</p>

			Following full implementation of the new FMS, ensure all relevant service staff receive appropriate training.
Long to Medium Term Financial Management			
F	The Authority has carried out a credible and transparent Financial Resilience Assessment.	<p>The authority has undertaken a financial resilience assessment.</p> <p>The assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment.</p>	<p>SLT and Cabinet have reviewed the CIPFA Financial Resilience index and is comfortable with the position for Ashfield, given the investment strategy Ashfield has pursued in recent years.</p> <p>Alternative scenarios are not currently incorporated into the current MTFS although financial assumptions are clear and open to challenge.</p> <p>The Council's Corporate Risks include:</p> <ul style="list-style-type: none"> • Level of central government funding 2023 onwards; • Failure to identify savings required by MTFS <p>Actions Required Development of the MTFS 2024-2028 to include scenario planning, sensitivity analysis and specific reference to the financial resilience assessment (February 2024).</p>
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the</p>	<p>The 5-year rolling MTFS Estimated Funding Gap is updated and reported to Cabinet and Council each year as part of the budget setting process.</p> <p>The current MTFS approved by Council 2nd March 2023 identifies a gap of £0.426m in 24/25 rising to £4.151m in 25/26. The cumulative funding gap in the MTFS is estimated at £5.226m by 26/27. The MTFS identifies the Councils approach to addressing the budget gap as additional income generation, the identification of efficiencies, Invest to Save, and utilising reserves to aid the smoothing of the funding gap in 2023/24.</p>

		<p>impact of these for short- and medium-term decision making</p>	<p>The SLT and Cabinet continue to meet regularly to identify and agree options to address the gap. The gap for 23/24 has been significantly reduced due to the business rate reset slipping into 2025/26 at the earliest, and due to savings and efficiencies being identified.</p> <p>An understanding of longer-term financial sustainability will only be achieved when the current uncertainties and risks associated with the reviews of local government funding (fair funding review, business rates reset, changes to business rates retention and changes to new homes bonus) are known.</p> <p>The Council's Corporate Risks include:</p> <ul style="list-style-type: none"> • Level of central government funding 2020 onwards; • Failure to identify savings required by MTFS. <p>The Corporate Risks are reported to SLT and Cabinet.</p> <p>Actions Required Report the updated MTFS 2024-2028 to SLT, Cabinet and Council.</p>
H	<p>The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>The authority is aware of its obligations under the Prudential Code. The authority has prepared a suitable Capital Strategy.</p> <p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with those obligations. The Prudential Code provides a framework to operate within and like the Financial Management Code, there are many areas of compliance where the guidance allows for the Council to decide what actions are appropriate within the framework.</p>

			<p>The Authority has a Capital Strategy, which includes the Commercial Property Investment Strategy. It is reviewed annually and scrutinised by Audit Committee and approved by Cabinet and Council.</p> <p>Prudential indicators are set as part of the annual Treasury Management Strategy and are then monitored in the Treasury Management mid-year report and outturn report. All of which are scrutinised by Audit Committee and approved by Cabinet in accordance with Financial Regulations.</p> <p>The Council has also set Investment Property Indicators in relation to its Investment Properties – these are set as part of the Capital Strategy. They are then reported on at mid-year and outturn to Audit Committee.</p> <p>Previously property investments were undertaken in line with the Council’s Commercial Property Investment Strategy and funded through prudential borrowing. In line with updated requirements the Council has no plans for further debt for yield schemes.</p> <p>Actions Required To assess the implications and implement any requirements arising from the consultation on Minimum Revenue Provision (MRP) once known.</p>
I	<p>The Authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans.</p>	<p>The authority has in place an agreed medium term financial plan.</p> <p>The medium-term financial plan is consistent with and integrated into relevant service plans and its Capital Strategy.</p>	<p>The 5-year rolling MTFFS Estimated Funding Gap is updated and reported to Cabinet and Council each year as part of the budget setting process.</p> <p>The MTFFS is consistent with the Corporate Plan, Service Plans and the Capital Strategy.</p>

		<p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p> <p>The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.</p>	<p>The development of the service budgets is considered by each Directorate. Requiring them to identify cost drivers and demand, and mitigations and savings.</p> <p>The MTFS is a prudent estimate for each Directorate in respect of drivers and demand.</p> <p>The Council maintains several earmarked reserves to manage any significant variances in year, particularly in respect of initiatives such as the Corporate Transformation Reserve, Commercial Property Investment Reserve.</p> <p>The Council also holds a Business Rates Equalisation Reserve to manage and mitigate the current and future uncertainty around Business Rates funding.</p> <p>No action required.</p>
J	<p>The Authority complies with its statutory obligations in respect of the budget setting process.</p>	<p>The authority is aware of its statutory obligations in respect of the budget setting process.</p> <p>The authority has set a balanced budget for the current year.</p> <p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	<p>The Council understands its obligation in respect of the budget-setting process. The Council has set a balanced budget for the current year that was approved by Full Council.</p> <p>The current MTFS approved by Council 2nd March 2023 identifies a gap of £0.426m in 24/25 rising to £4.151m in 25/26. The SLT and Cabinet continue to meet regularly to identify and agree options to address the gap. The gap for 23/24 has been significantly reduced due to the business rate reset slipping to 2025/26 at the earliest, and due to savings and efficiencies being identified. It is expected a balance budget will be set for the forthcoming year.</p>

			<p>The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.</p> <p>No action required.</p>
K	<p>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.</p>	<p>The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p> <p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p>	<p>The current Annual Budget and MTFS update approved by Council 2nd March 2023 included a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The budget report sets out the key assumptions for</p> <ul style="list-style-type: none"> • Pay inflation; • Contract Inflation; • Utilities Inflation; • 2.94% inflationary increase in District Council Tax increase from 2023/24; • No allowance for any growth in the Council Tax Base. <p>It does not currently consider the impact of changes in these assumptions.</p> <p>The Council maintains several earmarked reserves such as the Corporate Transformation Reserve, Commercial Property Investment Reserve, insurance reserves, NNDR equalisation reserve, asset repair and renewal reserve and a significant General Fund reserve.</p> <p>The current MTFS reports on the level of earmarked reserves and General Fund reserve.</p> <p>Action Required As previously referred to, the continued development of the MTFS 2024-2028 is to include</p>

			scenario planning and sensitivity analysis regarding changes in assumptions.
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget.</p> <p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improve its engagement with key stakeholders.</p>	<p>The Council engages with SLT, Cabinet and budget holders in updating the annual budget and MTFs. The Council has not undertaken a formal budget consultation since 17/18.</p> <p>Actions Required In conjunction with Cabinet, to consider a budget consultation process - online or through a panel, with a view to improving engagement and encouraging active participation in respect of the whole budget.</p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and</p>	<p>The Council does have a whole life cycle financial option appraisal model that should be utilised across the Council. The model is a weighted benefit model and includes an assessment of qualitative factors and quantitative factors.</p> <p>Currently the Council is participating in several programmes that require specific business case formats to be used specified by the external funder i.e. Towns Fund and Future High Streets Fund (FHSF). The business cases must be green book compliant and follow the same principle as the Council's own option appraisal model but are more detailed and rigorous in respect of Cost Benefit Ratios and identifying qualitative outcomes.</p> <p>The Council has a project delivery framework with standardised documentation that should be used for all projects – the financial option appraisal model is part of the process. The project delivery framework offers guidance to officers undertaking the appraisal – all information is found on 'Helios' on the intranet.</p>

		<p>informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>	<p>Finance officers review the financial option appraisal models that are completed as part of project proposals the other project documentation making up the business case reviewed by Corporate Services and Transformation Team. The Business Case is considered and approved by SLT, and Cabinet where this is required.</p> <p>The project delivery framework with standardised documentation includes a project risk template.</p> <p>Action Required Ensure compliance with the Option Appraisal Model and deliver targeted training where this is required.</p>
N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward and backward-looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p>	<p>Budget Monitoring reports are provided every two months to CLT and the position as at 31 July, 31 Oct, 31 Dec and 31 March are reported to SLT and Cabinet.</p> <p>The budget monitoring reports are based on forecast for the year based on actuals to date and known commitments. The reports provide analysis of variances and explanations. This allows CLT, SLT and Cabinet to raise questions and to identify any remedial actions. The reports also include progress on achievement of budgeted savings.</p> <p>The reporting requirements for partners are set out in contracts and agreements. The financial implications of the reporting from partners are incorporated into the budget monitoring by the budget holder, who also has responsibility for managing the partnership.</p> <p>A standard project monitoring process for all projects including those delivered by partners is</p>

			<p>currently being developed and implemented due to the increasing number of projects and partners, as a result of the Towns Fund and FHSF.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p> <p>No action required.</p>
O	<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.</p>	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p>	<p>The Council identifies and monitors earmarked reserves and the General Fund reserve as part of the budget setting reports, budget monitoring reports and outturn reports.</p> <p>The investment properties being a large asset value on the balance sheet are monitored through reports to Commercial Investment Working Group and Audit Committee (Strategy, mid-year and Outturn).</p> <p>Cashflow, investments and borrowing are monitored through Treasury Management Reports (Strategy, midyear and Outturn). This includes a full analysis of the balance sheet to forecast the needs to borrow position.</p> <p>The Council has several provisions that are monitored throughout the year e.g., business rate appeals, benefit overpayments and rent arrears.</p> <p>No action required</p>
P	<p>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on</p>	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p>	<p>Mandatory training has been delivered to all budget holders including CLT, SLT and Members that included the role of the CFO and identified their responsibilities for preparing the financial statements.</p>

	Local Authority Accounting in the United Kingdom.	<p>The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms. The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<p>CFO responsibilities in terms of the preparation of the annual financial statements is included within their job description and personal objectives.</p> <p>The financial statements have been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. This is evidenced by a consistent unqualified audit opinion for several years.</p> <p>No action required.</p>
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p> <p>These reports are focused on information that is of interest and relevance to the leadership team.</p> <p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>The SLT, CLT along with Cabinet are provided with an Outturn report detailing significant variations to the revised revenue (General Fund and HRA) and capital budgets. The reports request approval of proposed transfers to and from of earmarked reserves. The Chief Finance Officer and SLT consider the treatment of any surpluses and reserves before discussion with Members and formal approval.</p> <p>SLT feels that the reports support it in making strategic financial decisions.</p> <p>No action required.</p>

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Ashfield District Council – Audit Progress Report

Audit Committee: 23 November 2023



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Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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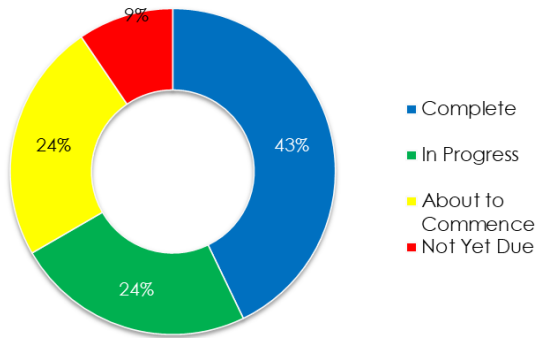
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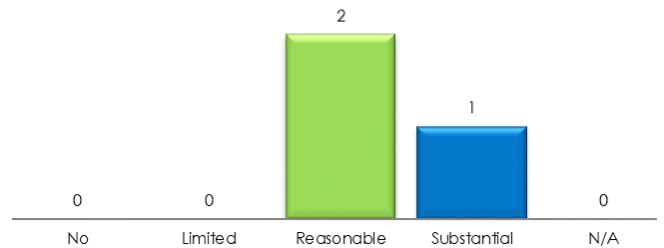
AUDIT DASHBOARD

Plan Progress



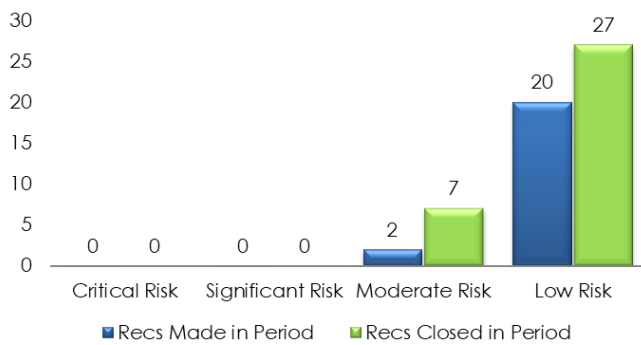
Assurance Ratings

Control Assurance Ratings Issued During Period



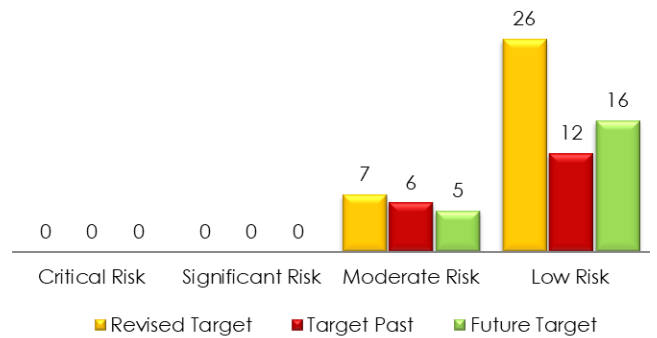
Recommendations

Movement During Period



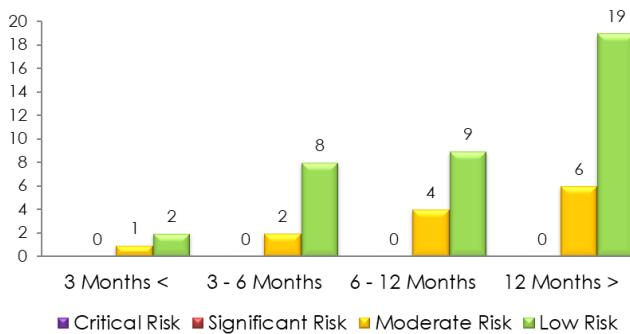
Recommendations

Recommendations Currently Open



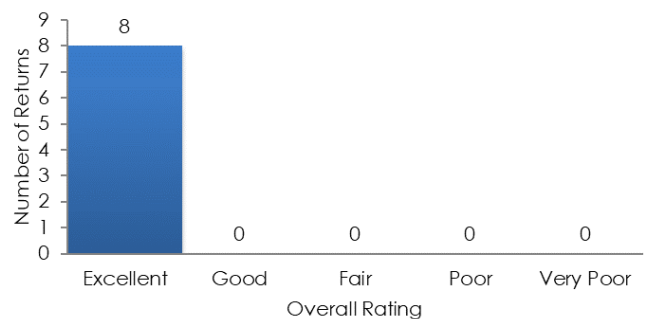
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Jan 2023 - Oct 2023



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AUDIT PLAN

Progress on Audit Assignments

The following table provides the Committee with information on how audit assignments were progressing as of 6 November 2023.

2023-24 Jobs	Status	% Complete	Assurance Rating
Member Code of Conduct & Officer/Member Protocol	In Progress	60%	
Anti-Fraud & Corruption 2023-24	Allocated	5%	
Information Governance 2023-24	Final Report	100%	Reasonable
Audit Committee Effectiveness	Final Report	100%	N/A
Finance System Implementation 2023-24	In Progress	30%	
Cyber Security & Entity Level Controls 2023-24	Allocated	15%	
Data Management 2023-24	Not Allocated	0%	
Commercial Investment Property 2023-24	Allocated	0%	
Contract Procedure Rules 2023-24	Not Allocated	0%	
Revenues Systems 2023-24	In Progress	60%	
Trade Waste 2023-24	Allocated	0%	
Pest Control 2023-24	Allocated	0%	
Markets 2023-24	Draft Report	95%	
Responsive Repairs 2023-24	In Progress	50%	
Health & Safety - Lifts	Final Report	100%	Substantial
Outdoor Recreation - Equipment Safety 2023-24	Final Report	100%	Reasonable
B/Fwd Jobs	Status	% Complete	Assurance Rating
General Ledger - Data Analytics 2022-23	Final Report	100%	Reasonable
Estates 2022-23	Final Report	100%	Reasonable
Section 106 Agreements 2022-23	Final Report	100%	Substantial
Leisure Centre 2022-23	Final Report	100%	Reasonable
Future High Streets Fund 2022-23	Final Report	100%	Limited

Audit Plan Changes

None to report.

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AUDIT COVERAGE

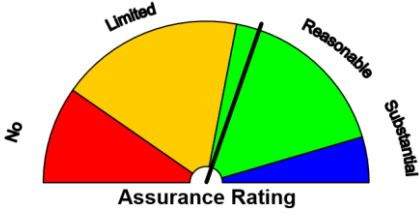
Completed Audit Assignments

Between 11 July 2023 and 6 November 2023, the following audit assignments have been finalised since the last progress update was given to the Audit Committee.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Health & Safety - Lifts	Substantial	0	0	0	3	67%
Information Governance 2023-24	Reasonable	0	0	2	10	42%
Outdoor Recreation – Equipment Safety	Reasonable	0	0	0	7	0%
TOTALS		0	0	2	20	32%

Health & Safety Lifts					
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls	
There are controls and processes in place for monitoring contract performance.	8	6	2	0	
TOTALS	8	6	2	0	
Summary of Weakness		Risk Rating	Agreed Action Date		
The Transport service area did not have a contract in place for the service and maintenance of refuse vehicle lifts.		Low Risk	30/09/2023		
The insurance inspection company did not have an up-to-date list of all the Stairlifts; this was evident by the number of wasted visits to properties where Stairlifts had been removed.		Low Risk	30/04/2023		
The implications for insurance inspections that were not undertaken were not fully understood by the Council, resulting in uncertainties as to whether insurance cover was invalidated.		Low Risk	30/04/2023		

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<h2>Information Governance 2023-24</h2>				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The Council has processes and procedures in place to ensure that Freedom of Information requests are controlled and dealt with in accordance with the regulations.	7	2	5	0
The Council has processes and procedures in place to ensure that data protection is controlled, and regulations are adhered to.	8	1	4	3
TOTALS	15	3	9	3
Summary of Weakness		Risk Rating	Agreed Action Date	
There was no internal procedural guidance on how to process and document Freedom of Information requests.		Low Risk	Implemented	
Not all Freedom of Information contacts had attended training sessions offered and there was insufficient instruction to all other officers on the process to follow when receiving requests for information.		Low Risk	31/10/2023	
The Council had not always responded to Freedom of Information requests in line with the 20-working day timeframe. This situation had been exacerbated by the recent implementation of the new case management system which required two records to be updated (a spreadsheet and the Case Management System), and on occasion by officers not pausing the request timeframe when clarifications were sought from the requester. At times the Freedom of Information records were incomplete or inaccurate and this had impacted on the ability to easily produce reliable statistical information for the Strategic Leadership Team.		Low Risk	31/12/2023	
Testing noted one occasion where an officer who had completed an internal review of a Freedom of Information complaint had also been involved in the response to the original Freedom of Information request, and therefore could not be deemed to be independent.		Low Risk	Implemented	
Testing highlighted that Freedom of Information supporting documentation was not always recorded in the Case Management System. There were also 2 occasions where the Freedom of Information contact in the appropriate service area had been notified of an incorrect deadline date.		Low Risk	Implemented	
Review of employee file access permissions across a number of service areas noted occasions where access was not appropriate in SharePoint and shared drives.		Moderate Risk	31/12/2023	
Review of the data protection policies and guidance has shown that the documentation has not been reviewed or updated since 2019.		Low Risk	31/12/2023	

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There were some delays in updating the Subject Access Requests on the Case Management System and spreadsheet, and one occasion where the request for further time was submitted after the deadline date. The process of recording requests in two records (the spreadsheet and the Case Management System) is inefficient.	Low Risk	Implemented
The review of the Information Asset Register had not yet taken place and there were a number of differences between the Information Asset Register and the list of IT data systems within the Council.	Low Risk	30/11/2023
The system audits undertaken by the ICT service area had not been completed for a number of years.	Low Risk	29/02/2024
The Retention & Disposal Policy had not been reviewed since January 2018.	Low Risk	30/11/2023
The action plan for Freedom of Information and Data Protection did not include target dates for implementation of the actions and the action plan had not been included on the Council's performance monitoring software.	Moderate Risk	Implemented

Outdoor Recreation – Equipment Safety				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Appropriate controls are in place for ensuring playgrounds are adequately maintained and safe for use.	17	8	5	4
TOTALS	17	8	5	4
Summary of Weakness		Risk Rating	Agreed Action Date	
The processes supporting the monitoring of inspections and repairs were not sufficient to ensure all inspections and repairs were managed and completed on a timely basis. In addition to this, the software in use was unapproved and Council data was stored on personal devices.		Low Risk	01/04/2024	
The Environmental Service Team did not have an internal inventory of playground equipment from which to check the completeness of annual, routine and operational inspections.		Low Risk	01/04/2024	
The frequency of planned inspections is not as recommended by the Royal Society for the Prevention of Accidents. The Environmental Service Team could not provide evidence of all the inspections requested for sampling. Where evidence of inspections was available, it only highlighted deficiencies and did not give assurance that all assets had been checked.		Low Risk	01/01/2024	

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<p>The annual independent inspection did not specifically state that playground surfaces were reviewed to the EN1177 impact absorbing playground surface standard.</p>	<p>Low Risk 01/12/2023</p>
<p>Council playgrounds and skateparks did not always display appropriate signage.</p>	<p>Low Risk 01/02/2024</p>
<p>The dog exclusion zones in Council parks did not correspond with the Public Spaces Protection Order 2021.</p>	<p>Low Risk 01/04/2024</p>
<p>The Environmental Services Team had not been provided with playground equipment product information, such as maintenance and service instructions, on hand over of a playground from the Regeneration Team.</p>	<p>Low Risk 01/12/2023</p>

Ashfield District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
14-Feb-19	Risk Registers	Reasonable	0	1	0
16-Aug-19	Fire Safety	Reasonable	0	1	0
31-Jan-20	Information Governance	Reasonable	0	1	0
21-Jun-21	Management of Fraud Risk	Limited	0	9	0
10-May-21	People Management	Reasonable	0	4	0
21-Jun-21	Delegated Decisions	Reasonable	0	1	0
05-Oct-21	PCI Compliance in Organisational Transformation	Reasonable	0	1	0
28-Feb-22	Outdoor Recreation - Sports Bookings	Limited	0	4	0
08-Apr-22	Accounting Systems 2021-22	Substantial	0	3	0
11-Jul-22	Planning	Reasonable	2	0	0
28-Jul-22	Housing - Data Quality 2022-23	No	1	4	0
25-Oct-22	Licensing 2022-23	Reasonable	0	3	0
23-Jan-23	Health & Safety 2022-23	Limited	2	1	0
17-Apr-23	Leisure Centre 2022-23	Reasonable	3	0	0
12-May-23	Estates	Reasonable	7	0	4
23-Jun-23	Future High Streets Fund & Towns Fund	Limited	1	0	1
06-Jul-23	General Ledger - Data Analytics	Reasonable	0	0	3
16-Aug-23	Health & Safety - Lifts	Substantial	1	0	0
16-Oct-23	Information Governance 2023-24	Reasonable	1	0	6
19-Oct-23	Outdoor Recreation - Equipment Safety	Reasonable	0	0	7
		TOTALS	18	33	21

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Ashfield District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Risk Registers	0	0	0	0	0	1
Fire Safety	0	0	0	0	1	0
Information Governance	0	0	0	0	1	0
Management of Fraud Risk	0	0	0	0	1	8
People Management	0	0	0	0	0	4
Delegated Decisions	0	0	0	0	0	1
PCI Compliance in Organisational Transformation	0	0	0	0	0	1
Outdoor Recreation - Sports Bookings	0	0	0	0	0	4
Accounting Systems 2021-22	0	0	0	0	0	3
Planning	0	2	0	0	0	0
Housing - Data Quality 2022-23	0	1	0	0	4	0
Licensing 2022-23	0	0	0	0	0	3
Health & Safety 2022-23	0	0	2	0	0	1
Leisure Centre 2022-23	0	0	3	0	0	0
Estates	0	2	5	0	0	0
Future High Streets Fund & Towns Fund	0	1	0	0	0	0
Health & Safety - Lifts	0	0	1	0	0	0
Information Governance 2023-24	0	0	1	0	0	0
TOTALS	0	6	12	0	7	26

Ashfield District Council – Audit Progress Report

Highlighted Recommendations

The following recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Being Implemented Recommendations

Information Governance	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>Sensitive, personal data was being stored in locations which were not suitably restricted to only those officers with a genuine business need to access such information.</p> <p>We recommend that management take appropriate action to ensure that all personal, sensitive data is secured in files, within restrictive sub-folders, with access limited to only those officers who have a genuine business need to access such information.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>The IT Security Policy Framework is under review. As part of this review we will ensure it is updated to take account of GDPR requirements. Specifically, we will introduce the following measures to assist with ensuring access to data is suitably restricted to only those officers with a genuine business need to access such information:</p> <ul style="list-style-type: none"> - Starters/Transfers/Leavers E-Form – to be completed by the Section Manager. This form will identify access rights of starters, amendments for staff transferring internally and identify when staff leave the Council. This will be used in conjunction/cross-references with the report received from HR on a quarterly basis. - E-Form for completion by Managers/Directors for folder access changes. - Introduction of new file structure guidelines and cascade through ELT/ALT, DMTs and MOD. - Provision of Group Access Permission lists on a quarterly basis to Service Managers for checking and confirmation/amendment. IT to meet with individual Managers to confirm, amend and clarify what is required of Managers as part of this new process. 	<p>30/06/2020</p>
Status Update Comments	Revised Date
<p>Actions have been taken to restrict folders and files.</p> <p>We are currently in the process of migrating documents to SharePoint/Teams which will introduce private channels. This will make it easier for managers to check who has access to the data held in them.</p> <p>Security Policy went live with all GDPR recommendations included. The Service Desk ask Line Managers for an employee that access rights for a new user can be based on. If no employee is given the employee will only get access to normal channels (for example section data). As part of this, the Service Desk also asks who the line manager is to ensure the Organisation chart is up to date. Evidence requested 4th Oct 2023.</p>	<p>30/06/2022</p>

Ashfield District Council – Audit Progress Report

Fire Safety	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Not all entrance doors to flats comply with Fire Safety Regulations.</p> <p>We recommend that the Council reviews all flat entrance doors to identify those which do not comply with Fire Safety Regulations, or those that have failed recent government tests. The Council should then take action to ensure the appropriately accredited fire safety doors are installed at the entrances to all flats.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>An assessment of all flat entrance doors has been completed and the results forwarded to the Assets & Investment Section for building into future door replacement programme(s). However, due to uncertainties around the manufacture, testing, certification and subsequent affected supply of composite fire doors, it is currently not possible to identify a definitive timescale for completion. The option to use alternative timber fire doors of the appropriate fire safety standards and specification are currently being looked into.</p>	<p>31/03/2020</p>
Status Update Comments	Revised Date
<p>Standard fire doors (majority); installations to commence 07/02/22.</p> <p>The works are not yet complete. We have continued to have difficulties in terms of supply to source doors which comply with the regulations and at a fair price and meet other requirements. We have also had difficulty with closing strengths of doors (which stopped us from fitting Sherwood Court doors previously).</p> <p>We are making progress in terms of sourcing suppliers and our Contractor, J Tomlinson are hoping to fit the remaining doors as follows:-</p> <ul style="list-style-type: none"> • Leaseholder fire doors (Feb/March) • Sherwood Court doors (requiring additional works to the door heads and surrounds up to ceiling height (March/April) • Fire doors with sidelights (April/May). 	<p>31/05/2023</p>

Management of Fraud Risk	Rec No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>The Council did not have trained fraud investigators with professional accreditation to review and investigate all areas of potential fraud.</p> <p>We recommend that the Council ensure they have access to fully trained fraud investigators, who can be called upon to investigate any areas of suspected fraudulent activity.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>The Council will consider how to access a suitably trained fraud investigator.</p>	<p>30/04/2022</p>
Status Update Comments	Revised Date
<p>Action still being progressed.</p>	<p>31/03/2023</p>

Ashfield District Council – Audit Progress Report

Housing Data Quality 2022-23	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Components were not automatically updated in the Capita Housing System following repairs and maintenance work tickets being completed. The manual process had led to instances of inaccuracy and inconsistency in the data sets maintained in the System.</p> <p>We recommend that all components are reviewed to ensure they show accurate data, and that the Council consider looking into an automated process so completed repairs and maintenance jobs directly update the component Masterfile within the Capita Housing System.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Current component data to be extracted and cleansed.</p> <p>New Schedule of Rates (SOR) codes to be created to mirror components used.</p> <p>New Totalmobile (TM) forms to be created to enable direct/automatic upload from works completed on site into the Capita system.</p> <p>Creation of role to ensure Capita data is reconciled, accurate and relevant.</p>	31/03/2023
Status Update Comments	Revised Date
<p>Review and cleanse of Components and attribute data is complete and ongoing, as above.</p> <p>Surveyors now using Total Mobile to update components in OPEN while on site (stock condition surveys). Outside of this, Components should be updated by the repairs admin team – they have a process in place. Component Data has been reviewed and updated to ensure they are accurate.</p> <p>Some of this could be new functionality (automatically updating the component based on the SOW used) but the repairs team have been informed about how the system works and should be updating component data in OPEN.</p> <p>New career graded role has been created and added to establishment – now in recruitment.</p>	30/06/2023

Housing Data Quality 2022-23	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Testing identified that windows component data was not always being updated, or updated completely and accurately, in the Capita Housing System following completion of routine planned maintenance works.</p> <p>We recommend that the Council put in place processes to ensure all planned maintenance works are updated accurately in the components on the Capita Housing System. The Council should consider developing an automated process so component data for completed planned maintenance works are directly updated within the Capita Housing System without the need for manual data entry.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Current component data to be extracted and cleansed.</p> <p>Work undertaken by Major Works contractors is currently in the process of being automated with direct input to capita via SOR's.</p> <p>Creation of role to ensure Capita data is reconciled, accurate and relevant.</p>	31/03/2023
Status Update Comments	Revised Date
<p>Works completed by the contractor are being updated as part of the current repairs interfaces, however components still have to be updated manually.</p>	30/06/2023

Ashfield District Council – Audit Progress Report

We can automate this so that the SOR updates the components automatically, however the team have been working on other priorities (i.e. correcting the component data).

We will speak to the repairs team to identify which component gets updated for each programme of works – then we can set the job (SOW) to update the component automatically on completion.

Housing Data Quality 2022-23	Rec No. 9
Summary of Weakness / Recommendation	Risk Rating
<p>The personal and sensitive data stored in the Capita Housing System, may be out of date as it was obtained at the point of tenancy application and not refreshed thereafter.</p> <p>We recommend that the personal and sensitive data included in the Capita Housing System is reviewed to ensure it is accurate and up to date. Any personal and sensitive data not required should be deleted from the System.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Data characteristics to enable accurate profiling to be determined.</p> <p>Current data to be extracted and cleansed.</p> <p>Rolling programme of collection and deletion to be established.</p> <p>Creation of role to ensure Capita data is reconciled, accurate and relevant.</p>	31/03/2023
Status Update Comments	Revised Date
<p>An action plan has been developed and approved by the Social Housing Regulation Team. Work has commenced on completing actions in the plan - evidence has been seen of monthly meetings taken place to monitor action plan. Some actions have slipped - And updates from section has shown that the project is still on track to be completed by the end of March 2024.</p>	31/03/2024

Housing Data Quality 2022-23	Rec No. 10
Summary of Weakness / Recommendation	Risk Rating
<p>Access to the various Excel spreadsheets used to record component works such as checks, installations and replacements, had not been appropriately restricted.</p> <p>We recommend that management reviews the permissions on the folders storing the Excel spreadsheets that currently represent a master copy of component related works. Where possible, access to amend the data in the files should be significantly restricted, and other users where appropriate should only be given read only access permissions.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>All housing folders to be reviewed for permissions/restrictions NB needs to be measured against the move to SharePoint /Windows 365 as to the appropriate time to enact.</p> <p>IT to restrict access to housing specific folders (file holding areas) to a list of identified users, preferably belonging, and controlled by departmentally assigned Active Directory group(s).</p>	31/10/2022
Status Update Comments	Revised Date
<p>ICT have restructured Active Directory for the Housing section into its new layout. Groups have been created:</p> <ul style="list-style-type: none"> • Housing Operations • Assets and Investments 	30/11/2023

Ashfield District Council – Audit Progress Report

- Strategic Housing and Lettings
- Housing Management and Tenancy Services

ICT are now working through the folders on S: to further tighten down the permissions to folders where feasible.

Action Due

Planning	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
There were no processes in place that enabled management to monitor progress against tasks detailed on the Local Plan Work Programme. We recommend that management is provided with performance information, linking to the Local Plan Work Programme, from the Forward Planning Team on a regular basis.	Moderate Risk
Management Response/Action Details	Action Date
The team will be asked to provide a monthly report to the Assistant Director on a monthly basis.	31/07/2022
Status Update Comments	Revised Date

Planning	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
There was a lack of audit trail regarding changes made to the Local Plan Work Programme and the status of tasks completed. We recommend that the Forward Planning Team ensure that there is an audit trail of changes to the Work Programme and the status of each task. The Work Programme should be updated regularly.	Moderate Risk
Management Response/Action Details	Action Date
This will be developed in the interim, but a key focus of the new team Manager will be project management of the work programme.	31/10/2022
Status Update Comments	Revised Date

Ashfield District Council – Audit Progress Report

Housing Data Quality 2022-23	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Data Matching and testing identified that the smoke detector component fields within the Capita Housing System do not accurately reflect the true status of the smoke detectors in Council properties.</p> <p>We recommend that the smoke detector components are updated to ensure they accurately reflect the status of each smoke detector and that a process is developed to ensure they continue to be updated. This process should ensure data quality checks are performed to ensure accuracy and completeness of smoke detector component data maintained within the Capita Housing System.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>Current component data to be extracted and cleansed.</p> <p>System is already partly automated; however acceleration of the programme means that both in-house and contractors are installing alarms meaning the use of both TM for in-house and a data loader for contractor.</p> <p>Creation of role to ensure Capita data is reconciled, accurate and relevant.</p>	<p>30/11/2022</p>
Status Update Comments	Revised Date

Estates	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The use of an application form for commercial letting was not being enforced, and the form required updating as it referred to outdated data protection legislation.</p> <p>We recommend that the service area reviews and updates the application form to refer to the Data Protection Act 2018 and brings it back into use for all new tenancy applications.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>Agreed.</p>	<p>30/06/2023</p>
Status Update Comments	Revised Date

Estates	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>Pre-tenancy checks did not include credit checks, identity checks or Companies House checks. Testing also noted 3 occasions where current pre-tenancy checks could not be evidenced.</p> <p>We recommend that pre-tenancy checks are improved, to include credit checks, identity checks and Companies House checks where possible. The same checks should be undertaken on all tenants and guarantors. All pre-tenancy checks should be evidenced.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>Agreed.</p>	<p>30/06/2023</p>
Status Update Comments	Revised Date



Report To:	AUDIT COMMITTEE
Date:	23 NOVEMBER 2023
Heading:	REVIEW OF LOCAL CODE OF CORPORATE GOVERNANCE
Executive Lead Member:	NOT APPLICABLE
Ward/s:	NOT APPLICABLE
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

To review and amend the Local Code of Corporate Governance.

Recommendation(s)

To approve the minor amendments to the Local Code of Corporate Governance highlighted in Appendix 1 and detailed in the report.

Reasons for Recommendation(s)

It is best practice for the Local Code of Corporate Governance to be reviewed annually to inform the Governance Framework for the following year.

Alternative Options Considered

The Committee may consider alternative changes to the Local Code of Corporate Governance.

Detailed Information

Introduction

Robust Corporate Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes.

The Council has a framework of policies and procedures in place which collectively make up its governance arrangements.

Local Code of Corporate Governance

The Local Code of Corporate Governance sets out the Council's arrangements and is based on the guidance "*Delivering Good Governance in Local Government*" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the recommended Local Code of Corporate Governance is based on these seven core principles. The seven principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out the documents, systems, processes and actions the Council undertakes to fulfil its commitment to and compliance with this Code. The Code supports the Council's review of the effectiveness of its system of internal control and informs the Annual Governance Statement which accompanies the Annual Statement of Accounts.

The Local Code of Corporate Governance is subject to annual review to inform the governance framework for the following year. The Code was last reviewed and amended in November 2022.

The Audit Committee is responsible for approving the Code. The Chief Executive and the Monitoring Officer are responsible for ensuring the Code is kept up to date and reviewed annually.

Some additions to the Code are recommended as shown highlighted in the document attached as Appendix 1. The changes reflect new or revised documents or policies which evidence and underpin the Council's governance arrangements. Committee is asked to approve these additions to the Local Code of Corporate Governance.

Implications

Corporate Plan:

To ensure we deliver high-quality public services we have adopted a set of corporate values which underpin the successful delivery of our priorities. How we work is as important as what we do. The Council's values are:

- People Focussed
- Honest
- Proud
- Ambitious

Legal:

There are no legal issues identified in the report. It is best practice to keep the Local Code of Corporate Governance under review. [RLD 13/11/2023]

Finance:

There are no financial implications arising from this report. [PH 13/11/2023].

Budget Area	Implication
General Fund – Revenue Budget	N/A
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

Risk:

Risk	Mitigation
Failure to review the Local Code of Corporate Governance would mean the governance framework is not complied with and would impact on the Annual Governance Statement process.	The review ensures compliance with the governance framework and assists with the annual governance review.

Human Resources:

There are no Human Resources issues identified as a direct result of the report.

Environmental/Sustainability:

There are no Environmental/Sustainability issues identified in the report.

Equalities:

There are no equalities issues identified as a direct result of the report.

Other Implications:

None.

Reason(s) for Urgency

Not applicable.

Reason(s) for Exemption

Not applicable.

Background Papers

Not applicable.

Report Author and Contact Officer

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EXECUTIVE DIRECTOR - GOVERNANCE

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Ashfield

DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

Executive Director, Governance
(Monitoring Officer)

APPROVED:

Audit Committee – 23 November 2023

REVIEW:

November 2024

Version Control

Version Number	Date Issued
Original	November 2017
V2	December 2018
Revised v3	February 2020
Reviewed (no changes)	March 2021
Revised v4	March 2022
Revised v5	November 2022
Revised v6	November 2023

Introduction

Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. It ensures the Council delivers the visions and priorities set out in its Corporate Plan.

Corporate governance is part of the overall control framework and contributes to the Council's robust governance arrangements.

Ashfield District Council is committed to good corporate governance. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. This Local Code of Corporate Governance sets out the Council's arrangements and is based on the guidance "*Delivering Good Governance in Local Government*" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The Guidance assumes that each Council will develop its own approach to governance, ensuring its resources are directed to its individual priorities and in accordance with its own policies.

The fundamental principles of corporate governance are openness, inclusivity, integrity and accountability. The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the Council's Local Code of Corporate Governance is based on these seven core principles.

The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out the documents, systems, processes and actions the Council undertakes to fulfil its commitment to and compliance with this Code. The Code supports the Council's review of the effectiveness of its system of internal control and informs the Annual Governance Statement which accompanies the Annual Statement of Accounts.

The Audit Committee is responsible for approving the Code. The Chief Executive and the Monitoring Officer are responsible for ensuring the Code is kept up to date and reviewed annually.

The Principles

The Council aims to achieve good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Putting principles into effect

	Principle	This will be achieved by
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Corporate Plan • Strategic Direction • The Constitution • Member's Code of Conduct • Employees' Code of Conduct • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistleblowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Member/Officer Protocol • Registers of Interests – Members and officers • Registers of Gifts and Hospitality – Members and Officers • Officer and Member development strategies • Corporate Complaints procedures • Modern Slavery and Human Trafficking Transparency Statement • Modern Slavery and Human Trafficking Policy Statement • Member Complaints Process • Annual Governance Statement • Financial Regulations • Contract Procedure Rules • Social Media Policy – Members and officers • Standards and Personnel Appeals Committee • Select Committees - Scrutiny function • Audit Committee • Licensing Committee • Planning Committee • Report template for decision-making which incorporates financial, legal, HR, equalities and risk appraisal. • Ashfield 24/7 – resident portal • Domestic Abuse Policy • Hate Crime Policy • Anti-Social Behaviour Policy <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p>
B	Ensuring openness and comprehensive	<ul style="list-style-type: none"> • The Constitution • Corporate Plan

	stakeholder engagement	<ul style="list-style-type: none"> • Community Engagement and Consultation Strategy • Forward Plan • Council Website – includes meeting agendas and minutes of current and archived meetings and decisions • Public Questions at Council • Public speaking at Planning Committee • Petition Scheme • Publications Scheme • Select Committees - Scrutiny function • Council Social Media • Social Media Policies • Ashfield Community Partnership • Co-location with DWP and Police • Partnership Protocols • Formal shared service arrangements • External audit assessment of Value for Money • Satisfaction Surveys • Budget consultation/engagement • The Council's booklet "<i>Ashfield Matters</i>" • Ashfield 24/7 – resident portal • Organisational Development Strategy and action plan • TU Liaison Meetings and Consultation Policy
C	Defining outcomes in terms of sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> • Corporate Plan • Strategic Direction • Forward Plan • Corporate report templates including legal, financial, Human Resource, equalities and risk appraisal • Corporate Risk Management framework • Audit Committee review of risks • MTFS • Capital Programme including Capital Gateway assessment process • Project Management Framework • Business Case development • Weighted Benefit Model • Service Plans • Performance management processes

		<ul style="list-style-type: none"> • Contract Procedure Rules • Procurement Strategy • Social Value Policy • Ashfield Health and Wellbeing Partnership • Climate Change Strategy, Climate Change Action Plan, Carbon Management Plan
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • The achievement of its Corporate Plan objectives are planned through a number of Programme Boards, which encompass: <ul style="list-style-type: none"> ○ Regeneration ○ Commercial Investment Working Group ○ Digital and Service Transformation Board ○ Health and Well Being ○ Discover Ashfield ○ Efficiency • Business cases • Project framework • Weighted Benefit Mode • MTFS, Capital Programme • Budget setting and monitoring processes • Corporate report templates including legal, financial, human resource and risk appraisal • Council's website • Select Committees - Scrutiny function • Consultation arrangements • Service Plans • Weekly Strategic Leadership Team meetings • Regular Corporate Leadership Team Meetings • Directorate Management Team meetings • 1-2-1 meetings • Performance framework and reporting • Value for Money assessment by external auditor
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • Corporate Plan • The Constitution (including Scheme of Delegation) • Members' Code of Conduct • Employees' Code of Conduct • Equalities policies • Officer and Member development strategies • Organisational Development Strategy and action plan • Personal Development Reviews • Officer Competency framework

		<ul style="list-style-type: none"> • Clearly defined roles – job descriptions, person specifications • Recruitment and selection procedures • Workforce Planning • Staff surveys • Workforce Profile Statement • Gender Pay Gap Statement • Cross Party Update Group • Peer Challenge • Decision Making Accountability
F	Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Corporate Risk Register is regularly updated and considered by the Audit Committee • Directorate risk registers • Performance monitoring and reporting • Corporate report templates including legal, financial, human resource, equalities and risk appraisal • Select Committees - Scrutiny function • MTFS • Capital Programme • Financial Regulations • Budget reporting and monitoring • Anti-Fraud and Corruption Policy & Strategy • Equalities policies • Whistleblowing Policy • Anti-Bribery Policy Statement and Procedures • Anti-Money Laundering Policy Statement and Procedures • Emergency Planning and procedures and Business Continuity Plans • Information management policies and procedures including implementation of GDPR • Publication Scheme • Procurement Strategy • Contract Procedure Rules • Assessment of Value for Money by external auditors • Health and Safety Policies and Procedures • Fraud Risk Register • Data Quality Strategy
G	Implementing good practices in transparency, reporting, and audit to	<ul style="list-style-type: none"> • Council's website and social media channels

<p>deliver effective accountability</p>	<ul style="list-style-type: none"> • Council Website – includes meeting agendas and minutes of current and archived meetings and decisions • Community Engagement and Consultation Strategy • Pay Policy published • Publication Scheme • Local Code of Corporate Governance – updated annually • Annual Governance Statement and Corporate Assurance Checklist are updated annually • Reporting of performance • Publication of Annual Report and Statement of Accounts • External auditors annual audit letter is published • Audit Committee • Peer Challenge • Data Quality Strategy
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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